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LIST OF ABBREVIATIONS

NEA	Employment Agency
RIA	Road Infrastructure Agency
SAA	Social Assistance Agency
RES	Renewable Energy Sources
DG “PRD”	Directorate General Programming of Regional Development
GIS	Geographic Information System
SACP	State Agency for Child Protection
SG	State Gazette
VAT	Value added tax
MSCIC	Medical and Social Care Institution for Children
EA	Environmental Assessment
EIB	European Investment Bank
EC	European Commission
EU	European Union
ERDF	European Regional Development Fund
ESF	European Social Fund
PP Act	Public Procurement Act
LRAI	Legislation, Risk Assessment and Irregularities
SD Act	Spatial Development Act
EA ECNIS	Executive Agency Electronic Communications Networks and Information Systems
EIA	Environment Impact Assessment
IPP	Implementation of programme priorities
MMIS	Management and Monitoring Information System
IMSEUF	Information and Management Systems for EU Funds Directorate
MC	Monitoring Committee
CP	Communication Plan
MUPT	Mass urban public transport
MoEE	Ministry of Economy and Energy
MoES	Ministry of Education and Science
MoEW	Ministry of Environment and Water
MoRD	Ministry of Regional Development
MoTITC	Ministry of Transport, Information Technology and Communications
MoF	Ministry of Finance
NIICH	National Institute for Immovable Cultural Heritage
NCSD	National Concept for Spatial Development
NGO	Non-governmental organisations
OPRD MIM	OPRD Management and Implementation Manual
OP	Operational Programme
OPRD	Operational Programme Regional Development 2007–2013
OP HRD	Operational Programme Human Resource Development 2007–2013
ODIP	Organisational Development, Information and Publicity
BIR	Base interest rate
EAC	Ex-ante Control
DCM	Decree of the Council of Ministers
RDP	Rural Development Programme
PE	Programming and Evaluation
RD	Regional Department
GBUA	Gross built-up area
MTFIP	Mid-Term Framework Investment Programme
SSO	Standalone site owner
SF	Structural Funds
MA	Managing Authority
PME	Programme Management and Evaluation

FA	Financial Activities
FMC	Financial Management and Control
HF	Holding Fund

ANNUAL IMPLEMENTATION REPORT

1. IDENTIFICATION

OPERATIONAL PROGRAMME	Objective	COHESION
	Eligible area	Republic of Bulgaria
	Programming period	2007 – 2013
	Programme number (CCI No)	2007BG161PO001
	Programme title	REGIONAL DEVELOPMENT 2007–2013
ANNUAL IMPLEMENTATION REPORT	Reporting year	2013
	Date of approval of the Annual Report by the Monitoring Committee	11.06.2014

2. OPERATIONAL PROGRAMME IMPLEMENTATION OVERVIEW

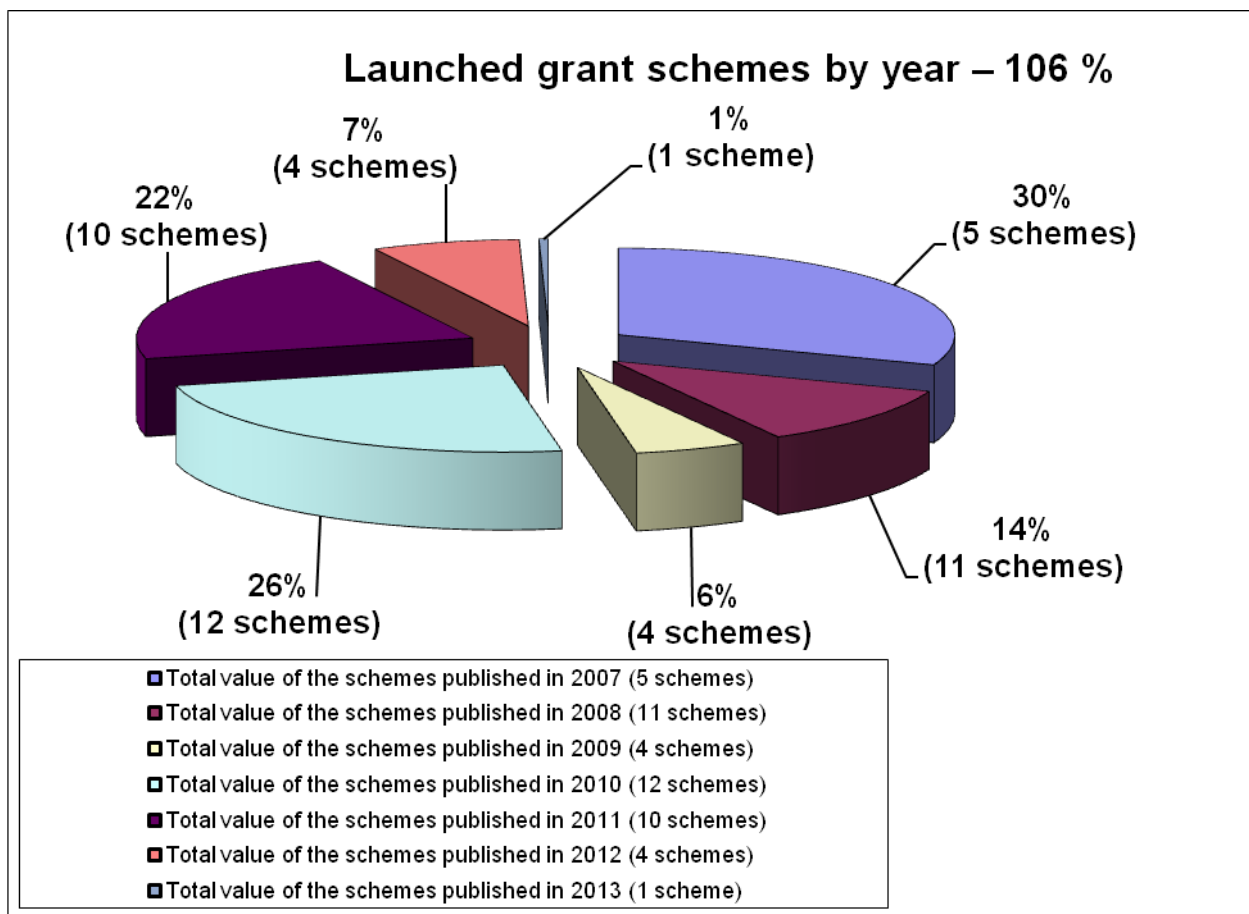
2.1. Results achieved and progress analysis

In 2013, the OPRD MA focused its efforts on accelerating the processes of verification, enhancement, and optimisation of procedures, which led to the approval of Version 9 of the OPRD Management and Implementation Manual by the Head of the OPRD MA on 25 June 2013. The improved and streamlined procedures enabled high-quality ex-ante and ex-post control of the contract award procedures to be exercised by the PPA/CMD 55 beneficiaries, and accelerated the verification, which in turn resulted in a considerable increase in the volume of payments under the programme.

In pursuance of the 2013 Indicative Annual Programme 1 grant scheme was launched with a total value of EUR 3,630,172 under Priority Axis 5 “Technical Assistance” – scheme for drafting of integrated plans for urban regeneration and development in 31 level 3 and level 4 cities in accordance with the National Concept for Spatial Development.

In order to provide actual and correct information, all decisions taken by the OPRD Monitoring Committee in 2013, including the decisions to reallocate financial resources between operations and/or priority axes, taken after the submission of the third revision of OPRD via the SFC system on 27 September 2013, are reflected in this report. The budgets of the individual operations and priority axes have been updated in line with the decisions made in 2013 and will be reflected in the fourth and last revision of OPRD with a view to its official submission via the SFC system in 2015 for approval by the EC.

With the publishing of the scheme in 2013, the total amount of the schemes published as from the launching of the operational programme till the end of 2013 reached 100 % of the OPRD budget.



During the reporting period a total of **122 project proposals** were submitted. **148 project proposals were evaluated, including proposals submitted in 2012 but evaluated in 2013. A total of 143 project proposals were approved**, including project proposals from reserve lists, which have been ranked but have not been financed because of insufficient financial resources under the corresponding schemes.

In 2013, **137 contracts** with a total amount of grants (pursuant to the grant award decisions) of EUR **147,838,456.86** were concluded in the following thematic areas:

- 49 contracts under Priority Axis 1, of which: 3 contracts with the Ministry of Culture aimed at supporting the provision of adequate and cost-effective state cultural infrastructure contributing to development of sustainable urban areas; 2 contracts with the Ministry of Health for reconstruction, renovation, and equipment of state medical and healthcare facilities in urban agglomerations; 1 contract from the reserve list with Kameno Municipality for application of energy efficiency measures in municipal educational infrastructure of urban agglomerations; 4 contracts from the reserve list for organising and promoting innovative cultural events; 2 contracts for reconstruction / renovation and equipment of municipal medical and healthcare facilities in urban agglomerations; 1 contract with Devnya Municipality for provision of modern social housing for vulnerable, minority, and indigent groups of the population and other disadvantaged groups; 26 contracts under the third urban environment improvement scheme.
- 5 contracts under Priority Axis 2 aiming at rehabilitation/reconstruction of second- and third-class road network;
- 13 contracts under Priority Axis 3 under the second scheme for development of the regional tourist product and marketing of destinations;

- 3 contracts under Priority Axis 4 for reconstruction / renovation and equipment of municipal medical and healthcare facilities in municipalities outside urban agglomeration areas;
- 68 contracts under Priority Axis 5 “Technical Assistance”, of which 35 contracts under the scheme for preparation of ready investment projects (project pipeline) for the operational programme for regional development during the period 2014–2020 with municipalities – centres of agglomeration areas as beneficiaries; 31 contracts for elaboration of Integrated Urban Regeneration and Development Plans of 31 level 3 and level 4 cities in accordance with the National Concept for Spatial Development, and 2 contracts for preparation, management, monitoring, evaluation, information, control, and strengthening of the administrative capacity for the implementation of OP “Regional Development” 2007–2013.

Table 1: Allocation of contracted amounts per programme Priority Axes during the reporting period:

Priority Axis	Total Budget by Priority Axis in Euros	Total Priority Axis Budget after MC Decisions in 2013 in Euros	Number of projects approved for financing	Grant value under the approved projects (EUR)	Number of concluded contracts	Grant value under the concluded contracts (EUR)
1. Sustainable and Integrated Urban Development	958,848,322	957,768,668	51	106,321,932.84	49	103,484,719.15
2. Regional and Local Accessibility	330,007,985	331,087,639	8	50,119,238.89	6	21,021,646.55
3. Sustainable Tourism Development	156,385,061	156,385,061	13	3,088,116.22	11	2,666,186.75
4. Local Development and Cooperation	101,940,002	101,940,002	3	3,059,209.16	3	3,043,870.41
5. Technical Assistance	54,093,389.00	54,093,389.00	68	17,622,031.71	68	17,622,034
Total	1,601,274,759	1,601,274,759	143	280,210,528.82	147	147,838,456.86

NB:

The column “Total Priority Axis Budget in Euros” reflects the amount of the priority axes according to the third OPRD revision, submitted via the SFC system in September 2013.

The column “Total Priority Axis Budget after MC Decisions in 2013” reflects the decisions of the OPRD Monitoring Committee taken in 2013, including the decisions to reallocate financial resources between operations and/or priority axes, taken after the submission of the third revision of OPRD via the SFC system on 27 September 2013.

The column “Number of projects approved for financing” also includes project proposals from reserve lists, which have been evaluated and ranked in 2011/2012, but have not been financed because of insufficient available financial resources under the corresponding scheme.

The column “Number of contracts signed” also includes contracts for reserve projects approved in 2010/2011, for which contracts were concluded in 2013.

The “Grant Value under the Concluded Contracts” column includes only the grant amount under contracts concluded in 2013 in accordance with the Grant Award Decisions issued by the Head of the OPRD MA, excluding the amounts on the annexes executed in 2013.

2.1.1. Information on the physical progress of the operational programme

Type	Indicator	Unit	Quantity			Measurement Frequency	Information Source
			Base Value	Interim Value (2009)	Target Value (2013)		
Impact	Jobs Created	Number	The MA shall monitor the implementation of the indicator on programme level during the programming period (based on individual projects, final reports on completed projects – summarised on programme level)				

Any jobs created, permanent and temporary, shall be reported as impact on programme finalization, i.e. in the final report on the Operational Programme Implementation, as an aggregate of the results achieved under all completed projects.

➤ Completed projects

All projects with completed project activities, submitted final technical and financial reports, submitted requests for final payment, verified, approved and actually paid, are considered completed.

In 2013, **251 projects were entirely completed under grant contracts**, distributed between the Priority Axes as follows:

Priority Axis	Number of completed projects in 2013
Priority Axis 1	141
Priority Axis 2	16
Priority Axis 3	15
Priority Axis 4	74
Priority Axis 5	5

Out of the projects completed within Priority Axis 1, 14 projects supported the provision of adequate and cost-effective educational, social and cultural infrastructure contributing to development of sustainable urban areas; 3 projects were aimed at providing adequate and cost-effective state cultural infrastructure; 11 projects were related to renovation of the infrastructure of universities; 19 projects were targeted at application of energy efficiency measures in municipal educational infrastructure of urban agglomerations; 28 projects were aimed at organising and promoting innovative cultural events; 3 projects were in support of deinstitutionalisation of social institutions providing services to children at risk; 1 project was targeted at reconstruction/renovation and equipment of municipal medical and healthcare facilities in urban agglomerations. Within Operation 1.4, the following projects were completed: 20 projects for improvement of the urban environment, 6 projects related to urban agglomeration landslide prevention, and 36 projects for small-scale interventions to prevent floods in urban agglomerations.

As a result of the completed projects under Priority Axis 1, 257 buildings of the educational, cultural and social infrastructure were renovated. The population which benefited from the landslide prevention measures amounted to about 11,887 people in urban areas. For the purposes of prevention of floods in urban agglomerations, 42,655 m. of facilities were built, and the length of banks protected or regenerated as a result of completed projects is 29,415 m.

In 2013 under Priority Axis 2, 15 projects were completed, resulting in the rehabilitation/renovation of 191.467 km national and municipal roads, and 1 project was completed for preparation, research, and design to build a Bulgaria–Serbia intersystem gas connection.

During the reporting period under Priority Axis 3 the implementation of the following projects was completed: 5 projects aimed at supporting the cultural heritage of national and global significance to help sustainable development of tourism with specific beneficiary the Ministry of Culture; 2 projects in support of effective national marketing of the tourist product and improved information services with specific beneficiary the Ministry of Economy and Energy; 6 projects for development of tourist attractions, and 2 projects for development of natural, cultural and historical attractions.

Under Priority Axis 4, a total of 74 projects were completed, of which 2 were targeted at improvement of the educational infrastructure in municipalities outside agglomeration areas, 2 were aimed at strengthening small-scale infrastructure for landslide prevention; 36 projects for energy efficiency measures in the municipal educational infrastructure of 178 small municipalities; 32 projects targeted at small-scale interventions for flood prevention in 178 small municipalities, and 2 projects in support of interregional cooperation and exchange of best practices.

Among the more important results of the Priority Axis 4 projects completed are 88 buildings of improved educational infrastructure, 15,750 students benefiting from the renovated educational institutions, 5,309 people benefiting from landslide prevention, 6 innovative practices exchanged and applied on interregional cooperation basis, 41,612 linear metres of facilities constructed to prevent floods in settlements, and 29,415 linear metres of cleaned riverbeds and ravines.

A total of 5 projects were completed in 2013 under Priority Axis 5.

All results from the implementation of the projects are described in *Section 3 Implementation by Priority Axes*.

2.1.2. Financial information (all financial data are expressed in Euro)

Table 2 – Financial information

	Total funding of the operational programme (from the EU and from the Member States)	Basis for calculating the EU contribution (Public or Total cost)	Total amount of certified eligible expenditure paid by beneficiaries (1)	Corresponding public contribution (1)	Implementation rate in %
	<i>a</i>	<i>b</i>	<i>c</i>	<i>d</i>	$e = c/a$ if <i>T</i> or $e = d/a$ if <i>P</i>
<i>Priority Axis 1</i>	958,848,322.00	public	399,518,266.47	391,130,254.99	40.49 %
Specify the Fund					
- of which ESF-type expenditure (2)	not applicable	not applicable	not applicable	not applicable	not applicable
- of which ERDF-type expenditure (2)	not applicable	not applicable	not applicable	not applicable	not applicable
- expenditure for regions not receiving transitional support (3)	not applicable	not applicable	not applicable	not applicable	not applicable
- expenditure for regions					

receiving transitional support (3)	not applicable	not applicable	not applicable	not applicable	not applicable
<i>Priority Axis 2</i>	330,007,985.00	public	210,639,629.82	210,235,775.74	63.71 %
Specify the Fund					
- of which ESF-type expenditure (2)	not applicable	not applicable	not applicable	not applicable	not applicable
- of which ERDF-type expenditure (2)	not applicable	not applicable	not applicable	not applicable	not applicable
- expenditure for regions not receiving transitional support (3)	not applicable	not applicable	not applicable	not applicable	not applicable
- expenditure for regions receiving transitional support (3)	not applicable	not applicable	not applicable	not applicable	not applicable
<i>Priority Axis 3</i>	156,385,061.00	public	52,251,638.38	50,882,162.96	32.54 %
Specify the Fund					
- of which ESF-type expenditure (2)	not applicable	not applicable	not applicable	not applicable	not applicable
- of which ERDF-type expenditure (2)	not applicable	not applicable	not applicable	not applicable	not applicable
- expenditure for regions not receiving transitional support (3)	not applicable	not applicable	not applicable	not applicable	not applicable
- expenditure for regions receiving transitional support (3)	not applicable	not applicable	not applicable	not applicable	not applicable

<i>Priority Axis 4</i>	101,940,002.00	public	66,135,925.52	65,487,725.81	64.24 %
Specify the Fund					
- of which ESF-type expenditure (2)	not applicable	not applicable	not applicable	not applicable	not applicable
- of which ERDF-type expenditure (2)	not applicable	not applicable	not applicable	not applicable	not applicable
- expenditure for regions not receiving transitional support (3)	not applicable	not applicable	not applicable	not applicable	not applicable
- expenditure for regions not receiving transitional support (3)	not applicable	not applicable	not applicable	not applicable	not applicable
<i>Priority Axis 5</i>	54,093,389.00	public	14,067,100.79	14,067,100.79	26.01 %
<i>Technical Assistance</i>					
Specify the Fund					
- of which ESF-type expenditure (2)	not applicable	not applicable	not applicable	not applicable	not applicable
- of which ERDF-type expenditure (2)	not applicable	not applicable	not applicable	not applicable	not applicable
- expenditure for regions not receiving transitional support (3)	not applicable	not applicable	not applicable	not applicable	not applicable
- expenditure for regions not receiving transitional support (3)	not applicable	not applicable	not applicable	not applicable	not applicable

GRAND TOTAL	1,601,274,759.00	public	742,612,560.98	731,803,020.29	45.70 %
<p>(1) Cumulative numbers. The value of the expenditure, certified by the CA during the period 01 January 2007 – 31 December 2013, is reported.</p> <p>(2) Data in this field is only entered in the final implementation report, when the operational programme is co-financed by the ERDF or ESF, and when the option under Article 34, Paragraph 2 of Regulation 1083/2006/EC has been exercised.</p> <p>(3) Data in this field is only entered in the final implementation report, when the operational programme includes support both for regions receiving transitional support and for ones not receiving such support. For the operational programmes with ERDF participation in terms of funds dedicated to the remotest regions: operating expense and infrastructure investment expenditure breakdown.</p>					

During the reporting period, advance, interim and final payments have been executed under OPRD. For 2013, a total amount of **EUR 154 053 117.35 were paid, including:**

advance payments – EUR 135,415,224.18

interim payments – EUR 136,955,108.49

final payments – EUR 93,397,203.30

Therefore the payments made in 2013 accounted for 22.84 % of the programme budget.

Certified expenditure in 2013 was **EUR 380,519,318.74, or 23.76 % of the programme budget.**

➤ **Applying the N+3/N+2 rule as of 31 December 2013**

For the purposes of automatic decommitment (*the N+2, N+3 rule*), pursuant to Article 93 of Council Regulation (EC) No 1083/2006 of 11 July 2006, amended with Regulation 539/2010 of the European Parliament and the Council, the Commission automatically decommits the corresponding part of a budget commitment by adding one-sixth of the annual budget commitment, related to the total amount of the annual contribution for financial year 2007, to each of the budget commitments for financial years 2008 through to 2013 (*as can be seen below*).

Fund: ERDF – EUR	2011	2012	2013	2014	2015
	38,902,574	252,701,662	681,212,624*	970,021,957	1,361,083,545

* *The initial minimum target for 2013 (EUR 716,183,237 – ERDF) was decreased by EUR 34,970,613 – ERDF as a result of the approval by the EC of the two major projects for integrated urban transportation – the projects of Sofia Municipality and Varna Municipality.*

- ✓ Minimum target for certified expenditure (N+3 target) – EUR 681 million – ERDF.
- ✓ Certified expenditure as of 31 December 2013 – EUR 622 million – ERDF, or 48 % of the OPRD budget.

In January 2013 the OPRD MA updated the “frozen” forecast in the Lothar system and the minimum target for 2013 for the purpose of following up the implementation of the N+3 rule and current monitoring of the implementation of Operational Programme Regional Development 2007–2013.

In April 2013 the OPRD MA carried out an analysis of the implementation and prepared a realistic forecast of the implementation of the Operational Programme in 2013 and an updated internal analysis of the programme implementation at project level; a risk was identified of potential application of the automatic decommitment rule with regard to OPRD, namely loss of funds in the

amount of **EUR 73–123 million – ERDF** by the end of 2013. The identified risk of loss of funds results from:

- delays in implementation resulting from court proceedings and administrative appeals against the contractor selection procedures under the PP Act;
- multiple irregularity alerts resulting in financial corrections;
- delays in the implementation of project activities as a result of delayed launch of tender procedures by beneficiaries or current suspension of these procedures;
- unsatisfactory quality of the physical implementation of infrastructural projects resulting in delays in the verification (and, on a number of occasions, in financial corrections);
- insufficient activity by beneficiaries in the process of submission of regular requests for payment to the MA.

In this connection, the OPRD MA took measures to accelerate the verification of expenditure under the programme and initiated meetings with beneficiaries of the established high-risk projects (the projects under which for over 10 months following the conclusion of the grant contract no contracts with main contractors have been concluded (for works, for construction and investor supervision, for supply)).

During the reporting period the OPRD MA took measures to minimise the established risk of loss of funds under OPRD. For this purpose, major projects (within the meaning of Article 39 of Regulation 1083/2006) were urgently included in the scope of the programme. This allowed to reduce the 2013 objective in line with the financial plan of the major projects. The OPRD Monitoring Committee decided to include in the programme a major road project for “Construction of a Northern high-speed tangent from km. 0+000 to km. 16+540”, which can contribute to the reduction of the risk of automatic decommitment of funds under the programme as of 31 December 2013 by reducing the 2013 objective by EUR 81 million – share of the European Regional Development Fund (ERDF). On 15 August 2013 the beneficiary, the Road Infrastructure Agency (RIA) filed an application form for the major project, accompanied by a feasibility study and a cost-benefit analysis. With a resolution of the Head of the OPRD Managing Authority dated 30 September 2013, the project was approved for financing. The grant amount approved was EUR 120 million. On 3 October 2013 the major project was sent to the European Commission for evaluation, and on 18 November 2013 the EC declared it eligible. Therefore, in accordance with Article 94 of Regulation (EC) 1083/2006, the minimum objective for 2013 under the N+2/N+3 rule, amounting to EUR 681 million, was reduced by EUR 81 million – ERDF to EUR 600 million in line with the financial plan of the major project. Thus there is no loss of funds under OPRD as of 31 December 2013, and the completion of the launched projects of municipalities and government institutions aimed at resolving significant local and national policies is guaranteed.

In pursuance of a resolution of the OPRD Monitoring Committee, the project of the Ministry of Interior for supply of fire trucks and fire equipment for urban agglomerations was transformed into a major project with a total value of EUR 51 million. The application form for a major project, the feasibility study and the cost-benefit analysis were successfully finalised and on 10 December 2013 the project was submitted to the European Commission for evaluation.

