

Implementation of the Structural funds in Bulgaria

Monthly brief, May 2010

Horizontal issues and legislative procedures

- On May 26, 2010 the Council of Ministers adopted a Decree amending CoM Decree No 121/2007 laying down the provisions for awarding of grants under the operational programmes co-financed by the Structural Funds and the Cohesion Fund of the European Union, and under the PHARE Programme of the European Union. The amending Decree was prepared by an inter-ministerial working group, coordinated by the Central Coordination Unit, and published on www.eufunds.bg for public discussion. The amendments aim at optimizing the procedures and providing for more publicity and transparency.
- The interministerial working group for optimization and simplification of CoM Decree No 55/2007 laying down the Rules on Grants Award and Selection of contractors by private bodies has finished its work and an inter-ministerial coordination procedure the draft Decree is to be launched. The main amendments are aimed at achieving improvements for fast, clear, effective and transparent provisions of the Decree. An appealing procedure is also developed. The draft document was published on www.eufunds.bg for public discussion.
- A draft CoM Decree for adoption of a Methodology on financial corrections was sent for inter-ministerial coordination procedure by the Minister on the management of EU Funds. The Methodology, which was elaborated by an inter-ministerial working group, is focused on the application of the Public Procurement Law and CoM Decree No 55/2007. The scope of methodology was extended with the Rural Development Programme and OP “Fishery”. The document is based on the EC Guidelines for determining financial corrections to be made to the expenditure co-financed by the Structural Funds or Cohesion Fund for non-compliance with the rules on public procurement (COCOF 07/0037/02).
- The first meeting of the Working Group on Public Procurement Issues related with the EU Funds implementation was held on May 3, 2010. During the meeting the representatives of the Public Procurement Agency and the National Audit Office gave a methodological opinion to the questions sent by the MAs of OP ‘Environment’, Rural Development Programme and OP ‘Human Resources’. The next meeting of the WG is planned for the beginning of June.
- The Central Coordination Unit has elaborated a draft Council of Ministers Decree on establishment of Council for Development, as an advisory body to the Council of Ministers. The draft aims at establishment of proper organisation and coordination mechanism for programming and implementation of socio-economic development measures. The Council will coordinate the elaboration of a joint strategic document, which to set the goals and priorities of the country over mid- and long-term horizon. The document itself will serve as a basis for preparation of the NSRF for the next programming period (2014-2020). The draft Decree was sent for interministerial coordination and is expected to be adopted in early-June.

UMIS

- In May 2010 the Terms of Reference for the establishment of an interface between UMIS and the information systems of Agriculture Fund and Executive Agency “Fisheries and Aquacultures” has been finalized. An agreement between the interested parties has been signed and initial tests for an exchange of information have been made. Once the interface is operational, the OPs will be able to cross-check in UMIS for double financing of beneficiaries under different programs.
- On 14th of May, representatives of Programming of EU Funds, Monitoring of EU funds and Information and Management systems of EU Funds directorates participated in a one day intensive training for working with the Unified Management and Information System for the Structural funds in Bulgaria. The training was organized under a project financed from OP “Technical Assistance” and was intended to present an overview of the system as well as to provide specific technical inside for the daily work of different types of users. Structured in 6 interactive sessions the course covered some of the major modules of the system together with the newly introduced LOTHAR module.

Information and publicity measures

- In May 2010 the Central Information Office (CIO) worked on the preparation for the official launch of the updated Single Information Portal on EU Structural Funds www.eufunds.bg. All the information from the old website has been migrated and the new servers have been configured. The CIO coordinated the forthcoming server transfer from the Ministry of Finance to the new servers.

