

Implementation of the Structural funds in Bulgaria

Monthly brief, July 2010

Horizontal issues and legislative procedures

- On August 3, 2010 the Council of Ministers adopted the Decree on the verification of expenditures and payment of EU Structural and Cohesion Fund grants, prepared by the CCU. The Decree introduces some simplifications in the relations between the Certifying Authority and the Managing Authorities and Intermediate Bodies regarding the certification process under the OPs. It also unifies and shortens the time frames within which the MAs/IBs are obliged to verify the expenditures and to make the respective payments to the beneficiaries:
 - A dead-line of 10 working days is introduced for the MA to make advance payments after receiving a payment claim;
 - A unified dead-line of 40 working days is introduced for the MAs to verify the expenditures claimed by the beneficiaries;
 - The interim and final payments are also to be made in a dead-line of 10 working days after the verification of the expenditure made.
- The CoM Decision on increasing the advance payments up to 35% for public beneficiaries under the projects financed by the OP 'Transport', OP 'Regional Development' and OP 'Environment' was also approved on August 3, 2010. The Decision aims at increasing the amount of working capital for the public beneficiaries implementing infrastructure projects with respect to the negative repercussions of the global crisis and to beneficiaries' difficulties in pre-financing and co-financing their projects as a result of it.
- The second meeting of the Council for development was held on July 12, 2010. The Council approved a decision to establish an inter-ministerial working group chaired by the Minister of Economy, Energy and Tourism. The main task of the working group will be the elaboration of a National Economy Recovery Programme, which has to cover the period until the end of 2011. The establishment of the inter-ministerial working group is in process and is expected to be set up in August. The draft version of the Programme should be prepared two months after the establishment of the working group.
- According to the General Programme Concept and the working schedule for the preparation of the National Development Programme Bulgaria 2020, approved by the Council for Development on June 23, 2010, the establishment of the inter-ministerial working group, which will be responsible for the preparation of the NDP Bulgaria 2020, is in process. The group is expected to be officially approved at the beginning of August. In addition, the establishment of the thematic working groups leading by each Ministry is in process. Their main tasks will be the preparation of sectoral analyses and strategies which will serve as the basis for the elaboration of the different parts of the NDP Bulgaria 2020.

The Unified Management and Information System (UMIS)

The Public Information Module design was agreed upon with the IT developers of the system. The Module will be available in the upcoming months and will provide useful information in a convenient and user-friendly format. All the info will be based on the actual, up-to-date data contained in UMIS. This new functionality of the system will be very useful for all stake-holders in the implementation of the EU Funds process and will raise the awareness of funding possibilities for future beneficiaries. The additional transparency provided by the Public Module will

compliment the general effort of the administration to make available to the general public the best practices already available and to encourage proactive behavior among the widest scope of beneficiaries.

Information and publicity measures

Institutionalization of the National Network of staff for information and publicity of the Operational Programmes

- The National Network of staff for information and publicity of the Operational Programmes has been created. The main responsibilities of publicity officers are to:
 - assist in the implementation of the NSRF Communication Strategy;
 - participate in the development and implementation of projects under Priority 3 “Promotion of European Cohesion policy in Bulgaria and ensuring the provision of general and statistical information” of the Operational Programme “Technical Assistance”;
 - provide information on upcoming tenders for the implementation of the OPs’ Communication plans;
 - provide information and coordinate informational events on Operational Programmes;
 - take decisions on matters of interest of all participants in the Working Group.
- The first meeting of the Network took place on 30 July 2010. The members of the Working group discussed the upcoming information campaign for Structural and Cohesion Funds in Bulgaria, the new functionality of the information portal and the future project about the Network.

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 beneficiaries is a major priority. In July 2010, the National Fund Directorate approved 6 Requests for funds from the MA for the amount of 14,32 MEUR under Operational Programmes - Administrative Capacity, Development of the Competitiveness of the Bulgarian Economy, Regional Development, Environment ERDF/CF and Transport ERDF.
- In July 2010 the Certifying Authority performed checks of the Reports on Certification and Statements of Eligible Expenditures, submitted by the Managing Authorities of the OPs Technical Assistance, Development of the Competitiveness of the Bulgarian Economy, Human Resources Development, Administrative Capacity and Environment.
- The on the spot checks as part of the function on certification of expenditures under SCF and in compliance with art. 61 of Council Regulation (EC) No 1083/2006 under OP Administrative Capacity continued in July 2010. For the OPs Development of the Competitiveness of the Bulgarian Economy, Regional Development, Human Resources Development, Transport and Administrative Capacity the reports with the results from the on-the spot checks done in June 2010 in the Managing Authority/ Intermediate Bodies/ Beneficiary were in a process of preparation by the Certifying Authority in July 2010. Under OPs Environment the report was finalized and the results communicated to the MA.
- In July 2010 the Certifying Authority submitted to the European Commission certificates under OP Development of the Competitiveness of the Bulgarian Economy (two certificates), OP Regional Development and OP Transport (two certificates: CF and ERDF).