2.1.3. Information about the breakdown of absorbed resources from the Funds by categories

Table 3: Allocation of the contracted funds by category

Combination of codes from dimensions 1 – 5

Code * Dimension 1 Priority Theme	Code * Dimension 2 Form of financing	Code * Dimension 3 Area	Code * Dimension 4 Economic activity	Code * Dimension 5 Location	Total in Euros **
10	1	1	0	BG	
10	1	5	0	BG	
11	1	1	0	BG	
11	1	5	0	BG	17,003,055.21
22	1	1	0	BG	216,305,283.51
22	1	5	0	BG	
23	1	1	0	BG	44,867,640.98
24	1	1	0	BG	6,309,793.59
25	1	1	0	BG	78,395,386.38
28	1	1	0	BG	26,077,992.55
36	1	0	0	BG	453,303.36
40	1	1	0	BG	3,562,979.06
40	1	5	0	BG	1,192,870.15
42	1	1	0	BG	
42	1	5	0	BG	
43	1	1	0	BG	94,389,971.41
43	1	5	0	BG	19,539,431.39
44	1	5	0	BG	
50	1	1	0	BG	
50	1	5	0	BG	
52	1	1	0	BG	70,519,994.77
53	1	1	0	BG	60,764,616.35
53	1	5	0	BG	25,037,419.66
55	1	1	0	BG	
55	1	2	0	BG	
55	1	5	0	BG	
56	1	1	0	BG	2,502,521.21
56	1	5	0	BG	
57	1	0	0	BG	27,715,714.47
57	1	1	0	BG	
57	1	5	0	BG	
58	1	1	0	BG	74,981,888.69
58	1	5	0	BG	23,361,610.30
59	1	1	0	BG	27,340,106.88
60	1	1	0	BG	7,487,358.57
61	1	1	0	BG	187,630,399.73
61	1	5	0	BG	
75	1	1	0	BG	42,889,230.67
75	1	5	0	BG	17,343,351.35
76	1	1	0	BG	102,828,006.37

Combination of codes from dimensions 1 – 5					
Code * Dimension 1 Priority Theme	Code * Dimension 2 Form of financing	Code * Dimension 3 Area	Code * Dimension 4 Economic activity	Code * Dimension 5 Location	Total in Euros **
76	1	5	0	BG	16,998,247.09
77	1	1	0	BG	60,475,351.43
77	1	5	0	BG	2,033,588.38
78	1	1	0	BG	17,066,534.92
79	1	1	0	BG	13,768,739.36
79	1	5	0	BG	
81	1	0	0	BG	2,294,319.29
81	1	10	0	BG	3,185,247.87
85	1	0	0	BG	26,134,776.62
85	1	1	0	BG	14,479,773.46
86	1	0	0	BG	4,434,016.74
				Total	1,339,370,521.77
* For each modification categories shall be coded according to their classification by type					
** Amount of the Community grant for each combination of categories					

Key in compliance with Annex 2, Section A of Regulation No 1828/2006:

1) **Codes by priority area:**

- 10 – Telephone infrastructures (including broadband networks)
- 11 – Information and communication technologies (access, security, interoperability, risk-prevention, research, innovation, e-content, etc.)
- 22 – National roads
- 23 – Regional/local roads
- 24 – Cycle tracks
- 25 – Urban transport
- 28 – Intelligent transport systems
- 35 – Natural gas
- 40 – Renewable energy: solar
- 42 – Renewable energy: hydroelectric, geothermal and other
- 43 – Energy efficiency, co-generation, energy management
- 44 – Management of household and industrial waste
- 50 – Rehabilitation of industrial sites and contaminated land
- 52 – Promotion of clean urban transport
- 53 – Risk prevention (including the drafting and implementation of plans and measures to prevent and manage natural and technological risks)
- 55 – Promotion of natural assets
- 56 – Protection and development of natural heritage
- 57 – Other assistance to improve tourist services

- 58 – Protection and preservation of the cultural heritage
- 59 – Development of cultural infrastructure
- 61 – Integrated projects for urban and rural regeneration
- 75 – Educational infrastructure
- 76 – Health infrastructure
- 77 – Childcare infrastructure
- 78 – Housing infrastructure
- 79 – Other social infrastructure
- 81 – Mechanisms for improving good policy and programme design, monitoring and evaluation at national, regional and local level, capacity building in the delivery of policies and programmes
- 85 – Preparation, implementation, monitoring and inspection
- 86 – Evaluation and studies; information and communication

2) Codes by form of financing:

- 01 – Non-repayable aid

3) Codes by territory type:

- 00 – Not applicable
- 01 – Urban
- 02 – Mountain
- 05 – Rural areas
- 10 – Inter-regional cooperation area

4) Codes by economic activity

- 00 – Not applicable

5) Codes by location

- BG – Bulgaria

2.1.4. Assistance by target groups

- **Results of the grant contracts completed in 2013 concerning the impact on target groups**

	Priority Axis 1	Priority Axis 4
Number of Roma/other ethnic minorities benefiting from the project results	33,882	3,108
Number of people with disabilities benefiting from the intervention	179,611	694

2.1.5. Assistance repaid or re-used

For the reporting period, EUR 1,278,684.80 were reimbursed/deducted under financial corrections imposed, as follows:

- EUR 593,084.32 reimbursed by beneficiaries, including EUR 572,211.50 principal and EUR 20,872.82 interest;
- EUR 685,600.48 withheld financial corrections, including principal in the amount of EUR 527,079.34 and interest in the amount of EUR 158,521.14.
- Every month the “National Fund” Directorate increases the payment limit under the 10-digit code in SEBRA with the amounts recovered by OPRD beneficiaries. Within the limit set, the MA initiates payments to beneficiaries under all axes of the Operational Programme, for which approved amounts subject to payment exist.

2.1.6. Qualitative analysis

The grant scheme launched in 2013 under OPRD and the implementation of the grant contracts executed will contribute to achieve the objectives set for OPRD.

Scheme BG161PO001/5-03/2013 “Support for Integrated Urban Regeneration and Development Plans II” was launched in January 2013 within Priority Axis 5 “Technical Assistance” via a direct grant award procedure. Specific beneficiaries are 31 municipalities of hierarchic levels 3 and 4, in accordance with the National Concept for Spatial Development for the period 2013–2025. The objectives of the scheme are orientated at the elaboration of integrated plans for urban regeneration and development aimed at sustainable and long-term overcoming of the high concentration of economic, natural and social problems in cities. All 31 municipalities received support for the elaboration of integrated urban regeneration and development plans, which will facilitate the achievement of the long-term vision for development of the cities through implementation of projects in urban areas and/or sub-systems in poor condition, with negative development trends and/or unrealised potential, through attracting and coordinated management of diverse investments, and support from the EU Structural Funds and Cohesion Fund.

Implementation of Objective 1: Developing sustainable and dynamic urban centres connected to the less urbanised peripheral territories, thus increasing the opportunities for prosperity and development.

For the purposes of achieving Objective 1, during the reporting period the evaluation of project proposals and the contracting within the schemes launched in 2008 with specific beneficiaries and the grant schemes launched in 2012 continued. The total number of project proposals received in 2013 amounted to 45. During the reporting period a total of 44 project proposals were evaluated. 49 contracts were concluded with a total amount of the grant EUR 103,484,719.15 (including projects from the reserve lists prepared in 2010 and 2011 for support of energy efficiency in municipal educational infrastructure and promotion of innovative cultural events).

As of 31 December 2013 the cumulative grant amount awarded under Priority Axis 1 was EUR 940,581,410.12, representing 98 % of the amount of the priority axis.

Implementation of Objective 2: Provision of better access to road, ICT, and energy networks for underdeveloped regions.

In connection with Objective 2, during the reporting period 10 project proposals were submitted under scheme BG161PO001/2.1-01/2007 “Support for Rehabilitation and Reconstruction of Second- and Third-Class Roads” with specific beneficiary the Road Infrastructure Agency (stages VI, VII and VIII). A total of 8 project proposals were approved by 3 evaluation committees, and the remaining 2 project proposals were rejected at the evaluation stage.

In 2013 under this scheme a major project within the meaning of Article 39 of Regulation (EC) No 1083/2006 was submitted – for “Construction of a Northern high-speed tangent”; the project was evaluated and approved for financing in the amount of EUR 120,151,947.76. On 3 October 2013 the major project was sent to the European Commission for evaluation, and on 18 November 2013 the

EC declared it eligible. The contracts concluded under the scheme in 2013 were 6, with a total value of the grant EUR 21,021,646.55.

As of 31 December 2013 the cumulative grant amount awarded under Priority Axis 2 was EUR 327,794,128.50, representing 99 % of the amount of the priority axis.

- ***Implementation of Objective 3: Increasing the potential of regional tourism for development and marketing of sustainable, diverse, and region-specific tourist products with higher added value.***

In connection with Objective 3, during the reporting period a total of 23 project proposals under scheme BG161PO001/3.2-03/2012 “Support for the Development of the Regional Tourist Product and Marketing of Destinations II”, submitted at the end of 2012, were evaluated. Of these, 13 project proposals were approved for financing and a reserve list was formed of 2 project proposals with the required scores to be financed, for which the financial resources were insufficient. A total of 8 project proposals under the scheme were rejected at the evaluation stage. 13 contracts were concluded under the schemes with a total grant amount of EUR 2,875,809.93. During 2013 one contract with a total value of the grant of EUR 209,623.18 was terminated. Regardless of the financial resources released after the termination of the grant contract, the funds available under the scheme were insufficient to invite the first municipality in the reserve list to conclude a contract.

As of 31 December 2013 the cumulative grant amount awarded under Priority Axis 3 was EUR 153,945,937.39, representing 98 % of the amount of the priority axis.

- ***Implementation of Objective 4: Mobilisation of regional and local technical and institutional opportunities and resources to implement the regional development policies.***

In 2013, 3 project proposals for reconstruction, renovation, and equipment of municipal medical and healthcare facilities in municipalities outside urban agglomeration areas were submitted. All 3 project proposals were approved and evaluated.

Three (3) contracts were concluded during the period with a total value of grants EUR 3,043,870.40.

As of 31 December 2013 the cumulative grant amount awarded under Priority Axis 4 was EUR 100,386,878.84, representing 98 % of the amount of the priority axis.

- ***Demonstration of the effects of the implementation of the operational programme on the promotion of equal opportunities between men and women as appropriate and description of the partnership agreements.***

In compliance with the principles and stipulated requirements for gender equality, as well as for integration of the equal opportunity principle, the guidelines for applicants under the schemes specify as a compulsory requirement the ensuring of gender equality and prevention of discrimination. The gender equality and prevention of discrimination principle is the subject of monitoring and evaluation at priority axis level.

The schemes in the process of implementation, aimed at supporting the repair/reconstruction of buildings and the urban environment as a whole, also include the provision of better access for people with disabilities and accessible architectural environment on the intervention sites.

- ***Promotion of the partnership principle during the implementation of OPRD.***

The partnership principle has been included in the process of programming, implementation, monitoring and evaluation of OPRD. The useful and constructive partnership with the European Commission continued in 2013. The OPRD Monitoring Committee consists of both members with the right to vote, and social and economic partners and NGOs – representatives of the civil society.

The Managing Authority also involved its partners in the multiplying and dissemination of information addressed at OPRD beneficiaries and the public at large. In 2013 the MA organised and held a number of events with the participation of stakeholders and partners. At the beginning of July

2013 in Stara Zagora complex training was held for beneficiaries implementing contracts under OPRD in connection with the updated “Guidelines on the implementation of OPRD 2007–2013 grant contracts”, which became effective on 25 June 2013. The amendments to the Guidelines aimed at alleviating the procedures for beneficiaries in the course of contract implementation were presented to the participants. The most frequently occurring problems related to the electronic applying under OPRD, the ex-ante and ex-post control of public procurement procedures, and the electronic reporting on projects under the programme, and the consequences of established irregularities were discussed.

In 2013 the actual implementation of the grant contracts for development of regional tourist products and marketing of destinations started. The projects are based on the principles of partnership and regional approach. The combination of partners is meant to develop regional tourist products based on the natural, cultural, and historical heritage. Beneficiaries under this scheme are obliged to participate in partnerships with at least two other municipalities, and each municipality could apply as an applicant or partner in only one project proposal. When selecting its municipal partners, applicants had to use a strategically relevant approach and make sure that a number of conditions are fulfilled:

- each municipality in a partnership shall have a common territorial border with at least one of the other municipalities in the partnership;
- the territory of the municipalities in a partnership shall have similar and/or complementing features allowing the creation of a common regional tourist area and a common regional tourist product.

Where the need to do so was identified, applicants could include as a partner a local, regional or national tourist association or a branch thereof.

Three more grant schemes are based on the principle of partnership with the civil society, namely scheme “Green and Accessible Urban Environment” within Operation 1.4 “Improvement of the Physical Environment and Risk Prevention”, scheme “In Support of the Next Programming Period” within Operation 5.3 “Building the Capacity of OPRD Beneficiaries”, and scheme BG161PO001/5-03/2013 “Support for Integrated Urban Regeneration and Development Plans II”, published in 2013.

Pursuant to the requirements for applying under schemes “Green and Accessible Urban Environment” and “In Support of the Next Programming Period”, the selection of the submitted project solutions shall be preceded by wide public consultations. For this purpose beneficiaries are obliged to submit to the OPRD MA information and evidence (invitations to discussions, extracts from the web site of the municipality – specific beneficiary, copies and summaries of survey forms, minutes, lists of participants and photographs of the meetings, round tables, presentations and other forms of wide discussion held). In addition, a main requirement for the elaboration of integrated urban regeneration and development plan, elaborated within scheme “Support for Integrated Urban Regeneration and Development Plans II”, is to hold public discussions (round tables, focus groups, questionnaire-based surveys, etc.), which will ensure the wide and active involvement of citizens in the elaboration of the plans.

An example of successful application of the partnership principle is also the implementation of Scheme BG161PO001/1.1-12/2011 “*Support for deinstitutionalisation of social institutions providing services to children at risk*” under OPRD in pursuance of the “*Vision for the Deinstitutionalisation of Children in the Republic of Bulgaria*” and the *Action Plan attached*, developed by an inter-institutional working group and adopted by the Council of Ministers in 2010. This scheme aims at securing a suitable and effective social infrastructure to help provide a new type of residential and auxiliary services within the community as a replacement for the institutional care. The funds are directed towards building, repair, equipping and furnishing of family-type housing centres and secure homes. Based on the infrastructure built under OPRD, with the support of OP Human Resources Development 2007–2013, all social services identified as suitable to satisfy the

needs of every child will be developed gradually. In order to monitor the progress of the implementation of the contracts concluded under the scheme, and to coordinate the integrated approach, in 2012 the OPRD MA receives information on regular basis from the State Agency for Child Protection at the Ministry of Labour and Social Policy concerning the course of implementation of projects. The aim is to achieve synchronisation between the investment component under OPRD and the services offered under OP Human Resources Development, which can start only after the construction of the buildings.

With Order No. R-205 of 11 October 2013 of the Prime Minister, a new format of the Inter-institutional Working Group (IWG) for deinstitutionalisation of children raised in specialised institution, chaired by the Deputy Prime Minister, was established. The IWG held three meetings, at which it approved the annual report on the implementation of the Action Plan to the National Strategy “Vision for De-institutionalisation of Children in the Republic of Bulgaria”.

Another example of the implementation of the partnership principle is the implementation of scheme BG161PO001/1.2-02/2011 “*Support for Provision of Modern Social Homes for Vulnerable, Minority and Indigent Groups of the Population and Other Disadvantaged Groups*” under OPRD in pursuance of the concept for integrated projects for construction of housing for disadvantaged groups developed by the Inter-institutional Working Group chaired by the Minister in charge of EU Funds Management in 2011. An integrated approach is applied in the project implementation by joint activities under two funds – the ERDF and the ESF. In addition to the construction of social housing under OPRD, qualification and employment programmes, programmes for enhancing the quality of education of children, measures for increasing the degree of self-organisation of people in the neighbourhood, etc. need to be developed under OP Human Resources Development.

In 2013 the work and participation of OPRD experts in the meetings and training events of the National Network of information and publicity officials for Operational Programmes, coordinated and managed by the IMSEUF Directorate at the Council of Ministers, continued. During the period a number of meetings of the network were held and the Assessment of the implementation of the Communication Strategy of the National Strategic Reference Framework 2007–2012; the preparation of the Communication Strategy for the next programming period 2014–2020 and the second stage of the awareness campaign for the operational programmes during the new programming period were discussed. The proposals of the European Commission regarding the information and publicity measures during the next programming period were also discussed. In the meantime, information related to forthcoming and current activities, events and public procurement procedures in pursuance of the Communication Plans of Operational Programmes is regularly exchanged by e-mail.

The programming process related to the next period 2014–2020 fully applies the partnership principle. Representatives of the institutional and social and economic partners, the Managing Authorities of operational programmes, the National Statistical Institute, the National Council of People with Disabilities, the academia, the employers and trade unions in Bulgaria, NGOs working in the field of social policy, environment, regional development, education, science and culture, the National Association of Municipalities in the Republic of Bulgaria, the regional development councils, the official religions in Bulgaria and other stakeholders participated in the thematic working group for the development of Operational Programme “Regions in Growth” 2014–2020, set up in July 2012. In 2013 three meetings of the working group were held.

➤ **Impact of OPRD 2007-2013 on citizens, business and municipalities**

The whole impact and effect of OPRD 2007-2013 on citizens, business and municipalities will be reported within the forthcoming **evaluation of the impact of interventions of OPRD 2007-2013 and their contribution to the achievement of the EU cross-cutting policies**, which is to be carried out during the period March 2014 – June 2015. The OPRD progress on achievement of the set objectives and indicators as to 31.12.2013 is, as follows:

For achievement of objective 1 *„Developing sustainable and dynamic urban centres connected to the less urbanised peripheral territories, thus increasing the opportunities for prosperity and development“* the following indicators are reported:

- renovated 463 buildings of educational infrastructure, including schools, kindergartens and universities;
- renovated 80 buildings of social infrastructure;
- modernized 1 medical establishment and benefitted above 32 thousand patients;
- constructed, equipped and furnished 3 centres for accommodation of family-type and 2 protective shelters;
- improved 3 mln.sq.m. of parks, green areas, children playgrounds, constructed/rehabilitated about 810 thousand sq.m. pedestrian - and cycle-paths, as well as sidewalks, and provided above 3256 parking lot places, above 1,1 mln. people benefitted from improved urban environment;
- strengthened above 674 thousand sq. m. landslides;
- constructed above 42 thousand l.m. of structures for prevention from floods in settlements, 29 thousand m. strengthened or restored riverbanks and benefitted above 767 thousand people;

For achievement of objective 2 *„Provision of better access to road, ICT, and energy networks for underdeveloped regions“* the following indicator is reported:

- rehabilitated/reconstructed 713,84 km of roads;

For achievement of objective 3 *„Increasing the potential of regional tourism for development and marketing of sustainable, diverse, and region-specific tourist products with higher added value “* the following indicator is reported:

- improved 37 tourist sites/attractions, including immovable cultural values of national and world importance;

2.2. Information about compliance with Community law

In 2013 no material changes were made to the national legislation in the field of procedures for awarding public procurement contracts. The up-to-date amendments are the amendments to the PP Act promulgated in SG, No. 93 of 25 November 2011, effective as of 26 February 2012, last amended with SG, No. 15 of 15 February 2013, effective as of 1 January 2014. During the reporting period the OPRD MA actively participated in the work related to the coordination of the regulations defining the provisions of the European Structural and Investment Funds during the period 2014–2020, and in the preparation of the national legislation to be applicable during the new programming period.

2.3. Significant problems encountered and measures taken to overcome them

➤ *Delays in the implementation of some grant contracts*

A delay in the implementation of some of the projects is observed, which in turn leads to changes to the time-schedule stipulated in the respective contract and to delays in the verification of payments. The main reasons for the delay are related to the procedures for the award of public procurement contracts. Appeals have been filed under a considerable portion of the procedures by rejected applicants. The Commission for Protection of Competition issued a decision regarding the procedure held, appealed further before the Supreme Administrative Court, which further delayed the implementation of the contract. On many occasions the period of delay resulting from appeals is over 10 months. Some of the procedures have

been terminated by the Contracting Authority and subsequently launched again. At the end of the programming period the delays in the implementation of projects due to the reasons specified above create a serious risk of their non-implementation, which in turn could result in failure to achieve the objectives set at programme level.

Measures taken:

The MA takes measures for the *temporary suspension of the grant contracts or separate activities therein*, as the result of objectively existing circumstances in the meaning of Article 10.1 of the General Conditions of the grant contracts, which would hinder implementation within the deadline of some of the activities laid down in the project timetable.

At the end of the 2007–2013 programming period the OPRD MA started to prepare and plan the process of programme closure. The successful closure of the programme depends on its implementation within the deadline, with the required quality of all project proposals for which grant contracts have been concluded. Pursuant to the Guidelines of the Minister of Finance, National Fund Directorate (of August 2013), the Managing Authority must ensure that the deadline for the physical execution of the contracts will be 31 October 2015, and costs under operational programmes, actually incurred between 1 January 2007 and 31 December 2015, shall be considered eligible.

Taking into consideration the risk of loss of funds under the programme as a result of delays in the implementation of projects, and with a view to the end of the programming period, the OPRD Managing Authority has decided not to approve requests for temporary suspensions, submitted by beneficiaries after 01 December 2013, where contractor selection procedures are appealed against.

In other extraordinary circumstances (such as bad meteorological conditions, delays in commissioning due to unforeseen circumstances) the OPRD MA can approve requests for temporary suspensions only after assessing the merits of these extraordinary circumstances, provided that the beneficiary has proven that it has taken prior to the request all possible measures to overcome/avoid delays in project implementation, and after confirming that the implementation of the project activities will not continue after 31 October 2015.

➤ **Need to accelerate the verification and payment procedures to achieve the N+2/3 rule as at 31 December 2013**

With a view to improve the verification process, accelerate the payment rates and achieve a more effective management and control system, the OPRD took the following measures during the reporting period:

- Regular monitoring of the implementation of OPRD projects – regular updates of the analysis for risk projects
- Holding joint meetings with beneficiaries, whose projects are identified as high-risk ones, to discuss the possible scenarios for achieving the implementation of the planned objectives and results; this will also contribute to the achievement of the objectives of the programme
- The following optimisation of processes was also made in order to accelerate the projects and the verification:
 - ✓ *In 2013 the contracts for investor control concluded with external contractors for the period 2011–2013 for the purpose of carrying out on-the-spot checks to ensure quality implementation of infrastructural projects and sustainability of results, were completed. In order to continue the exercising of investor control by external contractors during the period 2014–2015, a new public procurement procedure was conducted with subject: “Monitoring and Control over the Implementation of Projects under Operational Programme Regional Development 2007–2013 in Order*

to Improve the Process of Funds Verification for an Effective and High-Quality Project Implementation”, comprising nine lots;

- ✓ *Contracts for legal services were concluded with external contractors for the purpose of speeding up the process of processing irregularity alerts and the exercising of ex-ante and ex-post control of public procurement procedures;*
- The following measures were undertaken to alleviate the administrative burden on beneficiaries, improve the verification process, accelerate the payment rates and achieve a more effective management and control system:
 - ✓ *Approval of expenditure of beneficiaries using improved control procedures in the course of verification of expenditure by the MA, as included in the OPRD Management and Implementation Manual – version 9, approved with Order of the Minister of Regional Development No. ПД-02-36-546 of 25 June 2013;*
 - ✓ *The requirements for submission of documents to report expenditure incurred by beneficiaries are simplified;*
 - ✓ *Procedures for electronic applying and electronic reporting of expenditure under grant contracts via the Management and Monitoring Information System for EU Structural Funds were introduced;*
 - ✓ *Training events for beneficiaries were held in connection with the implementation of grant contracts, ex-ante and ex-post control, and weaknesses in the physical implementation of projects.*
 - ✓ *As of 01 July 2013, beneficiaries (under pilot grant schemes) were provided with the opportunity for electronic reporting of the expenditure under grant contracts in MMIS.*
 - ✓ *Introducing of a procedure and providing the beneficiaries, in accordance with Council of Ministers Decision No. 300 of 18 May 2013, with the opportunity to report and request advance and interim payments for project implementation of up to 95 percent of the total eligible expenditure financed through the grant.*
 - ✓ *Including on the Certification Reports and Statements of Eligible Expenditure of costs incurred by beneficiaries on advance payments to contractors of grant contracts under OPRD.*

As a result the verification process was improved, the payment rates were accelerated and a more effective management and control system was achieved.

