

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

### **Monthly brief, February 2011**

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

- In February, a draft of methodological guidelines for determination of financial corrections for irregularities related to the implementation of projects co-financed by the Structural and Cohesion Funds of the European Union was elaborated. The methodology was coordinated with the OP managing authorities;
- A new amendment of Council of Ministers Decree 121/2007 is being prepared by CCU. The document was sent to the MAs for preliminary comments and proposals. The main objective of the amendment is to further elaborate the appeal procedure, thus ensuring the processing of the appeals independently from the original selection committee. Some other proposals of the MAs for optimization of the procedures foreseen in the Decree are also to be incorporated;
- In February, the CCU drafted and consulted with the managing authorities an update of the forms for implementation of Council of Ministers Decree No 55/2007;
- Consultations have been held with the members of Working Group 19 “Regional Policy and coordination of the Structural Instruments” on the amendments of the Financial Regulation proposed by the Commission. Those consultations followed the time schedule approved by the Minister of Finance;
- In accordance with the provisions of Article 53b(3) of the amended Financial Regulation, on 15 February 2011 the CCU submitted through the SFC 2007 the Annual Summary in relation to Structural Actions and the European Fisheries Fund;
- Input coordinated with the Ministry of Foreign Affairs for preparation of the BG participation in COREPER II and the General Affairs Council in the discussions related to the Vth Cohesion report and the future of Cohesion policy;
- Coordination and comments for the BG participation in Friends of the Presidency Group in the Council of the EU for drafting of Council Conclusions on the Commission’s proposal for a Strategy for development of the Danube Region;
- Coordination of the Consultant’s work on trainings for regional and local authorities (project financed by OPTA). Started trainings for trainers. Technical finalization of the pilot training;
- A meeting regarding the compliance with the additionality principle was held with representatives of DG Regio. Preliminary data and forecast for the periods 2007-2010 and 2011-2013 were discussed and analysed;
- On February 6, the sixth meeting of the Development Council took place. The Energy Strategy of the Republic of Bulgaria and the Strategy for Research and Development 2020 were presented and discussed. Mr. Tomislav Donchev, Minister responsible for the Management of European Union Funds, presented the General Framework on the preparation of the absorption of EU Funds for the next programming period;
- In February, the analytical part of the National Development Programme: Bulgaria 2020 is being prepared. The analytical part of the NDP is foreseen to be finalized by the end of March;

- Following the kind invitation from the Polish Department of Structural Policy Coordination in the Ministry of Regional Development, the Central Coordination Unit will take part in a project, managed by the Polish colleagues – “More effective and concentrated Cohesion Policy in the context of EU 2020 objectives”. The project will be implemented in the light of the forthcoming Polish Presidency of the European Union in the second half of the year and the strategic objective is to promote the result-oriented approach in the area of Cohesion Policy. On the basis of analysis and evaluation findings from EC and Member States evaluations, the project is expected which to significantly contribute to the debate on the future shape and directions of Cohesion Policy. The outcomes of the project are expected to be presented at a Conference in Poland in July 2011.
- In February, the implementation of CCU Project for Development of a Model for Impact Assessment of the Structural and Cohesion Funds, financed by OP “Technical assistance”, was launched. According to the foreseen schedule, the model should be built by end-July, thus allowing being used both in the monitoring of the current programming period and in the process of preparation of the next programming period;

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

- In February the CCU undertook a series of actions for the further development of UMIS. An action plan in response to the audit findings, made during the system audit, was approved and its implementation has begun. The progress in the action plan’s implementation is on track and no delays have occurred so far. The development of the e-services for the beneficiaries in UMIS is progressing further. A concept for on-line application and reporting was developed and presented to the Managing Authorities for discussion. After all involved parties agree on a common concept, the development of the e-services for the beneficiaries will begin.

