

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

### **Monthly brief, December 2010**

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

- On December 22, 2010 the Council of Ministers adopted CoM Decree amending Decree No 134/2010 on determining financial corrections. The purpose of the amendments is to make the provisions of the Decree fully compliant with the COCOF Guidelines for Determining Financial Corrections. From the scope of the Decree drop out a large number of the so called “national irregularities” which are more detailed in comparison to the EC Guidelines. In this respect the national methodology becomes more flexible as the Managing Authority can define the correction’s amount on the basis of its correspondence with the COCOF note.
- A draft concept for changes on public procurement legislation is under preparation. The concept includes several groups of measures. The first measure being codification of the Bulgarian public procurement law and optimization of the legal texts in order to increase the efficiency of the procurement process. The second group is aimed at refining the wording of the law provisions that are being interpreted differently in practice in order to achieve a proper understanding and uniform application of those provisions. Another part of measures is related to achieving simplification of the procurement process and uniformity of terminology.
- Input of the working party on regional policy and coordination of the structural instruments within the national Council on European Affairs, for adoption of a common Annual Programme for participation of the Republic of Bulgaria in the EU decision-making process in 2011 was prepared.
- A representative of the CCU took part in the meeting of the Coordination Committee of the Funds within the EC, giving inputs for draft guidance notes of the Commission on financial engineering and art. 55 issues.
- Three coordination meetings with the IFIs were held so far. The purpose of the first meeting was to give a general overview of the IFIs operations in Bulgaria and to outline the areas where Republic of Bulgaria is looking for additional technical support. The other meetings were sector specific and outlined the main intervention areas in the sectors water and transport. All the relevant parties have agreed in principle on the substance of the advice which would address strategic issues as well as project design and implementation issues in the fields covered by Cohesion policy programmes.
- The two main issues concerning the involvement of the IFIs, namely audit procedures and public procurement, were timely addressed and currently EC’s view on whether they were successfully solved is expected.
- In December 2010, in order to contribute to the questions related to the future of the Cohesion Policy, a Framework Position on the Conclusions of the Fifth Report on Economic, Social and Territorial Cohesion was prepared and approved by the Council for European Affairs. The Framework Position will be submitted and uploaded on the European Commission’s website for public consultation.

- In December 2010, the Secretariat of the Council for Development organized the second meeting of the inter-ministerial working group for the preparation of the National Development Programme: Bulgaria 2020 (NDP), which was held on January 4, 2011. The representatives of each Ministry reported on the progress in the implementation of the working schedule of the Thematic Working Groups. The prepared thematic analyses were presented and discussed on the meeting. The analytical part of the NDP is foreseen to be finalized by the end of March.
- In December, the fourth and the fifth meeting of the Council for Development were held. The e-government Strategy and a Conception amending the Concessions Law were discussed on the meetings.

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

- An introductory meeting for the establishment of connection of UMIS with the Information System for cross-border cooperation, managed by the Ministry of Regional Development and Public Works (MRDPW) was held at the beginning of the period. The requirements for the interface were coordinated with the developers of the two systems and finalized by the end of December. The connection will be established as soon as the MRDPW is ready to put its system into operation that is expected by the April or May this year.

### **LOTHAR**

- A meeting between the MAs and representative of DG “Regional Policy”, organized by the Directorate, was held at the Council of Ministers on 3 December. The agenda covered several clarifications of the preparation of LOTHAR sheets (the introduction of new columns and different approaches used for reporting of the projects at the MRDPW, the Ministry of Environment and the Ministry of Transport, Information Technologies and Telecommunications) and the deadlines for submission of the 2011 forecasts.

### **Information and Publicity**

- On 11 December 2010 the closing event of the media competition named “The EU funds in the Bulgarian media” took place in the Bulgarian National Library “St. Cyril and Methodius”. The ceremony was attended by 21 journalists. The nominated publications covered a project or programme, co-financed by the Structural and Cohesion Funds of the European Union. There were no restrictions on the genre, media type and mode of distribution. There were two types of awards - of the public and of the jury in three categories: electronic, print and “new” media. The special prize winner was awarded with the opportunity to attend a training course at the European Institute of Public Administration in Maastricht, the Netherlands.
- On 13 and 14 November 2010 journalists from leading European media visited Bulgaria. They were from Italy, the Czech Republic, the Netherlands, Finland, Poland, and the local office of France Press Agency. The aim was to present the EU Funds management process in Bulgaria and the efforts of the government to manage the process in a transparent, open way and with streamlined procedures. Their intensive programme included meetings with the Minister for EU Funds Management, the Vice Prime Minister and Minister of Interior, the Heads of the Managing Authorities of the Operational Programmes, the Executive Director of the National Association of Municipalities, an NGO representative, Bulgarian journalists. They visited a good project under OP Transport – the construction site of the Sofia underground.