➤ ***Established omissions / weaknesses in the conducting of the public procurement procedures***

As a result of the regular analyses carried out by the OPRD MA and in accordance with recommendations made in the opinions from the **ex-ante control** performed by the MA of the draft documentations for participation in public procurement procedures, it was established that the most frequently detected material instances of non-compliance with the PP Act are as follows:

- *Infringements related to the awarding procedure – violations of the requirements of Article 15(6) of the PP Act – separation of public procurement contract to circumvent the law;*
- *Including in the decision, procurement notice or documentation for participation of conditions or requirements that provide certain advantages or unreasonably restrict the participation of entities in public procurement – Article 25(5) of the PP Act;*

- *Infringements in the implementation of the provision of Article 25(6) of the PP Act – the documents required do not correspond to the value, complexity and volume of the public procurement contract;*
- *The evaluation methodology is in contradiction with the provision of Article 28(2) of the PP Act, as it allows subjective judgements in the evaluation;*
- *Discrepancies in the requirements in different parts of the documentation for participation.*
- *Discrepancies in the technical specification announced in the public procurement procedure and included in the grant contract.*

The analysis carried out by the OPRD MA of errors and violations established in the course of the performed ex-post control for legality of the conducted public procurement procedures, rendered the following most frequent omissions / weaknesses and difficulties in the conducting of the public procurement procedures by beneficiaries:

- *Illegality in the work of the committee for consideration, evaluation and ranking of offers – unjustified rejection of a tenderer or admitting to further participation of a tenderer, which should have been disqualified; infringement of the procedure of Article 70 of the PP Act regarding the mandatory requirement for a written justification in cases of indicators which are more favourable than the average value offered by other tenderers by 20 percent; allowing subjective judgement in the evaluation through unclear or insufficient justification of the manner of its calculation.*
- *Discrepancies in the technical specification announced in the public procurement procedure and included in the contract with the contractor;*
- *Illegal subsequent amendments to public procurement contracts in breach of Article 43 of the PP Act;*
- *Insufficient control by the Contracting Authority over the implementation of public procurement contracts.*

Measures taken: Simultaneously with the ex-ante control exercised by the PPA, the MA continued exercising ex-ante control of the compliance of the technical specifications with the approved project and the corresponding statutory requirements for all procedures.

Based on an analysis of recommendations made by auditing authorities, as well as a result of findings of the OPRD MA, in the internet site of OPRD in the “Contract Implementation” tab, “Guidelines for implementation of grant contracts” (<http://bgregio.eu/izpalnenie-na-dogovori/ukazaniya-za-izpalnenie-na-dogovori/finansovo-upravljenie-kontrol-i-monitoring.aspx>) up-to-date information is published about the most frequent irregularities in the implementation of projects co-financed by EU Structural Instruments, as well as information about violations in the course of awarding public procurement contracts, established by the auditing authorities in the course of audits of the OPRD MA, and the related recommendations.

The obligations under contracts for specialised legal services, concluded in December 2012 following an open procedure for award of public procurement contracts within a project under Priority Axis 5 “Technical Assistance” for the purpose of improving the quality of ex-ante and ex-post control and streamlining the process for award of public procurement contracts, and streamlining the process of dealing with irregularity alerts and providing legal assistance in the resolution of legal cases, were actively implemented in 2013. The MA holds regular meetings with representatives of the external contractors for accepting the tasks assigned.

➤ ***Need for improving the physical implementation of projects by beneficiaries***

The implementation of the contracts with external contractors, concluded in 2011–2012 under 9 lots

for on-the-spot checks for the purpose of providing the control activities of the OPRD MA with sufficient and adequately qualified external experts, continued during the reporting period 01 January 2013 – 31 December 2013. 355 verifications were completed of projects related to new construction, repair and reconstruction of buildings in the six regions of Bulgaria, to rehabilitation of tourist attractions and the related infrastructure, to strengthening of landslides and landslips and flood prevention measures, to road infrastructure and urban environment.

With a view to the expiry of the contracts with external contractors under the 9 lots (31 December 2013), a procedure for selection of external contractors for on-the-spot checks during the period 2014–2015 was held with the subject “Monitoring and control of the implementation of projects under Operational Programme Regional Development 2007–2013 for the purpose of improving the process of verification of funds and effective and high-quality implementation of projects”. The procedure has nine lots and was launched with Decision No. RD-02-36-563 of 28 June 2013 of the General Secretary of MRD. On the grounds of Decision No. RD-002-36-899 of 22 November 2013 of the General Secretary of MRD, the contractors under the 9 lots were determined and contracts will be concluded under 8 lots. The timely conclusion of contracts with contractors will contribute to the high-quality monitoring of projects and the successful closure of the programme.

In addition to the Annual Plan of On-the-spot Checks for 2013, the MA implemented a **Plan for On-the-spot Checks of completed projects for verifying the sustainability of results**, approved by the Head of the MA, which includes on-the-spot checks of all projects completed during the period 2010–2013. A total of 228 on-the-spot checks for ensuring the sustainability of investments were carried out.

In 2013 the MA published guidelines for beneficiaries of completed projects, according to which the beneficiary itself carries out and documents checks of the physical condition of investments and their use in accordance with their designation three times (during the first, third and fifth year) during the 5-year period of sustainability after the expiry of the grant contract. The beneficiary will report to the MA the results of the checks carried out and will provide adequate evidence of the condition of the investment (including photographs) within 10 business days of the date of the corresponding verification. When the MA carries out checks during the period of sustainability, the findings from the checks carried out by the beneficiary will also be verified on the spot.

➤ ***Need for strengthening the capacity of the OPRD MA***

For the purpose of strengthening the capacity of the OPRD MA and improving the expert potential of the DG PRD staff, in 2013 67 officials completed specialised training abroad under project BG161PO001/5-01/2008/023 “Provision of business trips abroad for employees of the OPRD MA, directly related to the performance of their main duties”, financed under Priority Axis 5 “Technical Assistance”, Operation 5.1 “Programming, Management, Monitoring, Evaluation and Control”, grant scheme BG161PO001/5-01/2008 “Technical Assistance for the Preparation, Management, Monitoring, Evaluation, Information, Control, and Strengthening of the Administrative Capacity for the Implementation of OP Regional Development 2007-2013”, budget line BG161PO001/5-01/2008. The training events were organised by the European Institute of Public Administration, the European Academy for Taxes, Economics and Law (Berlin), the European Training Centre (Paris), the Legal Publishing Company LEXXION (Brussels). The main topics covered in the training events are related to the efficient programming and selection of operations, the functional instruments in the new Cohesion Policy 2014–2020, the effective project management and technical management, the requirements for financial management, and the closure of programmes under the EU Structural Funds: closure of programming period 2007–2013; instruments for easy and secure verification; risk management; enhanced measures for financial control of the EF – on-the-spot checks, system audits, regulation of government activities: public procurement, concessions and public-private

partnerships; European territorial cooperation: how to develop successful European partnership for the better utilisation of EU funds.

Training events in Bulgaria are held under project BG161PO001/5-01/2008/032 “Provision of business trips in Bulgaria for employees of the OPRD MA, directly related to the performance of their main duties”, financed under Priority Axis 5 “Technical Assistance”, Operation 5.1 “Programming, Management, Monitoring, Evaluation and Control”. In 2013, training for 73 officials was held in Bulgaria. The main topics are related to the administering of the updated functionalities of the single information portal for general and specialised information about the management of the Structural Funds and the Cohesion Fund in Bulgaria – www.eufunds.bg, work with MMIS and GIS for the needs of OPRG for the 2014–2020 programming period; practical problems in procedures for awarding and implementation of public procurement contracts, expected amendments to the public procurement legislation, practices of the Public Procurement Agency, the CPC and the Supreme Administrative Court, and other.

In order to upgrade the knowledge and skills of all DG Programming of Regional Development employees, including the regional departments, in 2013 a working meeting – training was organised, related to the update of the OPRD Management and Implementation Manual and the acceleration of the verification processes at the OPRD MA.

In addition, the OPRD MA organises regular working meetings for exchange of experience and good practices between experts from regional and central departments in order to enhance the expert competencies in exercising control over public procurement contracts.

In 2013 competitions were held to fill a total of 6 vacant staff positions at the MA. Six experts were appointed at positions with analytic and/or control functions, of which 1 at regional level and 5 at central level.

By the virtue of a decision of the National Assembly dated 29 May 2012, the Ministry of Regional Development and Public Works was transformed into Ministry of Regional Development. With Council of Ministers Decree No. 161 of 02 August 2013 the Structural Regulations of the Ministry of Regional Development were adopted, and the staff of DG Programming of Regional Development was reduced from 162 to 157 full-time positions. The Programming and Evaluation units of the Programming, Evaluation, Information, and Publicity Department were transformed into one, Programming and Evaluation, and two of the officials in the new unit perform functions related to the organising of the evaluation process (this is clearly described in their job descriptions).

Table 4. Organisational structure of the OPRD MA

<i>OPRD Managing Authority – central level</i>	<i>Permanent staff 157</i>
Director General, DG Programming of Regional Development	1
Deputy Director General, DG Programming of Regional Development	2
Programming, Evaluation, Information, and Publicity Department	16, including
Programming and Evaluation Unit	10, including
Chief Assistant for European Project and Programme Management	1
Assistant for European Project and Programme Management	2
Information and Publicity Unit	4
Implementation of Programme Priorities Department	16, including
Chief Assistant for European Project and Programme Management	1
Assistant for European Project and Programme Management	3
Monitoring Department	22, including
Assistant for European Project and Programme Management	1
Financial Management and Control Department	28, including
Assistant for European Project and Programme Management	1

Financial Control Unit	11
Financial Planning and Payments Unit	6
Accounting Unit	6
Legislation, Risk Assessment, and Irregularities Department	15, including
Irregularities sector	8, including
Assistant for European Project and Programme Management	1
Senior Assistant for European Project and Programme Management	3
Public Procurement Control Unit	7, including
Assistant for European Project and Programme Management	1
<i>OPRD Managing Authority – Regional Departments</i>	
North-West Region Department (Vidin)	9
North-Central Region Department (Ruse)	10
North-East Region Department (Varna)	9
South-West Region Department (Sofia)	9
South-Central Region Department (Plovdiv)	10
South-East Region Department (Burgas)	10

Within the JASPERS initiative, in 2010 an Integrated Urban Transport Project Implementation Unit was created within the OPRD MA to provide support both to the Managing Authority and to the specific beneficiaries Burgas, Sofia, Plovdiv, Stara Zagora, Ruse, Varna and Pleven municipalities in the preparation of projects for modernisation of the urban transportation. The actual work of the unit started in 2011 with the following main activities: to support municipalities in determining the scope of projects; review, corrections and recommendations for documentation related to feasibility studies and the entire package of application documents; provision of methodological assistance to consultants and beneficiaries; coordination and working meetings with stakeholders. In 2013 the implementation of the seven projects for integrated urban transport continued. For this purpose monthly meetings are held between representatives of the Integrated Urban Transport Project Implementation Unit, established within the JASPERS initiative in 2010, and the beneficiary municipalities. Based on the monthly meetings, the implementation of the activities and the deadlines is strictly monitored for compliance with the application forms.

With a view to the pilot implementation of the JESSICA initiative, as well as the preparation and improved implementation of other financial engineering instruments during the next programming period, the JESSICA Unit established at the end of 2010 continued operating and successfully performing its activities.

➤ ***Need for strengthening the capacity of the OPRD beneficiaries***

The two schemes for development of regional tourist products and marketing of destinations and the scheme “In Support of the Next Programming Period” are implemented with the help of a fully electronic application procedure in the Electronic Services Module of MMIS. Bearing in mind the lack of experience of applicants – municipalities in the field of electronic services and electronic applying, the OPRD MA provided all prerequisites required for the successful collecting of project proposals, including:

- The Guidelines for Applicants contain a detailed description of the procedure for electronic submission of project proposals, and the Manual for work with the Electronic Services Module of MMIS became an integral part of the guidelines for applicants.
- Training events for applicant municipalities for work with the Electronic Services Module of MMIS were held with the participation of a representative of the Information and Management Systems for EU Funds Directorate.

- In the test version of the module test procedures for electronic applying were created to help potential applicants prepare for applying under the corresponding scheme;
- The Managing Authority designated a permanent contact person for applicants, who can receive alerts and inquiries in connection with the work in the system and communicate with representatives of the Information and Management Systems for EU Funds Directorate for solving current problems and cases.

In April 2013 the OPRD MA organised an information day to demonstrate the work with the Electronic Services Module of MMIS used to submit project proposals by specific beneficiaries of the scheme (31 municipalities of level 3 and level 4 cities, in accordance with the approved NCSD 2013–2025) – Training for electronic submission of applications under scheme BG161PO001/5-03/2013 “Support for Integrated Urban Regeneration and Development Plans II” for the open procedure for submission of applications under scheme BG161PO001/5-03/2013. Applications for the scheme are submitted entirely electronically using the Electronic Services Module of the Management and Monitoring Information System for EU structural instruments in Bulgaria (MMIS).

The Managing Authority organised and conducted a series of training events for its beneficiaries:

During the period 2–3 July 2013 in the city of Stara Zagora complex training was held for beneficiaries implementing contracts under the programme (Mayors / Deputy Mayors, MFIP managers and project managers) titled: “*Guidelines in connection with the implementation of grant contracts under OPRD 2007–2013*”.

The amendments to the Guidelines to beneficiaries resulting from the updated version 9 of the OPRD Management and Implementation Manual, which are orientated at alleviating the procedures for beneficiaries in the course of contract implementation, were presented to the participants. The most frequently occurring difficulties in the electronic applying under OPRD, the ex-ante and ex-post control of public procurement procedures, the electronic reporting on projects under the programme, and the consequences of established irregularities were discussed. The full package of the Guidelines for implementation of grant contracts under OPRD 2007–2013 was published in the web site of OPRD www.bgregio.eu (“Contract Implementation” tab).

On 10 July 2013 in the city of Sofia training was held for financial experts of the project teams of all beneficiaries (municipalities and specific beneficiaries of OPRD) titled: “*Verification – monitoring, financial control and electronic reporting of projects*”.

On 11 July 2013 in the city of Sofia training was held for the legal experts of the project teams of all beneficiaries (municipalities and specific beneficiaries of OPRD) titled: “*Applying, annexing, irregularities, ex-ante / ex-post control*”.

In connection with Instructions from the Certifying Authority at the Ministry of Finance regarding the optimisation of grant contracts / orders and creating the prerequisites required for active electronic exchange of information using electronic signatures, the OPRD MA undertook the following steps:

- ✓ The requirements for submission of documents to report expenditure incurred by beneficiaries are simplified;
- ✓ Approval of expenditure of beneficiaries using improved control procedures in the course of verification of expenditure by the MA, as included in the OPRD Management and Implementation Manual – version 9, approved with Order of the Minister of Regional Development No. RD-02-36-546 of 25 June 2013;
- ✓ Introduction of procedures for electronic reporting of expenditure under grant contracts via the Management and Monitoring Information System for EU Structural Funds – as of 01 July 2013 beneficiaries of the following grant schemes were provided with the opportunity for electronic reporting of the expenditure under grant contracts in the system:

- BG161PO001/1.4-09/2012 “Green and Accessible Urban Environment”
- BG161PO001/3.2-02/2011 “Support for the Development of the Regional Tourist Product and Marketing of Destinations”
- BG161PO001/3.2-03/2012 “Support for the Development of the Regional Tourist Product and Marketing of Destinations II”
- BG161PO001/5-02/2012 “In Support of the Next Programming Period”
- BG161PO001/5-03/2013, “Support for Integrated Urban Regeneration and Development Plans II”
- BG161PO001/5-01/2008 “Technical Assistance for the Preparation, Management, Monitoring, Evaluation, Information, Control, and Strengthening of the Administrative Capacity for the Implementation of OP Regional Development 2007–2013”

In addition, under Priority Axis 5 “Technical Assistance”, Operation 5.3 “Capacity Building of OPRD Beneficiaries”, specific beneficiaries – state institutions are supported by strengthening their capacity for preparation, management and implementation of their Mid-term Framework Investment Programmes and project fiches under OPRD. The financed projects aim at improving the capacity of beneficiaries – state institutions through the following activities:

- participation of beneficiaries in specialised training in the field of EU Structural Funds, including exchange of experience;
- financial incentives for the MFIP management and implementation team;
- development of projects at full level of project readiness (working investment projects in full volume, coordination, approvals, permits, etc.) (project pipeline), with which beneficiaries can apply for financing with funds from the regional development programme during the next programming period 2014–2020;
- development and introducing of monitoring and assessment system for the implementation of MFIP / projects;
- providing equipment for the implementation of MFIP / projects of beneficiaries;
- organising meetings for coordination of the process of management and implementation of MFIP / the OPRD projects;
- information and publicity with regard to MFIP of beneficiaries.

2.4. Changes in the context of the operational programme implementation (if relevant)

On 27 September 2013 a revised version of Operational Programme “Regional Development” (version 4) **was sent to the EC via the SFC 2007 system.** On 21 October 2013 Decision No. Ref. Ares (2013) 3304130 of 21 October 2013 of the EC regarding the eligibility of the revised system was received via the SFC 2007 system.

The revised programme reflects all decisions for changes adopted at the 10th (12 June 2012), 11th (04 December 2012) and 12th (28 May 2013) sessions of the Monitoring Committee, and the decisions made through 7 written procedures during the period September 2012 – August 2013, by the virtue of which new amendments to the operational programme were initiated and made in accordance with Article 33 of Regulation No 1083/2006, resulting from the need for more efficient and better management of the programme until the end of the programming period: *reallocation of funds to completed projects, projects in the course of implementation and forthcoming projects under scheme BG161PO001/2.1-01/2007 “Support for Rehabilitation and Reconstruction of Second- and Third-Class Roads” with specific beneficiary the Road Infrastructure Agency, inclusion of new major projects for the purpose of minimising the risk of loss of financial resources due to the*

N+2/N+3 rule, inclusion of new indicative activities and new beneficiaries of Priority Axis 5 “Technical Assistance” for the purpose of enhancing the capacity of beneficiaries for elaboration of integrated urban regeneration and development plans, etc.

The adopted decisions for changes are described in Section 2.7, Item 2.7.1 of this report.

2.5. Substantial modification pursuant to Article 57 of Regulation (EC) No 1083/2006 (if relevant)

None identified.

2.6. Complementarity with other instruments

OP Regional Development ensures complementarity with the other operational programmes and the Rural Development Programme. The actual implementation of OPRD by the end of the reporting period complies with the established demarcation.

With a view to preventing possible overlaps and double funding, the OPRD MA undertook the following measures:

- On the level of submitting project proposals and signing grant contracts, beneficiaries shall provide a declaration that at the time of the application the activities comprising the project proposal have not been financed under another project, programme or any other funding scheme of the national budget, the Community budget or another sponsoring programme;
- Before making a grant award decision, the MA performs a check for lack of double funding according to the list of projects proposed for financing by the evaluation committee. The check of the project proposals includes a check in MMIS, as well as a check for the lack of double funding under the PHARE Programme and other national and European funding programmes supporting similar activities. If doubts exist as to double funding, an official correspondence shall take place with the institutions providing the financial support. A check-list shall be filled in for this purpose. In addition, before the conclusion of the grant contract, the approved applicants shall be obliged to submit a signed and sealed declaration of the lack of double funding for the project proposal or activities included in it.
- All data regarding OPRD projects have been entered into the single management and monitoring information system (MMIS).
- Furthermore, in compliance with the requirements of the European legislation, Article 14 of the General Conditions of the contract and the Contract Implementation Instructions under OPRD, in order to guarantee the provision of required data and reporting to the MA, the beneficiary shall ensure the existence of an adequate accounting system at contract level by sources of funding (ERDF, NB and own contribution). An on-the-spot check verifies if the beneficiary has fulfilled the requirement for keeping separate analytical accounts for each grant contract. If costs have been correctly reported, a check is performed of the number of projects for which the beneficiary has received financing and whether the supporting documents (proof of expenditure) from the contractors under OPRD contracts have also been reported under other programmes, including the RDP, or whether the costs have been financed from the budget or other sources. The suppliers' accounts within accounts 4010 and 4020 are also checked by scrutinising the purchase logs.
- The following text is included in all supporting documents of the beneficiary and the partners related to the project implementation: *“The expenditure is incurred under grant project No. under OPRD”*.

- **An example of a joint initiative, illustrating the principle of complementarity between the ERDF and ESF, is the Deinstitutionalisation of Children from the Homes for Children with Disabilities Project.**

Scheme “*Support for Deinstitutionalisation of Social Institutions Providing Services to Children at Risk*” under OPRD aims at securing suitable and effective social infrastructure to help provide a new type of residential and auxiliary services within the community as a replacement for the institutional care. The funds are directed towards building, repair, equipping and furnishing of family-type housing centres and secure homes. With the implementation of 61 contracts with a total value of the grant of EUR 52 million, the construction of a total of 132 family-type accommodation centres and 26 secure homes is envisaged.

The project of the Ministry of Health with a value of EUR 5.1 million for the restructuring of 8 pilot medical and social care homes for children, aimed at launching innovative integrated services for deinstitutionalisation and prevention of abandonment of children aged 0 – 3, is under way.

- **Example, illustrating the principle of complementarity between the ERDF and ESF, is the initiative for the construction of social housing for marginalised groups.**

An integrated approach is provided at the national level through a joint initiative of two funds, the ERDF and the ESF, whereby, together with the construction of social housing under OPRD, programmes for qualification and employment, children education quality improvement, measures to raise the level of community self-organisation etc. need to be created under OP Human Resources Development. To this end, scheme BG161PO001/1.2-02/2011 “Support for Provision of Modern Social Housing for Vulnerable, Minority, and Indigent Groups of the Population and Other Disadvantaged Groups” is being implemented under OPRD. The specific beneficiaries of the scheme were identified in 2011 by an interinstitutional working group led by the Minister in charge of EU Funds Management following an assessment and selection of project ideas for a pilot project for provision of modern housing and long-term and sustainable resolution of the problems in this field.

In 2013 the actual implementation of the contracts concluded in 2012 with Dupnitsa and Vidin Municipalities with a total grant amount of EUR 4,549,751.26, and the contract concluded in January 2013 with Devnya Municipality with a grant amount of EUR 704,933, started.

2.7. Monitoring and evaluation

2.7.1. Monitoring

During the reporting period, 2 sessions of the OPRD Monitoring Committee were held and 2 written procedures were conducted.

On 28 May 2013, the 12th session of the OPRD MC was held, where the following more important decisions were adopted:

- MC approved the Annual Report on the Implementation of OPRD for 2012 and authorised the OPRD MA to make the necessary changes in order to implement the adopted recommendations and comments.
- The MC gave the MA a mandate to expand the scope of the eligible activities under Priority Axis 2 “Regional and Local Accessibility”, Operation 2.1 “Regional and Local Road Infrastructure”, by adding a new activity: “Construction, reconstruction and rehabilitation of first-class roads outside the Trans-European Transport Network(TEN-T)”, and to add the activity “construction” to “reconstruction and rehabilitation of second-class roads outside TEN-T, and third-class roads”;
- The MC gave the MA a mandate to hold meetings with municipalities and specific beneficiaries, with the support of the NAMRB and the CCU, in connection with the high-risk

projects, and sign as a result of these meetings bipartite minutes containing steps to be undertaken under each project. During these meetings the opportunity and the need will be discussed of whether activities exist in the projects that cannot be implemented, and, if the beneficiaries can find no alternative solution with regard to such activities, contracts could possibly be terminated, as a consensus decision to be taken jointly by the MA and the respective beneficiary;

- The MC gives the MA a mandate to reallocate all saved resources under the current grant schemes included in Appendix 1 and all released resources from the terminated grant contracts, after providing the resources required for scheme BG161PO001/1.4-01/2007 “Support for Reduction and Prevention of Risks and Damages Caused by Fire in Urban Agglomeration Areas”, for the financing a major project in the meaning of Article 39 of Council Regulation (EC) No 1083/2006 of 11 July 2006;
- The MC gave the Head of the OPRD Managing Authority a mandate to make amendments to OP Regional Development 2007–2013 in line with the decisions made at the 12th session of the MC and the conducted written procedures when initiating the next revision of the programme, as well as to add indicators and/or change the values of indicators where necessary.

On 19 November 2013, the 13th session of the MC was held, where the following more important decisions were adopted:

- The MC gave the Head of the OPRD MA a mandate to implement changes in OP Regional Development 2007 – 2013 by reflecting the decisions adopted in its next revision and, where necessary, to change the indicator values, and to send the revised programme to the EC for approval.