Certifying Authority

- Regarding the functions of the National Fund Directorate as a Body responsible for receiving funds from the EC, ensuring a smooth payment process down the cascade to the final beneficiaries is a major priority. In May 2010, the National Fund Directorate approved 6 Requests for funds from the MA for the amount of 78,56 MEUR under Operational Programmes - Administrative Capacity, Development of the Competitiveness of the Bulgarian Economy, Human Resources Development, Regional Development, Environment and Transport ERDF/CF.
- In May 2010, 5 interim payments from the EC had been received covering the Applications for payment under OP Development of the Competitiveness of the Bulgarian Economy, OP Transport ERDF/CF, OP Regional Development and OP Environment ERDF. The total amount of funds received in May is 32,95 MEUR.
- In May 2010 Reports on Certification and Statements of Eligible Expenditures were submitted by the Managing Authorities of the OPs for Human Resources Development, Administrative Capacity, Development of the Competitiveness of the Bulgarian Economy, Regional Development, Environment and Transport. Currently those reports are under examination and check in accordance with the procedure set up by the Certifying Authority.
- As part of the function on certification of expenditures under SCF and in compliance with art. 61 of Council Regulation (EC) No 1083/2006, the Certifying Authority has launched the implementation of its Annual on-the-spot plans. In May 2010 the Certifying Authority performed on-the-spot check in the Managing Authority of the OP Environment. The report is under preparation.

Audit Authority's activities

- Conducting of audits on operations under OP “Regional development”, OP “Transport”, OP “Competitiveness”, OP “Administrative capacity” and OP “Human resources development”. Conducting of desk reviews and on the spot checks of the beneficiaries.
- Conducting of system audits of OP “Environment” and the Certifying Authority – National fund Directorate at the Ministry of Finance – field work and reporting phases.
- Preparation and planning of audits on operations under OP “Environment” and OP “Technical assistance”.
- Four-days on the job training (25-28 May 2010) at the Audit Authority within the Ministry of Finance of the Netherlands.
- Meeting with representatives of the geographical unit and audit directorate of DG Regional Policy of EC (19 May 2010, Brussels). Discussion on the approach and procedures of DG Regional Policy for financial corrections based on audit report received from the respective member state. The concrete occasion was the AA report called “Independent assessment of the direct negotiation procedure used under projects in the Environment sector financed by the ISPA Programme/Cohesion Fund\$ as of 28 January 2010.

Operational Programmes

OP “Transport”

Application forms (AF)

- Final draft of the Application form for Construction of Trakia Motorway project –Lots No’s 2, 3 and 4 is presented to the MA on 27 May 2010.

Tender procedures

- The deadline for submission of offers for selection of contractor for „Preparation of Investment project for the third diameter of Sofia Metro- “Knyazhevo” residential area – CCP – ”Botevgradsko shose” blvd” - for “light metro” expired on 26.04.2010 and evaluation of the offers started on the same day.
- Deadline for submission of offers for selection of contractor for “Elaboration of model for managing of infrastructure projects under OP Transport” ” expired on 06.04.2010 and evaluation of the offers started on 7 April 2010.
- The deadline for submission of offers for selection of contractor for additional design and construction of the object: Trakia motorway / A-4 /" Orizovo - Burgas "section: Lot 3 Nova Zagora – Yambol” expired on 26.04.2010. The evaluation of offers is on-going.
- The tender documents for Lot 4 are submitted to the MA for approval in the beginning of March 2010. The announcement for Lot 4 tender procedure is published on 12 April 2010.

On-going tender procedures:

- 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. On 27 April 2010 the financial offers for 11 out of 47 offers were opened. Awarding of contract is expected by end of May 2010.
- Tender for "Preparation of a Strategy for Implementation of the European Railway Traffic Management System (ERTMS)" completed, contract is expected to be signed by the end of May.
- 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. Evaluation procedure is on-going. On 27 April the financial offers for 3 out of 8 offers were opened. Only 3 tenderers were awarded for financial assessment. Expected completion of procedures both supervision and works – end of June 2010.