### **Information and Publicity**

- In February the “24 Hours” daily newspaper published within its “Best EU Project Competition” two articles presenting a couple of successful projects under Operational Programmes, co-financed by the EU Structural and Cohesion Funds. The first article was about waste water purifying station under OP Environment and the second - about a foundation providing social assistance for elderly people under OP Human Resources Development. The competition is under the patronage of the Minister of EU Funds Management Tomislav Donchev. The readers of the newspaper are encouraged to submit information about EU funded projects that have changed their everyday lives. The submissions will be voted by the newspaper’s readers on the web portal [www.eufunds.bg](http://www.eufunds.bg) to determine a winner which will be officially announced on this year’s Europe Day – 9th of May.
- In February 2011 the implementation of the information campaign in the online media for the promotion of the operational programmes in Bulgaria continued. It is co-funded under OP Technical Assistance.

### **27 district information points on Cohesion Policy**

- In February the Central Information Office organized a discussion of the draft versions of the Branding Concept of the 27 District Information Centres and the Procedures

Manual for the Operation of the Information Centres. It took place in Sofia and was attended by representatives of 26 municipalities-district centres. The Branding Concept and the Procedures Manual were finalised at the end of February taking into account the comments and recommendations made by the municipalities-district centres. These documents will become a part of the contracts between the Managing Authority of the Technical Assistance Operational Programme and the beneficiaries under the procedure for the establishment of Information Offices for Cohesion Policy.

- In February the Central Information Office started work on the Guidelines for the management of the Network of Regional Information Offices which will be finalised by the end of March.

### Certifying Authority

- In February 2011 the Certifying Authority finalized desk checks on the regular Reports on Certification and Statements of Eligible Expenditures, submitted in January 2011 by the Managing Authorities of the OP Regional Development, OP Development of the Competitiveness of the Bulgarian Economy, OP Technical Assistance, OP Human Resources Development and OP Environment.
- In February 2011 the Certifying Authority performed on the spot checks in the Managing Authorities / Intermediate Bodies under OP Regional Development, OP Development of the Competitiveness of the Bulgarian Economy, OP Technical Assistance, OP Human Resources Development and OP Environment. Reports from the on-the-spot checks are under preparation.
- In February 2011 one interim payment from the EC was received referring to submitted Certificate to the European Commission - under the OP Human Resources Development. The total amount of funds received is 27 736 286.63 EUR.

<b>OP / FUND</b>	<b>Certified expenditure up to 28.02.2011</b>	<b>Interim payments received from EC as per 28.02.2011</b>
<b>ERDF</b>	<b>412 198 579 €</b>	<b>349 178 712 €</b>
1.OP Competitiveness of the Bulgarian Economy	202 478 769 €	171 104 375 €
2. OP Regional Development	125 690 778 €	106 837 161 €
3. OP Technical Assistance	2 914 395 €	2 477 236 €
4. OP Transport	79 643 752 €	67 697 189 €
5. OP Environment	1 470 884 €	1 062 751 €
<b>CF</b>	<b>24 359 168 €</b>	<b>5 055 640 €</b>
1. OP Environment	18 039 618 €	- €
2. OP Transport	6 319 550 €	5 055 640 €
<b>ESF</b>	<b>85 262 307 €</b>	<b>70 633 806 €</b>
1. OP Human Resources Development	53 744 409 €	44 064 195 €
2. OP Administrative Capacity	31 517 898 €	26 569 611 €
<b>Total</b>	<b>521 820 054 €</b>	<b>424 868 158 €</b>

## **Operational Programmes**

### ***OP Transport***

- On 8 February 2011 the contract for the Plovdiv-Bourgas rehabilitation project was signed with the Italian Consortium GCF - SK 13 – Trace RailInfra, at the total amount of 316 968 850,42 BGN, excl. VAT.
- Nineteen offers were opened for assessment for Septemvri-Plovdiv Modernization project on 8 February 2011.
- The assessment of the Application Form for the Sofia Metro Extension project, Stage II has been completed at national level on 19 January 2011. The AF was submitted to EC for comments/approval on 25 February 2011. The contract for extension of Sofia Metro, Stage II was signed on 22 February 2011.
- Twelve offers for additional design for the Maritza Motorway project, Lot 1 were opened on 18 February 2011.
- Twelve offers for supervision of the Maritza Motorway project, Lot 1 and ten offers for supervision of the Maritza Motorway project, Lot 2 were opened on 11 February and 1 March 2011 respectively.
- A Monthly Meeting on OP Transport implementation was held on 15 and 16 February 2011.

