

Implementation of the Structural funds in Bulgaria

Monthly brief, February 2010

Horizontal issues

- The working group on financial corrections held seven meetings since its establishment in December 2009 (including 4 sessions in February). The draft methodology is focused on financial corrections related with the application of the Public Procurement Law (PPL) and CoM Decree No 55/2007. Following the recommendation by the Bulgaria's Audit Office the scope of the draft was extended with the Rural Development Programme and OP "Fishery". The methodology consists of two Annexes, where the rates of financial corrections will be defined into two tables: contracts subject to the PPL and contracts subject to CoM Decree No 55/2007. The document is based on the main principles, criteria and indicative scales of the EC Guidelines for determining financial corrections to be made to expenditure co-financed by the Structural Funds and/or Cohesion Fund for non-compliance with the rules on public procurement (COCOF 07/0037/02). The deadline for methodology preparation was extended to the end of February 2010. The document preparation is on its final stage and the very final clarifications are under way.
- The informal working group on simplification of the rules for technical assistance implementation has concluded its work. Three meetings of the WG were carried out during the reported period. The members of the group (CCU, MAs, CA and AA) discussed the present project-based approach and the opportunities for introducing a new "budget lines"-based approach in regards of the TA absorption. As a result of these discussions, only the MA of OPRD expressed its willingness to apply the approach, based on budget lines. As the position of the CA was that the introduction of a new approach would impede the certification process, the members of the WG decided to propose certain measures only for simplification of the procedures for award and management of the TA grants.
- Common position on the future of Cohesion policy, as well as a framework national position on the Danube Strategy were adopted by the Council of EU Affairs on 15 February.
- The annual summary on the certified expenditure and results of audits carried out in 2009 as regards structural instruments and European Fisheries Fund was submitted to the Commission on 15 February.
- Technical meetings with DG REGIO took place on 22 February in Brussels.
- A meeting between DG Regio and Bulgarian delegation, chaired by Ms Juliana Nikolova with participation of all Deputy Ministers responsible, as well as directors of Certifying and Paying Authorities on Requesting an extension for some ex-ISPA projects deadline until 2011/2012 and SCF implementation in Bulgaria, was held on 22 February 2010 in Brussels.
- On 26 February within the project "Increasing the efficiency of the work of the CCU" under OP "Technical Assistance" a meeting between the representatives of the three directorates in the CCU and the consultants' consortium C.I.C.I Dominus Ltd., Spain and the Bulgarian Consultancy Organization LTD, implementing the project was held. The

aim of the event was to discuss the forthcoming tasks of the CCU directorates in the short period (up to end of 2010) and medium-term period (over 3 years) so that CCU strategic action plans to be developed for 2010 and the forthcoming 2010-2012.

- Prime Minister, ministers and MAs participated in National Assembly Meeting of the National Association of the Municipalities in the Republic of Bulgaria. A guidance prepared by the AA on practices to be avoided by Mayors was submitted to the National association.
- A working meeting between the CCU and MAs for coordination of the common national approach/guidelines for calculation of indirect costs by use of flat rates on operations under ERDF has been scheduled for March 4, following the Commission's letter 001444/17.02.2010.
- A dissemination seminar on internal guidelines for prevention and treatment of conflict of interests is being organized on 19 March. The seminar is intended for civil servants working for MAs and IBs.

UMIS

- During the period 15-19 February 2010 a series of trainings for UMIS users from the MA and IB of OP "Human resources development" took place. The trainings were organized under project 0023-CCU-"Trainings for users of UMIS" financed from OP "Technical assistance". One hundred representatives of regional employment services, the Employment Agency and the Ministry of Labor and Social Policy were trained.

Information and publicity measures

- More than 80 national and regional organizations and citizens have already registered in the e-mail discussion group, created by the Central Information Office to gather feedback from the interested parties. The first major discussion in this group took place in the beginning of February. Members of the group were asked to comment and propose changes regarding Council of Ministers Decree No 121/31.05.2007 lying down the provisions for awarding grants under the operational programmes co-financed by the Structural Funds and the Cohesion Fund, and under the PHARE Programme of the European Union.

Legislation/procedures

- Central Coordination Unit has prepared a draft CoM Decree for the organization on elaboration of National Programming Document (NPD) for the period 2011-2020, which will establish the long-term national development strategy. The draft document approves the concepts for NPD and successor of NSRF. The draft CoM Decree sets up a working group, which would elaborate the strategic documents. The draft should be soon discussed by CoM.
- Guidance for the BG participation in the Structural Actions Working Party within the Council as regards the simplification process of Regulation 1083/06 and Regulation 1080/06 was prepared, coordinated within WG 19, and submitted on Feb 12.