OP "Environment"

- The MA and IB of OPE finished the screening of the projects financed under OPE. Proposals for changes were initiated by the MA and Beneficiaries. Each project contract is on different stage in the glint of the proposed concrete measures. After signing the annex to each contract, the temporarily measure for stopping the public procurement procedure will drop out. The projects under priority axis 1, which are contracted and are in advanced stage of implementation, urgent measures for the necessity for ensuring additional financial resource should be undertaken for those contracts for which the financing withdraw.
- Currently 3 procedures had been opened under priority axis 2 - for Sofia Municipality Integrated Waste Treatment System, Regional Waste Management Systems in Botevgrad and Pernik. The deadline for application of Regional Waste Management System in Pernik Region was 15 May 2010 and the project was submitted in the MOEW on time.
- Detection and prevention of double funding is also a significant problem as regards the projects under priority axis 3. Funds for preservation of biodiversity are allocated under many programs by different donors, often other than the European structural and pre-accession instruments. Towards detection and prevention of double financing, MA holds meetings with the Committee for Selection and Coordination of Projects and takes part on a regular basis in other mechanisms for detection and prevention of double financing.
- On 26 and 27 May 2010 were carried out the regular monthly meetings with the beneficiaries which has a concluded contracts for infrastructure in water sector and the potential beneficiaries which has a projects under preparation in waste sector. The beneficiaries in water sector presented the progress in the implementation of their projects, the status of carrying out the public procurement procedures, arising problems and difficulties. The beneficiaries in waste sector presented the progress in preparation of

projects proposals for construction of the 23 regional systems for waste management as well as the problems and difficulties met in the preparation of the documentation.

- During the month, MA continues the practice, started in October 2009, to organize an “Open day” of Operational Programme Environment – it takes place every Tuesday, 14 p.m, when experts from MA, IA of OPE and representatives of the MoEW directorates answered the questions raised by the beneficiaries and search for solutions of specific cases.

OP “Regional Development”

- The evaluation of the project proposals under the GS BG161PO001/1.1-07/2009 "Support for the provision of appropriate and cost-effective infrastructure of the universities in urban agglomerations" was finalized in the beginning of May. State universities within the 7 large municipalities (Sofia, Plovdiv, Varna, Burgas, Ruse, Stara Zagora and Pleven) are beneficiaries of this scheme. 13 projects were approved for financing in the total amount of EUR 19 593 880. Contracts will be signed on June 2.
- The mid term investment programme of the Ministry of Health under BG161PO001/1.1-08/2010 "Support for the reconstruction, renovation and equipping of public health and medical institutions in urban centers” was rejected by the evaluation committee. The deadline for submission of a revised investment programme is 30.09.2010.
- Under GS BG161PO001/1.4-05/2009 "Support for integrated and sustainable development by improving the urban environment” 21 projects were approved in the total amount of EUR 54 398 995.
- The MA has elaborated revised guidelines for beneficiaries for implementation of projects.
- The kick-off meetings with JASPERS for the Sofia Urban Transport and the Gas Interconnection projects took place. The scope of the support by JASPERS was discussed, as well as arrangements to facilitate the preparation of the projects.

OP “Technical Assistance”

- During that period continued the process of verifying the costs of beneficiaries of received requests for payments. OPTA MA began spot checks under the Annual Plan for spot checks on OPTA 2010.
- In implementation of Decree 67/14.04.2010 on wages in the budgetary organizations and activities OPTA MA took a process for the development of procedures and documents which are necessary for providing additional funding legitimate salaries of employees of the units which are OPTAs’ beneficiaries.
- The preparation of the sixth meeting of the Monitoring Committee of OPTA began. The Annual Report on implementation of OPTA in 2009 was drafted and presented to the Council for Coordination of European union Funds Management.
- The preparation procedure for granting financial assistance to implement the project for construction of 28 regional information centers on the three axis of OPTA began.
- To overcome the delay in the indicative program for the first quarter of 2010 MA took action of informal consultations and cooperation in the preparation of project proposals. Currently, there are several proposals which are developing under the operational program.

