

# **Implementation of the Structural funds in Bulgaria**

## **Monthly brief 15 August-30 September, 2010**

### **Horizontal issues and legislative procedures**

- A draft Council of Ministers Decree amending CoM Decree 121/2007 has been prepared by the Central Coordination Unit and is to be sent for interministerial coordination procedure. The proposed amendments aim at merging the administrative compliance and eligibility compliance checks in the evaluation process of the project proposals. A shorter and more efficient evaluation process is thus to be achieved.
- In September, 2010, the Council of Ministers adopted the Decree, which set up a new position “assistant on management of European projects and programs”. The aim of the decree is to assist the MAs/IBs needs of specific expertise and knowledge in order to improve the conditions for the successful implementation of EU programs and projects. The assignment of the experts will be financed from the technical assistance of the OPs. The positions will be occupied until the completion of the programs.
- The national methodology on financial corrections is under revision in order to be prepared amendments, based on the adopted new Public Procurement Law (PPL). The methodology set up the main principles, criteria and indicative scales for determining financial corrections to be made to expenditure co-financed by the Structural Funds or Cohesion Fund for non-compliance with the rules on public procurement legislation.
- Two meetings of the Horizontal Network of experts for evaluation of the National Strategic Reference Framework and Operational Programmes were held respectively on 03 August and 30 September 2010. Participants in the meeting by the EC, MAs and CCU discussed the progress of the evaluation plans of the NSRF and OPs, reported during the previous meeting of the Network as well as the information about the upcoming meeting of the DG REGIO Evaluation Network that will take place on October 14-15, 2010.

### **The Unified Management and Information System (UMIS)**

A demo version of the Public Information Module was developed and is being tested. Its official launch is intended for the end of October 2010.

The connection between the UMIS and the information systems at SF “Agriculture” and the Executive Agency “Fisheries and aquaculture” is established and is being tested as well. If successful, the users of UMIS will be able to check for duplicate activities; financed under the other two programs and respectively, the authorized representatives from SF “Agriculture” and the Executive Agency “Fisheries and aquaculture” will check at the UMIS for duplicate activities, financed under the SCFs.

The discussion for establishment of connection with the information system for management of the cross-border and trans-regional programs, based at the Ministry of Regional

Development and Public Works was initialized. Since its system is still under development and is being tested, the connection will be established in the upcoming months.

### **Information and Publicity**

The Central Information Office undertook various activities concerning launching the call of proposals for the network of district information points during the month of September.

On 13th September 2010 a large-scale media campaign for the promotion of the Operational Programmes and for ensuring transparency in the European Union (EU) Funds management process in Bulgaria was officially launched. The Campaign is designed and implemented by the Central Information Office and is funded under Operational Programme Technical Assistance. The opening event of the campaign took place in one big enterprise in Sofia, which is a beneficiary under Operational Programme Competitiveness, where journalists and guests could see the results of a good project. The core idea of the campaign is to present successful projects, co-financed with European money. The campaign consists of a balanced mix of advertising, PR activities, public events and direct contact with beneficiaries, targeting at national and regional level, and will take place between September - December 2010. The intensive promotional campaign started in September. It covers a total of 49 media using a precise mix of media channels in order to achieve maximum coverage of the audience

### **Certifying Authority**

- In September 2010 the Certifying Authority performed **checks of the Reports on Certification and Statements of Eligible Expenditures**, submitted by the Managing Authorities of the OPs Development of the Competitiveness of the Bulgarian Economy, Regional Development, Transport and Administrative Capacity.
- In September 2010 the Certifying Authority started 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 OPs Development of the Competitiveness of the Bulgarian Economy, Regional Development and Transport. Preparation work was performed with regard to the on the spot checks under OPs Regional Development and Administrative Capacity.
- In September 2010 the Certifying Authority re-submitted to the European Commission the two Cohesion Fund **certificates** under OP Environment that were withdrawn in February 2010. In addition, one more certificate under ERDF and one under CF were submitted to the EC in September 2010. The total amount of the certified expenditure in September amounts to 18.26 MEUR.
- In September 2010, 1 **interim payment from the EC** was received referring to submitted Application for payment under OP Administrative Capacity. The amount of funds received is 2.15 MEUR.

