

Implementation of the Structural funds in Bulgaria

Monthly brief, January 2010

DG Ahner letter measures

Referring to Mr. Ahner's letter, the CCU initiated the organization to address the weaknesses pointed out in the correspondence. In this relation the Prime Minister has launched operational meetings in the CoM every week in order closely to monitor the implementation of the OPs. During the reporting period two sessions have taken place.

Horizontal issues

- **The trilateral meeting on the preparation of 2010 JASPERS Action Plan for "Environment" sector** was held on 13 January 2010 at the Council of Ministers. All projects, prepared by ex-ISPA will be included in the JASPERS Action Plan for 2010 and 2011. The goal is to achieve good project preparation using the new mechanisms for development of waste and water management infrastructure under the OPE.
- **Annual Review Meeting on the progress under the OPs, financed by the ERDF and CF.** The meeting was held on 14 January 2010 at the premises of the Council of Ministers. The review took the form of general meeting and individual sessions on the respective OPs. The main conclusions were to continue were the efforts for strengthening the administrative capacity; to reinforce the use of the Technical Assistance under the OPs; to speed up the payment process up to the final beneficiary; to streamline the evaluation of the OPs and NSRF.
- **The Fifth Official Meeting of the NSRF Monitoring Committee** took place on 15 January 2010 in Sofia. The main issues on the Agenda were the implementation progress under the OPs, problems and corrective measures undertaken as well as the administrative capacity; legislative amendments; simplification of procedures. The discussions were constructive with active participation of the Monitoring Committee's members.
- **A Conference on the future of the Cohesion Policy** was held on 01 February 2010 with the participation of the members of the NSRF Monitoring Committee. The main goal of the discussion was to launch a public debate on the reform of the Cohesion Policy after 2007-2013 as well as on the review of the EU Budget. At the event were presented the main results from the discussion process at EU level. The participants welcomed the coordinated activities of the state administration and the non-governmental sector in designing the new Cohesion Policy and the EU 2020 Strategy.
- Applying to the Prime Minister's Order, the Central Coordination Unit drafted a **Concept for preparation of a National Programming Document /NPD/** for the period 2011 – 2020. The NDP provides for a long-term strategy on Bulgaria's national development. In addition the CCU designed a concept on the process for preparing a National Strategic Document for the next programming period. It is expected that the two concepts to be approved by the Prime Minister in near future.

Legislation/procedures

- The Working Group on Conflict of Interest concluded its work with Draft Guidelines on avoidance of Conflict of Interest according to the Article 52, Regulation 1605/2002. They were approved by the Prime Minister and disseminated to the MA, CA and AA for incorporation in their Internal Rules.

- The Working Group on Financial Corrections met three times. The prepared draft methodology is focused on financial corrections related to the application of the Public Procurement Law and CoM Decree No55/2007. In compliance with a recommendation of the Bulgaria's National Audit Office, the draft methodology will cover the Rural Development Programme and OP "Fisheries" as well. The deadline for completion of the work of the WG was extended to the end of February 2010.
- An informal WG on OP's Technical Assistance was established for simplification of the rules for TA implementation. Participants are representatives of the CCU, MAs, CA and AA. The first meeting of the WG was held on 28 January 2010 where the CCU's and MAs' concepts on optimization of TA implementation were discussed.
- **Seminar on the evaluation of the Operational Programmes.** On 13 January 2010 in Sofia was held a workshop on "Evaluation - how to perform effective evaluations of the Structural and Cohesion Funds in Bulgaria". The workshop was jointly organized by the CCU and DG "Regional Policy". Lecturers at the workshop were representatives from DG Regio and DG Employment. During the workshop the representatives of all Managing Authorities of the operational programs presented their evaluation activities and plans for 2010. The partners took the commitment to launch a network of experts in evaluation of operational programs.
- **UMIS.** In the course of January 2010 the work on improving the "Financial" module of the system continued. Functionalities that allow for the partial approval of request for funds sent by the Managing Authorities to the Certifying Authority based on the types of payments as well as claims for partially approved payment claims sent by the Intermediate bodies to the Managing Authorities were developed and tested.
- A weekly report is prepared using UMIS data on the implementation of the operational programmes funded by Structural instruments. The report is communicated to the Prime Minister and all Ministers responsible for the management of EU funds and contains the amounts contracted, actually paid and verified in the respective period.

Information and publicity measures

- During the period, a concept for establishing a network of information centers on Cohesion policy in Bulgaria was developed and sent to DG Regional Policy for review and comments. The National Network of Publicity and Information Officers of the Operational Programmes held three meetings to coordinate their forthcoming publicity activities and to analyze media coverage of past events. On the single information web portal www.eufunds.bg several public initiatives were launched: a discussion on the future of Cohesion Policy; public consultation on EU 2020; public consultation on Bulgaria's Strategic Report for 2009. A special e-mail address was created to receive feedback from the public - eufunds-public@government.bg.