OP “Development of the competitiveness of the Bulgarian economy”

- As of 31 May 2010 the total contracted amount under OP Competitiveness is EUR 380 281 784 (including national co-financing). The payments amount to EUR 16 809 431. The verified and certified expenditure is respectively EUR 203 193 130 and EUR 4 189 389.
- The evaluation of the 12 applications received under the public procurement procedure within Priority Axis 5 of the OP Competitiveness: “Optimization of the management of the OP Competitiveness” continues.
- On 5 May 2010 the MA published the Decisions taken by the Monitoring Committee of the OP Competitiveness through written procedure carried out during the period 26 March-9 April 2010. The Decisions concern as follows:
 - approval of change of IAWP for the forthcoming calls-for-proposals in 2010;
 - approval of modification of general criteria for selection of operations under the procedure for grant financial assistance “Provision of consultation services for enterprises experiencing financial and economic impediments” to enterprises in difficulty”;
 - approval of extension of the deadline for implementation of the activities under the signed grant contracts, which are in implementation phase, as it follows: call-for-proposals BG161PO003-2.1.03 „Achieving compliance with internationally recognized standards” (6 months), call-for-proposals BG161PO003-2.1.04 „Upgrade of technologies in small and medium-sized enterprises” (6 months) and call-for-proposals BG161PO003-2.1.05 „Upgrade of technologies in large enterprises” (9 months).
 - approval of the proposal to consider eligible the activities executed by a Certification Authority, accredited by an Accreditation body according to EN 45012/ISO/IEC manual 62 or ISO/IEC 17021 under the procedure 2007BG161PO003/2.1.2-01/2007 “Introduction of internationally recognized standards”
 - approval of the proposal that the activities implemented by a Certification Authority, accredited by an Accreditation body according to ISO/IEC 17021 will be considered eligible under the procedure BG161PO003-2.1.03 “Introduction of internationally recognized standards”
 - approval of the proposal that at the final reporting of the contracts concluded in 2008 under Priority Axis 2, operation 2.1.1 “Upgrade of technology in the enterprises” to be paid the grant corresponding to the eligible costs in the size of the minimum of BGN 10 000 for procedure 2007/BG161PO003/2.1.2-01/2007 and BGN50 000 for procedure 2007/BG161PO003/2.1.1.-01/2007. All the information concerning the above mention written procedure are published on MA website www.opcompetitiveness.bg.
- On 10 May 2010 the Managing Authority launched a call for proposals with a fixed deadline for application BG161PO003-2.1.06 “Upgrade of technologies in small and medium-sized enterprises” with a total budget of EUR 50 million. The final deadline for submission of the applications is 10 August 2010.

- On 11 May 2010 the Managing Authority announced a competition for recruiting external evaluators to be included in the lists of evaluators who can take part in the Evaluation Committees for procedures under Priority Axes 1 and 2 of the OP Competitiveness (with the exception of 2.3. area of intervention “Introduction of energy-saving technologies and utilization of Renewable Energy Sources).
- JEREMIE: On 14 May 2010 the signed amended Framework and Financial Agreements were approved by CoM Decision №304/14.05.2010 and subsequently submitted to the Parliament in order to be ratified by a Law on Ratification. The Law on Ratification was adopted on 26 May 2010 which will come into force after its promulgation in the State Journal.
- A joint initiative with the GTZ is currently implemented, focused on achievement of rapid results under the Operational Programme “Competitiveness” and namely under Priority axis 1 - Development of knowledge-based economy and innovative activities. Three working groups have been created, involving experts from the MA and IA of OPC, which objective is to improve the design of the grant scheme, the evaluation of the projects proposals and their implementation. The idea of the whole initiative is to stimulate the “bottom-up” approach for proposal and decision formulation and to make the employees feel personally responsible and involved in the processes within the organization.

