

Implementation of the Structural funds in Bulgaria

Monthly brief, January 2013

Horizontal issues and legislative procedures

- On 25 January 2013 was held the Fifth meeting of the Working Group for the development of the Partnership Agreement of the Republic of Bulgaria for the programming period 2014 – 2020. During the meeting the following topics and documents were discussed: the draft templates and guidance for the Partnership Agreement and operational programmes under Cohesion policy, the proposals for new mechanisms for applying an integrated approach to addressing the needs of the individual regions and target groups, as well as the possibilities for introducing a territorial approach in the management of the European Structural and Investment Funds, including the instruments for territorial development and participation of the Bulgarian cities in the platform for sustainable urban development were reviewed. The built administrative capacity of the institutions and beneficiaries, responsible for the management and the implementation of the European Structural and Investment Funds in Bulgaria, reducing the administrative burden and overview of the lessons learnt from the contribution of the Structural Funds and the Cohesion Fund in the period 2007-2013 was also discussed at the meeting.
- In accordance with the provisions of Article 53b(3) of the amended Financial Regulation, the CCU and consulted with the responsible institutions the Annual Summary in relation to Structural Actions and the European Fisheries Fund for 2012.
- On 21 January the European Affairs Council adopted a framework position on the Proposal for a Regulation of the European Parliament and of the Council on the Fund for European Aid to the Most Deprived. The position expresses our general support for the instrument as well as some clarification and modification requests.
- Contract to perform “Ex-ante evaluation of the Partnership Agreement” was signed. The activity will be financed under project № 0094-CCU-1.1 “Supporting the process of elaboration of the Partnership Contract of the Republic of Bulgaria for the programming period 2014-2020”;
- On 29-30 January 2013 in Lukovit was held an external meeting of the Working Group for preparation a draft Law on the Management of EU funds. During the meeting were discussed and clarified provisions of the draft law.
- A new CoM Decree which regulates the Rules on Grants Award and Selection of contractors by private bodies is under preparation. Draft Decree provides cancellation of CoM Decree No 55/2007, optimization and simplification of the process related with contractor selection by the private bodies in order to improve the effectiveness and efficiency of spending of EU funds by these beneficiaries.
- Operational review of the progress on implementation of the ex-ante conditionalities for EU funds (Annex IV of the draft general regulation), performed in the Secretariat of the national Working Group on the Partnership Contract. In addition, the procedure for the amendment of the Decision № 668 / 06.08.2012 has started. The main goal of the

amendment is to include the conditionalities for agriculture and rural development and the fishing sector in the Decision.

- In relation to the fulfillment of the mechanism for the implementation of the ex-ante conditionalities for the absorption of the EU funds for the next programming working meeting for the development of conditionalities took place in the Council of Ministers. The representatives of all institutions, which are involved in the process of elaboration and are responsible for the implementation of the ex-ante conditionalities, attended the event. Each institution presented the current status of implementation of the conditionalities, for which they are responsible. In addition the following steps in order to fulfill the country's obligation related to conditionalities were taken into consideration.
- Addendum to the Memorandum of Understanding between the Government of the Republic of Bulgaria and the World Bank on Partnership and Support in the implementation of the EU Structural Instruments was adopted on 30 January 2013 as bases for negotiations. The Addendum aims to include the European Agricultural Fund for Rural Development in the Memorandum of Understanding between the Government of Bulgaria and the World Bank on partnership and support in the implementation of the EU Structural Instruments, signed in Sofia on 22 January 2012 and will be an integral part of it.
- Analyses on the impact from the SCF on the Bulgarian economy for the new programming period 2014-2020 was prepared with the help of SIBILA model. Several different scenarios were estimated in accordance to the possible capping.

Information and Publicity

- On 10 January 2012 in the Granite Hall of the Council of Ministers, a training for journalists took place. It was preceded by an analysis of the financial implementation of the Operational Programmes for 2012 made by the Prime Minister Boyko Borisov, the Minister of EU Funds Management Tomislav Donchev and the Deputy Minister of Finance Karina Karaivanova. Ms. Karaivanova delivered a presentation on the financial flows through the cycle of projects, co-financed by the Structural and Cohesion Funds. It was followed by a practical training for work with the public module of the Unified Management and Information System (UMIS).
- In the beginning of January a contract was signed for the evaluation of the implementation of the Communication Strategy of the National Strategic Reference Framework. The evaluation will be a basis for the elaboration of the New National Strategy for the next programming period 2014 – 2020.
- In January the developer of the Single Information Web-portal www.eufunds.bg worked on a new functionality for uploading tender documentations of procedures under the Procurement Law and Council of Ministers' Decree 55. The module will be functional in February.

