

2001-2002 Priorities

- Competitiveness: Sector Analysis and Case Studies
 - Decentralization, Regional Development, Private Provision of Public Services, Innovative Management Tools for Firms and Public Governance on Local level
 - Creation of a ITCC to promote Applied Economics Research, Improvement of Economic Information and Education in Decision Oriented Managerial Approaches
 - Regulation Impact Analysis and Legislative Corrections Studies
 - Growth and Prosperity in the Balkans: Trade Facilitation, Initiation of Change, Monitoring and Advocacy
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IME Experience Relevant to Enterprise and Privatization Analysis

General information

IME is the first independent economic think tank in Bulgaria (non-profit corporation Reg. #831344929 — March 15, 1993, 729/XI/VI, p. 169). IME mission is to elaborate and advocate market approaches to the problems Bulgaria is facing in its economic transition. IME is the most quoted Bulgaria's think tank in local and international media.

Experience in Enterprise and Business Environment Analysis

- **Fiscal effects of privatization: Comparison of Bulgaria and Poland, (2000, September)** – in cooperation with CASE – Warsaw;
- **Evaluation of the Post-Privatization Monitoring in Bulgaria, (2000, March);**
- **Management Attitudes and Costs of the Enterprises in the Diverse Privatization Fund Portfolio (1998)**
- **The Role of the Core Executive in the Privatization Process: Bulgaria, (1999)** – in cooperation with INSEAD, World Bank and OECD/SIGMA;
- **Bureaucrats in Business: Rules and Management Costs of State Owned Enterprise in Bulgaria (1997);**
- **Railways and BDZ AD in Bulgaria's Reform and development Context (1996–1997)** – in cooperation with JICA and Daiwa Bank;
- **The Provisional Impacts of Mass Privatization on Bulgarian Capital Market, (1995-1996);**
- **Public Attitudes Towards Mass Privatization (1995).**

Experience in Enterprise and Business Environment Analysis

- **Competitiveness Exercise (2000, ongoing)** – Analysis, benchmarking and consultancy on Bulgaria enterprise competitiveness in cooperation with J.A. Austin Associates.
- **Southeast Europe Trade Initiative (SEETI): Business Across Borders (1999 – 2000, ongoing)** – IME assisted MSI and USAID to organize working groups, in six Balkan countries, composed of representatives of the government, think tanks and business associations, to advocate and assist trade liberalization and facilitation; IME represents SEETI at the Second Working Table of the Stability Pact and that capacity have already initiated an internet based Trade Navigator for SEE, currently taking off.
- **Regulations' Impact on Democracy and Economic Freedom (1999 – 2000, ongoing)** – IME is assessing impacts of laws and regulations, disseminates results to provisional interested parties (and the public at large) and advocates introduction of RIA procedures and review and comment periods for regulations in the pipe-line.
- **Assessment of Business Environment (1999 – 2000, ongoing)** – IME publishes bi-monthly business environment monitor in the major Bulgarian press.
- **Municipal Entry Barriers: Retail Merchants and Services (2000)** – IME studies the systemic sources of costs dealing with the government.
- **Licensing Requirements in Retail and Wholesale Trade and Commercial Road Transport (1999)**, in cooperation with World Bank's Regulatory Reform Round Table.
- **EC Phare ESAPH Job Creation Component - Impact Assessment (1998)** – it is an evaluation of the job creation impact of the PHARE/UNDP Beautiful Bulgaria Program.
- **Creating Competitive Clusters (1998)** - a joint project with the World Bank Institute and four other economic institutes from Albania, Bosnia and Herzegovina, Macedonia, and Romania.
- **Transparency and Investment (1998)** – IME, in cooperation with the Center for Liberal Strategies, launched the first in its kind attempt to assess systemic sources of corruption; publications summarizing this effort are *Costs of Compliance with Tax Regulations*, and *Fair Government and Investment*, and chapters 7 and 8 of *Corruption in Bulgaria: An Analytical Report* of the Transparency International – Bulgaria.
- **SME Strategy of the Bulgarian Government (1998)** - drafting sections on equal opportunities, competitiveness, fair government practices and low transaction costs.
- **Transaction Costs in Transition Bulgaria (since 1996)** – IME series of surveys on firms' cost stemming from the interrelation between current business regulations and the firms transactions in a dynamic economic environment transition economy.
- **Strengthening Bulgarian Business Associations (1995)** - IME conducted the first in its kind study on the role of the business associations in Bulgarian political and economic environment.

