

# Implementation of the Structural funds in Bulgaria

## Monthly brief, April 2011

### Horizontal issues and legislative procedures

- In April started the public discussion with the socio-economic partners of the analytical part of the National Development Programme: Bulgaria 2020 (NDP). The thematic working groups at the Ministries elaborated their sectoral SWOT analyses. The work was started on the overall SWOT analysis of the economy. The NDP analysis and SWOT are expected to be approved by the Development Council in May.
- On 01 April 2011 a round table “Exchanging Experience in Absorption of the European Funds: Perspectives for Bulgaria and Poland” took place in cooperation with the Polish Embassy, the Bulgarian country and the Information Office of the European Parliament in Bulgaria. At the event were invited representatives of the government of Bulgaria, the Ambassadors of the member states of the EU, members of the European Parliament, Bulgarian deputies, the Representation of the European Commission in Bulgaria, representatives of NGOs and of the local government. At the event was discussed the current state of absorption of EU funds as well as the position of the countries on the future cohesion policy.
- Amendments in the CoM Decree on the coordination of the EU Funds’ management have been prepared and an inter-ministerial coordination procedure is to be launched. The more significant changes foreseen are as follows:
  - The functions of the minister are further developed;
  - Responsibilities for the programming of the next period (2014-2020) are included;
  - The function of the CCU as the body supporting the minister on EU Funds is clearly defined;
  - A reform of the Council for the Coordination of the EU Funds’ management into a consultative body to the minister on EU Funds is also foreseen, the head of his cabinet being the Secretary of the Council.
- On 07 April 2011 was set up an inter-ministerial working group to prepare a mechanism for financial support to municipalities unable to pay imposed financial corrections under the Methodology on financial corrections, which has to be applied to the expenditure of the Operational Programmes, co-financed by the SCFs, European Agricultural Fund for Rural Development (EAFRD) and European Fisheries Fund (EFF). The working group includes representatives of the Ministry of Finance, the Central Coordination Unit within the administration of the Council of Ministers, the Managing Authorities of the Operational Programmes and National Association of Municipalities in Bulgaria. Implementation of the methodology raises the question of the need for financial assistance to municipalities, which have imposed financial correction that in some cases may exceed several times the budget of the municipality for the respective financial year. The work on the first draft of the concept of the mechanism for financial support (fund or other mechanism) has been started. It is expected to have a draft concept by the end of May 2011.

- On 14-15 April in Brussels was conducted regular meeting of DG Regio Evaluation Network. The main topic of the discussions was the elaborated by the Evaluation Unit in DG Regio Working document “Concepts and Ideas Monitoring and Evaluation in the practice of European Cohesion Policy 2014+- European Regional Development Fund and Cohesion Fund” which settles the ideas of EC on the processes of monitoring and evaluation for the next programming period in the light of Europe 2020 Strategy. The Bulgarian representatives as well as the participants from the other Member states agreed that the document is very useful tool but needs precision and further development in some parts, especially the proposed list of output and result indicators, impact evaluations etc. The Concepts are already distributed among the key stakeholders in Bulgaria and joint position will be presented to the Evaluation Unit by the end of May 2011.
- In the period 18-20 April 2011, in Pilzen, Czech Republic, was conducted New Member States Conference on Cohesion policy. The main topics of the discussions were the priorities and activities of the current Hungarian and the forthcoming Polish Presidency of EU in the light of the future of the Cohesion Policy, status and main problems in the implementation of the Operational Programmes and major projects, the challenges for the forthcoming programming period.

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

- Two new functionalities of UMIS set in the audit findings and recommendations were put online. The functionalities allow for better reconciliation of certified expenditures and make it compulsory to input information about contractors. Those functionalities will result in the fast implementation of audit recommendations and will significantly improve the audit report on UMIS. The CCU continued its efforts to develop the e-services for the beneficiaries.
- The CCU held meetings with the MA’s of OPRD, OPE, OPC, OPT, OPHRD and OPAC to discuss the implementation of the LOTHAR forecasts for the first quarter of 2011. The discussions showed a good overall implementation. The OPT was identified as the only problematic OP that might have difficulties reaching its goals.