Central Information and Coordination Office (CICO) Activities of DIPs:

Based on the Monthly reports of DIPs, in January 2013 there were:

- a total number of visitors in DIPs amounting to 1343 (until now total of 12 401);
- a total of 1628 requests for information received (until now total of 11 663),
- a total of 1665 answers of requests of information were sent (until now total of 11 452),
- 639 publications in media (until now total of 6 620),
- 49 events with a total number of 1472 people invited (until now total of 971 events/35 957 people invited),
- 1072 were present at organized by DIPs events (until now total of 27 516).

Trainings, study visits, events, organized by CICO:

Two trainings took place during the period. The last group of 20 employees of DIPs participated in the training to acquire skills and knowledge to work with the Unified Management and Information System (UMIS) and the Single Information Web Portal www.eufunds.bg.

Total of 41 employees of DIPs divided in two groups participated in the training for Team work. The seminars took place on the 9-12 Jan. in Sliven and the 26-26 Jan. 2013 in Varshets.

UMIS

- Work on the further development of UMIS was very active in January. The CCU implemented a new functionality of UMIS – interface between UMIS and IMS. Along with the interface modifications to the “Irregularities” module of the system were introduced. The interface will greatly improve the whole system on reporting irregularities.
- New functionalities for the “Financial module” – “Partial verification” and „Sources of funding” – were introduced.
- In January the CCU organized 3 trainings for UMIS users. 30 Employees of the regional offices of the Social Assistance Agency took part in trainings on the “E-reporting” module of the system as a step of implementing the “E-reporting” for OP HRD beneficiaries. 16 Employees of the MA of OPT took part in a general training for working with UMIS.

Certifying Authority

- In January 2013, **three desk checks** on Reports on Certification and Statements of Eligible Expenditures, submitted by Managing Authorities for OP “Development of the Competitiveness of the Bulgarian Economy”, OP “Regional Development” and OP “Human Resources Development” have been performed in Certifying Authority.
- Certifying Authority performed in January 2013 **three on-the-spot checks** at the Managing Authorities of OP “Development of the Competitiveness of the Bulgarian

Economy”, OP “Regional Development” and OP “Human Resources Development”. The reports are under preparation.

- The Certifying Authority performed **one on-the-spot check at the level of beneficiary** for the OP “Administrative capacity”. The report from the on-the-spot checks is submitted to the responsible Managing Authority for implementation of the recommendations.

In January 2013, **five interim payment from the EC** were received as result of submitted Application for payment under OPs: **one** for IPA Cross-border Program Bulgaria – Turkey amounting to **295 462.80EUR**, **one** for IPA Cross-border Program Bulgaria – Macedonia amounting to **254 396.27EUR**, **two** for IPA Cross-border Program Bulgaria – Serbia - the first amounting to **1 731 919.73EUR**, the second amounting to **234 168.91EUR**, and **one** for OP “Technical Assistance” amounting to **636 185.60EUR**.

| OP / FUND | Certified expenditures up to 31.01.2013 | Interim payments received from EC as per 31.01.2013 |
|---|--|--|
| ERDF | 1 247 950 675 € | 921 241 162 € |
| 1.OP Competitiveness of the Bulgarian Economy | 564 600 607 € | 394 174 010 € |
| 2. OP Regional Development | 362 093 242 € | 306 658 782€ |
| 3. OP Technical Assistance | 12 945 408 € | 11 003 597 € |
| 4. OP Transport | 261 898 718 € | 169 953 978 € |
| 5. OP Environment | 46 412 700 € | 39 450 795 € |
| CF | 743 487 661 € | 592 501 766 € |
| 1. OP Environment | 135 572 473 € | 106 498 885 € |
| 2. OP Transport | 607 915 188 € | 486 002 881 € |
| ESF | 317 771 905 € | 266 273 408 € |
| 1. OP Human Resources Development | 266 087 869 € | 222 351 078 € |
| 2. OP Administrative Capacity | 51 684 036 € | 43 922 330 € |
| Total SCF | 2 309 210 241 € | 1 780 016 336 € |
| Total IPA Cross-border Programmes | 10 065 957 € | 8 555 127 € |