- In July 2010, 4 interim payments from the EC had been received referring to submitted Applications for payment under OP Regional Development, OP Development of the Competitiveness of the Bulgarian Economy and OP Transport ERDF/CF. The total amount of funds received in July is 208,98 MEUR.

Operational Programmes

OP Transport

Events

- 9 July 2010 – Public presentation of the General Transport Master plan of the Republic of Bulgaria;
- 14 July 2010 – Public signing of the contract construction for Lot 3 of the Motorway Trakia - Nova Zagora-Yambol

Application forms (AF)

- Ongoing revision of the Application form for Construction of Trakia Motorway project –Lots No's 2, 3 and 4 according to comments, received from DG Regional Policy of the European Commission on 29.07.2010.
- Ongoing revision of the Application form for “Consultancy services for compliance assessment of the investment project with the essential requirements for construction works for the project "Modernization of railway Sofia-Plovdiv.
- Ongoing revision of the Application form for „Technical design of modernization Vidin – Sofia railway“
- Application form for “Establishment of River Information Services System in the Bulgarian part of Danube River” is under evaluation by MA.

Completed tender procedures

- The deadline for submission of offers for selection of contractor for additional design and construction of the object: Trakia motorway / A-4 /" Orizovo - Burgas" Lot 3 “Nova Zagora – Yambol” expired on 26 April 2010. The employer’s decision for awarding of contract was issued on 29 July 2010.
- The deadline for submission of offers for selection of contractor for supervision of implementation of additional design and construction of the object: Trakia motorway / A-4 /" Orizovo - Burgas" Lot 3 “Nova Zagora – Yambol” was 4 June 2010. Tender procedure was completed on 14 July 2010 by signing of a contract.
- Tender procedure for “Preparation of a Strategy for Implementation of the European Railway Traffic Management System (ERTMS)” was completed. Contract was signed on 6 July 2010.

On-going tender procedures:

- 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”. The deadline for submission of tenders was 10 May 2010. The employer’s decision for awarding of contract was issued on 7 July 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" Lot 4 “Yambol –

Karnobat" from km 277+597 to km 325+280" was 7 June 2010. The employer's decision for awarding of contract was issued on 22 July 2010.

- The deadline for submission of offers for selection of contractor for supervision of implementation of additional design and construction of the object: Trakia motorway / A-4 / "Orizovo - Burgas" Lot 4 "Yambol – Karnobat" from km 277+597 to km 325+280" was 21 June 2010. The employer's decision for awarding of contract was issued on 22 July 2010.
- Tender procedure for "Preparation of cost-benefit analysis and Application forms for financing of Struma Motorway, Lot 1, Dolna Dikania – Dupnitsa; Lot 2, Dupnitsa – Simitli and Lot 4, Sndanski – Kulata, under the Cohesion fund" was opened on 12 July 2010. The deadline for submission of tenders after Employer's decision for extension is 4 September 2010.
- The deadline for submission of offers under the tendering procedure for selection of contractor for "Compliance assessment and construction supervision for the project "Rehabilitation of railway infrastructure along sections of the railway line Plovdiv – Burgas" was 19 July 2010. The evaluation of offers is ongoing.

OP Environment

- After finalizing the screening of 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. The Working group for preparing of Mechanism for ensuring of the necessity financing from the National budget was organized with order of the Minister of environment and water. The Working group should finish the work until 12 September 2010.
- The Report of the Executive Agency "Audit of EU Funds" is expected to be presented in short time. In the same time MA makes additional checks of the activities taken by the beneficiaries for making the projects with compliance with the actual requirements of the OPE. The report for undertaken measures for each project is under preparation
- An Invitation on procedure „Improvement and development of water and wastewater infrastructure for agglomerations with over 10 000 P.E." were announced. The documents can be found on the OPE website.
- 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 comments on the Sofia Municipality Integrated Waste Treatment System from European Commission were received. Evaluation of the Regional Waste Management Systems in Botevgrad and Pernik are under way. The Procedures for the construction of the other 20 of the total of 23 regional systems for waste management, previously foreseen in the AIWP for 2009 has not been opened due to lack of project maturity by the specific beneficiaries. With higher stage of readiness are the following regions: Vidin, Bourgas, Malko Tarnovo, Pleven and Razlog.
- Delay in the preparation of projects to which the invitation for direct grant should be sent according the Indicative annual working programme (IAWP): bad quality of the projects, discrepancy with envelopment of the feasibility study, because of the long period of the designing of projects, problems with the property of the building site, disagreement of some of the municipalities with the regional distribution.
- The Draft invitations and Guidelines for applicants under the following procedures were published on the OPE website: "Development of management plans for special protection areas