OP “Human Resources Development”

- The total number of signed contracts is 1 420 amounting to 509,75 mln.euro or more than 44% of the budget of the Programme. The executed payments (excluding advance payments) are for 63,65 mln.euro.
- On its sixth official meeting on 19.05.2010, the Monitoring Committee of the Programme approved new 13 operations with total budget of 135,8 mln.euro. The intention of the Monitoring Committee, the Managing Authority and Intermediate Bodies is by the end of the current year to allocate all OP resources under new and ongoing operations in order to ensure smooth implementation of the Programme. The Monitoring Committee also approved the Annual Implementation Report on the OPHRD for 2009. According to the provisions of the Council of Ministers Decree No70/14.04.2010, the AIR for 2009 was preliminary agreed by the members of the Council for Coordination in the Management of the EU Funds. A Report for the conducted audits of the Programme was also approved by the members of the Committee.
- The Monitoring Committee took a decision to increase the budget of “I Can” operation from 13,30 mln.euro to 26,6 mln.euro in order to response to the substantial interest in the measure and in the introduced voucher system. Thus, the total number of people to be involved in trainings on key competences and professional qualification is planned to be 55 000. Further to this, 5 operations under Priority Axis 6 for 11,53 mln.euro were cancelled. Some activities under three of these are included in a newly approved operation (for 3,17 mln.euro) for improvement of the social services provided at the regional level, while one is included in another new operation for improvement of the quality of the services provided by the Ministry of Labor and Social Services. One operation was cancelled due to lack of priority for further investments in the “one-stop-shop” services.

OP “Administrative Capacity”

- The total number of signed contracts is 261 amounting to more than 76 mln.euro or 42% of the budget of the Programme. The executed payments are for nearly 40 mln.euro or 22% of the budget.
- According to the provisions of the Council of Ministers Decree No70/14.04.2010, the Annual Implementation Report on OPAC for 2009 was preliminary agreed by the members of the Council for Coordination in the Management of the EU Funds at its meeting on 27.05.2010. The procedure for approval of the AIR 2009 from the members of the Monitoring Committee is forthcoming.
- On 30.04.2010 the Managing Authority signed a contract with the Council of Ministers' Administration for implementation of a project targeted on improvement of the system for assessment of the performance of the civil servants. The total budget of the project is 423 148 euro and it will be implemented in a course of 12 months. The aim of the project is to bind the assessment of the work of the servants with the results achieved, thus to increase the motivation of the servants and the quality of the services provided by the administration.
- Under the five calls for proposals for the state administration that were launched on 31.03.2010, within the deadline by 01.06.2010 the Managing Authority had received in total 78 project proposals. The composition of the respective evaluation committees and the evaluation of the received project proposals are forthcoming.
- The new Director of the Managing Authority was officially appointed and started performing his duties from 01.06.2010.

Bulgaria - Turkey IPA Cross-Border Programme for the period 2007 - 2013

- Bulgaria - Turkey IPA Cross-Border Programme for the period 2007 - 2013 was launched on 14.05.2008 by holding the first meeting of the JMC.
- The program budget for the period 2007- 2011 is € 21,748,998, of which € 18,486,648 are Community funding /from the European Regional Development Fund and the IPA/ and € 3,262,350 are national co-financing from the Bulgarian and Turkish state budgets.
- Bulgaria - Turkey IPA Cross-Border Programme has three priority axes:
 - Sustainable social & economic development
 - Improvement of the quality of life
 - Technical assistance
- The eligible cross-border co-operation area includes districts of Bourgas, Yambol and Haskovo on the Bulgarian side and provinces of Edirne and Kırklareli on the Turkish side.
- The main beneficiaries of the Programme are: all levels of Local/Regional authorities; associations of Local/Regional authorities and of other organisations; regional offices and structures of central government institutions/ administrations; euroregions and other joint cross border structures and institutions; business support institutions and organisations - chambers of commerce, industry and crafts; business incubators; business centres and others social Partners; institutions of labour market administration; tourist boards and associations; educational and training institutions and organizations, NGOs; community organisations and institutions involved in development of civil society and/or promotion

of education, culture and sports; nature protection NGOs; administrations of protected areas.

- The 1st Call for proposals under IPA cross-border programme Bulgaria – Turkey was launched on 28 September 2009 and the deadline for submission of project proposals was 28 December 2009. By the deadline 111 project proposals were submitted.