Operational Programmes

OP “Regional Development”

- Ministry of Regional Development and Public Works published the grant scheme BG161PO001/5-03/2013 “Support for the integrated plans for urban regeneration and development II” operation 5.3 "Capacity Building of OPRD beneficiaries", Priority Axis 5 "Technical Assistance". This is the second grant scheme under OPRD 2007-2013, related to the development of integrated urban regeneration and development.

OP "Environment"

- On 08.01.2013 the construction contract under the project "Establishment of a regional system of waste management in Gabrovo region" was signed. The contract is worth 9.77 MEUR. Municipalities of Gabrovo and Tryavna have established Regional Association of waste management in Gabrovo region. Gabrovo is the leading Municipality.
- On 18.01.2013 a grant contract for construction of WWTP, expansion and reconstruction of water supply and sewerage system in Kardzhali was signed. The project is worth 35.7 MEUR.
- On 14.01.2013 the Municipalities in Haskovo District signed a grant contract for the construction of regional systems for waste management in the region. The total project amount is 14.98 MEUR. The implementation of all activities is expected to be realized up to 15.01.2015.
- The project for the rehabilitation and extension of water supply and sewerage networks in Sevlievo started by the end of January 2013. Date for completion is end of December 2014. The total project amount is 9.66 MEUR.

OP "Transport"

- On 15 January 2013 tender procedures for awarding a contractor for design of projects for modernization of Road I-1 (E79) "Vidin - Montana" Stage I Vidin – Botevgrad, sections Ruzhintsi – Montana and road I-1 Montana – Vratsa, were opened.
- On 22 January 2013 tender procedure for awarding a contractor for additional design and works for Road III-5004 Gabrovo Bypass was opened. On 22 January 2013 tender procedure for awarding a contractor for design and works for Northern Speed Tangent was opened.

OP "Technical Assistance"

- During the period the process of verifying the costs of beneficiaries from the received requests for payments continued.
- The evaluation of the offers submitted under a public procurement procedure related to the preparation of ex-ante evaluation of the Partnership Agreement, defining the grant provided within the Common Strategic Framework 2014-2020 completed. A contract is to be signed with the selected candidate.
- In January, the regional information centres continued to provide information to their visitors as well as to perform information campaigns in the municipalities throughout the whole country.
 - 2 educational events held with 41 participants;
 - 49 information campaigns carried out with a total of 1072 participants;
- During the regarded period there were held the following events:

- In January MA issued an Order for provision of grant for the implementation of the project № 0109-PPA-1.9 (BG161PO002-1.8.01-0001) “Strengthening the Public Procurement Agency, and improve the system of vetting on procedures financed with European funds” worth 972 835.00 leva.
- .On 10 January ***Analysis of the financial implementation of the operational programs for the past 2012*** – the Minister of EU funds Management Tomislav Donchev and the Deputy Minister of Finance Karina Karaivanova analyzed the financial implementation of the operational programs for the past 2012 year. The Annual Review includes details of the rate of operative management programs contracted and disbursed funds from the Structural and Cohesion Funds, as well as specific information for the public modulus of Management Information System (MIS).

OP “Development of the Competitiveness of the Bulgarian Economy”