Experience in Development Studies

- IME was the only non-government institution that was invited and helped to improve the **National Economic Development Plan**, a major EU accession policy document of the country. Some of you were present at the debates within the government and are aware of the original document. We are pleased to think that we really made a difference.
- Mostly IME associates drafted **UNDP National Human Development Report** for 1998 and 1999, which pioneered public debate on public governance and regional and local development conditions. NHDR for 2000, a continuation of the previous Report, has merited from the advice of three IME economists.
- Since 1998, a key priority of IME is the **regulation impact analysis**. On this subject IME cooperates with the Economic Policy Committee of the Bulgarian Parliament. Only in 1999, IME contributed to the improvement of twelve bills, among them the following: Small and Medium Enterprise Law (he helped to find a compromise between different views and his idea on the Annual SME Report was accepted and currently is the key potential for gradual and negotiated improvement of policies in this area), Public Procurement Law (on which he assisted the comparison of the proposed practices currently considered for the draft amendments of the acts), Regional Development Law (where IME had a major role on commenting and identifying local resources to implement it, a work which continued in 2000).
- As a continuation and implementation of the above work, IME contributed to identify and draft policies to reduce **administrative barriers to business** in Bulgaria. He consulted IME contribution to FIAS of the World Bank report on Administrative Barriers to Investment In Bulgaria and the Report on Licensing and Permits in Retail and Wholesale Trade and Commercial Road Transport. These reports motivated a government policy to lift administrative hurdles to business. And as a follow up we continued the same effort but already on agency and municipal level. The latter work was done in cooperation with Bannock Consulting and the government Agency for Small and Medium Enterprises.
- In late 1999 – first ten months of 2000, IME surveyed 900 companies. Of them 500 for the first comprehensive survey on the **Shadow Economy in Bulgaria** (in cooperation with Harvard University), and 200 – for a survey on **Bulgaria's private sector competitiveness**. The Shadow Economy Survey is due to be published by the end of 2000 by the Harvard Institute For International Development. The Competitiveness Survey is scheduled for a series of publication in Bulgaria, with an objective to initiate a public debate on competitiveness of the Bulgarian industries and facilitate elaboration of competitiveness strategies on sector level.
- Between 1994 and 1999 worked with **ROMA Social Foundation (RSF)** in Plovdiv on **land distribution for poor families**. As a result of the project RSF managed to collect information and arguments and convince the government to adopt, in 1996, a respective regulation benefiting not only Roma but all socially disadvantage families who would like to help themselves through farming. As a follow up, under an assignment of CEGA Foundation IME economists managed a **micro-credit line** for the Roma neighborhood in Plovdiv.
- Building Economic Decision Making Capacity **on local level**, since 1999 IME works in Razgrad district, assisting the Regional Development Plan and helping local entrepreneurs to establish a Regional Development Agency and identify regional development resources; representatives of IME have similar activities in Lovetch, Kardzali, and Kuistendil. Also since 1999, IME leads an **Experience Exchange in Micro-lending** in Albania, Macedonia and Bulgaria. IME is UN FAO partner for the Land Consolidation Program for Bulgaria (the Program is ongoing).

Consultant contracts, clients

- Daiwa Research Bank
- Doverie Holding Group
- Entergy Power Group
- EU PHARE
- KPN
- World Bank Institute
- J. A. Austin Associates

IME experience and competence relevant to the Survey of Sofia's Business Community

- **Effectiveness of Public-Private-Dialogue** – The survey is focused on current procedures, legal barriers to participate in decision-making process, common topics of dialogue. It presents several cases of institutionalized dialogue.
- **Legal and Regulatory Reform: Impact on Private Sector Growth** - The report is the first attempt for a comprehensive overview of the legal and regulatory reforms in the country from the point of view of their impact on private sector development in 1998-1999.
- **Southeast Europe Trade Initiative /SEETI/: Business across Borders** - to organize working groups composed of representatives of the Government, Think Tanks and Business Associations, so that problems of SEET Cooperation and Facilitation
- **Licensing requirements in retail and wholesale trade and commercial road transport** - How does licensing affect economic growth?
- **Regulations' Impact on Democracy and Economic Freedom** - a "learning by doing" process of assessing impacts of laws and regulations on democracy and economic freedom, including those in the pipe-line
- **Assessment of business environment** - The idea of the project is to **monitor** regulations (acts of both the legislature and the executive branch) which have or might have a provisional impact on: economic freedom, competition, SME activities.
- **Rules, Regulations and Transaction Costs in Transition Bulgaria** - The specific topic of this study is systemic measurement of the firms' cost stemming from the interrelation between current business regulations and the firms transactions in a transition economy.
- **Municipal Entry Barriers: Retail Merchants and Services** - The proposal addresses costs of dealing with the local authorities (government, branches of central institutions and monopolies), Subject area is systemic sources of corruption in local government - SME interaction as established by formal rules and informal practice. Beneficiaries are SME's, their guilds and governments (central and local) seeking alternatives in decentralization and regional development.
- **Small-scale survey of regulatory burdens on SMEs in Bulgaria**- a survey conducted by IME in July 2000 among 20 SMEs in Sofia and Yambol. The survey was contracted with Bannock Consulting Co., UK and its purpose was to determine and measure the costs of dealing with the public administration.
- **Reform of Administrative Barriers to SME Development in Bulgaria** – a joint project between IME and Bannock Consulting contracted by the British Department for International Development. The objective of the project is to provide assistance to departments and agencies of central and local government in Bulgaria to reform the content and administration of regulation inhibiting private sector development, particularly the creation and operation of small and medium-sized enterprises (SMEs).
- **EC Phare ESAPII Job Creation Component - Impact Assessment tender** - to evaluate the effects of the Job Creation Program on employment in the selected municipalities, as well as the direct effect of the program in terms of long-term results of the work performed
- **Creating Competitive Clusters**, a joint project with the World Bank Institute and four other economic institute from Albania, Bosnia and Herzegovina, Macedonia, and Romania