Certifying Authority

- At the end of January – beginning of February 2010, the Certifying Authority carried out on-the-spot checks related to the certification of expenditure, verified by the Managing Authorities as of December 31, 2009. The checks were done at the level of all Managing Authorities and Intermediate Bodies, managing the 7 (seven) Operational Programmes in Bulgaria. Presently, the Certifying Authority is finalizing all reports from the checks performed.
- Regarding the functions of the National Fund Directorate as a Body responsible for receiving funds, ensuring a smooth payment process down the cascade to the final beneficiaries is a major priority. In February 2010, the Certifying Authority approved 2 Requests for funds from the MAs increasing the available amount within which they may initiate payments with 5, 07 mln. euro.
- In the end of February 2010, 2 interim payments from the EC have been received covering the Applications for payment under OP Regional Development and OP Technical Assistance. The total amount of funds received is 10, 45 mln. euro.

Audit Authority

- Training on audits on operations performed on 20-20 February 2010.
- Meeting with representatives of the Audit Authority of Holland.
- Finalization of audit engagements incl. presentation of final audit reports as follows:
 - Final audit report on Procurement procedure ISPA/CF Measure 2001/BG/16/P/PE/004 “Construction of Flue Gas Desulphurization Plants at Units 5&6 of TTP Maritsa East 2 EAD”;
 - Final audit report on projects 2002/BG/16/P/PE/014 Sevlievo, 2002/BG/16/P/PE/011 Lovech, 2002/BG/16/P/PE/012 Montana and system audit in the Managing Authority.
- Finalization of the Agency’s strategic plan for the period 2010-2013, covering the overall activity.
- Finalization of the annual planning of the Agency.
- Approval of the compliance assessment of the 7 Operational programmes co-financed by the Structural Funds and the Cohesion Fund.

Operational Programmes

OP “Transport”

- Monthly progress meeting held on 17 February 2010.
- New director of Coordination of Programmes and Projects Directorate appointed on 22 February 2010.
- A meeting organised by the CCU between the deputy-ministers of regional development and transport with the participation of the MA representatives was held on 24 February with the main focus on readiness with motorway and roads projects.
- With change of the MA MTITC Organic Rules entered into force on 16 February 2010, eight people were made redundant in the MA.

- A meeting between CCU, MTITC, NRIC, RIA and JASPERS on planning of the 2010 JASPERS activities was held on 23 February 2010.

Application forms (AF)

- The work on the preparation of the Application form for the project Construction of Trakia Motorway –Lot 2, 3, 4 continues.
- The application form (AF) 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”, submitted by Beneficiary to MA on 04.01.2010, was returned by MA for revision.
- AF for Independent evaluations of the Operational Programme Transport 2007-2013 during 2010 and 2011 is under assessment.
- AF for the project “Funding for supplementary salary of Road Infrastructure Agency officials- beneficiary of Operational Programme Transport 2007-2013 is under assessment.

Tender procedures

- The contractor for the tender “Preparation of a Strategy for implementation of technical specifications for operative compliance of conventional rail system in Republic of Bulgaria” was selected. The contract will be signed till the middle of March 2010.
- The contractor for the tender “Establishment of River Information System in the Bulgarian part of Danube” was selected, appeals are rejected by Commission on protection of competition, signing of contract is forthcoming.
- The contractor for the tender “Selection of the contractor for additional design and construction of the object: Trakia motorway / A-4 /" Orizovo - Burgas "section: Lot 2 Stara Zagora - Nova Zagora, from km 210 +100 to km 241 +900.” was selected with a Decision of the Chairman of the Board of the Road Infrastructure Agency, issued on 25 February 2010. The selected contractor is JV “Trace Highway” offering the lowest price, amounting to 138.868 million leva. The procedure for appealing is on-going.
- Procedure for the tender “Preparation of a Strategic Business plan for development of railway transport” was cancelled.
- Procedure for the tender “Development qualification of experts, responsible for the management and implementation of the Operational Program on Transport 2007 – 2013” was cancelled.
- Total number of on-going tender procedures is 4:
 - Evaluation of offers for Selection of the Contractor for supervision of Implementation of: Additional design and construction of the object: Trakia motorway /A-4/" Orizovo - Burgas "section: Lot 2 Stara Zagora - Nova Zagora, from km 210 +100 to km 241 +900 is on-going.