Information on written procedures conducted by the OPRD MC

As a result of the 2 written procedures conducted by the MC, the following more important decisions were adopted:

- The MC gave the Head of the MA the mandate to overcontract the financial resources under Operation 2.1 “Regional and Local Road Infrastructure”, of Priority Axis 2 “Regional and Local Accessibility”, with specific beneficiary the Road Infrastructure Agency, up to EUR 143 million to finance completed projects or projects in the course of implementation, eligible for financing under scheme BG161PO001/2.1-01/2007 “Support for Rehabilitation and Reconstruction of Second- and Third-Class Roads”, and to finance a major project within the meaning of Article 39 of Regulation (EC) No 1083/2006 for the construction of the Northern high-speed tangent.
- Item 3 of Decision No. 3 of the OPRD MC dated 28 May 2013 is amended as follows: the MC gave the OPRD MA a mandate to reallocate on a regular basis the resources released under all grant schemes, except for scheme BG161PO001/1.2-02/2011 “Support for Provision of Modern Social Housing for Vulnerable, Minority, and Indigent Groups of the Population and Other Disadvantaged Groups” and the schemes under Priority Axis 5 “Technical Assistance”, after providing the resources required for scheme BG161PO001/1.4-01/2007 “Support for Reduction and Prevention of Risks and Damages Caused by Fire in Urban Agglomeration Areas” with beneficiary the Ministry of Interior, to finance completed projects or projects in the course of implementation, eligible for financing under scheme BG161PO001/2.1-01/2007 “Support for Rehabilitation and Reconstruction of Second- and Third-Class Roads” with specific beneficiary the RIA, and to finance a major project within the meaning of Article 39 of Council Regulation (EC) No 1083/2006 of 11 July 2006.
- The MC gave the OPRD MA a mandate to transform the project of the Ministry of Interior

under scheme BG161PO001/1.4-01/2007 “Support for Reduction and Prevention of Risks and Damages Caused by Fire in Urban Agglomeration Areas” into a major project within the meaning of Article 39 of Regulation (EC) No 1083/2006 with a total value of EUR 51 million;

- The MA gave the OPRD MA a mandate to reflect the change in the forthcoming revision of OP Regional Development (2007–2013) and send it to the EC.

The implementation of contracts under projects in 2013 was monitored through:

- **Technical progress reports / Examinations of documents** on the progress in the implementation of the grant contract, as prepared by the beneficiaries;
- **On-the-spot checks**

The technical and financial monitoring of the implementation of all projects under OPRD was performed by the Regional Departments, the Monitoring Department and FMC Department at the central administration of the Managing Authority. The Regional Departments checked for the implementation of physical indicators based on the results of the on-the-spot checks, the data in technical reports on project progress and the financial reports, submitted by the beneficiaries. The on-the-spot checks were conducted within contracts for investor control, concluded with external contractors, by the MA regional departments or experts at the central administration of the MA: the Monitoring Department for the technical monitoring and FMC Department for the financial monitoring.

The six-monthly and the annual technical reports include an overview of the technical progress: concerning the activities carried out and results achieved the problems that arose and planned major activities. Six-monthly reports and action plans for the coming period are presented by the 15th day of the month following the reporting period. Annual technical reports cover the implementation of the contract during the corresponding year and are submitted by 30 January of the year following the reporting year.

Except the six-monthly and the annual technical reports, interim technical reports and financial statements are also provided upon submission of a request for interim payment, as well as a final technical report and financial statement upon submission of a request for final payment. These types of reports reflect the overall implementation of the projects during the reporting period, to which the request for payment applies, and the final technical report is developed in a way allowing comparison between the objective(s), the means proposed, the expected results, and the activity budget, on the one hand, and the costs incurred and results achieved, on the other hand, using the monitoring indicators provided in the activity description.

On-the-spot checks are carried out for all projects under grant contracts. Checks are carried out if a request for payment has been submitted for an interim or final payment, if an irregularity is suspected, based on a decision of the MA, and according to the Annual Plan. Enhanced control is exercised of all projects with higher risk.

On-the-spot checks are divided into the following major groups:

- scheduled on-the-spot checks;
 - in line with the Annual Plan for On-the-spot Checks
- ad-hoc on-the-spot checks
 - when the beneficiaries submit a request for interim/final payment;
 - upon suspected irregularity;
 - for conducting examinations for double funding;
 - by decision of the Managing Authority.

Checks after the completion of the projects, where applicable, in compliance with the requirements under Art. 57 of Regulation (EC) No 1083/2006.

The control over the public procurement procedures for selection of contractors of projects financed under OPRD is exercised through:

1. Ex-ante control of the documentation for participation in procedures for the selection of contractors;

Sending observers to the committees for consideration, evaluation and ranking of participants in public procurement procedures – at the discretion of the OPRD MA;

2. Ex-post control of conducted public procurement procedures.

In accordance with the amendments made in 2012 to the legislation, in particular the regime for ex-ante control under Article 19(2)(22) of the PP Act, the competent authority for ex-ante control of public procurement contracts, financed fully or partially with resources from European Funds, is the Public Procurement Agency. In 2013 the OPRD MA continued exercising ex-ante control of the documentation in its part containing the technical specifications.

In accordance with the OPRD MIM, the OPRD MA continued exercising overall ex-ante control of procedures with estimated values below the thresholds set in Article 19(2)(22) of the PP Act.

The OPRD MA adopted the approach of exercising full ex-post control of all contracts with contractors concluded under projects financed from OPRD, regardless of their value.

During the period January – December 2013 the OPRD MA exercised control (ex-ante and ex-post) of over 4,000 public procurement contracts.

➤ **Detecting, reporting and ex-post resolving of all registered cases of irregularities under EU Structural and Cohesion Funds.**

In the OPRD Management and Implementation Manual, a detailed procedure is described on detecting, registering, reporting and following up of irregularities. The corrective actions taken by the MA in the event of establishing irregularities, and the possibilities for recovery of unduly paid amounts are also set out. The procedures developed in the Manual are implemented at both central and regional level.

It should be noted that in order to prevent and identify irregularities the Managing Authority has introduced adequate and effectively functioning systems comprising ex-ante, ongoing and ex-post control for legality of public procurement procedures, timely on-the-spot checks and monitoring in the course of verifications of funds from the ERDF and the state budget.

Last but not least, in 2013 a number of specialised training events took place. They enhanced the knowledge of the MA officials of the process of absorption of public funds. These measures, together with the improved investigation systems, allowed for the processing of the alerts received within the three-month time period envisaged in accordance with the provisions of the Ordinance on the identification of procedures for administering irregularities under funds, instruments and programmes co-financed by the European Union.

With a view to the established irregularities and the obligation for their reporting at national and European level, the Managing Authority maintains close cooperation with the “Coordination in the Fight against Infringements Affecting the European Union Financial Interests” (AFCOS) Directorate at the Ministry of Interior.

The cooperation between the OPRD MA, the prosecution authorities and AFCOS in the cases of irregularities established in the form of “suspected fraud” in accordance with Article 1(1)(a) of the Convention on the protection of the European Communities’ financial interests of 26 July 1995

adopted on the grounds of Article K.3 of the Treaty of the European Union, can be identified as a good practice from the past year.

Irregularity alerts come from different sources:

- through the OPRD web site;
- from employees of the Managing Authority after carried out on-the-spot checks or performed control on documentation;
- from organisations, institutions and individuals outside the Managing Authority;
- information in the press or electronic media;
- information related to judicial and/or administrative procedures.

During the period 01 January 2013 – 31 December 2013 the MA has processed in the Register of Irregularity Alerts a total of 611 alerts related mainly to: violations and errors in conducting procedures under the PP Act and related regulations, e.g.: discriminative criteria in the documentation; subjective indicators in the methodologies for evaluation of tenders; violations and errors in defining selection criteria and in the proceedings of evaluation committees; discrepancies in the information contained in various documents in contractor selection procedures; illegal separation of public procurements with the aim of using a less strict procedure in violation of the requirements of Article 15(6) of the Public Procurement Act.

In this sense, the attention shall be drawn to the increased number of registered alerts and established irregularities as a result of established “illegal methodologies for evaluation of tenders”. These circumstances result from the changed approach of the Certifying Authority and the Audit Authority to the assessment of the financial impact of such infringements. The inspecting authorities are of the opinion that each ‘illegal methodology’ not only leads to subjective judgement in the evaluation of tenders and to unequal treatment of tenderers, but also acts as a deterrent, making tenderers, who are qualified to execute the contract, not willing to submit tenders for the procedure. For this reason, in such cases financial corrections shall be determined using the proportional method (percentage of the value of the damaged contract). The opinion of the European Commission, Directorate General for Regional and Urban Policy, expressed in letter ARES (2013) 3274908 of 17 October 2013, is identical.

In order to reduce the risk of verifying illegal expenditure under the operational programme, the MA reviewed all cases where the measures undertaken do not correspond to the new approach to determining financial corrections. In addition, in order to align the practices of ex-post control of public procurement contracts, the MA officials at both regional and central level were familiarised in detail with the audit reports issued by the EC, the Certifying Authority and the Audit Authority.

A large portion of the newly-registered irregularity alerts and established irregularities resulted from the updated version 9 of the OPRD MIM from June 2013, which leads to considerable improvements in the ex-ante control carried out of public procurement procedures and developing and optimising the procedure for administering irregularity alerts.

It should be noted in connection with the total number of 611 alerts, specified above, that where a single alleged infringement covers different projects / grant contracts, financed under OPRD, the MA registers separate irregularity alerts in connection with each project concerned, in accordance with the guidelines of the AFCOS Directorate and in order to enhance the process of reporting irregularities. These requirements result in an increased number of registered alerts.

Out of the total number of alerts in 2013 (611 alerts), the newly-registered alerts only during the period 01 January 2013 – 31 December 2013 were 458, of which:

- the inspections related to 282 alerts were terminated because no irregularity was established;
- the inspections related to 176 alerts were completed with irregularities established;

- the inspections related to 101 alerts were still active as of 01 January 2014.

Of all irregularity alerts filed with the MA during the period 01 January 2013 – 31 December 2013, 395 were from within the MA as a result of exercised ex-post control of requests for payment under contracts, and 164 were from sources external to the MA.

During the period 01 January 2013 – 31 December 2013 a total of 641 irregularities existed in the National Register of Irregularities, of which:

- 395 irregularities have been established in prior periods;
- 246 irregularities were established during the period 01 January 2013 – 31 December 2013.

Out of the total number of irregularities registered in prior periods and during the period 01 January 2013 – 31 December 2013 (641), these closed in prior periods are 241, these closed in 2013 are 208, and these remaining to be followed up in 2014 are 192.

During the period 01 January 2013 – 31 December 2013, 77 irregularities were reported to OLAF. Out of all irregularities reported as of 01 January 2014, 192 are subject to reporting, and these are the irregularities to be followed up in 2014.

The information published in connection with the number of irregularity alerts and established irregularities is presented in summarised form in Annex 1 “Statistics of measures taken on irregularity alerts and irregularities established by the MA during the period 01 January 2013 – 31 December 2013”.

2.7.2. Programming 2014–2020

In 2013 the process of programming for the period 2014–2020 continued with the implementation of project “*Programming of regional development for the 2014–2020 period*”. The main objective of the project is to ensure timely, correct, and effective planning, awarding, and implementation of the activities and the stages of the process of programming the operational programme for regional development for the 2014–2020 programming period. The project has a duration of 43 months and contains interconnected activities, for which it is planned to award separate public procurement contracts.

In 2013 the implementation of the stages under the contract for preparing a social and economic analysis for the needs of the operational programme for regional development for the period 2014–2020, concluded in 2011, continued. The Contractor and the Contracting Authority hold regular meetings to coordinate activities and discuss key points in the contract implementation. The contractor has submitted two interim and three analytical reports on the development of the analysis, as follows: fourth interim report – stage 4 “Revising and further focusing based on the conclusions from the SWOT analysis, the analyses of Integrated Urban Regeneration and Development Plans, and the comments received from stakeholders and the European Commission”, and an analytical report on urban development and the opportunities for supporting marginalised groups within the same stage of the contract, and fifth interim report – stage 5 “Revising and updating the analysis, the conclusions and the SWOT analysis as a result of discussions with stakeholders, the results from the preliminary assessment, the environmental assessment, negotiations with the European Commission, the Integrated Urban Regeneration and Development Plans, and based on the latest statistical data”, and an analytical report on the risk of landslides in the territory of Bulgaria within the same stage. In May 2013, six discussions of the stage 4 results were held during the meetings of the Regional Development Councils of the NUTS 2 regions. In June 2013 a seminar was held to present the results from Stage 4 of Project “Social and Economic Analysis for the Needs of Operational Programme Regions in Growth during the period 2014–2020”, in which the stakeholders participated widely.

In 2013, three meetings of the thematic working group for the development of Operational Programme Regions in Growth 2014–2020 were held. During the meetings the progress in the development of Operational Programme Regions in Growth 2014–2020, the stages of implementation of its preliminary evaluation and environmental assessment, the interim results from the development of the social and economic analysis, the decisions made at the informal meetings at high management level, and the progress in the programming of the Partnership Agreement were presented. Comments of the European Commission on the draft programme, interim information from the proceedings of the working group for prioritising the cultural and natural sites of global and national significance, and methodology for selection of road sections for financing under OPRG 2014–2020 were presented and discussed. At the meetings important decisions were made in connection with the coordination and complementarity with the Rural Development Programme, the defending of the number of cities and towns to be supported under the programme, and the achieving of a better focus of interventions. As a result of the work of the working group, in October 2013 a third draft version of Operational Programme Regions in Growth 2014–2020 was sent for the purposes of the second round of informal negotiations with the European Commission. On 21 December 2013 the second informal comments of the EC were received.

2.7.3. Evaluation

In connection with the revision of OPRD 2007–2013 made in 2013, a procedure was conducted for assessing the need for carrying out an environmental assessment (EA) and compatibility assessment (CA) in respect of the subject matter and goals of conservation of protected areas of the amendments to OPRD 2007–2013 adopted in 2012 and 2013 at the tenth, eleventh and twelfth session of the OPRD MC:

- Request for assessing the need for EA No. 99-00-6-6967 of 19 January 2012 submitted by the Head of the OPRD MA to the Minister of Environment and Waters;
- Letter No. EO-58 of 29 July 2013 with Decision No. EO-24/2013 dated 26 July 2013 of the Minister of Environment and Waters that no EA shall be carried out of the amendments to OPRD 2007–2013;
- Summary information under Article 29(1) of the EA Ordinance No. 90-05-8606 of 08 August 2013 from the Minister of Regional Development containing a proposal for measures for fulfilling the conditions of Decision No. EO-24/2013;
- Letter No. EO-58 of 19 August 2013 from the Minister of Environment and Waters, regarding the approval of the summary information.

The implementation of the contracts for preliminary and environmental assessment of OPRG 2014–2020 under a public procurement procedure with subject “Evaluations related to the preparation of OPRG 2014–2020”, project BG161PO001/5-01/2008/065 “Evaluations related to the preparation of OPRG 2014–2020”, continued in 2013.

The implementation of contract No. RD-02-29-118 of 01 June 2012 “Preliminary evaluation of the operational programme for regional development for the 2014–2020 programming period” continued in 2013. The following was taken into account :

- the process of consultation of the final package of regulations for the programming period 2014–2020 between the Member States (adopted on 17 December 2013);
- the process of drafting the Partnership Agreement and the other operational programmes of Bulgaria for the 2014–2020 programming period;
- the process of development and coordination of OPRG 2014–2020 (first draft dated 18 December 2012, second draft dated 13 May 2013, and third draft dated 16 September

2013). The programme was informally coordinated with the EC in 2 stages (30 December 2012 – 25 April 2013, and 23 October – 21 December 2013).

The final draft of the preliminary evaluation of OPRG 2014–2020 was accepted by the Contracting Authority on 29 October 2013.

The implementation of contract No. RD-02-29-119 of 01 June 2012 “Environmental assessment (EA) and evaluation of the compatibility (EC) with the subject and the goals on preserving the protected areas of OPRD for the programming period 2014–2020” continued in 2013, taking into account the following:

- the reasons listed above and related to the revising of OPRG 2014–2020.
- two meetings of the Inter-Institutional Commission – specialised committee of the Supreme Expert Environmental Council (SEEC) to the MoEW to discuss the Request for issuing an Opinion on the EA of OPRG 2014–2020 (02 August 2013 and 19 December 2013), 2 procedures for evaluation of the compatibility with the subject and the goals on preserving the protected areas (21 January 2013 and 14 October 2013), and 2 consultations on the EA report with the mandatory one-month procedural period (18 March – 18 April 2013 and 22 October – 22 November 2013) were held;

On 21 December 2013 the Minister of Environment and Water issued Statement No. 7-4/2013 on the EA of OPRG 2014–2020, thus accepting the programme.

In accordance with the Plan for Evaluation of OPRD 2007–2013, updated in 2012, project BG161PO001/5-01/2008/077 “Impact assessment of the interventions under Operational Programme Regional Development 2007–2013 and their contribution to the implementation of the horizontal policies of the EU” with a budget of EUR 331,624 and duration of 24 months was approved with order No. RD-02-36-596 of 11 July 2013 of the Minister of Regional Development. The public procurement procedure for the project was announced with decision No. RD-02-36-424 of 15 May 2013 of the Head of the OPRD MA. A contractor was selected with decision No. RD-02-14-760 of 15 August 2013 of the General Secretary of the MRD, but the conclusion of the contract was delayed as a result of appeal. The forthcoming evaluation will merge all evaluations and assessments included in the Plan for Evaluation and will be completed by May 2015:

1. Studies for collecting information on the progress under the result and impact indicators of OPRD 2007–2013, which cannot be provided based on the final technical reports of beneficiaries and by MMIS;
2. Evaluation of the impact of the OPRD 2007–2013 interventions, including preparing the second triennial report on the monitoring and control of the implementation of OPRD 2007–2013, including the measures for prevention, mitigation or elimination of environmental damages resulting from the programme implementation;
3. Evaluation of the contribution of the OPRD 2007–2013 interventions to the EU horizontal policy implementation;
4. Evaluation of the effect from the activities within the Communication Plan for Information and Publicity of OPRD 2007–2013;

2.8. National performance reserve (where applicable and only for the annual implementation report submitted for 2012)

Not applicable.

3. IMPLEMENTATION BY PRIORITY AXES

3.1. Priority Axis 1 “Sustainable and Integrated Urban Development”

Under the third revision of OPRD, sent for approval by the EC on 27 September 2013, the financial resources for Priority Axis 1 amount to **EUR 958,848,322**, of which **EUR 815,021,074** co-financing from the European Regional Development Fund. The total amount makes up 60 % of the programme budget. The third revision of the programme covers all reallocations of funds made up to 31 August 2013.

At the same time, in order to provide actual and correct information, all decisions taken by the OPRD Monitoring Committee in 2013, including the decisions to reallocate financial resources between operations and/or priority axes, taken after the submission of the third revision of OPRD via the SFC system on 27 September 2013, are reflected in this report. In this connection the financial resources allocated to Priority Axis 1 amount to **EUR 957,768,668**, of which **EUR 814,103,367.80** are co-financing from the ERDF. The total amount makes up **60 %** of the programme budget.

3.1.1. Achievement of targets and analysis of the progress

Information on all schemes launched under Priority Axis 1 during the reporting period is presented in Table 6.

Table 6. Launched grant schemes and received project proposals:

Operational Programme Regional Development	Date of publication	Total budget, EUR*	New Total Budget**, EUR	Co-financing from ERDF (85 %), EUR	National financing, (15 %), EUR	Projects received between 1.01.2013 and 31.12.2013
Operation 1.1 “Social Infrastructure”						
BG161PO001/1.1-01/2007 “Support for Provision of Adequate and Cost-Effective Educational, Social and Cultural Infrastructure Contributing to Development of Sustainable Urban Areas”	14 November 2007	112,384,205	107,547,999	91,415,799	16,132,200	The procedure for collection of project proposals was closed
BG161PO001/1.1-02/2007 “Support for Provision of Adequate and Cost-Effective State Educational Infrastructure Contributing to Development of Sustainable Urban Areas”	29 February 2008	4,684,785	4,684,785	3,982,067	702,718	- Specific beneficiary: MoEYS
BG161PO001/1.1-03/2008 “Support for Provision of Adequate and Cost-Effective State Social Infrastructure Contributing to Development of Sustainable Urban Areas”	29 February 2008	2,723,655	2,609,939	2,218,448	391,491	Specific beneficiary: SAA

BG161PO001/1.1-04/2008 "Support for Provision of Adequate and Cost-Effective Labour Office Infrastructure Contributing to Development of Sustainable Urban Areas"	29 February 2008	2,211,636	2,211,636	1,879,891	331,745	- Specific beneficiary: EA
BG161PO001/1.1-05/2008 "Support for Provision of Adequate and Cost-Effective State Cultural Infrastructure Contributing to Development of Sustainable Social Areas"	25 June 2008	25,632,280	25,102,422	21,337,058	3,765,364	3 project fiches Specific beneficiary MoC
BG161PO001/1.1-06/2009 "Support for Renovation and Modernisation of State Healthcare Facilities in Urban Agglomerations"	29 April 2009	75,660,233	0.00	0.00	0.00	The procedure is cancelled
BG161PO001/1.1-07/2009 "Support for Provision of Adequate and Cost-Effective Infrastructure of Universities in Urban Agglomerations"	30 September 2009	21,388,123	18,538,861	15,758,031	2,780,830	The procedure for collection of project proposals was closed
BG161PO001/1.1-08/2010 "Support for Reconstruction, Renovation, and Equipment of State Medical and Healthcare Facilities in Urban Agglomerations"	30 January 2010	75,660,233	75,660,233	64,311,198	11,349,035	3 project fiches Specific beneficiary MoH
BG161PO001/1.1-09/2010 "Support for the Implementation of Energy Efficiency Measures in Municipal Educational Infrastructure of Urban Agglomerations"	22 February 2010	58,778,265	54,459,945	46,290,953	8,168,993	The procedure for collection of project proposals was closed
BG161PO001/1.1-10/2010 "Support for design and promotion of innovative cultural events"	09 November 2010	10,000,000	9,394,873	7,985,642	1,409,231	The procedure for collection of project proposals was closed
BG161PO001/1.1-11/2011 "Support for Reconstruction, Renovation, and Equipment of Municipal	31 January 2011	50,440,155	50,440,155	42,874,131	7,566,024	2 project proposals

<i>Medical Facilities in Urban Agglomerations”</i>						
<i>BG161PO001/1.1-12/2011 “Support for Deinstitutionalisation of Social Institutions Providing Services for Children under Risk”</i>	<i>26 January 2011</i>	<i>53,077,158</i>	<i>52,647,749</i>	<i>44,750,586</i>	<i>7,897,163</i>	<i>The procedure for collection of project proposals was closed</i>
Operation 1.2 “Housing Policy”						
<i>BG161PO001/1.2-01/2011 “Support for Energy Efficiency in Multi-Family Residential Buildings”</i>	<i>18 July 2011</i>	<i>25,620,396</i>	<i>25,620,393</i>	<i>21,777,334</i>	<i>3,843,059</i>	<i>Specific beneficiary: Renovation of Residential Buildings Directorate</i>
<i>BG161PO001/1.2-02/2011 “Support for Provision of Modern Social Homes for Vulnerable, Minority, and Indigent Groups of the Population and Other Disadvantaged Groups”</i>	<i>30 August 2011</i>	<i>8,006,374</i>	<i>8,006,374</i>	<i>6,805,418</i>	<i>1,200,956</i>	<i>1 project proposal</i>
<i>BG161PO001-1.2-03/2012 “Support for Energy Efficiency in Multi-Family Residential Buildings, Housing Renovation Fund”</i>	<i>16 November 2011</i>	<i>6,405,099</i>	<i>6,374,421</i>	<i>5,418,258</i>	<i>956,163</i>	<i>-</i>
Operation 1.4 “Improvement of the Physical Environment and Risk Prevention”						
<i>BG161PO001/1.4-01/2007 “Support for Reduction and Prevention of Risks and Damages Caused by Fire in Urban Agglomeration Areas”</i>	<i>15 December 2007</i>	<i>15,716,436</i>	<i>49,793,033</i>	<i>42,324,078</i>	<i>7,468,955</i>	<i>Specific beneficiary: MoI</i>
<i>BG161PO001/1.4-02/2008 “Support for Improvement of the Urban Environment”</i>	<i>20 August 2008</i>	<i>57,556,412</i>	<i>51,016,073</i>	<i>43,363,662</i>	<i>7,652,411</i>	<i>The procedure for collection of project proposals was closed</i>
<i>BG161PO001/1.4-03/2008 “Support for Construction and Consolidation of Landslide Prevention Small-Scale Infrastructure in Urban Agglomerations”</i>	<i>13 October 2008</i>	<i>5,185,965</i>	<i>5,185,965</i>	<i>4,408,070</i>	<i>777,895</i>	<i>The procedure for collection of project proposals was closed</i>
<i>BG161PO001/1.4-04/2009 “Support for Landslide Prevention Small-Scale Infrastructure in Urban Agglomerations”</i>	<i>15 July 2009</i>	<i>3,765,758</i>	<i>3,375,352</i>	<i>2,869,049</i>	<i>506,303</i>	<i>The procedure for collection of project proposals was closed</i>

BG161PO001/1.4-05/2009 "Support for Integrated and Sustainable Development through Improvement of Urban Environment"	25 September 2009	49,674,758	46,508,072	39,531,861	6,976,211	The procedure for collection of project proposals was closed
BG161PO001/1.4-06/2010 "Support for Small-Scale Interventions to Prevent Floods in Urban Agglomerations"	01 July 2010	20,335.712	18,420,353	15,657,300	2,763,053	The procedure for collection of project proposals was closed
BG161PO001/1.4-07/2010 "Support for Integrated Urban Regeneration and Development Plans"	04 August 2010	9,842,731	9,804,710	8,334,004	1,470,706	The procedure for collection of project proposals was closed
Scheme BG161PO001/1.4-08/2010 "Joint European Support for Sustainable Investment in City Areas (JESSICA)"	19 October 2010	33,000,000	33,000,000	28,050,000	4,950,000	EIB Holding Fund
BG161PO001/1.4-09/2012 "Green and Accessible Urban Environment"	03 September 2012	92,032,539	90,510,471	76,933,900	13,576,571	36 project proposals
Operation 1.5 "Sustainable Urban Transport Systems"						
BG161PO001/1.5-01/2010 "Support for Integrated Urban Transport in Burgas Municipality"	10 June 2010	56,000,000	51,816,427	44,043,963	7,772,464	The procedure for collection of project proposals was closed
BG161PO001/1.5-02/2011 "Support for Integrated Urban Transport in Sofia Municipality"	04 February 2011	50,000,000	50,000,000	42,500,000	7,500,000	The procedure for collection of project proposals was closed
BG161PO001/1.5-03/2011 "Support for Integrated Urban Transport in the 5 Larger Cities"	15 November 2011	104,054,973	104,054,973	88,446,727	15,608,246	The procedure for collection of project proposals was closed

* The Total Budget column reflects the budgets of the individual schemes from the 2012 Annual Report on the Implementation of OPRD.