### **Information and Publicity**

- The voting within the Best EU Project Competition began on 18 April 2011. For the period January – April 2011 the readers of the 24 Hours Daily Newspaper and the users of the Single Information Web Portal [www.eufunds.bg](http://www.eufunds.bg) submitted 26 projects, co-financed by EU Funds that have changed their everyday lives. All of them were uploaded on [www.eufunds.bg](http://www.eufunds.bg) in the Best Practices section and for couple of them the newspaper published one-page articles with pictures.
- The voting ended on 5 of May 2011 and the winner will be awarded his/hers prize by the Minister of EU Funds Management.

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

- In April the Central Information Office worked on the specifications for the acquisition of furniture and equipment of the 27 District Information Offices.

### **Certifying Authority**

- The Certifying Authority completed the desk check on the Report on Certification and Statement of Eligible Expenditures of OP Human Resources Development. The Certifying Authority received a corrected Report on Certification and Statement of

Eligible Expenditure under OP “Development of the competitiveness of the Bulgarian economy” which is currently under review.

- The Report from the on-the-spot check under OP Environment was finalized and sent to the MA/IB.
- The Certifying Authority performed three on-the-spot checks at the level of beneficiary – one under OP “Regional development”, one under OP “Technical assistance” and one under OP “Administrative Capacity”. Reports from the on-the-spot checks are under preparation.
- The Certifying Authority submitted one Certificate to the European Commission - under the OP Human Resources Development. The total amount claimed for reimbursement is 11 928 952.65 EUR.
- One interim payment from the EC was received referring to submitted in March 2011 Certificate to the European Commission under the OP “Technical assistance”. The total amount of funds received is 952 397.43 EUR.
- For all seven OPs the Certifying Authority sent to the EC a provisional forecast of the likely applications for payment for the current year and the subsequent financial year in accordance with the requirements of article 76 (3) of Regulation (EC) №1083/2006

### **Operational Programmes**

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

- On 5 April 2011 the offers for works for Kurdjali-Podkova project were opened.
- The financial offers for additional design of Maritsa Motorway, Lot 2 were opened on 7 April 2011. The financial offers for works were opened on 27 April 2011.
- The financial offers for modernisation of the railway section Septemvri-Plovdiv project were opened on 12 April 2011. The Managing Authority has started the assessment of the Application form on 28 April 2011.
- On 21 April 2011 LOTHAR meeting for OP Transport was held in the Council of Ministers.

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

- Contracts for construction of water infrastructure in the cities of Radomir and Levski were signed on April 12, 2011. The total amount of signed contracts for both towns is 123.7 mln. BGN. The foreseen time for completion of the works is in the end of 2014.
- On April 13, 2011 an opening ceremony for the constructed collector in Gorna Bania district was held. The amount of the project is 1, 5 mln. BGN.
- Ministry of Environment and water started organization of regular progress meeting for “Major projects”. The meeting with the Municipality of Gabrovo for the “Integrated water project in Gabrovo” was held on April 19, 2011. The meeting with the Vratca municipality for “Integrated water project in Vratca” was organized on April 21, 2011.
- On 21 April a meeting between the CCU and the MA took place to discuss the progress of the OPE the LOTHAR forecasts for 2011.

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

- In the beginning of April the evaluation of project proposals under the 2 flood prevention calls under priority axes 1 and 4 of the OP was completed. 73 projects in the amount of 37,3 MEUR have been approved for financing under the two calls. There are also reserve lists with 37 projects – 2 for the call under priority axis 1 and 35 for the call under priority axis 4.
- On 15 April the Head of the MA signed a contract with the Ministry of Economy, Energy, and Tourism for implementing a project under the call Support for preparation, design and studies for the construction of a gas distribution pipeline connecting Bulgaria and Serbia. The project is at the amount of 2,53 MEUR and will fund the elaboration of a feasibility study, CBA, major project application form and other supporting documents related to the construction of the gas distribution pipeline between Bulgaria and Serbia.
- On 19 April a meeting took place in Pleven to discuss the progress in the preparation of urban transport projects. Representatives of the MA, the municipalities-specific beneficiaries, the Ministry of Transport, JASPERS and the CCU. The forum allowed for exchange of experience between the municipalities regarding project preparation.
- On 27 April a meeting between the CCU and the MA took place to discuss the implementation progress of the OP during the first quarter of 2011 and the prospects for achieving the LOTHAR forecasts for 2011.