- Tender for Selection of the contractor for additional design and construction of the object: Trakia motorway / A-4 /" Orizovo - Burgas "section: Lot 3 Nova Zagora - Yambol, from km 241 +900 to km 277+597"- construction of Lot 3 of Trakia Motorway has been launched on 26 February 2010.
- Tender for "Preparation of a Strategy for Implementation of the European Railway Traffic Management System (ERTMS)" is under evaluation.
- The deadline for submission of offers under the tendering procedure for selection of contractor for "Rehabilitation of railway infrastructure along sections of the railway line Plovdiv - Burgas" contract was extended by February 10, 2010. Offers from 8 tenderers were received and opened on 11 February 2010. Evaluation procedure is on-going.

OP "Environment"

- On 2 February a meeting was held between representatives of the Government, the National Association of Municipalities, Mayors of Municipalities of Kardzhali, Dulovo, Svoge, Straldzha, Kaolinovo and the Managing Authority of Operational Program "Environment" in the CoM's premises. . The specific measures which have been taken by the MA in terms of the five proposed to be cancelled municipalities' contracts, under the program were discussed.
- On 18 February the European Commission (Decision № 1052) approved the funding of the second major infrastructure project in Bulgaria under the Operational Program "Environment 2007 – 2013" - Gabrovo Integrated Water Project. On 23 February 2010 the Minister of Environment and Water and the Mayor of Gabrovo, in the presence of the Prime Minister, signed the grant contract.
- On 26 February the screening report on the approved infrastructure projects with signed contracts under axis 1 of Operational Programme "Environment 2007-2013" was approved by the head of MA.
- On 26 February one month earlier than the deadline, Sofia Municipality has submitted the project for integrated waste management in Sofia. The deadline for assessment of project proposal by the IB of the OP "Environment" is 2 months from submission.
- In February Cohesion Policy for Environment Directorate started a procedure of carrying out OPE sociological survey.

OP "Regional Development"

- On 11 February contracts under the grant scheme BG161PO001/1.4-04/2009 "Support for construction and reinforcement of small-scale infrastructure to prevent landslides" were signed. The total value of the grants amounts to 8.6 MEUR.
- On 5 February the Ministry of Health organized a conference announcing the launched in January grant scheme BG161PO001/1.1-08/2010 "Support for the reconstruction, renovation and equipment of public health establishments in the urban areas". The concepts of restructuring of the hospital care in our country as well as the main objectives and requirements of the grant scheme were presented. The total amount of OPRD support is 148 MEUR.

- On the 21st General Assembly of the National Association of the Municipalities in Bulgaria, the deputy minister of the MRDPW presented the main difficulties and deficiencies that municipalities face when implementing OPRD projects. The main conclusions and recommendations are summarized in a handbook disseminated on the forum in Plovdiv.
- Grant scheme BG161PO001/1.1-09/2010 "Support for implementation of energy efficiency measures in municipal educational infrastructure in urban centers" was launched. The scheme aims to increase the energy efficiency of municipal educational infrastructure in the urban centers and to promote the use of renewable energy sources (RES) in the municipal educational institutions. The total amount of the OPRD support is 40 MEUR.
- 5 contracts in the total amount of 5.5 MEUR were signed with the Ministry of Culture under the grant scheme "Support for ensuring appropriate and effective public cultural infrastructure, contributing to the sustainable development of urban areas".

OP "Competitiveness"

- On 10 February 2010 the European Commission submitted a positive statement regarding the compliance assessment of the Management and Control Systems of the OP "Development of the competitiveness of the Bulgarian economy" 2007-2013 (OP "Competitiveness").
- The MA took a decision to apply the written procedure for approval of new general selection criteria and modification of the existing ones for selection of procedures, presented on the Fourth and Fifth MC meetings. The amendments were sent to the MC for written opinion till 2 March 2010. It is expected the MC to approve them.
- The project proposals gathering under the procedure 2007BG161PO003-1.1.1-01 „Support for the establishment and development of innovative start-up companies" continues. On 12 February 2010 the IB published a Decision, announcing that an external audit report on the accountancy project documentation, made by a certifying auditor should be attached to each payment request.
- On 22 February 2010 the Managing Authority (MA) announced that the Operational Manual for implementation of grant aid contracts under the Programme will be published together with the Guidelines for application and the package of documents under each procedure. For this purpose a change of the MA and IB Manuals for priority axes 1 and 2 has been made in November 2009.
- On 23 February 2010 the MA informed that it had taken necessary steps to change the Internal Rules of the Evaluation Committees work under the OP grant schemes. The change envisages the possibility of a preliminary check on the document set of the project proposals at the time of their submission by hand and in case of personal request by the applicant.
- A meeting between the Secretary of the Council for EU Funds Management (CEUFM), MA, IB, CCU and business representatives was held on 12 February in order to be discussed improvements of the OP implementation, proposed by the consultants. As a result, on 24 February the MA published for preliminary public consultations the documentation under the procedure BG161PO003-1.1.03 „Development of innovative start-up companies through support for introduction of innovative products, processes and services". The comments on the documentation are due to be received till 6 March 2010.