** The New Total Budget column reflects the updated budgets of the separate schemes as a result of the OPRD MC decisions, adopted in 2013, on reallocations of funds between operations and/or priority axes.

3.1.1.1. Information on the physical progress of the priority axis

All priority axis indicators presented are **consistent with the revised OPRD adopted by EC decision dated 17 August 2012.**

Table 7. Information on the physical progress of the priority axis

Indicators		2007	2008	2009	2010	2011	2012	2013	2014	2015	Total	
PRIORITY AXIS 1												
Impact Indicator												
Reduction of greenhouse gas emissions (CO ₂ and equivalents, kt) Core indicator⁽¹⁾	Value achieved	N/A	N/A	0	0	0	0	0 ⁽²⁾			0	
	Target value	N/A	N/A	21 ⁽¹⁾	N/A	N/A	N/A	N/A	N/A	N/A	56 ⁽¹⁾	56
	Baseline value	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Result indicators												
Energy savings from building renovation (MWh) Core indicator⁽⁴⁾	Value achieved	N/A	N/A	0	0	17,789	38,103	98,305 ⁽³⁾			98,305	
	Target value	N/A	N/A	44,400	N/A	N/A	N/A	N/A	N/A	N/A	245,000	245,000
	Baseline value	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Students benefiting from improved educational infrastructure (number) Core indicator⁽⁴⁾	Value achieved	N/A	N/A	0	8,827	33,786	57,488	216,495			216,495	
	Target value	N/A	N/A	6,300	N/A	N/A	N/A	N/A	N/A	N/A	20,000	20,000
	Baseline value	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Patients benefiting from improved healthcare infrastructure (number) Core indicator⁽⁴⁾	Value achieved	N/A	N/A	0	0	0	0	32,884 ⁽⁵⁾			32,884	
	Target value	N/A	N/A	200,000	N/A	N/A	N/A	N/A	N/A	N/A	600,000	600,000
	Baseline value	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Population benefiting from refurbished buildings (except educational and healthcare institutions) (number) Core indicator⁽⁴⁾	Value achieved	N/A	N/A	18,165	18,165	565,346	2,740,355	4,818,418 ⁽⁶⁾			4,818,418	
	Target value	N/A	N/A	100,000	N/A	N/A	N/A	N/A	N/A	N/A	230,000	230,000
	Baseline value	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Children benefiting from the deinstitutionalisation process (persons) Core indicator⁽⁴⁾	Value achieved	N/A	N/A	N/A	N/A	N/A	N/A	36			36	
	Target value	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	800	800
	Baseline value	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Additional population served with improved urban transport Core indicator⁽⁷⁾	Value achieved	N/A	N/A	N/A	N/A	N/A	N/A	N/A				
	Target value	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	90,000 ⁽⁷⁾	90,000
	Baseline value	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Output indicators												
Number of projects ensuring sustainability and improving the attractiveness of towns and cities Core indicator⁽⁸⁾	Value achieved	N/A	N/A	0	0	1	20	40 ⁽⁹⁾			40	
	Target value	N/A	N/A	40 ⁽⁸⁾	N/A	N/A	N/A	N/A	N/A	N/A	130 ⁽⁸⁾	130
	Baseline value	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Number of projects (risk prevention) Core indicator⁽⁸⁾	Value achieved	N/A	N/A	0	2	6	19	61 ⁽⁹⁾			61	
	Target value	N/A	N/A	40 ⁽⁸⁾	N/A	N/A	N/A	N/A	N/A	N/A	70 ⁽⁸⁾	70
	Baseline value	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Indicators		2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
Renovated multi-family buildings and social housing homes (number)	Value achieved	N/A	N/A	N/A	N/A	N/A	N/A	N/A			
	Target value	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	20	20
	Baseline value	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Health facilities improved (number)	Value achieved	N/A	N/A	0	0	0	0	1			1
	Target value	N/A	N/A	0	N/A	N/A	N/A	N/A	N/A	32	32
	Baseline value	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Improved educational infrastructure (number)	Value achieved	N/A	N/A	0	29	101	214	463 ⁽¹⁰⁾			463
	Target value	N/A	N/A	20	N/A	N/A	N/A	N/A	N/A	45	45
	Baseline value	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Improved cultural infrastructure (number)	Value achieved	N/A	N/A	2	2	20	66	69 ⁽¹¹⁾			69
	Target value	N/A	N/A	35	N/A	N/A	N/A	N/A	N/A	90	90
	Baseline value	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Improved social services infrastructure (number)	Value achieved	N/A	N/A	0	0	8	75	80 ⁽¹²⁾			80
	Target value	N/A	N/A	30	N/A	N/A	N/A	N/A	N/A	70	70
	Baseline value	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Homes built / reconstructed as a result of deinstitutionalisation of children	Value achieved	N/A	N/A	N/A	N/A	N/A	N/A	5			5
	Target value	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	10	10
	Baseline value	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Integrated urban development plans elaborated/ implemented (number)	Value achieved	N/A	N/A	0	0	0	0	31			0
	Target value	N/A	N/A	7	N/A	N/A	N/A	N/A	N/A	36	36
	Baseline value	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

(1) This indicator corresponds to Core Indicator No. 30. In the operational programme it is measured both at Priority Axis 1 and Priority Axis 2 level. In the SFC system the target values for 2009 and 2015 are indicated cumulatively at programme level.

(2) The indicator will be reported for 2015 after the respective Priority Axis 1 and Priority Axis 2 projects are completed and their impact is reported.

(3) As of 2013 the value of the indicator is achieved as follows:

- Achieved value of the indicator according to completed projects under schemes BG161PO001/1.1-01/2007 “Support for Provision of Adequate and Cost-Effective Educational, Social and Cultural Infrastructure Contributing to Development of Sustainable Urban Areas” for 14 projects completed in 2013 and 2 projects completed in 2011, reported after two heating seasons; BG161PO001/1.1-05/2008 “Support for the Provision of Adequate and Cost-effective State Cultural Infrastructure Contributing to Development of Sustainable Urban Areas”; BG161PO001/1.1-07/2009 “Support for Provision of Adequate and Cost-Effective Infrastructure of Universities in Urban Agglomerations”; BG161PO001/1.1-09/2010 “Support for the Implementation of Energy Efficiency Measures in Municipal Educational Infrastructure of Urban Agglomerations”; and BG161PO001/1.1-12/2010 “Support for Deinstitutionalisation of Social Institutions Providing Services to Children at Risk”

(4) The indicator corresponds to Core Indicator No. 37 “Number of benefiting students (Education)”

(5) As of 2013 a value of the indicator was achieved for one completed project.

(6) Population benefiting from the renovated buildings is reported as follows:

- Achieved value of the indicator according to completed projects under schemes BG161PO001/1.1-01/2007 “Support for the Provision of Adequate and Cost-effective Educational, Social and Cultural Infrastructure Contributing to Development of Sustainable Urban Areas”; BG161PO001/1.1-07/2009 “Support for Provision of Adequate and Cost-Effective Infrastructure of Universities in Urban Agglomerations”; BG161PO001/1.1-09/2010 “Support for Implementation of Energy Efficiency Measures in Municipal Educational Infrastructure of Urban Agglomerations”; and BG161PO001/1.1-12/2010 “Support for Deinstitutionalisation of Social Institutions Providing Services to Children at Risk”

(7) The indicator corresponds to Core Indicator No. 22 “Additional population served with improved urban transportation”. In the SFC system it is measured in numbers and the corresponding target for 2015 is 90,000 people. The indicator will be reported after complete implementation of all components of the projects for integrated urban transport.

(8) The indicator corresponds to two core indicators – Core Indicator No. 31 “Number of Projects (risk prevention)”, and Core Indicator No. 39 “Number of Projects Ensuring Sustainability and Improving the Attractiveness of Towns and Cities”. The corresponding target values for 2009 and 2015 are, respectively, 40 and 70 projects for Core Indicator 31, and 40 and 130 projects for Core Indicator 39.

(9) As of 2013 there were 42 completed contracts for risk prevention and 20 completed contracts for improvement of the urban environment. The indicator was common under the two indicators, but following a revision of OPRD in 2012 it was split.

(10) The number of buildings in the improved educational infrastructure from projects completed by 2013 is reported.

(11) The number of buildings in the improved cultural infrastructure from projects completed by 2013 is reported.

(12) The number of buildings in the improved social infrastructure from projects completed by 2013 is reported.

3.1.1.2. Information on the financial progress of the Priority Axis

Table 8. Contracted, disbursed and certified funds in the period 01 January 2013 – 31 December 2013

Priority Axis	Financial implementation		
	Contracted EUR	Disbursed EUR	Certified expenditure EUR

1. Sustainable and Integrated Urban Development	103,484,719.00	214,186,877.17	205,128,911.14
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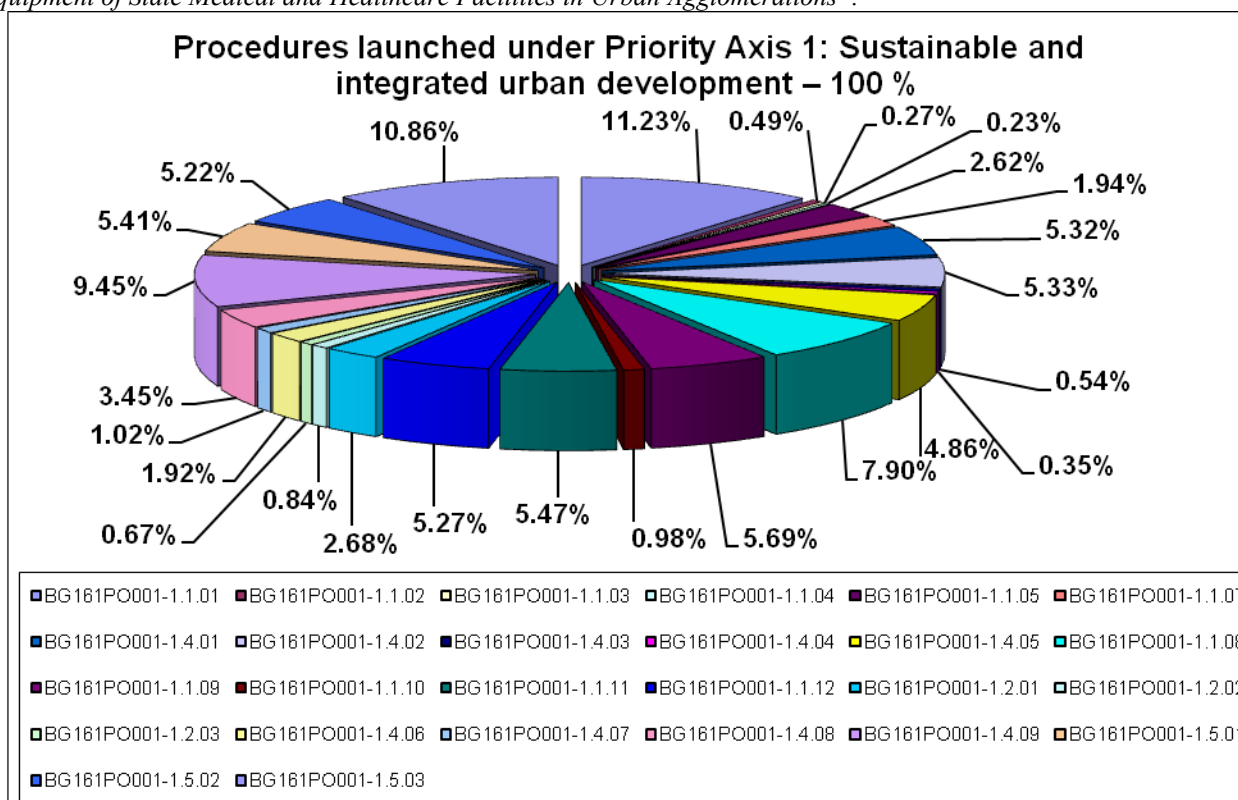
The Contracted Value column includes only the grant amount under contracts concluded in 2013 in accordance with the Decisions for the award of grants issued by the Head of the OPRD MA, excluding the amounts in the annexes executed in 2013.

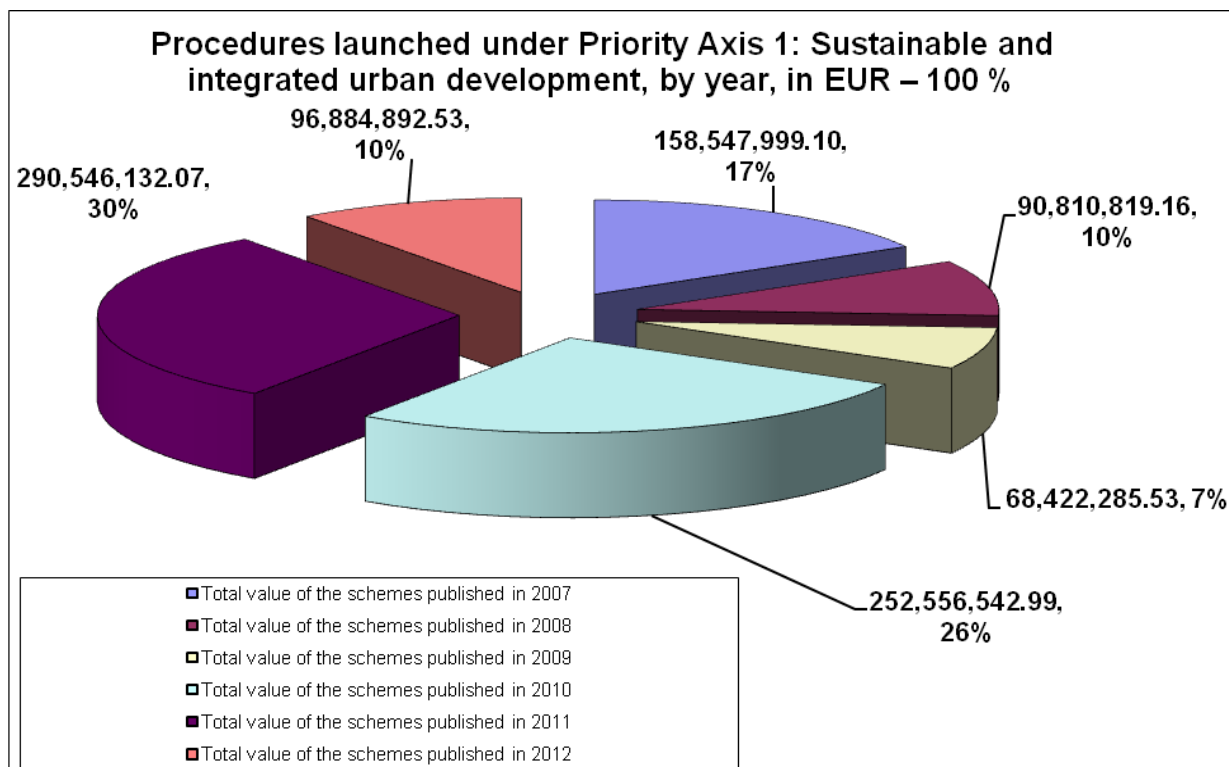
3.1.2. Qualitative analysis

Priority Axis 1 aims to increase the attractiveness and competitiveness of cities and urban areas, ensure high quality of life and access to basic services in compliance with the equal opportunities principle of the European Union, including for disadvantaged people.

Since the start of the operational programme, until the end of 2013, a total of 26 schemes were launched with a total value of EUR 957,768,668, or 100 % of the budget of the Priority Axis.

NB: Scheme BG161PO001/1.1-06/2008 "Support for Renovation and Modernisation of State Medical and Healthcare Facilities in Urban Agglomerations" has not been reported in the number of schemes because it was cancelled. It was replaced by a new scheme, published in 2010, BG161PO001/1.1-08/2010 "Support for Reconstruction, Renovation, and Equipment of State Medical and Healthcare Facilities in Urban Agglomerations".





RESULTS:

Operation 1.1 “Social infrastructure”

Operation 1.1 aims at providing adequate and cost-effective educational, healthcare, social and cultural infrastructure in line with the future needs of the population in urban centres and their surrounding territories.

- ***Scheme BG161PO001/1.1-01/2007 “Support for Provision of Adequate and Cost-Effective Educational, Social and Cultural Infrastructure Contributing to Development of Sustainable Urban Areas”***

The specific objectives of the grant scheme are: improvement, renovation and modernisation of the educational, social and cultural infrastructure, as well as ensuring social inclusion and equal access of vulnerable groups to municipal infrastructure. The scheme was published in 2007 using a competitive selection procedure without a deadline for submission of project proposals. In 2008 the receiving of project proposal was terminated because the financial resources under this scheme were depleted.

By the end of 2013, the total number of contracts under the scheme was 66, with a total grant value of EUR 105,379,494.62. In 2013 the final payments of the last contracts under the scheme were executed, and the total number of implemented projects reached 66.

- ***Scheme BG161PO001/1.1-05/2008 “Support for Provision of Adequate and Cost-Effective State Cultural Infrastructure Contributing to Development of Sustainable Urban Areas”***

The scheme was launched in 2008, and its specific objectives are orientated at improvement, renovation and modernisation of state cultural infrastructure managed by the Ministry of Culture and encouragement of social inclusion and equal access of vulnerable groups to state cultural infrastructure. The scheme envisages support for renovation, reconstruction, supply of equipment, energy audit, implementation of energy efficiency measures and installations based on RES for state cultural facilities: theatres, operas, libraries, concert halls, and improved access to them for socially vulnerable groups. Specific beneficiary of the scheme is the Ministry of Culture.

In 2013, three project proposals for reconstruction and modernisation of the National School of Arts “Panayot Pipkov”, town of Pleven, the National School of Dance Art, Sofia, and the National High School for Ancient Languages and Cultures (NHSALC) “Konstantin Kiril Filosof” were submitted, evaluated and approved. The grant contracts were concluded on 05 April 2013 and have a value of EUR 2,760,475.20.

Table 9. Information about scheme BG161PO001/1.1-05/2008 “Support for Provision of Adequate and Cost-Effective State Cultural Infrastructure Contributing to Development of Sustainable Urban Areas”

Type of procedure	Direct award procedure
Status of scheme	On-going
Date of publication	25 June 2008
Deadline for submission of project proposals	for 2008 – 30 September for 2009 – 10 July for 2010 – between 1 and 31 March and between 1 and 30 December for 2011 – between 1 and 28 February and between 1 and 30 June for 2012 – 31 January for 2013 – 31 January
Specific beneficiary	Ministry of Culture
Allocated funds in EUR (updated scheme budget by MC decision from the 10 th session)	EUR 25,804,607.92
Number of evaluation committees in 2013	1
Number of project fiches submitted in 2013	3
Number of approved project fiches	3
Number of contracts concluded in 2013	3
Total value of contracts concluded in 2013	EUR 2,760,475.20

NB: The grant amounts are given according to the original contracts.

Table 10: Expected results from scheme BG161PO001/1.1-05/2008 “Support for Provision of Adequate and Cost-Effective State Cultural Infrastructure Contributing to Development of Sustainable Urban Areas”

	Total	NWR	SWR
Number of project proposals submitted	3	1	2
Number of contracts concluded	3	1	2
Grant contract value in EUR	2,760,475.20	0	13,898,143.76
New jobs created - temporary (number)	70	20	50
Energy savings from renovation of buildings within the state cultural	1,927,092	399,015	1,528,077

infrastructure (National School of Dance Art) (MWh/year)			
Total number of people benefiting from renovation of buildings within the state cultural infrastructure (number)	2,585,600	0	2,585,600
Total number of visitors, benefiting from renovation of buildings within the state cultural infrastructure, including: - people with disabilities - minorities (number)	1,634	598	1,036
Reconstructed/repaired/renovated buildings within the state cultural infrastructure (number)	3	1	2

➤ ***Scheme BG161PO001/1.1-08/2010 “Support for Reconstruction, Renovation, and Equipment of State Medical and Healthcare Facilities in Urban Agglomerations”***

The scheme was launched in January 2010. The objectives of the grant schemes are to improve, renovate and modernise the state healthcare infrastructure in urban areas and to ensure social inclusion and equal access of disadvantaged groups.

Supported activities include:

- Component 1 – Reconstruction, renovation and equipment of buildings/premises of state medical facilities (including purchase of ambulances) in accordance with the approved National Health Strategy 2008–2013 and the Concept for Restructuring Hospital Care in Bulgaria 2010–2017;
- Component 2 – Reconstruction, renovation, optimisation (extension, increasing the height of), including the adjoining yard, and equipment/furnishing of building stock, aimed at restructuring of the facilities of Homes for medical and social care for children aged 0–3 in accordance with the Vision of Deinstitutionalisation of Children in Bulgaria and the Concept for Restructuring of Hospital Care in Bulgaria 2010–2017;
- Component 3 – Reconstruction, renovation, expansion and equipment of state medical facilities with radiation units for socially significant malignant diseases;
- Energy consumption audits and implementation of energy efficiency measures under the three components;
- Implementation of installations/facilities based on use of alternative renewable energy sources under the three components;
- Improvement of the access for people with disabilities to the above state medical facilities under the three components.

Each project proposal shall include a combination of an investment component (renovation/reconstruction/energy efficiency measures) and supply of equipment under the individual components which are interrelated and contribute to sustainable improvement of the infrastructure concerned.

Project proposals shall envisage building of architectural environment accessible to people with disabilities. In that light, all project proposals shall be compliant with Ordinance No. 4 of 1 July 2009 on the restructuring, implementation and maintenance of constructed facilities in accordance with the requirements for an environment accessible to the population, including to people with disabilities.

In 2013, the Ministry of Health submitted 3 project fiches for the building of a regional centre for early diagnostics of malignant diseases at ATGH “Prof. Dr. Stoyan Kirkovich” AD, Stara Zagora, building of a regional centre for early diagnostics of malignant diseases at ATGH Gabrovo, and supply of high-energy medical linear accelerator for UATGH “Tsaritsa Yoanna – ISUL”. The project proposals were evaluated and approved. The grant contracts for ATGH Stara Zagora and ATGH Gabrovo with a value of EUR 5,643,923.49 were signed on 28 August 2013. A contract with a value of EUR 3 million for UATGH “Tsaritsa Yoanna – ISUL” will be signed after financial resources sufficient for the financing of the project are released under the scheme.