- In December 2010 the implementation of the information and media campaign for the promotion of the operational programmes in Bulgaria continued, including TV, radio, printed media and Internet. The campaign was co-funded under Operational Programme Technical Assistance (OPTA). An event marking the closing of the intensive part of the campaign took place on 14th of December. The campaign in the Internet will continue till the end of March 2011. Beneficiaries, representatives of the Managing Authorities of the Operational Programmes (OPs), social partners, NGOs, companies attended the event.
- A survey presented at the event showed that the public appreciates higher compared to last year's results the disseminated information related to EU Funds – it is perceived as more accurate, clearer, up-to-date, and more accessible. The public module of UMIS is also evaluated positively.
- A film presenting three good projects was promoted at the event. The projects are co-financed under OP Environment, OP Human Resources Development and OP Competitiveness. The film tells in an accessible way about the real effects of the projects for the beneficiaries of EU money and the general public as well. It also tries to encourage potential beneficiaries.
- In December two leaflets were published and distributed through a national newspaper. The first one contained the indicative annual working programmes of the Operational Programs in Bulgaria. It was distributed on 16th of December. The second leaflet consisted of Questions and Answers related to the Structural and Cohesion Funds, which were discussed at the public events held throughout the country in October and November. It was distributed in a national newspaper on 30th.
- In December representatives of the Central Information Office visited 6 municipalities-district centres to inspect the preparedness of the municipalities to establish the information offices. During these visits, meetings with 2 Europe Direct centres took place in order to discuss the willingness both of the municipalities and the information centres to become partners for the establishment of an information centre for Cohesion Policy.

### *Certifying Authority*

- In December 2010 the Certifying Authority performed checks of the additional information or corrections on 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 and Human Resources.
- In December 2010 the Certifying Authority finalized the Reports with the results from the performed on-the-spot checks under OPs Development of the Competitiveness of the Bulgarian Economy, Regional Development and Human Resources as part of the function on certification of expenditures under SCF and in compliance with art. 61 of Council Regulation (EC) No 1083/2006.
- In December 2010 the Certifying Authority submitted two certificates to the European Commission - under the OPs Regional Development and Competitiveness of the Bulgarian Economy. The total amount of the part of the certified expenditure requested from the EC in December amounts to 7,73 MEUR.

- In December 2010 the Certifying Authority performed on-the-spot checks to beneficiaries under OPs Development of the Competitiveness of the Bulgarian Economy, Regional Development and Environment.
- In December 2010, five interim payments from the EC were received referring to submitted Applications for payment under OPs Regional Development (three tranches) Competitiveness of the Bulgarian Economy and Technical Assistance. The total amount of funds received is 64,23 MEUR.

### **Operational Programmes**

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

- The Application Form for Parvomai-Svilengrad was finalized by the end of November 2010 and submitted to EC on 2 December 2010 through SFC. Completion note was also received in the beginning of December 2010.
- Tender procedure for additional design and construction of Maritsa Motorway project, Lot 1 Orizovo-Dimitrovgrad, was announced on 2 December 2010. The deadline for submission of offers is on 17 February 2011;
- The draft Application for Assistance for design of Vidin-Sofia Railway line construction was returned for second revision on 9 December 2010.
- The 9th OP Monitoring Committee was held in the period 9-10 December 2010 in Sandanski. Modification of the OP was discussed and approved by the members of the Committee through written procedure. The documentation should be submitted through the SFC;
- On 17 December 2010 OP Transport Annual Publicity meeting was held. The aim of the event was to present the progress achieved in the preparation and implementation of the projects within the OP to the public;
- Approval of the Trakia Motorway Application for assistance was received by EC on 21 December 2010.
- The Application Form for Sofia Metro Extension project, Stage II was submitted to the MA on 22 December 2010. Assessment of the AF has immediately started.
- The Application Form for Plovdiv-Bourgas rehabilitation project was submitted to the Managing Authority on 30 December 2010. According to the procedures, assessment of the AF will be arranged by the MA. The evaluation of offers for rehabilitation of the railway line is completed by the end of December 2010 and contract will be awarded in the beginning of 2011;

#### ***OP Environment***

- On 1 December 2010 the Minister of Environment and Water Nona Karadjova and the Mayor of Botevgrad made the groundbreaking for the project for Establishment of Regional Waste Management System in Botevgrad, including municipalities Botevgrad, Pravets and Etropole. The total amount is 17.5 mln. BGN, of which 14.5 mln. BGN are grants under the OP "Environment" and 3 mln. will be provided by the Municipality. Construction should be completed by March 2012.