Certifying Authority

- In January 2010, the Certifying Authority initiated on-the-spot checks related to the certification of expenditure, verified by the Managing Authorities as of 31 December 2009. The checks are being done at the level of all Managing Authorities and Intermediate Bodies, managing the 7 (seven) Operational Programmes in Bulgaria. The process of certification is to be completed as of the end of February, when Certificates and statement of expenditure and applications for payments will be submitted to the EC via the SCF system.

- Regarding the functions of the National Fund Directorate as a Body responsible for receiving funds, the ensuring of a smooth payment process down the cascade to the final beneficiaries is of a first priority. During the first month of the year, the National Fund Directorate has approved Requests for Funds under all Operational programmes and has given the opportunity to the respective Managing Authorities/Intermediate Bodies to initiate payments to the final beneficiaries amounting to 84 345 787 euro.

Audit Authority

- 2 audits are finalized under OP Competitiveness.
- AA is in a process of finalization the Agency's strategic plan, covering the priorities for the next 4 years for all Programmes and Funds under the responsibility of the Agency. It is in compliance with the approved Audit strategies for the 7 Operational programmes. The abovementioned documents will be submitted to the EC with electronic correspondence upon their finalization by the end of February 2010.
- The Audits as required in Mr. Ahner's letter of 23 February 2009 are completed and sent to the Commission services.

Operational Programmes:

- **Operational Programme "Environment"**

In response to EC letter from 26 June 2009, regarding corrective measures under the approved water projects under the Operational Programme Environment 2007-2013 (OPE), as well as letter No. 000075 of 08 January 2009, and in addition to the letters of the Ministry of Environment and Water of 02 July 2009 and 14 July 2009, Minister Nona Karadjova has provided EC information regarding the corrective and preventive measures undertaken by the MOEW in view of expedient use of the financial resources under the OPE (letter No 99-00-21/25.01.2010).

A special meeting for the management of the OPE at a Deputy Minister Level was held on 28 January. A decision was taken to prepare an Action Plan by 10 February for the management of the projects (project-by-project) under Priority Axis 1 of OPE.

A signal was submitted for the water project in the town of Sopot and a check-up to be done by the Intermediate Body is ordered by the Managing Authority.

In January 2010 the regular meetings under OPE has been carried out, organized by MA and IB of OPE. The experts presented the information about the new approach and methodology for project selection under priority axis 1, financial management, reporting and carrying out of the public procurement procedure in relation with the implementation of the projects.

In late December a meeting was held between representatives responsible for the management of OPE and Rural Development Programme for coordination of the investments in the water sector for settlements below 2 000 p.a.

On the 04 January 2010 have been opened the offers for the Sofia waste management project. The work on the preparation of the application form continues.

- **Operational Programme "Transport"**

One application form for "Providing consultancy services for preparation of application forms for funding and preparation of tender procedures for the project "Improvement of navigation on the Bulgarian-Romanian section of the Danube River from km 530 to km 520 - Batin and from km 576 to km 560 – Belene" was submitted on 04.01.2010. Total number of on-going tender procedures is 8. The contractor for "Preparation of a Strategy for implementation of technical

specifications for operative compliance of conventional rail system in Republic of Bulgaria” was selected.

A working meeting in Bucharest concerning preparation of the project for Improvement of the navigation conditions in the common Rumanian-Bulgarian sector of the Danube River with participation of Head of the MA of OPT was held on 21 January 2010.

On 11 January 2010 the offers for the construction of the Trakia motorway have been opened. On the 26 January the offers for the construction supervision of the Trakia motorway have been opened. The work on the preparation of the application form continues.

▪ **Operational Programme “Regional Development”**

On 29 January 2010 the MA launched the scheme *Support for reconstruction, refurbishment and equipment of medical and health establishments and radiology facilities, connected with socially important cancer-related diseases* (75 660 233 euro) for the Ministry of Health as a direct beneficiary.

In January the MA approved financing of 5 projects under the procedure supporting the *cultural infrastructure in the urban areas* with the Ministry of Culture as direct beneficiary for the amount of 5 505 896 euro. The evaluation committee for the preliminary procedure *Support for the development of tourist attractions* has completed its activities. Out of the 80 received project proposals 48 will be invited by the MA to submit full applications.

A call for tenders was launched for the selection of a consultant to complete the feasibility studies and the application forms for the beneficiaries of the procedure *Systems for sustainable urban transport for the 5 cities (Plovdiv, Stara Zagora, Varna, Rousse, Pleven)*.

The financial agreement between the MRDPW and the EIB for the creation of a JESSICA holding fund has been distributed for inter-institutional consultation. Comments by the stakeholders are reflected and the document will be later sent to the EIB and EC.

Competitions were launched for the positions director general and deputy director general of the MA.

▪ **Operational Programme “Competitiveness”**

Two-day training was organized by the Managing authority for the regional offices and central office of the BSMEPA. The training was focused on the most common errors in the process of implementation and management of the OPC - evaluation and contracting, contract implementation, monitoring and verification, sub-contracting, financial verifications, payment, etc.