for birds that do not overlap with special protection areas for habitats” and „Preservation and restoration of biodiversity in the Republic of Bulgaria

- 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

- On July 29, 2010, the Minister of Regional Development and Public Works and the Vice-President of the European Investment Bank Mr Matthias Kollatz-Aanen signed the Financing Agreement between the Government of the Republic of Bulgaria and the European Investment Bank to establish a holding fund under the initiative Joint European Support for Sustainable Investment in City Areas (JESSICA). For the implementation of the initiative 33 Meuro are allocated under Priority 1 of the OPRD. The main task of the European Investment Bank, as a holding fund of JESSICA is to create funds for urban development for the 7 major cities in Bulgaria - Sofia, Plovdiv, Stara Zagora, Burgas, Varna, Rousse and Pleven. Funds for urban development will finance urban development projects in the form of public private partnerships and other urban projects, which represents a new approach to support the sustainable and integrated urban development of the EU Structural Funds.
- The Managing Authority of OPRD published Annexes to the methodological guidelines for developing and implementing integrated plans for urban regeneration and development for medium, large and very large Bulgarian cities under BG161PO001/1.4-07/2010 "Support for integrated plans for urban regeneration and development GS. Annexes to the methodological guidelines include criteria for selecting the areas of intervention, and other standard models in preparation and implementation of integrated plans for urban regeneration and development.
- On July 16, 2010, 21 contracts were signed under the GS BG161PO001/1.4-05/2009 Support for integrated and sustainable development by improving the urban environment. The total amount of the grants approved is EUR 106 395 187.26, of which EUR 90 435 909.15 ERDF contribution.
- The approved projects shall contribute to construction, rehabilitation, restoration of public parks, gardens, playgrounds, walking paths and sidewalks, bicycle paths and lanes, underpasses for pedestrians and cyclists, street networks, construction of public car parks off the main streets etc.
- 8 projects in the total amount of EUR 10 936 580.99 were approved under the grant scheme BG161PO001/1.1-05/2008 "Support for provision of appropriate and effective public cultural infrastructure, contributing to the sustainable development of urban areas" with a specific beneficiary - Ministry of Culture.
- In the beginning of July a new procedure was announced under Priority 1 Sustainable and Integrated Urban Development - BG161PO001/1.4-06/2010 Support for small-scale measures to prevent floods in urban agglomerations.

OP Technical Assistance

- The Annual implementation report for the year 2009 of the OPTA was circulated and accepted by the European Commission.

- There is partial progress in implementation of the the indicative program for the second quarter of 2010 .It is expressed in the submission of project proposals by OPTAs' beneficiaries. In this context, OPTA MA received a project proposal for the preparation of the establishment of 28 regional information centers to promote cohesion policy in Bulgaria.
- OPTA MA, as a beneficiary of the programme, developed several proposals which activities are related to strengthening its administrative capacity, upcoming evaluations of the programme, organization and conduction of the Monitoring Committee of OPTA and others. activities associated with managing the OPTA.
- Specific actions were taken for settlement the ways to provide grants for beneficiaries in the Administration of the CoM. For that purpose, orders for granting financial assistance projects of the Central Information Office and the Central Coordination.were issued and submitted to the respective beneficiary.
- In implementation of Decree 67/14.04.2010 for wages in budgetary organizations and activities OPTA MA established the necessary procedures and documents for providing legitimate additional funding salaries of employees of the units of OPTA beneficiaries. These documents are published in the directory of the Operational Programme "Technical Assistance" on informational portal for EU Structural Funds - www.efunds.bg. In this regard, the Managing Authority received two proposals by the beneficiaries EA AEUF and CCU, which are under evaluation and approval;
- During that period continued the process of verifying the costs of beneficiaries of received requests for payments. Payments were made from the program budget of the project beneficiaries.
- OPTA MA made on-the - spot checks of project beneficiaries in accordance with Annual Plan for spot checks on OPTA 2010. The reports of the checks were made by the OPTA MA and sent to the relevant beneficiaries.