### ***OP Environment***

- On 26 February 2011 the Municipality of Razlog signed a contract under priority axis 1 BG161PO005/10/1.11/02/19 procedure at the amount of 4 MEUR.
- On 28 February 2011 both Municipalities of Hissar and Krichim submitted their projects under the procedure OPE BG161PO005/10/1.11/02/16, priority axis 1. The total amount for Hissar is 39 MBGN and for Krichim - 29 MBGN. Both projects will be assessed until the end of June 2011.
- On 1 February 2011 the MoEW opened a grant procedure under OPE BG161PO005/11/3.1/02/23 “Development of management plans for special protection areas for birds not overlapping with special protection areas for habitats”. The procedure is open with a deadline 9th of May 2011. Potential beneficiaries are: Regional Inspectorates of Environment and Water; Executive Forest Agency; Regional Forest Directorates; Municipalities. Total grant amount to be awarded under procedure is 1,5 MEUR.
- On 15 February 2011 the MoEW opened a direct award procedure with a deadline for applications under OPE BG161PO005/11/3.0/03/24 “Terrain Studies of Species Distribution/Evaluation of Species and Habitat Status for the Territory of the Whole Country - Phase I”. Specific beneficiary is the Executive Environment Agency (EEA). The total amount of the grant is 5 MEUR. The deadline for applications is 2 May 2011.

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

- On February 4 the call for integrated urban transport Sofia was launched with a budget of 50 MEUR. Sofia Municipality is a specific beneficiary under the call and the deadline for submitting a project proposal is June 3, 2011. This will be the second

major project under OPRD and it will be submitted for approval by the EC after it has been approved for financing at national level.

- On February 7 the MA published a catalogue with good practices in organizing innovative cultural events. The document, prepared with the support of technical assistance funds of the OP, aimed to help candidates of the call Support for the organization and promotion of innovative cultural events get a better idea of the concept of innovative cultural events and to improve the quality of the project proposals. The budget of the call is 10 MEUR and 62 project proposals were submitted for consideration.
- On February 10 the MA opened the call Renovation and conservation of the Evksinograd Palace and its park as part of Operation 3.1 Enhancement of Tourism Attractions and Related Infrastructure of OPRD. The specific beneficiary of the procedure is the Council of Ministers and the end date for submitting a project proposal is September 30, 2011. The main aim of the procedure is to renovate the Evksinograd palace, located at the sea coast close to Varna in an attempt to contribute to the diversification of the tourist products in the region.
- On February 21 a kick-off meeting was held for the execution of a technical assistance project, aiming to improve the capacity of OPRD beneficiaries for preparing and implementing projects. The project is financed by technical assistance funds of the OP and one of the objectives is to provide specific training to the beneficiaries in accordance with the specificities of each OPRD operation. A contract has been signed with a training company for executing the project and the duration of the activities will be 24 months.
- On February 25 the midterm investment framework programme of the Ministry of Culture as part of the call Support for organizing events of regional and national scope and impact. The approved investments in the programme amount at 3,18 MEUR. Submitted project fiches in line with the programme are to be evaluated.

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

- The MA of OPTA has been processing project proposals received by beneficiaries.
- The MA of OPTA has been processing requests for modifications of current projects received by beneficiaries.
- 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 modified main documents and procedures related with implementation of the program such as the General conditions of OPTA, Procedure guideline and etc.
- The Call for Proposals was closed under Intervention measure 3.3 "Functioning of a national network of District Info Points on the Cohesion Policy in Bulgaria" OPTA.
- In order to improve the efficiency and coordination between the MA of OPTA and its beneficiaries, several operative meetings were held.
- Representatives of the MA of OPTA attended a specialized training of the Certifying Authority on the SCF of the EU "Specialized training for the members of the MA and the Intermediate Bodies of the Operational Programs for introduction of the Minister of Finances' new indications".