- 3 information days on BG161PO003-1.2.04 “Development of applied research in the research organizations in Bulgaria” took place in Sofia (21 January), Plovdiv (23 January) and Varna (25 January) with the participation of more than 400 participants. The main activities include renovation and modernization of the equipment and purchase of materials for applied research.
- The first contract under BG161PO003-2.3.02 “Energy efficiency and green economy” for the amount of the grant EUR 14 918 433 was signed. Since 16th of January the project proposals under the procedure should be submitted to the Project Assistant for a check.
- On 10th of January the contract for setting-up of Sofia Tech Park was signed for the amount of EUR 50 million. Innovation ideas and projects in sectors with added value will be attracted and promoted with a focus on ICT, natural science, “green” technologies. It envisages the setting-up of business incubators and laboratories. The project will be realized with the partnership with leading universities, laboratories, business clusters, Bulgarian Academy of Science, large foreign companies, Ministry of Education, Youth and Science and Ministry of Labour and Social Policy. The park will be positioned on 250 000 sq. m. area. For the first 3 years the setting-up of 20 000 sq. m. area of new and renovated buildings is envisaged for more than EUR 10 million so that the basic infrastructure will be operational.
- On 18th of January the application documents under the renewed procedure BG161PO003-2.4.02 „Support for development of clusters in Bulgaria” were published for public consultation with a deadline of 28th of January 2013.
- As regards the project for building up of gas interconnection Bulgaria-Serbia, in January the Operational Guide for the implementation of the project was developed and it is to be finalized and published. On 21st of January the Beneficiary (MEET) submitted for approval by the Contracting Authority a list of planned public procurements.

JEREMIE: In January **Eleven** fund opened the third window for applications with a deadline till the end of February 2013. The submission of applications under the second window opened by the other financial intermediary - **Launch Hub** ended at the end of January. 230 project ideas were submitted. In January, the provision of loans under the Instrument, promoting financing of risk sharing loans really started. Meantime, the EIF undertook negotiations with the first bank

out of eight included in the Reserve List. Up to date 17 banks submitted applications for interest which resulted in preliminary selection of 5 of them.

- **Programming 2014-2020**

During the regarded period, the activities of the World Bank endorsed by the Agreement signed with the MEET for provision of consultancy services as regards the preparation of the innovation component of the new OP for Innovation and Competitiveness and the elaboration of the Innovation Strategy for Smart Specialization continued. On 17th of January the World Bank submitted a Report "Supporting Innovation through Operational Programme Competitiveness 2007-2013, containing recommendations for optimization of the support on the innovations through the new OP 2014-2020. **OP "Human Resources Development"**

- On 21.01.2013 the OPHRD MA initiated written procedure for decision of the Monitoring Committee on proposed changes in 10 ongoing operations. The changes are mainly related to extension of the period for implementation as well as amendments in the respective budgets. Further to these there are amendments of purely technical nature. In the scope of the reporting period were received comments from several institutions and the coordination procedure is ongoing.

OP "Administrative Capacity"

- **Horizontal issues:**
- In the beginning of 2013 was created Expert Working Group to the Interdepartmental Working Group for resource support of Roma integration with EU Funds in order to deal with the plan of integration operations for 2014-2020 in more operational manner. Its first meeting was held on 23.01.2013. The main topics of the discussions was the revised (according to the comments of the institutions and NGOs) list of indicative programmes/projects/schemes target to Roma minority which to be financed and implemented in the programming period 2014-2020.
- In January were approved amendments in the OPAC Annual Working Programme for 2013 related to inclusion of three new procedures for call for proposals. Two of these are under sub-priority 2.2 – one for direct awarding of IPA (15 mln.leva) for trainings in EU training institutions on EU 2020 issues and one for all levels of the state administrations (7 mln.leva) for specific trainings of the staff. The remaining procedure is under sub-priority 3.2 and is for direct awarding for the Ministry of Transport, Information Technologies and Communications (13 mln.leva) for creation of instrumental environment for electronic services. All procedures will be launched by the end of first quarter of 2013 at latest. In the reporting period the following procedure was launched:
- BG051PO002/13/1.1-07 "Effective structure of the state administration". The objective is to achieve better effectiveness and avoidance of overlap of functions among different administrations through functional analysis and amendments in strategic legislative and other documents. The call is oriented to the municipal administrations. The deadline for submission of project proposals is 29.03.2013, the total budget of the procedure is 1mln.leva; On 25.01.2013 OPAC MA launched public discussion on the draft guidelines