- On 8 December 2010 took place the 9th regular meeting of the Monitoring Committee of OP Environment in Sandanski. Committee members approved the indicative annual work program for 2011 and changes in the internal rules of the Monitoring Committee.
- On 30 December 2010 five municipalities have submitted their projects under BG161PO005/10/1.11/02/16 procedure for improvement and development of infrastructure for water and waste water in agglomerations above 10,000 Eq. g. These are Tryavna, Sofia, Municipality Tervel, Kozloduy and Knezha. Their proposals will be reviewed and assessed by specially appointed for this purpose expert working group by the end of March 2011.

### ***OP Regional Development***

- On 8 December 2010 the conference dedicated to the implementation of the Jessica instrument in Bulgaria was held. The members of the Investment board were presented. Topics of discussion were JESSICA investment strategy in Bulgaria and its financial results, the possibilities for public private partnerships, and some examples of good practices. The representative of the European Investment Bank presented JESSICA Holding Fund for Bulgaria as well as the types of UDFs
- The grant contracts under the following schemes BG161PO001/1.1-09/2010 "Support for the implementation of energy efficiency measures in municipal educational infrastructure in urban centres" (23 contracts) and BG161PO001/ 4.1-03/2010 "Support for the implementation of energy efficiency measures in municipal educational infrastructure of 178 small communities." (35 grant contracts) were signed on 13 December 2010. The total amount of the grants provided under both schemes is 105 mln. BGN.
- A new application deadline was added for the scheme with direct beneficiary Ministry of Culture BG161PO001/1.1-05/2008 "Support for the provision of appropriate and effective public cultural infrastructure, contributing to the development of sustainable urban areas"- from 01 February to 28 February 2011.
- On the Managing Authority's website were published for comments and recommendations the draft application guidelines for the following GS:
  - BG161PO001/1.1-11/2010 "Support for the reconstruction/renovation and equipment of municipal hospitals in urban agglomerations" – deadline 13.01.2011
  - BG161PO001/4.1-05/2010 "Support for the reconstruction/renovation and equipment of municipal health establishments that contribute to sustainable local development" – deadline 13.01.2011
  - BG161PO001/1.1-12/2011 Support for deinstitutionalization of social institutions providing care for children – 12.01.2011

### ***OP Technical Assistance***

- As a result of performed audits by the Audit Authority the MA has initiated due actions to reflect the audit comments and recommendations.
- The MA of OPTA has been processing requests for modifications of current projects received by beneficiaries.
- The MA of OPTA has been processing project proposals received by beneficiaries.

### ***OP Development of the competitiveness of the Bulgarian economy***

- On 6 December the MA published the Indicative Annual Working Programme for 2011. It envisages the launching of 10 procedures of a total amount of the grant aid BGN 792 250 857 out of which BGN 176 024 700 are planned for R&D activities, creation of technical parks and innovation network. The resource of BGN 519 933 505 will be granted to the business for upgrading their technologies, compliance with internationally recognized standards, introduction of management systems, energy-saving and RES technologies, creation of business incubators. BGN 96 292 652 will be granted for the support of the Bulgarian institutions.
- On 11 December the procedure BG161PO003-2.1.10 "Support to enterprises and co-operations of disabled people" was announced. The total amount of the grant aid is EUR 19 558 300. The final deadline for submission of the applications is 14.03.2011.
- On 15 December the project documentation under the grant procedure BG161PO003-1.1.04 "Support for commercialization of innovative products, processes and provision of innovative services" was published for preliminary public discussions. The deadline for suggestions was until 25.12.2010.
- On 20 December the project documentation under the procedure BG161PO003-1.2.03 „Development of new and strengthening of existing technology centers” was published for preliminary public discussion. The deadline for suggestions was 30.12.2010.
- On 21 December the project documentation under the procedure BG161PO003-1.2.02 „Development of new and strengthening of existing technology transfer offices” was published for preliminary public discussion. The deadline for suggestions was 30.12.2010. The deadline for suggestions was 31.12.2010.
- On 23 December the project documentation under the procedure BG161PO003-1.1.05 “Development of innovations by start-up companies” was published for preliminary public discussion. The deadline for suggestions was 30.12.2010. The deadline for suggestions was 03.01.2011.
- On 28 December the MA published a Manual for the mistakes, most frequently made during the implementation of the contracts under Priority Axis 1 and 2 of the Programme.
- On 30 December the procedure BG161PO003-2.1.11 „Upgrade of technologies in small and medium-sized enterprises”. The total amount of the grant is BGN 97 791 500.
- On 30 December the procedure BG161PO003-1.1.04 “Support for commercialization of innovative products, processes and provision of innovative services” was announced. The total amount of the grant aid is BGN 48 895 750. The final deadlines for applications in 2011 are as follows:
  - 7 March under Session 1
  - 9 May under Session 2
  - 11 July under Session 3
  - 12 September under Session 4 and
  - 14 November under Session 5.