- Regular monthly meeting between the MA and IB of the OP was held.
- The Indicative Annual Working Programme (IAWP) for upcoming calls for proposals under the OP for 2010 was updated by the MA and sent to the CEUFM in accordance with the coordination procedure stipulated in the CM Decree N 202. It is expected the Monitoring Committee of the OP to approve the updated IAWP.
- Following the discussions on the Fifth MC Meeting, the Ministry of Agriculture and Food confirmed there was no overlapping of activities under OPC procedure financing investment projects for creation and extension of technologies transfer offices and centers with this under the Rural Development Programme 2007-2013.
- MA is in a process of re-negotiation with the EIF of the major parameters of the Framework and Financial Agreements with the EIF concerning the implementation of the priority axis 3 „Financial Resources for Development of Enterprises". Signing of the modified agreements, establishment of the Holding Fund and announcement of the procedures for selection of financial intermediaries, are all underway.

OP “Technical Assistance”

- The MA of OPTA was in a process of preparing a specialized training for the beneficiaries of the programme which is to be held in the period 11-13 March 2010.
- In line with the undertaken measures by the MA of OPTA to speed up projects implementation, a meeting was organized with the Audit Authority as a beneficiary in order to outline concrete steps for further successful implementation of its project.
- The MA of OPTA has been processing requests for modifications of current projects received by beneficiaries.
- The MA of OPTA has undertaken actions to elaborate a new methodology on defining the remunerations of experts involved in the implementation of projects under OPTA based on the existing one.
- As a result of performed audits by the Audit Authority and the “Internal Audit” Directorate within the MoF, the MA has initiated due actions to reflect the audit comments and recommendations.

OP “Human Resources Development”

- The Compliance Assessment of the OPHRD was approved by the European Commission on 12 February 2010.
- The Indicative Annual Working Programme of OPHRD for 2010 has been approved by the Monitoring Committee through a written procedure.
- The deadline for submission of proposals under three procedures for direct awarding with a total budget of 187 132 830 Euro expired on 01 March 2010. The procedures 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 evaluation of the proposals is forthcoming.

OP “Administrative Capacity”

- The Compliance Assessment of the OPAC was approved by the European Commission on 11 February 2010.
- The Indicative Annual Working Programme of OPAC for 2010 has been approved by the Monitoring Committee through a written procedure.
- The deadline for submission of proposals under two procedures for direct beneficiaries (State Administration Directorate within the Council of Ministers and the Ministry of Transport, Information Technology and Communications) has already expired and the evaluation of proposals is forthcoming. The deadline for submission of proposals under one procedure with a direct beneficiary – the Public Administration Institute has been extended.
- A competition procedure for appointment of a new director of the OPAC has been launched with a deadline for submission of concepts for strategic management of the OPAC Directorate by the beginning of March 2010. The appointment of the new director is expected by the end of March 2010.

Implementation of ex-ISPA/CF 1164

- Monthly progress meetings in Environment and Transport sectors were held respectively on 24.02.2010 and 19 February 2010.
- Strategies for projects implementation in sector environment and transport as well as financial analysis of additional national funds needed after 2010 were prepared.
- On 24 February 2010 a meeting regarding the implementation of Sofia water project was held. The mayor of Sofia, the deputy minister of environment, the CCU and MA representatives participated in discussion. During the meeting the strategy about projects' completion and the commitments of the Municipality was discussed.
- Site visit of the Prime ministers of Bulgaria and Romania Mr. Boyko Borisov and Mr. Emil Boc on Danube bridge project, with participation of Deputy Minister Moskovski was held on 12 February 2010.
- Meeting between DG Regio and Bulgarian delegation, chaired by Ms Juliana Nikolova with participation of all Deputy Ministers responsible, as well as directors of Certifying and Paying Authorities on Requesting an extension for some ex-ISPA projects deadline until 2011/2012 and SCF implementation in Bulgaria, was held on 22 February 2010 in Brussels.
- On-the spot check of Ljulin Motorway project was held on 25 February 2010. The on-the-spot check was performed jointly by MA within MTITC, National Fund and CCU.
- The second meeting between Prime Ministers of Romania and Bulgaria – Mr. Boyko Borisov and Mr. Emil Bock on implementation of Danube bridge project, negotiations with EC on extension of the FM duration and site visit, was held on 26 February 2010 during the official visit of the Romanian Prime minister in Bulgaria. The Joint declaration on extension was agreed to be sent to the EC officials.

Data on OPs financial progress is attached.