OP Development of the competitiveness of the Bulgarian economy

- As of 31 July 2010 the total contracted amount under OP "Competitiveness" is EUR 378.008 103. The payments amount to EUR 218 458 892.13 (including JEREMIE). The verified amount is EUR 205 050 797.58 The certified amount as per Reports on certification and Statements of eligible expenditures sent by the MA to the CA is EUR 203 192 506.42 and the certified amount as per Certificates and Statements of expenditure sent by the CA to the European Commission is EUR 200 303 328.59
- On 1 July 2010 a new call for proposals under OP "Competitiveness" BG161PO003-2.1.08 "Achieving compliance with internationally recognized standards" was launched. The amount of the financial aid under the grant procedure is EUR 10 000 000. The call is with a fixed deadline for application 30 September 2010.
- On 2 July 2010 the project documentation under the grant procedure BG161PO003-2.2.01 „Support for creation and development of business incubators”, envisaged to be launched in the third quarter of 2010, was published for public discussion until 12.07.2010.
- On 6 July 2010 the modified Framework and Financial Agreements with European Investment Fund regarding the implementation of the JEREMIE Initiative were promulgated in the State Journal.
- On 9 July 2010, in Sofia, the final day of the national information campaign on 5 calls-for-proposals under Priority Axis 1 an 2 of the OP "Competitiveness" was held. The campaign was

carried out in 21 cities within the country. More than 1650 potential beneficiaries, business representatives and consultants participated in the information days.

- On 16 July 2010 a grant procedure BG161PO003-2.4.01 „Support for cluster development in Bulgaria” without fixed deadline for application was launched. The total amount of the financial grant aid is EUR 15 000 000.
- On 26 July 2010, by initiative of the Managing Authority of OP “Competitiveness” an Innovation Forum was held at the Ministry of Economy, Energy and Tourism. The main goal of the event was to bring discussions the optimization of the provided support in the field of innovations and improving the absorption of the funds under the OP “Competitiveness”, allocated for innovations. The Forum was attended by scientists, business representatives, consultants, non-governmental organizations, state institutions, competent in the field of innovations.

OP “Human Resources Development”

- The contracted funds under the Programme are already 500,5 MEUR or 41,24% of the total budget. The payments are at the amount 69,4 MEUR or 5,72% of the funds.
- Based on the recommendations from the EC audit mission conducted in the period 01-26 March 2010, the Managing Authority initiated changes in the Methodology for technical and financial assessment of project proposal, which are related to the criteria for the project partners. The changes are currently under written procedure for approval from the members of the Monitoring Committee which should be completed by the end of the first week of August.
- In order to increase the efficiency in the implementation of the voucher mechanism through simplification of the procedure and optimization of the rules for issuing and paying of vouchers, the Government approved changes in the Decree for determining the rules and conditions for granting of vouchers for unemployed and employed under OPHRD Priority Axis 1 and 2. Thus, the Labour Offices will provide vouchers to the approved individuals at the start of the training and after the training organization and the person had agreed upon the schedule for conducting of the respective training. This will guarantee that the training will take place in the most suitable period for the individuals and training organizations as well as for the employers. In this respect the necessary prerequisites are created for better efficiency of the trainings and timely realization of the obtained knowledge and skills.
- The results of the tender procedure for “Evaluation of progress achieved in the implementation of 6 schemes under “Human resources development” Operational programme for the period of 2007 – 2010” were appealed to the Commission for Protection of the Competition by one of the bidders. The appealing procedure will delay the signing of the respective contract and the planned evaluation activities. The decision of the CPC is expected.
- In the period April-June 2010 experts’ team from “Evaluation, monitoring and coordination” Department of the Managing Authority conducted a Study on the progress and the level of satisfaction of the service provided in the scope of “I Can” scheme after which the respective report was produced and published to the attention of the members of the Monitoring Committee. The data which was used is up to 22 March 2010 and covered 75 training centers in 25 Bulgarian Districts as well as 3983 trainees 141 of which already had completed their training. The Study showed very positive results in terms of the provided training services as well as certain deficiencies in the popularization of the scheme and the level of the

competences of the labour offices to provide information and guidelines on the participation in the scheme. In this respect several recommendations are outlined for improvement of the identified weak points.