### **Operational Programmes**

#### ***OP "Transport"***

- On 18 August 2010 the contract for preparation of Investment project for the third diameter of Sofia metro- “Knyazhevo” residential area – CCP – ”Botevgradsko shose” blvd was signed with Metroproekt Praha. The contract is at the total amount of EUR 1 705 669 with duration of 30 months. It will be financed under Priority Axis 5 “Technical Assistance”. The aim of the contract is to prepare Pre-feasibility and Feasibility Studies, EIA documentation, CBA and Financial Analysis, Tender Documentation.
- On 27 August 2010 tender evaluation of the offers for Independent Appraisal of the OP Transport in 2010-2011 was launched. Two offers were submitted in the deadline required (till 26 August 2010). The contract will be financed under Priority Axis 5 “Technical Assistance”.
- On 31 August 2010 the contract for Trakia Motorway Lot 4 was signed with Trakia IV Association, leading by Holding Roads. The ground-breaking ceremony was held on 3 September 2010.
- The tender procedure for Plovdiv-Bourgas railway rehabilitation was re-launched on 20 September 2010. The deadline for submission of offers in 8 November 2010. The project will be launched with three lots: Mihaylovo-Kaloyanec, Stara Zagora-Zavoi and Tzerkovski-Karnobat as for all lots offers for Detailed Design and Works will be submitted.
- On 23 September 2010 the evaluation of financial offers for consultancy that will prepare the CBA and Application Forms for lots 1, 2 and 4 for Struma Motorway project has started.
- The Application Form for Parvomai-Svilengrad is under preparation with the assistance of Jaspers Instrument.

### ***OP “Environment”***

- A direct award procedure under OPE with a fixed deadline for application was opened during the reported period by the MOEW for Establishment of a Regional Waste Management System in Burgas Region. Specific beneficiary under the current procedure is Burgas Municipality in association with the municipalities Sredets, Kameno, Nesebar, Pomorie, Aytos, Ruen, Karnobat and their regional association.
- In August 2010 a procedure for Establishment of a Regional Waste Management System in Burgas Region under OPE shall support the Region in finding a sound waste management solution on the territory of the region through the construction of a regional system of waste treatment facilities. The total amount of the grant to be allocated under procedure is EUR 20 825 040 with a deadline for application 30 October 2010.
- In the beginning of August direct award procedure was opened with a fixed deadline for application for Establishment of a Regional Waste Management System in Vidin Region under OPE. Specific beneficiary under the current procedure is Vidin Municipality in association with the municipalities Bregovo, Boynitsa, Kula, Gramada, Novo Selo, Dimovo, Ruzhintsi, Belogradchik, Chuprene and Makresh. The total amount of the grant to be allocated under procedure is EUR 9 933 374. The deadline for application is 10 October 2010.
- Direct award procedure was opened for Preparation and Implementation of Projects for Improvement and Development of Water and Wastewater Infrastructure in

Agglomerations with over 10 000 PE. Potential beneficiaries are Municipal administrations. The total amount of the grant under the procedure is BGN 600 000 000.

- Following the CoM Decision on increasing the advance payments for public beneficiaries, the latter may receive advance payments up to 35%. This decision aims to accelerate implementation and increase the efficiency of project implementation by public beneficiaries.

### ***OP “Regional Development”***

- On 8 August 2010 the MA launched the procedure BG161PO001/1.4-07/2010 Support for integrated urban regeneration and development plans. The procedure envisages EUR10 992 775 for the 7 largest cities and the 29 larger towns in Bulgaria for the elaboration of integrated urban regeneration and development plans. The deadline for submitting project proposals is 1 November 2010.
- On 16 August 2010 the MA launched the call BG161PO001/3.1-03/2010 Support for the development of natural, cultural, and historic attractions at the total amount of EUR 88 850 935. The official launch of the scheme was preceded by public consultation on the guide for applicants in line with the new requirement of the CoM decree 121/31.05.2007. The call is divided in 2 components – in Component 1 the most developed tourist destinations can submit project proposals, while Component 2 is intended for all other municipalities with population over 10 000 people. The deadline for submitting project proposals is 14 January 2011.
- On 8 September 2010 the Council of Ministers approved the Financial agreement with the EIB for establishing a Holding Fund for the JESSICA instrument and proposed to the National Assembly to approve the treaty.
- On 10 September 2010 the Municipality of Bourgas submitted the major project proposal as part of the call BG161PO001/1.5-01/2010 Support for integrated urban transport in Bourgas. The evaluation of the project proposal is ongoing.
- On 30 September 2010 the Ministry of Health submitted a revised midterm investment framework programme and 6 project proposals as part of the call BG161PO001/1.1-08/2010 Support for the reconstruction and supply of equipment for medical and health facilities. The guide for applicants was revised to put a greater focus on activities related to prevention and treatment of oncological illnesses. An option for submitting project proposals for components 1 and 3 in the period 3-31 January 2011 has been foreseen.
- In August and September 2010 the Minister for Management of EU Funds approved 2 revisions of the indicative annual work programme of the OPRD. With the revisions the calls for deinstitutionalization (PA1), development of ICT and gas interconnection with Serbia (PA2), and promotion of the regional tourist product (PA3) were postponed until the beginning of 2011.