Table 11. Information on scheme BG161PO001/1.1-08/2010 “Support for Reconstruction, Renovation and Equipment of State Medical and Healthcare Facilities in Urban Agglomerations”

Type of procedure	Direct award procedure
Status of scheme	Closed
Date of publication	29 January 2010
Deadline for submission of project proposals	for Component 1 and 3 – 31 March 2010, 30 September 2010, and 31 January 2011 for Component 2 – 31 January 2011 and 15 March 2011 for Component 1 and 3 – 22 April 2013
Specific beneficiary	Ministry of Health
Allocated funds, EUR	EUR 75,660,233
Number of evaluation committees in 2013	1
Number of project fiches submitted in 2013	3 project fiches
Number of approved project fiches	3
Number of contracts concluded in 2013	2
Total value of contracts concluded in 2013	EUR 5,643,923.49

Table 12: Expected results from scheme BG161PO001/1.1-08/2010 “Support for Reconstruction, Renovation, and Equipment of State Medical and Healthcare Facilities in Urban Agglomerations”

	Total	NCR	SER	SWR
Number of project proposals submitted	3	1	1	1
Number of contracts concluded	2	1	1	0
Grant contract value in EUR	5,643,923.49	2,814,196.96	2,829,726.53	0
Number of patients benefiting from the renovation of the building and the new diagnostic equipment	18,000	18,000	0	0

Population benefiting from the renovated buildings of the healthcare facilities	453,702	122,702	331,000	0
Total number of visitors benefiting from renovation of buildings within the state medical and healthcare facilities (number)	27,495	0	27,495	0
Reconstructed/repaired/renovated buildings of state medical and healthcare facilities (number)	2	1	1	0
Modern medical equipment (number)	27	13	14	0
New jobs created (number)	26	11	15	0
Energy savings resulting from the implementation of energy efficiency measures (MWh)	19.5	19.5	0	0

➤ ***Scheme BG161PO001/1.1-09/2010 “Support for Implementation of Energy Efficiency Measures in Municipal Educational Facilities in Urban Agglomerations”***

The scheme was launched on 22 February 2010 with the objective to provide municipal educational infrastructure with high energy efficiency, contributing to the development of sustainable urban areas and sustainable local development; to improve the energy efficiency of municipal educational facilities; to ensure use of RES in municipal educational facilities. The scheme is a continuation of scheme BG161PO001/1.1-01/2007 “Support for the Provision of Adequate and Cost-Effective Educational, Social and Cultural Infrastructure Contributing to Development of Sustainable Urban Areas”, and a response to the energy crisis from the beginning of 2009. Objects of intervention are municipal educational establishments such as nursery schools and kindergartens, primary and secondary schools, including gyms.

As a result of the release of financial resources as a result of conducted public procurement procedures and reallocation of funds from other schemes, 1 contract was concluded in 2013 for a project from the reserve list with ranked project proposals, which had not been financed because of insufficient financial resources. The total amount of the grant is EUR 837 943,76.

Table 13. Information about scheme BG161PO001/1.1-09/2010 “Support for Implementation of Energy Efficiency Measures in Municipal Educational Facilities in Urban Agglomerations”

Type of procedure	Open competition-based project selection procedure with a fixed application deadline
Date of publication	09 November 2010
Eligible candidates	86 municipalities within urban agglomeration areas
Grant contracts concluded in 2013	1 (from the reserve list)
Total value of contracts concluded in 2013 (grant)	EUR 837,943.76

Table 14: Expected results from scheme BG161PO001/1.1-09/2010 “Support for Implementation of Energy Efficiency Measures in Municipal Educational Facilities in Urban Agglomerations”

	Total	SER
Number of contracts concluded	1	1
Amount of the grant for concluded contracts, EUR	837,943.76	837,943.76

Energy savings from the renovation of the buildings of the educational infrastructure (MWh/annual average)	998.20	998.20
Number of students/children benefiting from improved educational facilities	995.00	995.00
Improved educational infrastructure – sq. m. GBUA	868.00	868.00
Improved educational infrastructure (buildings)	6.00	6.00
Number of new jobs created	4.00	4.00
Reduced greenhouse gas emissions (CO ₂ and equivalent) – kt/annual average	1.08	1.08

➤ ***Scheme BG161PO001/1.1-10/2010 “Support for Design and Promotion of Innovative Cultural Events”***

The scheme was launched in November 2010 with the overall objective to encourage development, renovation and enrichment of cultural life by organising and promoting cultural events as a main factor for building the identity and uniqueness of settlements in urban areas; to design and develop new, unconventional forms of cultural events based on innovative ideas and practices of presentation and promotion of such events; to create conditions for equal access to culture for the members of different social and ethnic groups, supporting their inclusion in the cultural processes.

Supported activities include: organisation and/or holding of innovative cultural events and implementation of good practices with a view to enriching cultural life, increasing the attractiveness of settlements in agglomeration areas and building local identity; activities for public awareness, promotion and publicity of the innovative cultural events organised; small-scale infrastructure activities related to the organisation and holding of the innovative cultural event (building architecture accessible to people with disabilities, implementation of utility activities and/or activities for greening of spaces, reconstruction, renovation of buildings in relation to the innovative cultural event); provision of adequate equipment and furniture for the events organised: purchase of technical facilities and equipment (stages, fences, sound, lighting, video equipment, multimedia, screens, etc.).

In 2013 by the virtue of decisions of the Head of the OPRD MA a total of 6 projects from the reserve list of the scheme were approved, for which no grant contracts were concluded because of insufficient financial resources. As a result of release of funds under the scheme, in April and August 2013 six grant contracts were concluded with a total value of EUR 1,536,658.46. Later on, during the reporting year, two of the contracts with a total grant value of EUR 493,425.90 were terminated due to inability to implement them in accordance with the application form. Thus the contracts concluded in 2013 were 4 with a grant value of EUR 1,043,232.57.

➤ ***Table 15. Information on scheme BG161PO001/1.1-10/2010 “Support for Design and Promotion of Innovative Cultural Events”***

Type of procedure	Open competition-based project selection procedure with a fixed application deadline
Status of scheme	With a fixed application deadline
Date of publication	09 November 2010
Deadline for submission of project proposals	28 February 2011
Eligible candidates	86 municipalities within urban agglomeration areas
Number of project proposals approved	6 (from the reserve list)

Number of contracts concluded in 2013	6 (of which 2 were terminated during the reporting period)
Total value of contracts concluded in 2013 (grant)	EUR 1,043,232.57

Table 16. Expected results from scheme BG161PO001/1.1-10/2010 “Support for Design and Promotion of Innovative Cultural Events”

	Total	NWR	SER	SCR	SWR
Number of contracts concluded	4	1	1	1	1
Amount of the grant for concluded contracts, EUR	1,043,232.57	263,773.03	267,544.41	250,702.24	261,212.89
% increase in residents’ satisfaction with the cultural life in the area	112.88 %	87 %	80 %	200 %	84.50 %
% increase in financing/investment in culture	175 %	100 %	200 %	300 %	100 %
Good practices introduced in the area of innovative cultural events	16	9	2	4	1
Number of representatives of social and ethnic groups included in innovative cultural events	3,220	1,670	150	200	1,200
Number of innovative cultural events held	8	2	2	2	2
Number of participants (active and passive) in innovative cultural events	31,300	28,600	1,500	600	600
Number of attendees of innovative cultural events	50,600	30,000	15,000	600	5,000

➤ **Scheme BG161PO001/1.1-11/2011 “Support for Reconstruction, Renovation, and Equipment of Municipal Medical Facilities in Urban Agglomerations”**

The scheme was launched in 2011 with main objective to provide suitable and effective municipal healthcare infrastructure contributing to the development of sustainable urban areas. The financial resources of the scheme were EUR 50,440,155. Specific beneficiaries under the scheme were the municipalities, where the municipal medical facilities are located, in accordance with *Items 3 and 4 of Annex 1, Hospitals Eligible for EC Financing under OPRD*, to the *Addendum to the Concept for the Restructuring of the Hospital Care System*, approved by the CoM on 1 September 2010.

The grant was used to finance activities for the delivery of suitable equipment and construction works for the buildings/premises of municipal medical facilities, in line with the approved National Health Strategy 2008–2013 and the Concept for the Restructuring of the Hospital Care System in the Republic of Bulgaria for the period 2010–2017, as well as to improve the access for people with disabilities to the above listed buildings, which will help achieve Priority 1 of the Concept: Improvement of Early Diagnostics, Quality, and Access to Oncological Treatment.

Investments are aimed at providing modern equipment and the related repair and reconstruction (bringing the premises where the equipment will be installed in line with the manufacturers' requirements, medical standards and the extant legislation). The reason for this investment is to ensure effective functioning of the hospitals and access for the population to innovative diagnostic and treatment equipment without the need to visit a district hospital.

In 2013, in connection with available funds under the scheme to the amount of EUR 2 million, the OPRD MA invited Varna Municipality (first municipality on the reserve list, Component 1 "Complex oncological centres and specialised hospitals for malignant diseases") and Troyan Municipality (first in the reserve list of Component 2 "Large Municipal Hospitals") to submit project proposals. Within the application deadline (8 August 2013), 2 project proposals were submitted, and later evaluated and approved. The grant contracts with a value of EUR 1,983,739.95 were signed on 30 October 2013.

Table 17. Information about scheme BG161PO001/1.1-11/2011 "Support for Reconstruction, Renovation, and Equipment of Municipal Medical Facilities in Urban Agglomerations"

Type of procedure	Direct award procedure
Date of publication	31 January 2011
Deadline for submission of project proposals	8 August 2013
Specific beneficiaries	21 municipalities, where the municipal medical facilities are located
Number of project proposals approved in 2013	2
Number of contracts concluded in 2013	2
Total value of contracts concluded in 2013 (GA)	EUR 1,983,739.95

Table 18: Expected results from scheme BG161PO001/1.1-11/2011 "Support for Reconstruction, Renovation, and Equipment of Municipal Medical Facilities in Urban Agglomerations"

	Total	NWR	NER
Number of project proposals submitted	2	1	1
Number of contracts concluded	2	1	1
Amount of the grant for concluded contracts, EUR	1,983,739.96	654,381.07	1,329,358.89
Number of patients benefiting from improved healthcare infrastructure (number)	15,915	15,500	415
Number of patients benefiting from the purchased equipment (number)	15,915	15,500	415
Total number of the population benefiting from the renovated buildings of the healthcare facilities (number)	640,781	107,400	533,381
Improved healthcare infrastructure – sq. m. GBUA (sq. m.)	390	390	0
Improved healthcare infrastructure (number)	4	3	1

Operation 1.2 "Housing policy"

Operation 1.2 aims at providing better living conditions for citizens and helping social integration by raising the living standard and by general improvement of the quality of life of the urban communities of disadvantaged and vulnerable people. The operation targets social development

through the active participation of the citizens in the improvement of their own lives, through strengthening the partnerships among the communities, the civil society, and the public administration.

➤ ***Scheme BG161PO001/1.2-01/2011 “Support for Energy Efficiency in Multi-Family Residential Buildings”***

The scheme was launched in 2011 and aims at providing better living conditions for citizens in multi-family residential buildings in 36 urban centres and at implementing energy efficiency measures in multi-family residential buildings in 36 urban centres. By decision of the OPRD MC, the Housing Policy Directorate at the MoRDPW (currently the Renovation of Residential Buildings Directorate at the MRD), responsible for the implementation of the housing policy in the Republic of Bulgaria, was identified as specific beneficiary under the scheme. Residential building owners are end users.

The total grant value under the scheme is EUR 25,620,396. With an order of the Minister of Regional Development dated 26 April 2013, the percentage of the grant to the owners for energy-efficient renovation was increased from 50 % to 75 % for each building approved for financing under the project. The remaining 25 % shall be provided by the condominium from own funds or through loans. As a result of this change, the total value of the project is now EUR 33,272,805.13, and the grant amount remains unchanged – EUR 25,620,393.49. The renovation budget for the building includes expenditure on building and installation works; expenditure related to surveys, technical and work designs and compliance assessment of these designs; expenditure on author’s and construction supervision; expenditure related to the commissioning of the project; expenditure related to the obtaining of the necessary permit documents required by the national legislation, including the fees related thereto and payable to the corresponding competent authorities.

Within the project, 180 multi-family buildings in 36 towns on the territory of Bulgaria are expected to be energy renewed. Using the funds under project BG161PO001/1.2-01/001 “Energy renovation of Bulgarian homes” under Operational Programme Regional Development 2007–2013, the following is awarded as grants:

- 100 % of the eligible expenditure on technical surveys; technical passport; the survey for energy efficiency and the fees of the project manager;
- 50 % of the eligible expenditure on the technical design; the compliance assessment of the project; the building and installation works; the author’s and construction supervision; the expenditure on the commissioning of the project, and the expenditure related to the obtaining of permission documents.

The owners of residential properties shall provide the remaining funds necessary for the renovation of the residential building.

As of 31 December 2013 a total of 402 expressions for interest and support were submitted by 34 cities. Only 2 cities, Lovech and Silistra, did not submit applications. 212 buildings were approved and the project managers are currently preparing indicative budgets for their renovation. 37 applications for financial assistance and implementation of energy-efficient renovations were received, and 25 grant contracts were concluded. The contracts serve as grounds for the start of activities on the approved buildings. Depending on the stage of implementation of activities, a technical survey, an energy efficiency survey, and a work design are prepared for the buildings. There are already two buildings with approved work designs and issued construction permits. At the end of October 2013 the public procurement procedure for selection of a contractor for building and installation works for the first two buildings was published, and at the year end tenders were considered. The works are expected to start during the first half of 2014.

➤ ***BG161PO001-1.2-03/2012 “Support for Energy Efficiency in Multi-Family Residential Buildings, Housing Renovation Fund”***

Within Operation 1.2 “Housing Policy”, during the period September – November 2011 a financial engineering scheme was developed to the amount of EUR 6,405,099. The scheme was launched on 16 November 2011 as a public procurement procedure under the PP Act for selection of a Housing Renovation Fund (HRF). The goal of the Housing Renovation Fund is to provide loans and guarantees to owner associations or individual owners of standalone sites within multi-family residential buildings to implement energy efficiency measures and renewable energy sources. It is directly related to the implementation of Scheme BG161PO001/1.2-01/2011 “Support for Energy Efficiency in Multi-Family Residential Buildings”, and shall help owner associations or individual owners of standalone sites within multi-family residential buildings, applying for grants, to procure 25 % of the budget to renovate the respective building or block section.

In 2012 following a procedure under the PP Act the management of the HRF was awarded to Corporate Commercial Bank AD. The contract was signed on 21 March 2012 with a total grant value of EUR 6,374,421. The manager of the fund – Corporate Commercial Bank undertook to provide additional financing to the amount of EUR 511,292. In the contract the bank undertook that the interest rate on the special-purpose loans will not exceed the base interest rate (BIR) of the Bulgarian National Bank plus a margin of 4.5 % to 6.5 %. The period for performing the service is 120 months (10 years), commencing on the date the contract is executed between the Contractor – Corporate Commercial Bank AD in its capacity as Housing Renovation Fund, and the Contracting Authority – the Ministry of Regional Development. The service should be provided at stages, in accordance with the technical specification:

- *EUR 4,871,223.36 actually provided by 30.06.2015 for residential building renovation projects in the form of loans or bank guarantees on loans;*
- *At least EUR 4,627,662.19 reimbursed to the Contracting Authority as housing renovation loans repaid or released guarantees on housing renovation loans.*

The HRF extends loans only to owner associations or individual owners of standalone sites within multi-family residential buildings, which have already concluded financing agreements under project “Energy Renovation of Bulgarian Homes”. For this reason the extending of loans is still in its initial stage.

Nevertheless, during the reporting period 9 loans to owners to the amount of EUR 12,157 were extended by the Housing Renovation Fund and utilised. In addition, 10 preliminary loan agreements were signed with a value of EUR 13,856.52, and the final loan agreements are expected to be signed shortly.

Also, 27 contracts were signed for management of escrow accounts of owner associations, which have signed financing agreements under project BG161PO001-1.2.01-0001 “Energy Renovation of Bulgarian Homes”.

➤ ***Scheme BG161PO001/1.2-02/2011 “Support for Provision of Modern Social Housing for Vulnerable, Minority, and Indigent Groups of the Population and Other Disadvantaged Groups”***

The scheme was launched in 2011, with a total value of EUR 8,006,374. The specific objectives of the scheme are to provide modern social homes for vulnerable, minority, and indigent groups of the population and other disadvantaged groups; to ensure social inclusion, spatial integration and equal access to adequate housing conditions for people in disadvantaged and vulnerable situation. Specific beneficiaries are 4 pilot municipalities – Burgas, Vidin, Devnya and Dupnitsa. The objectives of the scheme will be achieved through repair / reconstruction and transformation of the intended purpose of existing buildings, municipal property, as well as through new construction of homes on sites – 100 % municipal property. Eligible activities will also be the supply of suitable equipment and furniture related to the provision of basic living conditions; the improvement of access to the

buildings / premises mentioned above for people with disabilities, measures for providing public amenities in the adjacent grounds of the newly-developed / renovated social housing, etc.

Under the scheme, the applicants may participate individually or in associated partnership with NGOs working at local level with vulnerable, minority, indigent, or other disadvantaged groups. The associated partnership should not be a goal in itself, but rather should lead to a more efficient project development, management, and/or implementation.

Mandatory conditions for the project activities:

- Ensuring an **integrated approach: any interventions under OPRD must be complemented by activities** to provide education, employment, healthcare, social inclusion of the target group, taking into account the possibilities provided by OP HRD, programmes for access to social and health services, and other (donor, national, local) programmes.
- **Anti-segregation nature of the interventions:** the physical location of the housing construction should ensure spatial integration of the representatives of the marginalised communities as a whole and **should not increase their segregation, isolation, and exclusion.**

The location(s) of the new/reconstructed social housing should be different than the currently existing separate territories (quarters), characterised by poor condition of the buildings and the adjacent infrastructure. All building interventions should be combined with activities to provide access to education, employment, healthcare, and social services for the disadvantaged groups.

Any eligible target group for the projects under this scheme should include representatives of at least 2 of the identified groups:

- Homeless people and/or people living in very poor conditions;
- Parents with children, including underage parents, families with a lot of children, children with bad health and disabilities;
- People at risk of poverty and social exclusion.

The persons from the target group must live in / occupy buildings in poor condition and/or poor or non-existent engineering infrastructure (water, sewage, etc.) and must not own real estate.

In their project proposals municipalities shall clearly specify the criteria for selection of the representatives of the target group, who will be accommodated in the social housing provided under the project; provide clear information about the responsibilities the representatives of the target group will undertake after they are accommodated in the social housing provided under the project, as well as the rules regarding the monitoring of the fulfilling of the undertaken responsibilities and commitments and the sanctions in the event of failure to fulfil them.

The actual implementation of the grant contracts concluded in 2012 with Dupnitsa and Vidin Municipalities started in 2013. A grant contract with a value of EUR 704,933.15 was concluded on 18 January 2013 with Devnya Municipality. With a letter from March 2013, Burgas Municipality submitted a refusal to participate in the scheme with a view to the need for a new survey and identification of sites with available infrastructure, considering the possibility to move existing facilities, and its inability to implement a project before the end of the current programming period. After the refusal of Burgas Municipality to submit a revised project proposal, and upon a recommendation from the European Commission, a meeting was held with Varna Municipality (the first municipality on the reserve list of the scheme) and the readiness of Varna Municipality to submit and implement a project proposal within the current programming period was discussed. As a result of this meeting, within the application deadline (16 December 2013) Varna Municipality submitted a project proposal, which was in the course of evaluation at the end of 2013. With regard to the project of Dupnitsa Municipality a shortage of EUR 1 427 008,14 was established – EUR 762 744,46 deficit in the funds for works, furnishing and equipment for the housing, envisaged in the

project, and EUR 664 263,68 for the external infrastructure (water supply and sewerage system, power transformer sub-stations for electricity supply, street network), which shall be constructed with own funds by Dupnitsa Municipality. In connection with the lack of these funds, declared by Dupnitsa Municipality, the OPRD MA initiated a meeting with representatives of the Central Coordination Unit (CCU), the OP HRD MA and Dupnitsa Municipality, where the problems and the possibilities for financing additional costs under the project were discussed.

After examining the technical documentation related to the accompanying infrastructure, submitted by Dupnitsa Municipality, the OPRD MA decided to provide the funds required to the amount of EUR 762 744,46 (only for the eligible activities – construction of and equipment for the housing). In connection with this, on 16 December 2013 an annex was signed and the grant amount under the project was increased to EUR 3 271 115,75. Dupnitsa Municipality undertook to develop the street water supply and sewerage network with an estimated value of EUR 84 982,28 (and to this end prepared an application for financing to EMEPA – Enterprise for Management of Environmental Protection Activities), and to construct the power transformer sub-stations needed and the external electricity supply network, and the new streets will be developed by 2016.

Table 19. Information about scheme BG161PO001/1.2-02/2011 “Support for Provision of Modern Social Housing for Vulnerable, Minority, and Indigent Groups of the Population and Other Disadvantaged Groups”

Type of procedure	Direct grant award procedure
Date of publication	30 August 2011
Deadline for submission of project proposals	16 December 2013
Specific beneficiaries	Varna Municipality
Evaluation committees in 2013	1 (currently working)
Project proposals submitted	1
Grant contracts concluded in 2013	1
Amount of the grants awarded in 2013	EUR 704,933.15.

Table 20. Expected results from scheme BG161PO001/1.2-02/2011 “Support for Provision of Modern Social Housing for Vulnerable, Minority, and Indigent Groups of the Population and Other Disadvantaged Groups”

	Total	NER
Number of contracts concluded	1	1
Amount of the grant for concluded contracts, EUR	704,933.15	704,933.15
Improved social housing infrastructure – sq. m. GBUA	2,659.75	2,659.75
Number of provided individual social homes	33	33
Number of people in the target group benefiting from improved social housing infrastructure (i.e. number of people accommodated in social housing)	165	165
Reduced greenhouse gas emissions (CO ₂ and equivalent) – kt per annum	107.8	107.8

Operation 1.4 “Improvement of the physical environment and risk prevention”

The objective of Operation 1.4 is to enhance the quality of life and the relevant environmental conditions, including risk prevention, as well as to improve the physical environment of urban centres and agglomerations, within a more comprehensive strategy for social and environmental revival.

➤ BG161PO001/1.4-01/2007 “Support for Reduction and Prevention of Risks and Damages Caused by Fire in Urban Agglomeration Areas”

The scheme was launched in 2007 with the objective to ensure fire safety and reliable protection of the population from fires, and to protect the environment and reduce harmful emissions to the air. The specific beneficiary of this scheme is the Ministry of Interior. A contract with a grant amount of EUR 7 million, envisaging the supply of 42 fire fighting vehicles, was concluded under the scheme in 2008.

At its 11th session the OPRD MA gave the Head of the OPRD MA a mandate to reallocate on a regular basis the resources released under ongoing schemes, after providing the resources required for scheme BG161PO001/1.4-09/2012 “Green and Accessible Urban Environment” (EUR 92 million), to grant scheme BG161PO001/1.4-01/2007 “Support for Reduction and Prevention of Risks and Damages Caused by Fire in Urban Agglomeration Areas” with specific beneficiary the Ministry of Interior, until the total resources under the scheme reach EUR 49 million.

The project envisages supply of new equipment for fire fighting and rescue activities, thus providing the technical resources required for ensuring fire safety and protection of population in the municipalities of all 36 agglomeration areas:

- fire fighting vehicles – light, medium and heavy – 199
- rescue operation vehicles – heavy – 6
- lifting equipment (ladders 30 metres and 42 metres) – 31
- respiratory protective equipment – 1,230 respiratory apparatus sets, 26 compressor installations for charging bottles for air respiratory apparatus sets (ARAS), 5 stands for testing of ARAS, 5 stands for hydrostatic testing of bottles for ARAS
- Personal protective equipment – 2,412 sets
- Reflective clothing for specialised fire fighting operations – 205 sets
- Chemical protective suits for emergency teams – 48 suits
- Chainsaws for wood – 86
- Motor circular saws – 86
- Hoses – 2,660
- Stands for testing the “reaction to fire” and “fire resistance” indicators – 2.

In connection with the identified risk of automatic decommitment of funds at the end of 2013 according to the N+2/N+3 rule, following a written procedure of the OPRD Monitoring Committee in July 2013 the project of the Ministry of Interior for supply of fire vehicles and fire fighting equipment for urban agglomerations was transformed into a major project with a total value of EUR 51,000,000. All financial resources under OPRD were provided at the end of the reporting period.

The application for a major project, the feasibility study and the cost-benefit analysis were reviewed by the OPRD MA and JASPERS and were finalised. On 10 December 2013 the project was submitted to the European Commission for approval.