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

- On 2 February there were published:
  - A List of the project proposals covering the minimum requirements for having result from the technical and financial evaluation (20 at a total amount of BGN 56 725 483) and a Reserve list (65) under the procedure BG161PO003-2.1.06 "Upgrade of technologies in large enterprises";
  - A Complement and Change to the Operational Manual for implementation of the signed contracts under Priority 4 "Strengthening the international market positions of Bulgarian economy"
- On 3 February an Ordinance for modification of the texts in the Operational Manuals was published under the procedures BG161PO003-2.1.10 „Support for enterprises and cooperations of disabled people", BG161PO003-2.1.11 „Upgrade of technologies in SMEs", BG161PO003-1.1.04 „Support for introduction in the production of innovative products, processes and provision of innovative services" , BG161PO003-1.1.05 „Development of innovations of start-up companies" and BG161PO003-1.2.03 „Development of new and strengthening of existing technology centres". The change is related to subcontracting.
- On 9 February, in Sofia, the Closing Information Day on the OP was held.
- On 15 February:
  - there were published for public discussions draft changes that the MA plans to introduce to overcome the problems or misunderstanding on behalf of the applicants under the OP procedures. The proposals have been received until 25.02.2011 r.
  - there was held a Seminar on which the MA presented the OP changes, envisaged to be taken by the MA for overcoming the applications problems, the measures undertaken for reducing the barriers for applications, main mistakes of the applicants under the procedures BG161PO003-2.1.06 „Upgrade of technologies in SMEs", BG161PO003-2.1.07 „Upgrade of technologies in large enterprises", BG161PO003-2.1.08 „Compliance with internationally recognized standards.
- On 21 February, in relation to the Introduction of Version 8 of the OP Manual, common for both, the MA and the IB, there was announced that the procedure for obligatory On-the spot visits by the IB experts at the time of delivery had been abolished.
- On 23 February a Supplement to the List of project proposals, rejected at an admissibility stage under the procedure Compliance with internationally recognized standards" was published. (1 Project proposal rejected)

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

- The Managing Authority launched a procedure for written decision of the Monitoring Committee form amendment of 9 criteria for selection of operations, mainly related to extension of the periods for implementation or/and changes in the budget of the operations, respectively introducing changes in the relative indicators. The amendments of 6 criteria were approved by the MC members while for the remaining ones there comments were received which are under consideration by MA/IBs. In addition, amendments in the Methodology for technical and financial evaluation of

project proposal were presented to MC but also substantially commented form the members and the reaction of the Managing Authority is expected.

- The Managing Authority launched a procedure for direct awarding BG051PO001-6.1.7 "Improvement of labour control" with direct beneficiary EA General Labour Inspectorate. The budget of the procedure is BGN 2 500 000 and its objective is to increase the quality of the work of the Executive Agency through reorganization of its activities according to best practices of other Member States thus ensuring continuity and thoroughness of the control exercised by the General Labour Inspectorate.

#### ***OP "Administrative Capacity"***

- The MA signed contracts with the selected beneficiaries under procedure BG051PO002/10/3.1-04 "Improvement of the services for citizens and business, incl. through e-government development" (Sub-priority 3.1). The National Revenue Agency (NRA) has two projects and one contract is with the Registry Agency. The total amount of the contracts is more than BGN 5 500 000 and they will be implemented in a course of 18 months. The NRA projects are:
  - "Upgrading the system management of the revenues through development of software application in support of the control functions of NRA" (2,800 MBGN)
    - the system will support the selection of obligated persons and entities for revisions and checks thus decreasing to minimum the human factor;
  - "Development and enforcement of Data Warehouse in NRA" (1,840 MBGN) – improvement of the NRA effectiveness through automated submission and analysis of information for support of decision-making in the enforcement of the tax and insurance policy.
- The Registry Agency will implement project "Setting the system of the property register in compliance with the E-government Law, introduction of new e-services and integration of systems and registers" (BGN 815 000). The objective is to create long-term strategy for development of the Property Register.
- Within the deadline for submission of project proposals under the procedures for transnational and interregional cooperation (sub-priorities 1.6 and 2.5.) - 01.02.2011, were received 101 proposals, 72 under BG051PO002/10/1.6-02 and 29 under BG051PO002/10/2.5-01. The composition of the respective evaluation committees is ongoing.
- On 28.02.2011 the Managing Authority launched four procedures (deadline for submission of project proposals – 29.04.2011) in accordance with the Indicative Working Programme for 2011. The respective procedures are:
  - "Competent Judiciary System and effective Human resources Management: (sub-priority 2.4) – the potential beneficiaries are the courts and the objectives are to improve the HR management in the courts as well as improvement of the qualification of judges, judge assistants, administrative head and court administrators. The budget is BGN 5 000 000;
  - "Improvement of the services provided by the judiciary, incl. through e-government development" (sub-priority 3.3) – he procedure is for direct beneficiaries from the judiciary. The objective is the complete development of the Unified System for Counteraction of the Crime. The budget is BGN 8 000 000 ;