### ***OP “Competitiveness”***

- Up to 30 September 2010 under the OP Competitiveness there were submitted 3485 project proposals of a total amount of BGN 974 360 780. The number of the signed contracts is 758 amounting to BGN 1 148343 653. The payments are BGN 429 654 749. The payments rate is 18,8% (including JEREMIE) . During the regarded period (mid-

August-30 September 2010) 527 project proposals were submitted. There were no payments and certified expenditures.

- On 3 September 2010, the European Investment Fund – the manager of the funds under priority axis 3 of the Operational Programme, which is implemented through the JEREMIE initiative, launched a Call for Expression of Interest to select Financial Intermediaries to implement the following Financial Instrument: Risk Capital Fund(s). The deadline for receiving applications is 19 October 2010. On 15 September 2010 a call for proposals with a fixed deadline for application BG161PO003-2.1.09 "Provision of consulting services for firms in difficulty" was launched. The deadline for applications is 15 November 2010. The amount of financial aid under the grant procedure is BGN 1 955 830.
- Within the fixed deadline for application 113 project proposals were received under the grant scheme "Upgrade of technology in large enterprises" and 600 project proposals were received under the grant scheme "Upgrade of technology in small and medium-sized enterprises".
- During the period 21-24 September 2010 second information campaign on the announced 5 grant schemes under OP Competitiveness took place:

#### ***Operational Programme "Technical Assistance"***

- In line with the undertaken measures by the MA of OPTA to speed up projects implementation, a meeting was organized with some the beneficiaries in order to outline concrete steps for further successful implementation of its project.
- The MA of OPTA has been in a process of creating a procedure under Intervention measure 3.3 "Functioning of a national network of District Info Points on the Cohesion Policy in Bulgaria" OPTA. The specific objective of this measure of support and this procedure is: ensuring the effective functioning of 28 regional information centers providing information about the cohesion policy, its objectives and existing opportunities in Bulgaria.
- As a result of performed audits by the Audit Authority the MA initiated due actions to reflect the audit comments and recommendations.
- The MA of OPTA has been in a process of modification of main documents and procedures related to the implementation of the program.
- The MA of OPTA has been processing requests for modifications of current projects received by beneficiaries.

#### ***OP "Human Resources Development"***

- By September 2010, 64 schemes are under implementation under the Human Resources Development Operational Programme (HRD OP) at the total amount of BGN 1,389 billion. There are 5 490 project proposals received, 2502 of which have been approved. There are 1 446 contracts with beneficiaries at the amount of BNG 1,033 billion. The current rate of payments has reached BGN 166,8 million.
- Through the month there was significant rise in applications from the target groups for one of the most attractive schemes under the HRD OP – "I can". The second phase of the

scheme provides BGN 25 million for training of employed persons through provision of vouchers. About 14 000 new applications were received within one month.

- The scheme “Creation of employment for youth through provision of opportunities for internships” has been launched in late September. The scheme provides opportunities for 15 000 registered unemployed young people under 29 years of age with no professional experience, who have graduated secondary school or hold university degree to receive guidance and intermediary services. 90 percent of them (13 500 persons) will have the opportunity to participate in an internship in the field of their profession. This scheme will facilitate the transition from education to employment and at the same time lead to acquisition of professional experience necessary for obtaining jobs offered by employers. BGN 35 million from the HRD OP budget have been provided for the implementation of the scheme.
- Following the successful completion of the evaluation in September in October 2010 the implementation of the activities under the scheme “Alternatives” will commence. Within the scheme BGN 35 million are provided for provision of “Personal Assistant” services to more than 9000 persons with disabilities throughout the country.
- With CoM Decree No222/01.10.2010 were introduced amendments in CoM Decree 180/2007 setting down detailed rules for eligibility of expenditures under OP HRD. These are related to taking on board the EC instructions on the use of flat rate for indirect costs; setting additional eligible direct cost related to the participation of people with disabilities – costs for specialized transport, personal assistants etc.
- With CoM Decree No217/30.09.2010 were introduced amendments in CoM Decree 251/2009 setting down the rules for granting of vouchers for training of unemployed and employed persons under Priority Axis 1 and 2 of OP HRD. These are related to the regulation of the final beneficiary of the grant for training through voucher; extension of the professions for which vouchers for training could be provided – e.g. “Gardening”, etc.