➤ ***Scheme BG161PO001/1.4-02/2008 “Support for Improvement of the Urban Environment”***

The main objective of the scheme is to support project proposals based on an integrated territorial approach, i.e. a system of interlinked actions which seek to bring about a lasting improvement of the economic, financial, social and environmental situation of a given territory. The specific objectives of the grant scheme are aimed at improving the physical aspects of the urban environment through renovation, reconstruction and modernisation of parks, green areas, pedestrian zones, streets, etc., thus also providing equal access for socially vulnerable groups to the target infrastructure. Applicants under the grant scheme were 86 municipalities falling within the scope of the urban agglomeration areas

In 2013, the last 7 contracts under the scheme were completed with final payments, and the total number of implemented projects reached 18.

➤ ***Scheme BG161PO001/1.4-03/2008 “Support for Construction and Consolidation of Landslide Prevention Small-Scale Infrastructure in Urban Agglomerations”***

The main objective of the scheme is to mitigate and prevent to the maximum extent possible the risks for and damages to the life and property of the population in the urban agglomeration areas by constructing and strengthening small-scale infrastructural facilities for landslide prevention. The specific objectives of the scheme are to protect the life and property of the population in urban agglomeration areas by providing support for landslide strengthening activities and limiting the expansion / occurrence of landslide processes through the development of automated monitoring systems.

In 2013 the last contract under the scheme was completed with final payments, and the total number of implemented projects reached 14.

➤ ***Scheme BG161PO001/1.4-04/2009 “Support for small-scale infrastructure to prevent landslides in urban agglomerations”***

This is the second scheme targeted at support for prevention of landslides in urban agglomerations.

In 2013, the last 5 contracts under the scheme were completed with final payments, and the total number of implemented projects reached 11.

➤ ***Scheme BG161PO001/1.4-09/2012 “Green and Accessible Urban Environment”***

The scheme was published on 3 September 2012, with a budget of EUR 92 million. This is the third scheme aimed at improving the urban environment, and its main objective is to improve the physical and living environment in the towns and cities – centres of agglomeration areas. The specific objectives are related to the improvement of the physical environment in towns and cities, creating conditions for integrating disadvantaged groups by improving the physical and living environment, and increasing the safety and security of the urban environment. The 36 towns and cities – centres of agglomeration areas, are beneficiaries of this scheme.

Within the deadline for submission of project proposals (11 January 2013), 36 project proposals were submitted, and were evaluated and approved during the reporting period. The grant contracts with a total value of EUR 90,510,471.04 were concluded in May and June 2013.

A list of reserve projects (including additional sites included in the projects by beneficiaries) was also approved under the scheme. These projects were approved, but the available financial resources are insufficient to finance them.

Table 21. Information about scheme BG161PO001/1.4-09/2012 “Green and Accessible Urban Environment”

Type of procedure	Direct grant award procedure
Date of publication	03 September 2012

Deadline for submission of project proposals	11 January 2013
Specific beneficiaries	36 cities and towns, centres of agglomeration areas
Evaluation committees in 2013	1
Project proposals submitted	36
Grant contracts concluded in 2013	36
Amount of the grants awarded in 2013	EUR 90,510,471.04

Table 22. Expected results from scheme BG161PO001/1.4-09/2012 “Green and Accessible Urban Environment”

	Total	NWR	NCR	NER	SER	SCR	SWR
Project proposals submitted	36	6	6	4	5	8	7
Number of contracts concluded	36	6	6	4	5	8	7
Amount of the grant for concluded contracts, EUR	90,510,471.04	15,041,952.39	15,063,988.71	10,043,177.60	12,665,201.38	19,842,521.66	17,853,629.30
Population benefiting from renovated urban environment	4,401,510	357,526	448,997	567,486	624,547	483,603	1,919,351
Improved parks, green spaces, children playgrounds (sq. m.)	1,221,420	167,935	198,036	262,065	53,438	243,804	296,143
Reconstructed and rehabilitated elements of the street network (sq. m.)	492,837	56,988	48,074	49,656	16,507	110,282	211,330
Parking places made available close to key transport nodes in peripheral urban areas (number)	2,367	1,379	205	200	204	223	156
People with disabilities with facilitated access	157,133	26,450	18,351	31,543	19,091	35,932	25,766
Energy savings from implemented energy saving street lighting (kW/year)	852,725	120,763	171,000	33,326	119,000	116,258	292,378

➤ ***Scheme BG161PO001/1.4-08/2010 “Joint European Support for Sustainable Investment in City Areas (JESSICA)”***

The implementation of the JESSICA Initiative registered considerable progress during the reporting period. As a continuation of the activities launched during the previous year, in 2013 the urban development funds, selected by the European Investment Bank in its capacity as JESSICA Holding Fund in Bulgaria, continued their operations, as follows:

“Fund for sustainable urban development of Sofia” EAD extends low-interest loans, guarantees and equity for projects in the territory of Sofia. The funds to be invested by the Fund in urban development projects amount to EUR 25 155 560,56, including EUR 12 577 780,28 from OPRD 2007–2013 and EUR 12 577 780,28 from the Fund Manager.

“Regional Fund for Urban Development” AD extends low-interest loans and equity for projects in the territory of the six large cities. The funds to be invested by the Fund in urban development projects amount to EUR 56 600 011,25, including EUR 18 866 670,42 from OPRD 2007–2013 and EUR 37 733 340,84 co-financing from the Fund Manager.

In 2013, upon the initiative of JESSICA, 5 loan agreements were concluded for financing of projects for:

- ✓ Reconstruction of the Women Market in Sofia;
- ✓ Reconstruction of the Central Municipal Market in Stara Zagora;
- ✓ Construction of an underground attraction facility in Burgas by reconstruction of a former defence site;
- ✓ Development of production facilities for spare parts for vehicles in the Industrial zone of Ruse;
- ✓ Construction of “Flora” Exhibition in Burgas.

The total amount of the 5 loans is EUR 16,748,755, including EUR 6,386,136 from OPRD 2007–2013 and EUR 10,362,618 co-financing from the UDF. Additional capital is attracted from the final beneficiaries (EUR 7,666,323) and the total value of the 5 project comes to EUR 24,415,078.

The project for reconstruction of the Central Municipal Market in Stara Zagora with a value of EUR 1,420,854 was completed and on 15 November 2013 the market was commissioned.

In addition, in 2013 the Investment Boards of the two UDFs have approved another 4 urban development projects, the loan agreements for which will be signed shortly, as follows:

- ✓ Project for regeneration of the “Vrabnitsa” market in Sofia;
- ✓ Construction of a logistics centre near Stara Zagora;
- ✓ Construction of a car park in the territory of Varna with 160 parking places;
- ✓ Construction of a cinema complex in Burgas.

The total value of the financing for the 5 projects that have received loans and the 4 projects approved for financing is EUR 33,488,390, including EUR 8,564,720 from OPRD 2007–2013, EUR 14,849,140 co-financing from the UDFs, and EUR 10,074,530 equity from end beneficiaries.

The urban development funds work with a wide portfolio of additional potential projects that can be financed with low-interest loans under the JESSICA initiative.

With a view to the expiry of the Financing Agreement between the Republic of Bulgaria and the European Investment Bank as a JESSICA Holding Fund for Bulgaria, actions were taken to extend the agreement with the EIB. With Decision No. 390 of 04 July 2013 the Council of Ministers gave the Minister of Regional Development a mandate to conduct negotiations with the European

Investment Bank for extending the initially agreed 3-year term of the Financing Agreement or for its normal termination and the transfer of the EIB responsibilities to the OPRD MA.

As a result of the negotiations, the parameters of the agreement for extending the term of the Financing Agreement till 31 December 2015 were agreed.

Support from OPRD 2007–2013 was provided via three financial engineering instruments and the two models for implementation of financial engineering instruments for urban regeneration and energy efficiency, with and without the participation of a Holding Fund, were applied. Thus, Bulgaria actively applied these financial instruments as an innovative form of support with SCF funds, which will be considerably expanded during the next 2014–2020 programming period.

In connection with the provisions of Article 67 (2) “j” of Regulation 1083/2006, related to the obligation to provide information on the progress achieved in the financing and implementation of financial engineering instruments under Article 44, information is enclosed with this report on the implementation of financial engineering instruments in the meaning of Article 44 (1), b) and c) of Regulation 1083/2006 in the course of the implementation of Operational Programme “Regional Development” 2007–2013.

Operation 1.5 “Sustainable urban transport systems”

The objective of the operation is to ensure accessibility and cohesion through effective and sustainable urban transport systems.

➤ Scheme BG161PO001/1.5-03/2011 “Support for Integrated Urban Transport in the 5 Larger Cities”

The scheme was published in 2011 with a main objective to develop sustainable and integrated urban transport systems in the five larger Bulgarian cities (Plovdiv, Varna, Ruse, Stara Zagora, and Pleven) to help improve the living and environmental conditions. Five grant contracts are implemented with a total value of the grant EUR 104,054,972.44. The project of Varna Municipality is the third major project under OPRD within the meaning of Article 39 of Regulation (EC) No 1083/2006. The project was approved by the EC on 17 December 2012 with Decision C (2012) 9598.

Specific objectives of the scheme:

- Creation of more efficient and speedy urban public transport with less power consumption;
- Construction of more accessible secondary infrastructure for the public transport networks and introduction of environmentally friendly urban transport types;
- Raising the mass urban public transport attractiveness and usage level;
- Improving city functionality and population mobility;
- Reducing traffic jams and increasing urban transport capabilities;
- Providing social inclusion and equal access for disadvantaged groups.

- “Integrated Urban Transport of Plovdiv” Project

The value of project BG161PO001/1.5-03/2011/001 “Modernisation and development of sustainable public transport in Plovdiv” is EUR 22,653,782.41, of which the grant is EUR 21,200,000 and EUR 1,453,782.41 own contribution of Plovdiv Municipality. The grant contract was concluded on 2 July 2012 with duration of 36 months.

The project envisages a set of measures to modernise public transport and encourage alternative forms of transport (on foot or by bicycles), and studies for future investments, which will upgrade the results achieved.

Project components:

- Public transport management system (PTMS)
- Traffic lights and control
- Cycle-paths
- Survey for the purpose of public transport planning

Progress on the implementation of the project in 2013 is as follows:

- On 25 January 2013 a contract was concluded for establishment of an external expert team who work on the implementation of the contract with a value of EUR 303,707, including VAT.
- On 25 September 2013 a contract was concluded for conducting a public awareness campaign with a value of EUR 98,708, including VAT. The contract is in the course of implementation.
- On 25 September 2013 a contract was concluded for audit of the project with a value of EUR 33,745, including VAT. The contract is in the course of implementation.

Public procurement procedures conducted as of December 2013:

- Design and construction of cycle-ways. The Contracting Authority issued a decision for selection of a contractor, which was appealed before the CPC.
- Commissioning and operation of public transport management system.
- Design, construction and commissioning of a traffic management centre.

In 2014, a public procurement procedure will be announced for carrying out a survey for the purpose of public transport planning.

- **“Integrated Urban Transport of Varna” Project**

Detailed information about project BG161PO001/1.5-03/2011/002 “Integrated Urban Transport of Varna” is included in section 4. ERDF/CF funded programmes: Major Projects

- **“Integrated Urban Transport of Stara Zagora” Project**

The value of project BG161PO001/1.5-03/2011/003 “Modernisation and development of sustainable public transport in Stara Zagora” is **EUR 14,778,126.33**, of which the grant is **EUR 12,600,000** and **EUR 2,178,126.33** own contribution of Stara Zagora Municipality. The grant contract was concluded on 5 July 2012 and has duration of 36 months.

Project components:

- Purchasing of new trolley buses
- Maintenance of the trolley network
- Construction of cycle-paths
- Intervention in the road network
- Rehabilitation of public transport stations
- Introduction of an information system (telematics)

Contracts concluded with contractors in 2013:

- On 05 March 2013 a contract for selection of a Project Implementation Unit for project “Modernisation and Development of Sustainable Public Transport in Stara Zagora” was signed with a value of EUR 170,234, including VAT.

- On 31 October 2013 a contract was concluded with the subject “Information and Publicity about the Project” with a value of EUR 22,076, including VAT.
- On 05 November 2013 a contract was concluded with subject “Construction supervision in the course of the construction of the urban road network” with a value of EUR 1,828, including VAT.

Procedures in the course of evaluation as of 31 December 2013:

- Development of a working design for repair and rehabilitation of the contact network and development of a HSN system;
- Development of a working design for repair and rehabilitation of TIS;
- Design and construction works on the urban road network (including cycleways, ramps for people with disabilities);
- Purchase of 14 trolley buses and a specialised vehicle for repair and maintenance, and supply of equipment for a depot;
- Design, repair and rehabilitation of a trolley bus depot.

- “Integrated Urban Transport of Pleven” Project

The value of project BG161PO001/1.5-03/2011/004 “Integrated Urban Transportation of Pleven” is EUR 11,924,475.24, of which the grant is EUR 10,427,804.76 and EUR 1,496,670.48 ineligible costs, financed by Pleven Municipality. The grant contract was concluded on 10 July 2012 and has a duration of 36 months.

Project components:

- Public transport management system
- Construction of a new trolley bus depot
- Expanding and optimisation of the trolley network
- Reconstruction and improvement of the trolley network
- Smart traffic management system
- Rehabilitation of public transport stations
- Cycle-paths
- Programme for sustainable development and introduction of innovative solutions.

The progress on the implementation of the project in 2013 is as follows:

At the beginning of 2013 contracts were signed with contractors for information and publicity, and financial audit of the project with values EUR 25,603 (including VAT) and EUR 15,338 (including VAT) respectively. On 26 March 2013 a contract was concluded for preparation of documentation for tender procedures for selection of contractors with a value of EUR 24,124, including VAT. On 27 November 2013 a contract was concluded for development of a Programme for sustainable development and introduction of innovative solutions with a value of EUR 99,640, including VAT.

At the end of December 2013 the decision for selection of a contractor for a management and control system of the MUPT – engineering was issued and has not been appealed against. In January 2014 the contract with a value of EUR 557,650 (including VAT) will be signed with the contractor.

As of the December 2013 the contractor selection procedure for construction of new trolley bus depot – engineering was being evaluated. In 2013, the public procurement procedures for smart

transport system and reconstruction, improvement, expansion and optimisation of the trolley network were launched. The evaluation of tenders is expected to start in January 2014.

In 2014, public procurement procedures will be launched for rehabilitation of public transport stations and construction of cycle-paths.

- Project “Modernisation and Development of Sustainable Urban Transport in Ruse”

The value of project BG161PO001/1.5-03/2011/005 “Modernisation and development of sustainable urban transport in Ruse” is EUR 15,021,363.25, of which the grant is EUR 13,299,692.67 and EUR 1,721,670.58 own contribution of Ruse Municipality. The grant contract was concluded on 06 August 2012 and has duration of 36 months.

The project envisages a set of measures to modernise public transport and encourage alternative forms of transport (on foot or by bicycles), and studies for future investments, which will upgrade the results achieved.

Project components:

- Electronic ticketing system
- GPS-based system for control and management of public transport and electronic information boards
- Facilitating the access to the public urban transport (PUT) along “Tsar Osvoboditel” Blvd.
- Construction of an underpass under the railway line to connect Rodina area with the centre
- Improving the accessibility to PUT in Charodeika area
- Construction of cycle-paths
- Rehabilitation of the trolleybus infrastructure – poles and catenary system
- Improving the access to the PUT stations and the safety of pedestrians and cyclists along “Bulgaria” Blvd.

Progress on the implementation of the project in 2013 is as follows:

- On 02 July 2013 a contract was concluded with an external consultant for the project with a value of EUR 121,482, including VAT. The contract is in the course of implementation.
- On 11 November 2013 a contract for construction supervision was concluded with a value of EUR 108,707, including VAT. The contract is in the course of implementation.
- On 16 December 2013 a contract was concluded for conducting a public awareness campaign with a value of EUR 66,557, including VAT. The contract is in the course of implementation.

As of December 2013 public procurement procedures were being conducted for :

- Equipment for electronic ticketing system and equipment for System for control and management of public transport (SCMPT).
- SCMPT – installation of electronic boards and rehabilitation of trolleybus infrastructure.
- Reconstruction of the roundabout, “Tsar Osvoboditel” Blvd.
- Underpass and drilling, Rodina area
- Construction and installation works – Charodeika area and “Bulgaria” Blvd.
- Financial audit.

In 2014 contractor selection procedures will be announced for:

- Cycleway network plan.
- Synchronising the cycles of 3 traffic light systems.
- Construction of cycle-paths.

➤ **Projects in implementation**

The total number of contracts in implementation in 2013 under Priority Axis 1 is 254, signed respectively in 2008–2013, as follows:

Grant scheme	Grant scheme name	Number of contracts
BG161PO001/1.1-02/2008	Support for Provision of Adequate and Effective State Educational Infrastructure, Contributing to Development of Sustainable Urban Areas	6
BG161PO001/1.1-03/2008	Support for Provision of Adequate and Efficient State Social Infrastructure, Contributing to the Development of Sustainable Urban Areas	17
BG161PO001/1.1-04/2008	Support for Provision of Adequate and Effective Infrastructure of Labour Offices, Contributing to the Development of Sustainable Urban Areas	3
BG161PO001/1.1-05/2008	Support for Provision of Adequate and Effective State Cultural Infrastructure, Contributing to the Development of Sustainable Urban Areas	5
BG161PO001/1.1-07/2009	Support for Provision of Adequate and Cost-Effective Infrastructure for Universities in Urban Agglomerations	2
BG161PO001/1.1-08/2010	Support for Reconstruction, Renovation, and Equipment of State Medical and Healthcare Facilities in Urban Agglomerations	16
BG161PO001/1.1-09/2010	Support for Implementation of Energy Efficiency Measures in Municipal Educational Infrastructure of Urban Agglomerations	22
BG161PO001/1.1-10/2010	Support for Design and Promotion of Innovative Cultural Events	11
BG161PO001/1.1-11/2011	Support for Reconstruction, Renovation, and Equipment of Municipal Medical Facilities in Urban Agglomerations	20
BG161PO001/1.1-12/2011	Support for Deinstitutionalisation of Social Institutions Providing Services to Children at Risk	58
BG161PO001/1.2-01/2011	Support for Energy Efficiency in Multifamily Residential Buildings	1
BG161PO001/1.2-02/2011	Support for Provision of Modern Social Housing for Vulnerable, Minority, and Indigent Groups of the Population and Other Disadvantaged Groups	3
BG161PO001-1.2-03/2012	Support for Establishment of Financial Engineering Instrument – Housing Renovation Fund	1

BG161PO001/1.4-01/2007	Support for Reduction and Prevention of Risks and Damages Caused by Fire in Urban Agglomeration Areas	1
BG161PO001/1.4-05/2009	Support for Integrated and Sustainable Development through Improvement of the Urban Environment	1
BG161PO001/1.4-06/2010	Support for Small-Scale Interventions to Prevent Floods in Urban Agglomerations	7
BG161PO001/1.4-07/2010	Support for Integrated Plans for Urban Regeneration and Development	36
BG161PO001/1.4-08/2010	Joint European Support for Sustainable Investment in City Areas (JESSICA)	1
BG161PO001/1.4-09/2012	Green and accessible urban environment	36
BG161PO001/1.5-01/2010	Support for Integrated Urban Transport in Burgas Municipality	1
BG161PO001/1.5-02/2011	Support for Integrated Urban Transport in Sofia Municipality	1
BG161PO001/1.5-03/2011	Support for Integrated Urban Transport in the Five Larger Cities	5

For the purposes of monitoring the implementation of projects under Priority Axis 1 by the OPRD MA, a total of 227 on-the-spot checks were carried out, of which 66 under the Annual Plan and 46 on-the-spot checks at the discretion of the MA. A total of 115 on-the-spot checks of completed projects for ensuring the sustainability of results were carried out. Under Priority Axis 1 specialised external companies carried out 165 on-the-spot checks under the Annual Plan, prompted by decisions of the MA and based on irregularity alerts.

➤ **Terminated contracts**

During the reporting period 10 grant contracts were terminated as follows:

Beneficiary	Contract No	Date of contract termination	Reasons for termination
Panagyurishte Municipality	BG161PO001/1.1-01/2007/044-02	14 November 2013	Terminated after the rejection of a request for final payment due to failure to implement the project activities
Social Assistance Agency	BG161PO001/1.1-03/2008/001/015	17 September 2013	Terminated because it was impossible to implement the envisaged activities within the deadline
Social Assistance Agency	BG161PO001/1.1-03/2008/001/010	21 November 2013	Terminated because it was impossible to implement the envisaged activities within the deadline
Social Assistance Agency	BG161PO001/1.1-03/2008/001/018	21 November 2013	Terminated because it was impossible to implement the envisaged activities within the deadline

Varna Municipality	BG161PO001/1.1-10/2010/002	31 January 2013	Terminated because it was impossible to implement the envisaged activities within the deadline due to changes in the project team and delayed procedures for major activities
Velingrad Municipality	BG161PO001/1.1-10/2010/007	08 July 2013	Terminated because it was impossible to implement the envisaged activities within the deadline
Sandanski Municipality	BG161PO001/1.1-10/2010/043	18 September 2013	Terminated because it was impossible to conduct contractor selection procedures within the deadline set and, therefore, to implement the envisaged main activities
Elin Pelin Municipality	BG161PO001/1.1-10/2010/042	12 December 2013	Terminated because of circumstances making it impossible for the beneficiary to implement the project
Balchik Municipality	BG161PO001/1.1-10/2010/006	18 June 2013	Terminated because of serious delays in implementation and because it was impossible to implement the main activities envisaged under the project
Nova Zagora Municipality	BG161PO001/1.1-12/2011/057	10 December 2013	Terminated because it was impossible for the municipality to provide resources for current disbursements under the project and because of delays in the selection of contractors for the main activities under the project

➤ Completed projects

During the reporting period, **14 projects** under scheme BG161PO001/1.1-01/2007 “Support for Provision of Adequate and Cost-Effective Educational, Social and Cultural Infrastructure Contributing to Development of Sustainable Urban Areas” were completed. The results reported under these projects are:

No.	Indicators under scheme BG 161 PO 001/1.1-01/2007	Reported achievement
1	Population benefiting from the renovated building of the improved educational infrastructure	122,666 people
2.1	Improved educational infrastructure (number)	78 buildings
2.2	Improved social infrastructure (number)	5 buildings
2.3	Improved cultural infrastructure (number)	0 buildings
3.	Number of people with disabilities benefiting from the intervention	501 people
4.	Number of Roma/other ethnic minorities benefiting from the project results	2,870 people
5.	Students benefiting from improved educational infrastructure (number)	24,325 students

During the reporting period, **3 projects** under scheme BG161PO001/1.1-05/2007 “Support for Provision of Adequate and Effective State Cultural Infrastructure, Contributing to Development of Sustainable Urban Areas” were completed. The results reported under these projects are:

No.	Indicators under scheme BG 161 PO 001/1.1-05/2007	Reported achievement
1.	Total number of people benefiting from renovation of buildings within the state cultural infrastructure	2,076,958 people
2.	Total number of visitors benefiting from renovation of buildings within the state cultural infrastructure	54,567 people
3.	Reconstructed/repaired/renovated buildings within the state cultural infrastructure	3 buildings
4.	Number of Roma/other ethnic minorities benefiting from the project results	26,363 people
5.	Number of people with disabilities benefiting from the intervention	177,950 people

During the reporting period **11 projects** under scheme BG161PO001/1.1-07/2007 “Support for Provision of Adequate and Cost-Effective Infrastructure of Universities in Urban Agglomerations” were completed. The results reported under these projects are:

No.	Indicators under scheme BG161PO001/1.1.-07/2007	Reported achievement
1.	Individuals benefiting from the modernised university infrastructure	79,917 people
2.	Improved educational infrastructure – sq. m. Gross built-up area (GBUA)	198,701 sq. m.
3.	Number of buildings	26 buildings
4.	Number of people with disabilities benefiting from the intervention	803 people

During the reporting period **19 projects** under scheme BG161PO001/1.1-09/2007 “Support for Implementation of Energy Efficiency Measures in Municipal Educational Infrastructure of Urban Agglomerations” were completed. The results reported under these projects are:

No.	Indicators under scheme BG161PO001/1.1-09/2007	Reported achievement
1.	Number of students/children benefiting from improved educational facilities	54,412 people
2.	Improved educational infrastructure – sq. m. Gross built-up area (GBUA)	425,504 sq. m.
3.	Number of buildings	144 buildings
4.	Number of representatives of Roma/other ethnic minorities benefiting from the project results	4,649 people
5.	Number of people with disabilities benefiting from the intervention	309 people

During the reporting period **28 projects** under scheme BG161PO001/1.1-10/2010 “Support for Design and Promotion of Innovative Cultural Events” were completed. The results reported under these projects are:

No.	Indicators under scheme BG161PO001/1.1-10/2010	Reported achievement
1.	Good practices introduced in the area of innovative cultural events	248
2.	Number of representatives of social and ethnic groups included in innovative cultural events	53,186 people
3.	Number of innovative cultural events held	153
4.	Number of attendees of innovative cultural events	842,460 people
5.	Number of participants (active and passive) in innovative cultural events	366,650 people

During the reporting period **1 project** under scheme BG161PO001/1.1-11/2010 “Support for Reconstruction, Renovation, and Equipment of Municipal Medical Facilities in Urban Agglomerations” were completed. The results reported under this project are:

No.	Indicators under scheme BG161PO001/1.1-11/2010	Reported achievement
1.	Number of patients benefiting from improved healthcare infrastructure	32,884 patients
2.	Total number of the population, benefiting from the renovated buildings of the healthcare facilities	94,476 people
3.	Improved healthcare infrastructure – sq. m. Gross built-up area (GBUA)	91.64 sq. m.
4.	Health facilities improved	1

During the reporting period **3 projects** under scheme BG161PO001/1.1-12/2010 “Support for Deinstitutionalisation of Social Institutions Providing Services for Children at Risk” were completed. The results reported under these projects are:

No.	Indicators under scheme BG161PO001/1.1-12/2010	Reported achievement
1.	Children and young people with disabilities from Homes for Children with Disabilities using the improved social infrastructure	36
2.	Built, equipped, and furnished Family-Type Housing Centres	3
3.	Constructed / reconstructed, furnished and equipped secure homes	2

During the reporting period **20 projects** under scheme BG161PO001/1.4-02/2008 “Support for improvement of the urban environment” and scheme BG161PO001/1.4-05/2009 “Support for Integrated and Sustainable Development Through Improvement of the Urban Environment” were completed. The results reported under these projects are:

No.	Indicators under schemes BG161PO001/1.4-02/2008 and BG161PO001/1.4-05/2009	Reported achievement
1.	Population benefiting from renovated urban environment	1,105,967 people
2.	Square metres in improved parks, green areas, children	

	playgrounds	915,833 sq. m.
3.	Square metres in constructed / rehabilitated pedestrian and bike alleys, sidewalks	344,626 sq. m.
4.	Parking places made available close to key transport nodes in peripheral urban areas	1,459

During the reporting period **6 projects** under scheme BG161PO001/1.4-03/2008 “Support for Construction and Consolidation of Landslide Prevention Small-Scale Infrastructure in Urban Agglomerations” and scheme BG161PO001/1.4-04/2009 “Support for Small-Scale Infrastructure to Prevent Landslides in Urban Agglomerations” were completed. The results reported under these projects are:

No.	Indicators under schemes BG161PO001/1.4-03/2008 and BG161PO001/1.4-04/2009	Reported achievement
1.	Landslide area	431,061.39 sq. m.
2.	Population benefiting from the intervention	11,887 people

During the reporting period **36 projects** under scheme BG161PO001/1.1-06/2010 “Support for Small-Scale Interventions to Prevent Floods in Urban Agglomerations” were completed. The results reported under these projects are:

No.	Indicators under scheme BG161PO001/1.1-06/2010	Reported achievement
1.	Population benefiting from the developed infrastructure	767,195 people
2.	Facilities built to prevent floods in settlements, metres length	42,655 m.
3.	Length of banks protected or regenerated	29,415 m.