The Indicative Annual Working Programme for the forthcoming procedures under the OPC was published on 28 January 2010. An action plan for implementation of the recommendations proposed by the working groups consisting of representatives of the business and consulting organizations with regard to the improvement of the management and implementation process of the OPC, was elaborated. The monthly monitoring meeting between the representatives of the MA and IB was held on 29 January 2010. A letter for closing Todorov’s case was sent.

▪ **Operational Programme “Technical Assistance”**

On 18 January 2010 the Fifth official meeting of the Monitoring Committee of OPTA was held to review the progress of programme implementation. During the meeting the Indicative Annual Working Programme for 2010, the updated Communication plan of OPTA 2007-2013 were discussed and approved. All management and implementation documents of OPTA were revised as a result of the institutional changes and audit recommendations.

▪ **Operational Programme “Human Resources Development”**

In late December 2009 the Employment Agency launched three procedures for direct awarding with a total budget of 187 132 830 euro. These are targeted to implementation of certain anti-crisis measures on the labour market – prequalification of unemployed people; increase of qualification and key competences of employed persons. The deadline for submission of proposals expires on 01 March 2010.

The Indicative Annual Working Programme of OPHRD for 2010 was coordinated with the Members of the Council of EU Funds Management and the respective decision is prepared. The Programme encompasses 14 procedures at the total amount of 102 782 246 euro. The amended version of the Operational Programme which reflects the minor changes in its text as adopted by the Monitoring Committee were submitted to the EC on 27 January 2010 through SFC 2007.

▪ **Operational Programme “Administrative Capacity”**

The Indicative Annual Working Programme of OPHAC for 2010 was coordinated with the Members of the Council of EU Funds Management and the respective decision was taken. The Programme encompasses 11 procedures at the total amount of 34 500 000 leva. The procedure for approval of the Annual Working Programme by the Monitoring Committee is forthcoming.

The amended version of the Operational Programme which reflects the minor changes in its text as adopted by the Monitoring Committee were submitted to the EC on 15 January 2010 through SFC 2007.

On 12 and 13 January MA organized working meetings with beneficiary on the practical aspects of the management and implementation of OPAC projects.

▪ **Implementation of ex-ISPA/CF 1164**

– Monthly progress meetings in Environment and Transport sectors were held on 12.01.2010 respectively on 19 January 2010.

– Meetings for environment and transport sectors with all key Bulgarian actors, as well as EC task officers were held on 20 January 2010. During these meetings general issues regarding some aspects of projects’ closure as well as the status of projects’ implementation were discussed.

– **Strategies for projects implementation** in sectors, transport and environment as well as financial analysis of additional national funds needed after 2010 are under preparation.

– On 21 January 2010 a **work-shop with a subject “Closure of ex-ISPA projects”** was held. It was attended by all ISPA players: EC, CCU, NF, AEUFEA, MAs, FBs. During the work-shop several aspects (physical, financial and audit) of closure process were presented and discussed.

– On 27 January 2010 a meeting regarding the implementation of **Sofia water project** was held. During the meeting special attention was put on the physical implementation (the issues with land acquisition) and different scenarios for implementation of the measure. As a result of the meeting a report to the attention of the Premier was prepared.

– On 14 January 2010 in **Plovdiv** was held a meeting with representatives of EC, JASPERS, CCU, MoEW, Municipality of Plovdiv and Plovdiv Water Company. The subject of the meeting was to assure that no potential overlapping between the projects financed with different financial resources (ISPA, OPE, EBRD and Swiss programme) will happen as well as the coordination of the project prepared under ISPA with the adopted new mechanisms for development of waste and water management infrastructure with the assistance of OPE.

– On-the spot check on **Ljulín project** implementation was held on 08 January 2010. The check was carried out jointly by Deputy Minister Moskovski and Ms Joulíana Nikolova and an outcome report to the attention of the Premier was prepared.

- **Danube Bridge project.** Series of meetings were held on the progress of the project. On 13 January 2010 on the borrow pit. On 21 January 2010 on general issues between Deputy Minister of Transport Mr. Moskovski and the Romanian State Secretary. On the 22 January was performed on-the spot check by Deputy Minister Moskovski and Ms Jouliana Nikolova. The results were presented in a report to the Prime Minister.
- Referring to the **Montana Landfill** issue, on-the-spot check was performed on 22 January where it was found that there is issued permit from the Ministry of Health for the necessary decrease of the hygiene-protected area. On 28 December 2009 a permit is issued from the MoEW thus Environmental Impact Assessment is not required. The municipality has filed an application with all necessary supporting documents for a complex permit.
- **Maritza-East.** The draft audit report was completed and will be handed over the beginning of February.

For payments and contracting please look at the LOTHAR sheets.
Data on OPs financial progress is attached.