### ***OP “Administrative Capacity”***

- By September 2010, there are 264 contracts with beneficiaries at the amount of BGN BGN 176,650 million or 49.9% of the total Programme budget. The current rate of payments has reached BGN 81,773 million or 23.13%.
- Amendments in the Indicative Annual Working Programme of the Managing Authority for 2010 were approved. They were related to postponement of 4 procedures (under sub-priorities 1.3, 1.6, 2.5 and 3.1) to be launched in September 2010 instead of the initial plans for July 2010 and respectively the deadline for submission of project proposals was extended to November 2010. The reasons for these changes are due to latest amendments in CoM Decree No121 related to the obligation of the Managing Authority to perform public consultations on the draft Guidelines for Applicants.
- On 10 September 2010 the OPAC Managing Authority launched four procedures for grant awarding (the deadline for submission of project proposals expires on 12.11.2010):
  1. “Effective coordination and partnership in policy-making and implementation of policies” (sub-priority 1.3) – the objective is the improvement of the policy-making and implementation in partnership with all interested stakeholders. Eligible beneficiaries are the district and municipal administrations. The total budget is BGN 4,5 million;

2. “Transnational and interregional cooperation” (sub-priority 1.6) - the objective is the improvement of capacity of the state administration through use of the experience of other Member States in the area of good governance. Eligible beneficiaries are the central, district and municipal administrations. The total budget is BGN 4,5 million;
3. “Transnational and interregional cooperation” (sub-priority 2.5) - the objective is the improvement of capacity of the state administration through use of the experience of other Member States in the area of human resources management. Eligible beneficiaries are the central, district and municipal administrations. The total budget is BGN 5 million;
4. “Improvement of the service delivery to citizens and business, including through e-governance development” (sub-priority 3.1) – the objective is the provision of quality electronic services to the citizens and business, including services related to preserving of the cultural resources. Eligible beneficiaries are the central, district and municipal administrations. The total budget is BGN 1 million.

In the course of October, the Managing Authority will conduct seven information days on the above procedures for grant awarding.

- On 30 September, the OPAC Managing Authority launched the last two procedures for the current year according the Indicative Annual Working Programme for 2010. The procedures are for direct awarding under sub-priority 1.4 “Administration – partner of the business” and sub-priority 2.4 “Competent judiciary system and effective human resources management”. The first one is for the Ministry of Finance in relation of its functions of a Central Unit for Public procurement. The budget is 0,500 mln.leva, the deadline for submission of proposals is 03.12.2010. The second procedure is open for the Ministry of Justice, Registry Agency, Supreme Judicial Council, Supreme Court of Cession, Supreme Administrative Court and the Public Prosecutor Office for improvement of the qualification of the magistrates and judiciary staff. The budget is BGN 2 million, the deadline for submission of proposals is 03.12.2010.
- In September the Managing Authority concluded two contracts with the Ministry of Transport, Information Technologies and Communications under the procedure BG051PO002/09/3.1-03 “Improvement of the service delivery to citizens and business, including through e-governance development” which was launched in late 2009. The first contract is at the amount of BGN 18,429 million. The aim of the project is to make 100 administrative services available and accessible through Internet. Another expected result is the amendment of the legislative base in the area of provision of electronic services. The budget of the second contract is BGN 1,228 million and its objective is the development of the electronic government in the area of spatial data and related services.
- The evaluation committees for the procedures BG051PO002/10/3.1-04, BG051PO002/10/1.3-03 and BG051PO002/10/1.1-02 completed their work. The approved projects (respectively 6, 1 and 1) are currently under procedure for double financing check by CCU .

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

- Monthly progress meetings in Environment and Transport sectors were held respectively on 21 September 2010 and 19 September 2010.
- With reference to the fulfilment of project implementation the Modification Proposals have been presented to the EC as follows:

- August 2010 ISPA Measures: Integrated Water Projects of Kyustendil and Sofia and for Construction of Flue Gas Desulphurization Plants at Units 5 and 6 of TPP “Maritsa East 2” EAD
- September 2010 ISPA/CF Measures: Integrated Water Projects of Varna, Smolian and Balchik as well as both Technical Assistances 2003 and 2006 for Institutional Strengthening and Preparation of ISPA/CF Projects in the Water and Solid Waste Sector and for project preparation in the Environment sector in Bulgaria; in the Transport sector the modification proposals for Vidin-Sofia railway, TEN-T railways and TEN-T road Technical Assistance Memoranda were submitted to EC.
- 3 September 2010 Ljulin Motorway FM: On-the-spot check for the project were held, chaired by the Prime Minister along with the Minister Tomislav Donchev, Minister Rosen Plevneliev, Deputy Minister Ivaylo Moskovski.
- Modification Proposals for the water circles of Sliven and Shoumen are under preparation, and will be submitted to the Commission in due time. The modification proposals for Danube Bridge and Plovdiv-Svilengrad Financing Memoranda are under preparation.

*Data on OPs financial progress is attached.*