Bulgaria – Serbia IPA Cross-Border Programme

- Bulgaria – Serbia IPA Cross-Border Programme was approved by the European Commission on 25 March 2008 (Decision no. 1058). The Programme became operational after the first Joint Monitoring Committee meeting conducted in October 2008.
- The total budget of the programme is 25 016 946 EUR of which 21,264,404 EUR are Community Funding/European Regional Development Fund and IPA and 3 752 542EUR are national co-financing from Bulgaria and Serbia.
- The Programme priorities axes are:
 - Development of small-scale infrastructure: Physical and information infrastructure, Infrastructure concerning environmental issues and Assistance for project preparation
 - Enhancing capacity for joint planning, problem solving and development: Links and networking on institutional, business and educational levels, Sustainable development through efficient utilization of regional resources and People to people actions
 - Technical Assistance.
- The common Bulgarian-Serbian border area includes 12 administrative units: 6 districts in Bulgaria, which correspond to NUTS level III and the equivalent NUTS III 6 districts in Serbia.
- The eligible beneficiaries of the programme are: local/regional/national authorities or subsidiary structure(s) of local/regional/national authorities, national and regional agencies (responsible at central, regional and municipal level); nature park administrations; local/regional forestry directorates; health care institutions; cultural institutions; community centers; regional employment agencies; non-governmental (NGO) or non-profit (NPO) organizations such as business support organizations, local enterprise agencies, development agencies, Chambers of Commerce (CoCs), Information and Communication Technology (ICT) development agencies, educational, training and Research and Development (R&D) institutions, employers and producer associations, trade unions; other state and public agencies and associations; educational institutions such as universities, schools, colleges and libraries; Euro regions; or any association of two or more of the above that are directly responsible for the preparation and management of the action with their partners, not acting as an intermediary
- The first call for project proposals was with total indicative budget of 6 153 381 EUR and completed on 30th November of 2009. The priority areas have been “Development of small scale infrastructure” and “Enhancing capacity for joint planning, problem solving and development.” One hundred and ten (110) project proposals have been submitted within the deadline and six (6) projects after the deadline From the submitted proposals within the deadline 75 proposals have been submitted with Bulgarian Lead partner and 27 with Serbian Lead partner.
- A second meeting of the Joint Monitoring Committee was held on 30th of March 2009 and one written procedure for approval of financial allocation for 2010-2011 and revision

of the Bulgaria – Serbia IPA CBC Programme on 9th of October 2009. The programme was amended in terms of additional specification of the national co-financing provided by the partnering countries.

Cross-Border Cooperation Programme Bulgaria - Macedonia 2007-2013

- Bulgaria – Macedonia IPA Cross-Border Programme was approved by the European Commission on 14 December 2007. The Programme became operational after the first Joint Monitoring Committee meeting conducted in March 2008.
- EUR 6 592 632 of the budget are provided from the European Regional Development Fund and IPA and EUR 1 163 406 are national co-financing.
- The first call for project proposals with total indicative budget of EUR 4 131 652 was launched on 14 September 2009 and completed on 14 December 2009. The priority areas have been “Economic development and social cohesion” and “Improvement of the quality of life”. 93 project proposals have been received out of which 64 submitted with Bulgarian Lead Partner and 29 with fYRoM Lead Partner. The evaluation has not yet started. Positive opinion on the Description of the management and control systems of the Managing Authority for the Programme is needed before starting the process of evaluation.
- The second meeting of the JMC was carried out on 24 February 2009. Two written procedures were initiated – one for approval of annual implementation report for 2008 on 25 May 2009 and the second for approval of financial allocation for 2010-2011 and revision of the Bulgaria – Macedonia IPA CBC Programme on 16 October 2009, resulting from the structural changes or changes of responsibilities of the different national structure in Bulgaria involved in the management process of the Programme.

Implementation of ex-ISPA/CF 1164

- EC/EIB mission for Plovdiv-Svilengrad Railway and Danube Bridge 2 projects was held in the period 18-19 May 2010.
- Organization of the Seventh Monitoring Committee
- Preparation of the monitoring sheets in the environment and transport sectors
- Preparation of the reports on implementation of information and publicity measures for the purpose of the Seventh Monitoring Committee in the environment and transport sectors

Data on OPs financial progress is attached.