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

- During the period continued the process of verifying the costs of beneficiaries from received requests for payments;
- The Managing Authority (MA), as a beneficiary, prepared a project proposal "Further ensuring reliable verification and check of project expenditures under Operational Programme" Technical Assistance for the period 2011 – 2013" which is to be approved;
- With order of the Minister of EU Fund Management as a Head of the Managing Authority of OPTA is determined evaluation committee for evaluation of the proposals of the procedure "Construction and operation of regional information centers"
- In the end of April 2011 MA re-send an invitation for participation to Sofia Municipality of procedure: "Construction and operation of regional informational centers" with the deadline for submission of proposal - 30 May 2011.
- The internal rules of procedure for the direct provision of grant for a specified period of application for OPTA and domestic detailed rules for the operation of the evaluation committee of procedure for the direct provision of grant for a specified period for application OPTA were updated.
- An external verifier was selected as a result of announced procedure for the award of small contracts under the Ordinance on the Award of Small Public Contracts with the subject "Verification of expenditure on projects, financed by the Operational Programme" Technical Assistance ", in which MA is beneficiary.
- The section of OPTA on the Single information portal for structural funds - [www.eufunds.bg](http://www.eufunds.bg) was updated. An updated list of beneficiaries of OPTA was published on 18/04/2011.

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

- The Managing Authority (MA) published official information about project proposals received under the grant scheme “Creation of Business incubators”. Until the deadline – 23 of March 2011 were received 42 project proposals.
- On 7 of April 2011 MA of OPC published Invitation for participation of representatives of non government organization in Monitoring Committee of OPC.
- On 8 of April 2011 MA of OPC published information for provided support under state aid regime de-minimis for the period 2009-2011.
- Visit of representatives of DG REGIO of EC (Athanasios Sofos and Carsten Rasmusen) for the period of 11-13 of April 2011. On 12 of April 2011 was hold Technical meeting with representatives of MA, IB, Certification Authority and Central Coordination Unit. The Agenda of the meeting included discussion of the following issues: proposed by MA of OPC selection criteria of three grant schemes “Creation of techno parks”, “Innovation network BG” and “Strengthening of the international market position of Bulgarian economy”, progress made in verification and certification of the expenditures and publicity and communication activities of OPC.
- Publication of list with grant contracts under scheme: 2007BG161PO003/1.1.1-01/2007 “Support for creation and development of start-ups companies” and Decision of Head of the Contracting Authority. There was signed contract with one approved for granting candidate.
- The Ministry of Environment and Water of Bulgaria officially approved the presented by MA of OPC Report for monitoring and control in implementation of OP “Competitiveness” and the measures for prevention, reducing and eliminating of environment damage as a result of OP implementation.
- On 14 of April 2011 was a deadline of the announced for public consultation draft document package of the new scheme “Compliance with internationally recognized standards and introduction of ERP systems in enterprises”.
- On 15 of April 2011 was announced the call for signing of contracts under the scheme BG161PO003-2.1.08 “Compliance with international recognized standards”. Expected to be contracted 243 contracts with approved candidates with grant amount 19 044 321.13 BGN (9 737 206.78 EUR).
- On 28 of April 2011 CCU held monthly meeting with representatives of MA, IB of OP Competitiveness and Certification Authority in order to be reported monthly progress of the Operational programme and discussion of some of the most important issues rose during the month.
- Written procedure for the approval of the proposal for modification of Communication plan of OPC was held.

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

- On 13 April 2011 was conducted the 8th official meeting of the OPHRD Monitoring Committee. The main item of the Agenda was the overview and approval of the Annual Implementation Report for 2010. At the meeting were presented comments from CCU which were agreed by the Managing Authority to be included in the Final Version of the Report which to be submitted to EC via SFC2007 at earliest convenience. Further to this, were proposed amendments in 14 criteria for selection of

operations as the changes were related to precision of the criteria based on comments and findings from various OP audits and for extension of the period for implementation of some operations. 4 new criteria (3 under PA4 and 1 under PA6) were proposed for approval at the total amount of 13,75 MEUR. Subsequently were approved 3 of the criteria, while these for “Educational Integration of children and students from ethnical minorities” were decided to be approved under written procedure due to the numerous comments and remarks received at the Monitoring Committee meeting. Finally were presented the main results and conclusion from the conducted evaluation of the effectiveness of 6 grant schemes.