- **SME Strategy** - drafting sections for equal opportunities, competitiveness, fair government practices and low transaction costs.
- **Strengthening Bulgarian Business Associations** - IME conducted a study on the role of the business associations in Bulgarian political and economic environment based on interviews with over 750 organizations. IME also made an assessment to identify the most viable of them, based on the distinctness of their mission, services they provided, potential to lobby for members, management, and self-sustainability
- **Transparency and Foreign Investment: Costs of Compliance with Tax Regulations, and Fair Government and Investment , 1998** in cooperation with NED, CLS, IRIS-Sofia

Приоритети на политиката за повишаване на благосъстоянието в България, които Институтът за пазарна икономика, според силите, самостоятелно или в сътрудничество с други организации, ще отстоява през 2005 – 2006 г.

1. Паралелно въвеждане на еврото и усъвършенстване на системата на валутния съвет.
2. Оценка на въздействието от въвеждане на европейското законодателство, общо и задълбочено прилагане на анализа на ползи и разходи от политиката, публичните проекти и законодателството.
3. Намаление на разходите на правителството до 35% от БВП.
4. Банков и финансов сектор:
 - a. Замяна на гарантирането на депозитите с тяхното застраховане;
 - b. Нов регламент на рефинансирането на депозитите;
 - c. Развитие на частното бюро за кредитна информация;
 - d. Либерализиране на законодателството за дружествата със специална инвестиционна цел;
 - e. Ограничаване на прякото и косвеното държавно участие в кредитния пазар.
5. Реформи, разширяващи заетостта:
 - a. Премахване на МРЗ и на механизма на определяне на възнаграждения да правителствени представители и длъжности чрез МРЗ
 - b. Намаляване на осигуровките на 10%
 - c. Промени в Кодекса на труда, увеличаващи гъвкавостта на работната сила (процедури по назначаване и уволняване на служители)
 - d. Приватизация на НОИ и ИЗОК
 - e. Въвеждане на професионална армия от 1 януари 2006 г.
6. Реформи в образованието
7. Въвеждане на ваучерна система в образованието и приватизация на държавните университети и училища
8. Изграждане на мостове на сътрудничество между образованието и бизнеса
9. Разпространение на знания чрез Интернет
10. Премахване на ВАК
11. Продажба на минимум 10% от държавните активи всяка година (по оценката от 1995 г.), частно предоставяне на публични услуги на конкурентна основа.

12. Приватизация на болниците.

13. Фискална децентрализация.

14. Бизнес среда:

- a. Намаляване на административните режими – от 39 на 5 броя
- b. Въвеждане на института на мълчаливото съгласие за всички регистрационни режими
- c. Въвеждане на “правителство без хартия”
- d. Публикуване на всички държавни разходи в Интернет
- e. Държавен вестник – в Интернет и със свободен достъп
- f. Регистриране на фирма – за един ден чрез Интернет и чрез единен идентификационен номер
- g. Премахване на изискването за минимален капитал при регистриране на фирма
- h. Регистрационната такса за регистриране на фирма да се намали до 35 лв.
- i. Проверката на актуалното състояние на фирмите да става чрез Интернет в реално време
- j. Всички регистри (и на данните от Службата по вписванията) да бъдат достъпни в Интернет и всяка надлежно вписана в тях информация да не се доказва пред други държавни органи
- k. Ограничаване на поводите и продължителността на инспекциите на фирмите
- l. Безплатен достъп в Интернет на кадастъра, строителните разрешения и на сделките със земя
- m. Ускоряване и усъвършенстване на наблюденията на НСИ, безплатен достъп до тях в Интернет.

15. Данъци:

- a. Намаляване на данък печалба до 10%
- b. Нулев данък върху реинвестираната печалба
- c. Намаляване на ДДС до 15% и премахване на нарочните сметки по този данък
- d. Премахване на патентните данъци
- e. Намаляване на осигуровките до 10%
- f. Намаляване на данъка върху личните доходи до 10%

16. Съдебна система:

- a. Прокуратурата да стане част от изпълнителната власт

- b. Преминаване на следствието към МВР
 - c. Въвеждане на частното изпълнение
17. Въвеждане на изцяло професионална армия с численост между 17 200 и 19 800 души от 1 януари 2006 г.
18. Приватизация на горите
19. Административна реформа
- a. Съкращаване на държавните служители с 30%
 - b. Премахване на нетипичните облаги за държавните служители
 - c. Приватизация на страничните дейности на администрацията
 - d. Частно предлагане на административни услуги
20. Допълнителни административни реформи:
- a. Съкращаване на служителите на БНБ с 90%;
 - b. приватизация на АИАП;
 - c. премахване на държавните субсидии за БАН.