- “Improvement of the services for citizens and business, incl. through e-government development” (sub-priority 3.1) and “Effective coordination and partnership in policy-making and implementation of policies” (sub-priority 1.3) are procedures for direct awarding with beneficiary – Council of Ministers’ Administration. The total budget is BGN 7 000 000.
- The evaluation committee under the procedure for direct awarding BG051PO002/10/1.4-03 “Administration – partner of the business” (launched in September 2010) completed its work. One project proposal of the Ministry of Finance was approved – “Enhancement of the effectiveness of the Central Entity for Public Procurement in the utilization of public resources through e-procurement”. The procedure with the CCU for avoidance of double financing is ongoing.

#### ***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. Technical evaluation is finalised.
- The bilateral Memorandum of understanding on implementation of the Programme was signed on 11.10.2010. Ratified by Parliament on January 26, 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 finalised.
- 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 ongoing.

#### ***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. Technical evaluation 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**

- Monthly Progress meetings in the Environment and Transport sectors were held on 22 and 23 February 2011 respectively.
- The Year Progress Reports in the Transport and Environment sectors are under preparation.

Data on OPs financial progress is attached.

**OP Implementation as of 28.02.2011  
EURO**

OPERATIONAL PROGRAMME	Programme budget			Contracted				Payments			
	Total	EU Funding	National co-funding	Total as of 28.02.2011	% implementation	EU funding	% implementation	Total as of 28.02.2011	% implementation	EU funding	% implementation
OP Transport	2 003 481 166 €	1 624 479 623 €	379 001 543 €	1 070 028 120 €	53.41%	866 592 979 €	53.35%	136 520 568 €	6.81%	113 931 101 €	7.01%
OP Environment	1 800 748 085 €	1 466 425 481 €	334 322 604 €	501 274 073 €	27.84%	404 107 730 €	27.56%	132 665 758 €	7.37%	106 701 143 €	7.28%
OP Regional Development	1 601 274 759 €	1 361 083 545 €	240 191 214 €	831 356 516 €	51.92%	706 653 038 €	51.92%	201 158 358 €	12.56%	170 984 604 €	12.56%
OP Competitiveness	1 162 215 551 €	987 883 219 €	174 332 332 €	398 756 824 €	34.3%	338 943 300 €	34.3%	232 246 707 €	19.98%	197 409 701 €	19.98%
OP Technical Assistance	56 819 427 €	48 296 513 €	8 522 914 €	15 710 891 €	27.65%	13 354 257 €	27.65%	5 982 370 €	10.53%	5 085 014 €	10.53%
OP Human Resource Development	1 213 869 575 €	1 031 789 139 €	182 080 436 €	569 907 575 €	46.95%	484 421 438 €	46.95%	103 086 023 €	8.49%	87 634 498 €	8.49%
OP Administrative Capacity	180 789 087 €	153 670 724 €	27 118 363 €	84 708 107 €	46.85%	72 001 891 €	46.85%	45 217 684 €	25.01%	38 435 031 €	25.01%
<b>TOTAL</b>	<b>8 019 197 650 €</b>	<b>6 673 628 244 €</b>	<b>1 345 569 406 €</b>	<b>3 471 742 106 €</b>	<b>43.29%</b>	<b>2 886 074 634 €</b>	<b>43.24%</b>	<b>856 877 468 €</b>	<b>10.68%</b>	<b>720 181 092 €</b>	<b>10.79%</b>