for applicants under procedure BG051PO002/13/1.3-07 “Effective coordination and partnership in policy development and implementation” which main objective is to introduce mechanisms for monitoring and control of the implementation of municipal policies. The deadline for comments on the guidelines is 04.02.2013 after which the procedure will be launched in due time. On 25.01.2013 OPAC MA submitted to EC the Report for the implementation of the OPAC Implementation Plan for the Fourth Quarter of 2012. Under the procedure BG051PO002/12/2.4-10 “Competent judiciary system and human resources management” the check on potential overlap and double financing was completed which showed some potential risk with previous projects, implemented by the beneficiary – the Supreme Judicial Council. According to the procedures, the beneficiary should provide additional information on the lack of double financing on which basis will be taken the decision for conclusion of a contract. Under the procedures BG051PO002/12/1.1-06 “Effective structure of the state administration” BG051PO002/12/2.1-07 “Modern Human Resources Management in the State Administration” the check on potential overlap and double financing was completed which and no such cases were detected. Thus, the contracts with the Council of Ministers’ Administration at the total amount of 4,95 mln. leva will be signed in due time. Both procedures are very important as these should lead to the development of integrated information system of the state administration, incl. the Common Human Resources Management Information System of the State Administration.

Implementation of ex-ISPA/CF 1164

- During the reported period the Final report of Integrated water project in Rousse was submitted to the National Coordinator of ex-ISPA/CF 1164/94 within the CoM. After revision, on 31 Jan 2013 the report was sent by the CoM to the European Commission.

Data on OPs financial progress is attached.

OP Implementation as of 31.01.2013

EURO

| OPERATIONAL PROGRAMME | Programme budget | | | Contracted | | Payments | | Received payments from EC | |
|---------------------------------|-------------------------|------------------------|------------------------|-------------------------|------------------|------------------------|------------------|--|------------------|
| | Total | EU Funding | National co-funding | Total as of 31.01.2013 | % implementation | Total as of 31.01.2013 | % implementation | Received payments from the EC (EU part) as of 31.01.2013 | % implementation |
| OP Transport | 2 003 481 166 € | 1 624 479 623 € | 379 001 543 € | 1 958 748 130 € | 97,77% | 888 273 586 € | 44% | 820 995 073 € | 50,54% |
| OP Environment | 1 800 748 085 € | 1 466 425 481 € | 334 322 604 € | 2 612 358 947 € | 145,07% | 326 849 065 € | 18% | 293 338 467 € | 20,00% |
| OP Regional Development | 1 601 274 759 € | 1 361 083 545 € | 240 191 214 € | 1 443 056 843 € | 90,12% | 572 222 994 € | 36% | 429 156 301 € | 31,53% |
| OP Competitiveness | 1 162 215 552 € | 987 883 219 € | 174 332 333 € | 969 649 804 € | 83,43% | 510 439 921 € | 44% | 483 083 500 € | 48,90% |
| OP Technical Assistance | 56 819 427 € | 48 296 513 € | 8 522 914 € | 47 624 775 € | 83,82% | 19 646 847 € | 35% | 15 350 283 € | 31,78% |
| OP Human Resource Development | 1 213 869 575 € | 1 031 789 139 € | 182 080 436 € | 1 058 789 771 € | 87,22% | 400 667 353 € | 33% | 315 212 100 € | 30,55% |
| OP Administrative Capacity | 180 789 087 € | 153 670 724 € | 27 118 363 € | 138 313 496 € | 76,51% | 71 114 556 € | 39% | 57 752 695 € | 37,58% |
| TOTAL SCF | 8 019 197 651 € | 6 673 628 244 € | 1 345 569 407 € | 8 228 541 766 € | 102,61% | 2 789 214 322 € | 35% | 2 414 888 419 € | 36,19% |
| Rural Development | 3 231 293 532 € | 2 603 319 188 € | 627 974 344 € | 2 345 494 175 € | 72,59% | 1 473 584 785 € | 46% | 1 072 595 560 € | 41,20% |
| OP Fisheries | 101 168 996 € | 75 876 747 € | 25 292 249 € | 82 003 694 € | 81,06% | 28 972 590 € | 29% | 24 502 674 € | 32,29% |
| TOTAL AGRICULTURAL FUNDS | 3 332 462 528 € | 2 679 195 935 € | 653 266 593 € | 2 427 497 869 € | 72,84% | 1 502 557 375 € | 45% | 1 097 098 234 € | 40,95% |
| TOTAL | 11 351 660 179 € | 9 352 824 179 € | 1 998 836 000 € | 10 656 039 635 € | 93,87% | 4 291 771 697 € | 38% | 3 511 986 653 € | 37,55% |