OP “Administrative Capacity”

- The contracted funds under the Programme are already 70 MEUR or 38,73% of the total budget. The payments are at the amount 39,8 MEUR or 22% of the funds.
- The procedure for avoidance of overlap and double financing for the approved project (“Human resources Management – Key to the success in the Government of the State”, Council of Ministers Administration) under procedure for direct awarding “Modern Human Resources Management in the State Administration) was completed – no potential overlap/double financing was identified. Currently MA is proceeding with signing of a contract with the approved applicant.
- The evaluation committee under the procedure for direct awarding “Transnational and Interregional Cooperation” (budget line BG051PO002/10/1.6-01) that was launched on 31.03.2010, completed its work and one project proposal (Preparation of the State Administration for introducing the euro in the Republic of Bulgaria) of the Ministry of Finance was approved. The procedure for avoidance of overlap and double financing is ongoing and after its completion MA will proceed with signing of a contract with the beneficiary.

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

- After consultation July 1, 2010 was appointed as date for opening session of received project proposals of 1st Call for proposals under Bulgaria – Turkey IPA Cross-Border programme. The administrative and eligibility check of the project proposals is ongoing.
- On 19 - 21 July 2010 by initiative of DG Enlargement of the European Commission through TAIEX instrument, a training of the Audit Authority of the Republic of Turkey was conducted in connection with the Cross-Border Program Bulgaria - Turkey. In the frame of this training a meeting was held with the Secretary of the Council of EU funds Management as well as with the representatives of the Central Coordination Unit, at which the current coordination mechanism in the management of EU funds in Bulgaria was presented.
- The Annual report for implementation of Bulgaria – Turkey IPA Cross-border Programme, as well as the financial report for the disbursed resources under Priority Axis 3 - Technical assistance for 2009 year and provisional budget breakdown of the financial sources under Priority Axis 3 - Technical assistance for 2010 year, subject to review and approval by the Joint Monitoring Committee (MC) in compliance with Article 110 of the Commission regulation (EC) No 718/2007, have been put to written consultation and approved by the JMC. The documents are sent to the Commission for approval.

Bulgaria – Serbia IPA Cross-Border Programme

- The evaluation of the submitted project proposals (75 submitted with Bulgarian Lead Partner and 27 with Serbian Lead Partner) under the first call, announced in 2009, started. The administrative and eligibility check is ongoing.

Cross-Border Cooperation Programme Bulgaria - Macedonia 2007-2013

- The evaluation of the 93 received project proposals under the first call, launched on 14 September 2009 with a total indicative budget EUR 4 131 652 started. The administrative and eligibility check is ongoing.

Implementation of ex-ISPA/CF 1164

- On going preparation of Minutes from Seventh Monitoring Committee held in Sofia in the period 7-9 June 2010.
- Monthly progress Meetings for Transport and Environment sectors held on 19 July and 21 July respectively.
- Steering Committee for resolving of borrow pit problem for Danube Bridge project held on 23 July 2010 within MTITC with participation of Minister Donchev.
- Number of meetings for separation of Plovdiv-Svilengrad railway project held during the month.
- On-going preparation of Requests for Modification of FM in both sectors Transport and Environment. FM Modifications for 4 out of 5 projects in Transport sector are under preparation (2004/BG/16/P/PT/005 „Construction of Cross-border, Road/Rail Bridge over the Danube River at Vidin-Calafat”; 2001/BG/16/P/PT/003„Plovdiv–Svilengrad Railway Electrification and Upgrading Located in Bulgaria”; 2006/BG/16/P/PA/002“Technical Assistance for the Modernization of TEN-T Railway Lines in Bulgaria” and 2005/BG/16/P/PA/002 „Technical Assistance for the Modernization of the Vidin-Sofia Railway Line in Bulgaria”). The Request for Modification of FM for „Technical Assistance for preparation of road projects along the TEN-T located in Bulgaria” is under review by CCU and NF. Modifications for 3 out of 9 projects in Environment sector are under preparation: 2000/BG/16/P/PE/001 Integrated water project - City of Sofia; 2001/BG/16/P/PE/004 Construction of Flue Gas Desulphurisation Plants at Units 5&6 at Maritsa East 2 TPP–EAD; 2005/BG/16/P/PE/006 Integrated water project - town of Kyustendil. The Request for Modification of FM 2005 BG 16 P PE 003 - Integrated Water Project for the town of Rouse in Bulgaria was sent to the European Commission (20.07.2010).

Data on OPs financial progress is attached.