- In April 2011 the following procedures were launched:
  - BG051PO001-6.2.12 “Unified information system of the medical expertise in Bulgaria”. The objective is to further develop and integrate the information systems of the National Medical Expert Commission, Regional Registers of the medical expertise and the Territorial Medical Expert Commissions thus to provide the necessary information for all interested parties. The beneficiary is the National Medical Expert Commission, the budget is 800 000 BGN and the deadline for submission of project proposal is 09.05.2011;
  - BG051PO001-2.2.01 “Closer to work”. The objectives are to encourage the geographical mobility of the labor force through stimulation of the employers to hire persons from regions different from the places of activity as well as to encourage people to seek jobs even in cases in which the work is remote from their living areas. The Employment Agency through “Employment services” Directorate is the direct beneficiary, the budget is 37 000 000 BGN and the deadline for submission of project proposal is 30.06.2011;
- According to the requirements of CoM Decree No121, Draft Guidelines for applicants for consultation with the general public were published for the following operations:
  - BG051PO001-1.1.07 “Take life in your hands” (deadline for comments - 11.04.2011);
  - BG051PO001-2.1.15 “Social innovations in the enterprises” (deadline for comments - 11.04.2011);
  - BG051PO001-5.1.03 “Chance for all” (deadline for comments - 29.04.2011);
  - BG051PO001-2.1.16 “Qualification services and trainings for employed – Phase 3” (deadline for comments - 11.05.2011)

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

- The Communication Plan of the Programme was amended and submitted to EC. The changes are of a technical nature and reflect the structural changes in the Government following the elections in 2009 as well as some legislative changes.
- The OPAC Managing Authority proposed to the Monitoring Committee through written procedure to increase the budget of procedure BG051PO002/10/1.3-04 “Effective coordination and partnership in policy-making and implementation of policies” from 4,500 mln. BGN to 14,500 mln. BGN. The reason for this is the sufficient number of quality projects which had passed all stages of the evaluation process thus substantially exceeds the initial budget of the procedure. The members of the Monitoring Committee agreed on the proposal. The approved 44 projects are

already within the Central coordination Unit for checks on potential overlap and double financing with other funds and Programmes.

- On 01 April 2011 the Managing Authority launched procedure “Effective structure of the state administration” under sub-priority 1.1. The objective of the procedure is to optimize the structures of the central administration in order to increase the effectiveness of its territorial units and to avoid overlapping functions. The procedure is targeted to the central administration and the budget is 5 mln. BGN. The deadline for submission of project proposals is 31.05.2011. Information day on this procedure was conducted on 26.04.2011.
- Under the three procedures (under sub-priorities 2.1, 3.1 and 3.2) that were launched on 31.01.2011, 24 project proposals within the deadline – 04.04.2011. 21 project were received from revenue administration under sub-priority 3.1; 2 projects were presented from the Council of Ministers administration for modern human resources management in the state administration under sub-priority 2.1; the Ministry of Transport, Information technologies and Communications submitted one project proposal under the sub-priority for enhancement of the standard information and communication environment and interoperability. The composition of the respective evaluation committees is ongoing.
- The deadline for submission of project proposals under procedure “Competent Judiciary System and effective Human resources Management: (sub-priority 2.4) was extended with one month until 27.05.2011. This is due to the numerous recommendations received in the course of the information days as well as in written correspondence for the interested beneficiaries.
- The evaluation committee under the procedure BG051PO002/10/2.4-04 “Competent Judiciary System and effective Human resources Management: (launched in September 2010) completed its work in March 2011. The approved three project proposals (from the Ministry of Justice, Public Prosecutor’s Office and Supreme Administrative Court) were submitted to CCU for checks on potential overlap and double financing with other funds and Programmes. Potential overlap is detected between the proposal of the Supreme Administrative Court and activities already financed under Transition Facility project of the same beneficiary. Further clarifications and comparative table is requested from the beneficiary. The procedure 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. JMC meeting was held in Haskovo on March 23, 2011 – 50 projects approved for financing. Preparation of contracts is undergoing. Expected date for signing the contracts – end of May 2011.
- 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. Technical evaluation is finalized. JMC meeting is expected on 13 May 2011 for selection of projects to be financed.
- The bilateral Memorandum of understanding on implementation of the Programme was signed on 18.03.2011.
- The Description of Management and Control Systems is submitted by the AA to the EC on 25.03.2011.