***OP “Human Resources Development”***

- On 01 December 2010 was conducted seventh official meeting of the OPHRD Monitoring Committee (MC) which. At the meeting were agreed and subsequently officially approved by the members of the MC 32 new criteria for selection of operations at the total amount of 426 MEUR. The operations cover Priority Axis 1, 2, 3, 4, 5 and 6 and two of these (amounting to 20,85 MEUR) should be launched by the end of the current year. One grant scheme for 24 MEUR is planned for 2012 while the remaining 29 operations should be launched in 2011. With this timetable the Managing Authority and IBs will ensure the implementation of the commitment taken on the previously meeting of the MC that by the end of 2010 there will be approved criteria which cover the whole budget of the Operational Programme and by early 2012 all planned schemes to be opened for submission of project proposals. In addition it was proposed and agreed the cancellation of three approved operations at the total amount of 85,9 MEUR. Changes were approved in eleven existing criteria mainly related to extension of deadlines for completion of the operations due to accumulated delays in launching the schemes as well as in the process of projects appraisal. In addition to these changes, amendments in the budgets of the operations were agreed which are related to exclusion or incorporation of eligible activities and costs under the respective schemes.

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

- Nearly 2 MEUR were paid to the OPAC beneficiaries in the course of December 2010 which is the largest monthly amount for 2010 and almost  $\frac{1}{4}$  of the total amount of the payments during the last year. Thus the payments for 2010 reached the amount of 6,9 MEUR while to the total expenditures since the start of the Programme are already 44,8 MEUR or 25% of the total OPAC budget.
- Due to the necessity for additional specification of the Guidelines for Applicants related to the cooperation between the Bulgarian and foreign partners and the elaboration of a model of an Agreement for transnational cooperation, the Managing Authority prolonged the deadline for submission of project proposals under the procedures for transnational and interregional cooperation – subpriorities 1.6 and 2.5. The deadline – 15.12.2010 is extended to 01.02.2011.
- During the period 17-22 December the Subcommittee for Evaluation of OPAC completed its work on finalization of the ToR and respective documentation for tender with subject – Midterm evaluation of OPAC. The public procurement procedure is expected to be launched in February 2011.

#### ***Bulgaria - Turkey IPA Cross-Border Programme***

- 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 finalized. The procedure for selection and appointment of independent assessors for technical and quality evaluation of project proposals is finalised.
- The bilateral Memorandum of understanding on implementation of the Programme was signed on 11.10.2010. Expected ratification in January 2011.
- The Description of Management and Control Systems is submitted by the AA to the EC on 26.11.2010. Accepted by the Commission on December 16, 2010.

#### ***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 finalized. The procedure for selection and appointment of independent assessors for technical and quality evaluation of project proposals is ongoing.
- The procedure for authorization of the Minister of Regional Development and Public Works to sign the MoU is finalised and negotiations for the exact date are ongoing.
- Preparation of the Description of Management and Control Systems and Programme Manual is finalised and audit is intended to start immediately after MoU signature.

***Bulgaria – the former Yugoslav Republic of Macedonia IPA Cross-Border Programme***

- 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 finalized. The procedure for selection and appointment of independent assessors for technical and quality evaluation of project proposals is finalised.
- The bilateral Memorandum of understanding on implementation of the Programme was signed on 31.08.2010. Ratified by Parliament on December 17, 2010 – the Act is published in State Gazette No 101 on December 28, 2010.
- The Description of Management and Control Systems is submitted by the AA to the EC on 18.10.2010. Remarks from the Commission received mid of November and addendum to the Description of Management and Control Systems submitted on December 01, 2010. Accepted by the Commission on December 16, 2010.

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

- The organization of the 8th Monitoring Committee has started in the middle of November 2010. The Monitoring sheets were submitted to EC on 29 December 2010 along with the publicity measures for all projects.
- Proposal for Financing Memoranda amendment of ISPA/CF Measure 2003-BG-16-P-PE-019 Kardjali Regional Waste Management Center in Bulgaria was sent to EC with letter No 04.09 – 412/13.12.2010.

Data on OPs financial progress is attached.