### ***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.
- JMC meeting was held in Kyustendil on March 11, 2011 – 36 projects approved for financing. Preparation of contracts is undergoing. Expected date for signing the contracts – middle of May 2011.
- 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 Transport and Environment sectors were held on 20 and 26 April 2011 respectively.
- The preparation of the final reports for closure of FM in the two sectors is on-going.
- The elaboration of the Annual Report under Art. 12 of Council Regulation 1386/2002 have started with letter from the National Coordinator dated 27 April 2011.
- The organization of the Ninth Monitoring Committee has started on 27 April 2011.
- The Concession Decision No. 242 dated 14 April 2011 for Danube Bridge project, along with additional information was sent to EC on 20 April 2011. The Decision allows advance execution of the concession activities and confirms that the Works contractor FCC has already had full access to the borrow pits, and the fill material for embankment is available with sufficient quantities for the completion of the Financing Memorandum.



- Meeting among the National Railway Infrastructure Company, the Ministry of Transport, Information Technologies and Communication and Ministry, the Plovdiv-Svilengrad project Engineer representatives and Minister Donchev was held on 20 April 2011. The meeting was related to the state of play and the on time completion of the Financial Memorandum.

*Data on OPs financial progress is attached.*

**OP Implementation as of 30.04.2011  
EURO**

| OPERATIONAL PROGRAMME         | Programme budget       |                        |                        | Contracted             |                  |                        |                  | Payments               |                  |                      |                  |
|-------------------------------|------------------------|------------------------|------------------------|------------------------|------------------|------------------------|------------------|------------------------|------------------|----------------------|------------------|
|                               | Total                  | EU Funding             | National co-funding    | Total as of 30.04.2011 | % implementation | EU funding             | % implementation | Total as of 30.04.2011 | % implementation | EU funding           | % implementation |
| OP Transport                  | 2 003 481 166 €        | 1 624 479 623 €        | 379 001 543 €          | 1 074 044 318 €        | 53,61%           | 870 006 747 €          | 53,56%           | 195 413 675 €          | 9,75%            | 161 568 210 €        | 9,95%            |
| OP Environment                | 1 800 748 085 €        | 1 466 425 481 €        | 334 322 604 €          | 612 283 276 €          | 34,00%           | 492 890 892 €          | 33,61%           | 139 655 862 €          | 7,76%            | 112 362 770 €        | 7,66%            |
| OP Regional Development       | 1 601 274 759 €        | 1 361 083 545 €        | 240 191 214 €          | 857 467 899 €          | 53,55%           | 728 847 714 €          | 53,55%           | 216 176 110 €          | 13,50%           | 183 749 693 €        | 13,50%           |
| OP Competitiveness            | 1 162 215 551 €        | 987 883 219 €          | 174 332 332 €          | 420 566 112 €          | 36,19%           | 357 481 195 €          | 36,19%           | 237 106 331 €          | 20,40%           | 201 540 381 €        | 20,40%           |
| OP Technical Assistance       | 56 819 427 €           | 48 296 513 €           | 8 522 914 €            | 22 003 285 €           | 38,72%           | 18 702 792 €           | 38,72%           | 6 385 716 €            | 11,24%           | 5 427 858 €          | 11,24%           |
| OP Human Resource Development | 1 213 869 575 €        | 1 031 789 139 €        | 182 080 436 €          | 577 451 585 €          | 47,57%           | 490 833 847 €          | 47,57%           | 114 065 557 €          | 9,40%            | 96 967 102 €         | 9,40%            |
| OP Administrative Capacity    | 180 789 087 €          | 153 670 724 €          | 27 118 363 €           | 87 271 486 €           | 48,27%           | 74 180 763 €           | 48,27%           | 44 854 244 €           | 24,81%           | 38 126 107 €         | 24,81%           |
| <b>TOTAL</b>                  | <b>8 019 197 650 €</b> | <b>6 673 628 244 €</b> | <b>1 345 569 406 €</b> | <b>3 651 087 960 €</b> | <b>45,53%</b>    | <b>3 032 943 950 €</b> | <b>45,45%</b>    | <b>953 657 494 €</b>   | <b>11,89%</b>    | <b>799 742 122 €</b> | <b>11,98%</b>    |