➤ **Support for the growth poles – the 7 larger cities (Sofia, Plovdiv, Varna, Ruse, Burgas, Stara Zagora and Pleven)**

The table below represents information on the commitments in the operational programme on indicative allocation of funds under Priority Axis 1 “Sustainable and Integrated Urban Development”, taking into account the reallocated financial resource and the progress achieved during the reporting period.

Table 29: Information about the allocation of the financial resource for support of the 7 larger cities*

Municipalities	Indicative allocation* (EUR)	Contracts concluded and to be concluded by the end of the first quarter of 2014 (EUR)**	Available resources for reallocation to scheme 2.1-01 (CCT) (MEUR) (EUR)
1	2	3	4
Sofia Municipality	120,000,000	140,877,974	
TOTAL Sofia Municipality	120,000,000	140,877,974	
TOTAL for the 6 larger municipalities (Plovdiv, Varna, Burgas, Ruse, Pleven, Stara	300,000,000	329,270,292	

Zagora)			
TOTAL 6 larger municipalities	300,000,000	329,270,292	
TOTAL 29 municipalities within the agglomerations of Sofia and the 6 larger cities	110,000,000	93,442,336	9,836,287
TOTAL 29 municipalities:	110,000,000	93,442,336	
TOTAL 50 municipalities outside the scope of Sofia and the 6 larger cities	393,000,000	384,341,783	
TOTAL 50 municipalities:	393,000,000	384,341,783	
TOTAL 86 municipalities:	923,000,000	947,932,385	9,836,287

* The indicative allocation is in accordance with the third revision of the operational programme, sent to the EC for approval on 26 September 2013.

** The total amount of the housing policies schemes (1.2-01-RRBD and 1.2-03-HRF), EUR 32 million, is allocated indicatively as follows: 1/4 for Sofia Municipality, 2/4 for the 6 larger cities, 1/4 for the remaining 29 towns.

3.1.3. Significant problems encountered and measures taken to overcome them

- With regard to scheme BG161PO001/1.1-08/2010 “Support for Reconstruction, Renovation, and Equipment of State Medical and Healthcare Facilities in Urban Agglomerations” with beneficiary the Ministry of Health and scheme BG161PO001/1.1-11/2011 “Support for Reconstruction, Renovation, and Equipment of Municipal Medical Facilities in Urban Agglomerations”, delays were established in the preparation by beneficiaries of the technical specifications for supply of highly-specialised medical equipment for diagnostics and treatment of malignant diseases. The OPRD MA received requests for changes to the parameters of the technical specifications for grant contracts. The changes aimed at removing the discriminatory parameters in technical specifications for grant contracts. Where necessary, additional parameters were added in the description of the equipment in order to achieve greater clarity and objective evaluation at the stage of the contractor selection procedure.

Measures taken: With order No. RD-02-14-1888 of 26 July 2012 of the Head of the OPRD MA, a Working group was set up comprising leading experts in medical equipment for diagnostics and treatment of malignant diseases with the task to express opinions on the eligibility and expediency of the changes proposed by beneficiaries to technical specifications for grant contracts under the scheme. In addition, when approving changes to technical specifications, the OPRD MA also takes into account the opinions of external experts, specialising in the corresponding field. The process of reviewing and approval of corrected technical specifications, for which additional time was necessary, delayed to some extent the preparation of the tender documentations and, respectively, the contractor selection procedures for the supply contracts. However, this did not jeopardise the implementation of the concluded grant contracts during the current programming period.

- In 2013 under scheme BG161PO001/1.1-05/2008 “Support for Provision of Adequate and Cost-Effective State Cultural Infrastructure Contributing to Development of Sustainable Urban Areas” a project for “Reconstruction and Modernisation for Provision of Accessible Environment and Taking Effective Measures in the Course of Renovation of National High School for Ancient Languages and Cultures (NHSALC) “Konstantin Kiril Filosof”” with specific beneficiary the Ministry of Culture was approved and financed. In connection with the fact that the construction

and installation works continued after the start of the school year, the Ministry of Culture took actions and temporarily moved the students in the building of another school in the centre of Sofia until the completion of the project. In this connection part of the school management and part of the students requested that the school remains in the building in which it was moved with a view to the proximity of this building to institutions of importance for the learning process, such as Sofia University. This, in turn, created public tension.



Measures taken: The OPRD MA held a number of meetings with the Ministry of Culture in order to resolve the issue. Pursuant to the requirements of the Operational Programme, the Ministry of Culture, as a beneficiary of the project, may not change the use and ownership of the intervention site for 5 years after the completion of the project. The Ministry of Culture is expected to take a final decision on the case in 2014.

- During the reporting period the OPRD MA was informed that Sandanski Municipality faces difficulties in the implementation of a project under grant scheme BG161PO001/1.1-12/2011 “Support for Deinstitutionalisation of Social Institutions Providing Services for Children at Risk”. The reason was the resistance from the local community against the construction of a secure home in the village of Leshnitsa, Sandanski Municipality, and a request for a decision on the case.

Measures taken: The OPRD MA took steps for resolving the problem by initiating a meeting with Sandanski Municipality, representatives of the State Agency for Child Protection and the CCU. At this meeting the existing situation and the possible alternatives for overcoming the problems were discussed. A meeting was also held with representatives of the village of Leshnitsa, Sandanski Municipality. In this connection it was decided to change the location of the secure home and the building to be constructed next to the family-type accommodation centre in the village of Valkovo, which is also part of the project.

- Within grant scheme “Support for Provision of Modern Social Housing for Vulnerable, Minority, and Indigent Groups of the Population and Other Disadvantaged Groups”, in the course of the evaluation of the project proposal of Varna Municipality a complaint was received from an Initiative Committee of the residents of the complexes near the land designated for the construction of the social housing under OPRD. The complaint is against the decision of the Mayor for participation of Varna Municipality in the scheme.

Measures taken: With a view to the fact that the project proposal must be supported by the wider community (according to the Requirements for application under grant scheme BG161PO001/1.2-02/2011), the Head of the OPRD MA has requested that detailed information be provided about all actions undertaken by Varna Municipality to obtain the required public support of the residents of “Vazrazhdane” area in Varna, and of all stakeholders.

3.2. Priority Axis 2 “Regional and Local Accessibility”

Under the third revision of the OPRD, sent to the EC for approval on 27 September 2013, the financial resources for this Priority Axis are **EUR 330,007,985**, of which **EUR 280,506,787** are European financing. The total amount makes up **20.6 %** of the OPRD budget. The third revision of the programme covers all reallocations of funds made up to 31 August 2013.

At the same time, in order to provide actual and correct information, all decisions taken by the OPRD Monitoring Committee in 2013, including the decisions to reallocate financial resources between operations and/or priority axes, taken after the submission of the third revision of OPRD via the SFC system on 27 September 2013, are reflected in this report. In this connection the financial

resources allocated to Priority Axis 2 amount to *EUR 331,087,639*, of which *EUR 281,424,493* are co-financing from the ERDF. The total amount makes up 20.7 % of the programme budget.

3.2.1. Achievement of targets and analysis of the progress

100 % coverage of Priority Axis 2 was achieved in 2013.

Table 30. Announced grant schemes:

	Date of publication	Total budget*, EUR	New total budget**, EUR	Co-financing from ERDF, EUR (85 %)	National financing, EUR (15 %)	Projects received between 1.01.2013 and 31.12.2013
Operation 2.1. "Regional and Local Road Infrastructure"						
BG161PO001/2.1-01/2007 "Support for Rehabilitation and Reconstruction of Second- and Third-Class Roads"	01 November 2007	256,203,961	257,256,532	218,668,052	38,588,480	10 project fiches, Specific beneficiary: RIA
BG161PO001/2.1-02/2007 "Support for Sustainable and Integrated Local Development through the Rehabilitation and Reconstruction of the Municipal Road Network"	14 November 2007	53,555,435	53,291,161	45,297,487	7,993,674	The procedure for collection of project proposals was closed
BG161PO001/2.2-01/2011 "Support for Development of Critical, Secure, Safe, and Reliable Public ICT Infrastructure"	01 December 2011	20,003,288	20,003,288	17,002,794	3,000,494	Specific beneficiary EA ECNIS
BG161PO001/2.3-01/2010 "Preparation, Research and Design of the Construction of an Intersystem Gas Connection Bulgaria-Serbia"	15.11.2010	851,359	536,658	456,159	80,499	Specific beneficiary: MoEE

* The Total Budget column reflects the budgets of the individual schemes from the 2012 Annual Report on the Implementation of OPRD.

** The New Total Budget column reflects the updated budgets of the separate schemes as a result of the OPRD MC decisions, adopted in 2013, on reallocations of funds between operations and/or priority axes.

3.2.1.1. Information on the physical progress of the priority axis

Table 31. Information on the physical progress of the priority axis

Indicators		2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
PRIORITY AXIS 2											
Impact Indicator											
Reduction of greenhouse gas emissions (CO ₂ and equivalents, kt) Core indicator⁽¹⁾	Value achieved	N/A	N/A	0	0	0	0	0 ⁽²⁾			0
	Target value	N/A	N/A	4	N/A	N/A	N/A	N/A	N/A	39 ⁽¹⁾	39
	Baseline value	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Indicators		2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
Result indicators											
Value for time savings in Euro / year stemming from reconstructed roads for passengers and freight Core indicator⁽³⁾	Value achieved	N/A	N/A	0	0	0	0	0 ⁽⁴⁾			0
	Target value	N/A	N/A	46,000	N/A	N/A	N/A	N/A	N/A	208,000	208,000
	Baseline value	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Number of additional population covered by broadband access Core indicator⁽⁵⁾	Value achieved	N/A	N/A	0	0	0	0	0 ⁽⁶⁾			0
	Target value	N/A	N/A	260,000 ⁽⁵⁾	N/A	N/A	N/A	N/A	N/A	725,000 ⁽⁵⁾	725,000 ⁽⁵⁾
	Baseline value	10.6 %	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Increased passengers and freight traffic on the rehabilitated roads (baseline 2006) Core indicator⁽⁷⁾	Value achieved	N/A	N/A	0	0	0	0	0 ⁽⁷⁾			0
	Target value	N/A	N/A	10 %	N/A	N/A	N/A	N/A	N/A	27 %	27 %
	Baseline value	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Output indicators											
Constructed ICT network Core indicator	Value achieved	N/A	N/A	0	0	0	0	0 ⁽⁸⁾			0
	Target value	N/A	N/A	150	N/A	N/A	N/A	N/A	N/A	500	500
	Baseline value	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Km of reconstructed roads Core indicator	Value achieved	N/A	N/A	12.2	128.18	161.19	501.44	713.84			713.84 ⁽⁹⁾
	Target value	N/A	N/A	500	N/A	N/A	N/A	N/A	N/A	1,300	1,300
	Baseline value	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Number of projects (road, ICT) Core indicator	Value achieved	N/A	N/A	2	15	20	39	54			54
	Target value	N/A	N/A	30	N/A	N/A	N/A	N/A	N/A	70	70
	Baseline value	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

(1) This indicator corresponds to Core Indicator No. 30. In the operational programme it is measured both at Priority Axis 1 and Priority Axis 2 level. In the SFC system the target values for 2009 and 2015 are indicated cumulatively at programme level.

(2) This indicator will be reported in 2015 after the development of an automated data collection system for the vehicle traffic on the roads in the Republic of Bulgaria under technical assistance project BG161PO001/5-01/2008/059.

(3) The indicator corresponds to Core indicator 20, Values of time savings in Euro/year stemming from new and reconstructed roads.

(4) This indicator will be reported in 2015 after the development of an automated data collection system for the vehicle traffic on the roads in the Republic of Bulgaria under technical assistance project BG161PO001/5-01/2008/059.

(5) The indicator corresponds to Core indicator 12, Number of additional population covered by broadband access. In the SFC system the indicator is measured in numbers and the corresponding numbers for the 2009 and 2015 targets are 260,000 and 725,000 people respectively.

(6) Achievement on this indicator is not reported for 2013 because there were no contracts completed and therefore there was no implementation of relevant activities to contribute to progress on the indicator

(7) This indicator will be reported in 2015 after the development of an automated data collection system for the vehicle traffic on the roads in the Republic of Bulgaria under technical assistance project BG161PO001/5-01/2008/059.

(8) Achievement on this indicator is not reported for 2013 because there were no contracts completed and therefore there was no implementation of relevant activities to contribute to progress on the indicator

(9) Achieved value of the indicator under schemes BG161PO001/2.1-01/2007 "Support for Rehabilitation and

Reconstruction of Second- and Third-Class Roads” and BG161PO001/2.1-02/2007 “Support for Sustainable and Integrated Local Development through the Rehabilitation and Reconstruction of the Municipal Road Network”, for 15 projects in 2013, and road sections not reported in 2011 and 2012 – 20.93 km. in total.

3.2.1.2. Information on the financial progress of the priority axis

Table 32. Contracted, disbursed and certified expenditures during the period from 01 January 2013 to 31 December 2013

Priority Axis	Financial implementation		
	Contracted EUR	Disbursed EUR	Certified expenditure EUR
2. Regional and Local Accessibility	21,021,647	64,040,014.81	96,074,683.30

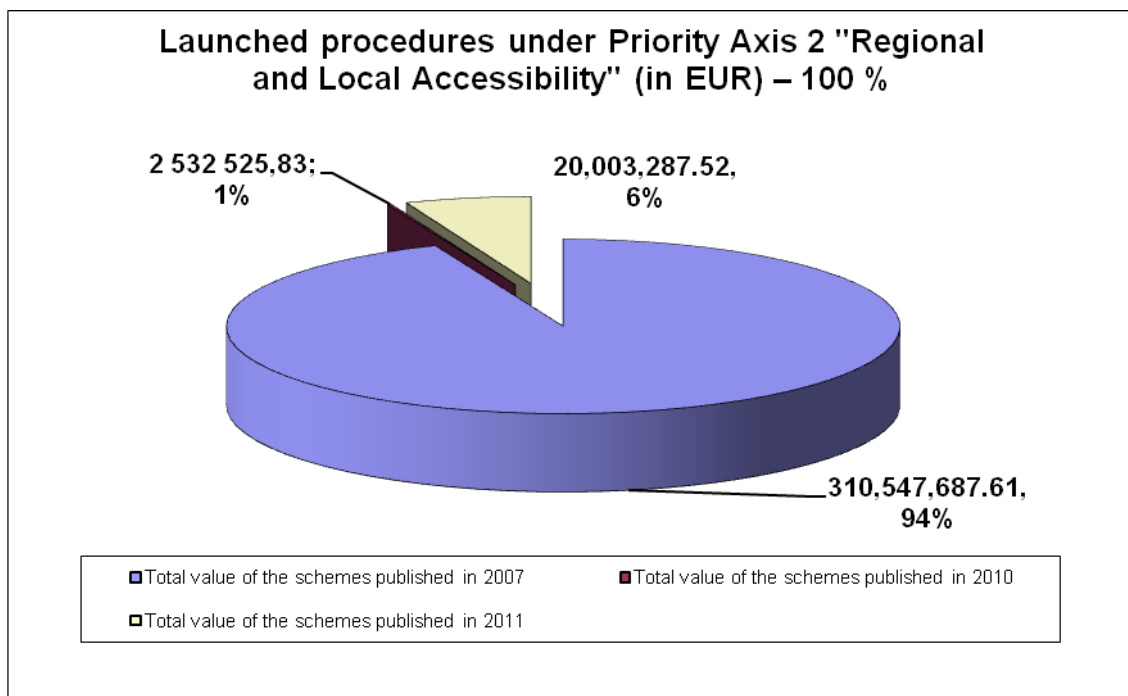
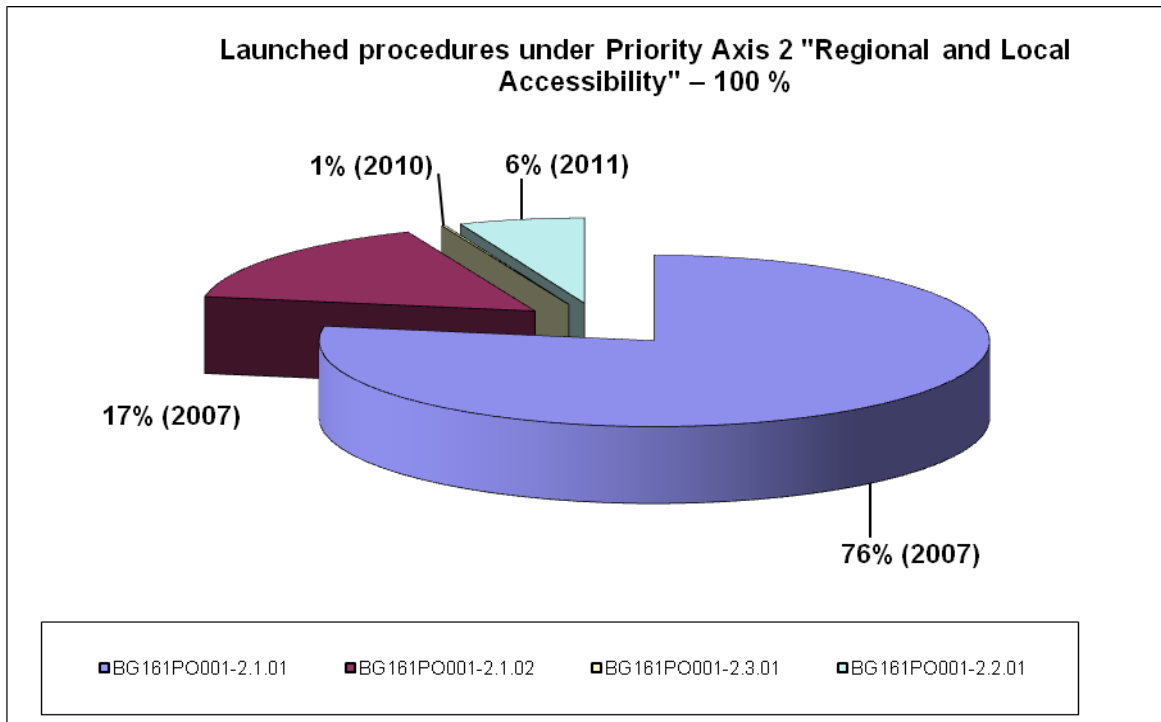
The Contracted Value column includes only the grant amount under contracts concluded in 2013 in accordance with the Decisions for the award of grants issued by the Head of the OPRD MA, excluding the amounts on the annexes executed in 2013.

3.2.2. Qualitative analysis

The projects contracted under the grant schemes to enhance the status of national and municipal road networks will ensure better accessibility and interconnectedness among various regions and in urban areas.

The implementation of the contracts, concluded during the period 2010–2012 with the specific beneficiary, Road Infrastructure Agency, under grant scheme *BG161PO001/2.1-01/2007 “Support for Rehabilitation and Reconstruction of Second- and Third-Class Roads”*, continued during the reporting period. After conducting public procurement procedures under the PP Act for the concluded contracts, financial resources were released, allowing to collect, evaluate, and execute new contracts under this scheme. In 2013 RIA submitted 10 project fiches.

In addition, during the reporting period the implementation of the contracts concluded in 2008 under scheme *BG161PO001/2.1-02/2007 “Support for Sustainable and Integrated Local Development through the Rehabilitation and Reconstruction of the Municipal Road Network”* continued.



RESULTS:

- ***Scheme BG161PO001/2.1-01/2007 "Support for Rehabilitation and Reconstruction of Second- and Third-Class Roads"***

The specific objective of the grant scheme is to improve accessibility to road infrastructure by reconstruction and rehabilitation of second- and third-class roads.

After conducting public procurement procedures under the PP Act for the contracts concluded under the scheme during the period 2009–2012, financial resources were released, allowing to collect, evaluate, and execute new contracts. In this connection with a decision of the Head of the OPRD MA the Guidelines for Applicants under the scheme were revised and new application deadlines were

added during the reporting period. The specific beneficiary, the Road Infrastructure Agency, submitted 10 project proposals.

Within the application deadline (25 January 2013) two project fiches were submitted under stage VI. With a decision of the OPRD MA dated 13 March 2013 they were approved for financing and the grant contracts with a value of EUR 11,655,614.64 were concluded on 22 March 2013.

In connection with the identified risk of loss of funds due to the applying of the N+2/N+3 rule as of 31 December 2013, the MA analysed the eligibility for financing under OPRD of already completed road projects or road projects at an advanced stage of implementation, financed from the state budget and corresponding to the eligible activities under OPRD, with specific beneficiary the Road Infrastructure Agency.

Within the application deadline (14 June 2013) two project fiches at an advanced stage of implementation were submitted under stage VII. With a decision of the OPRD MA dated 30 July 2013 they were approved for financing with a deadline for implementation of 3 months. The grant contracts were concluded on 20 August 2013 and have a total value of the grant EUR 5,586,515.82. Both projects were completed and final payments were executed during the reporting period.

In order to reduce the risk of automatic decommitment of funds under the programme as of 31 December 2013, at the XII session of the Monitoring Committee held on 28 May 2013 the decision was made to include in the scope of the programme a new major road project (within the meaning of Article 39 of Regulation 1083/2006), thus reducing the 2013 target by EUR 81 million – ERDF in accordance with the financial plan of the major project. In this connection, within stage VIII, on 15 August 2013 RIA submitted 6 project proposals, one of which was for the major project **“Construction of a Northern high-speed tangent”**. An evaluation committee was set up and started work on 19 August 2013. The application form and the accompanying documents of the major project were simultaneously reviewed by JASPERS. With a decision of the Head of the OPRD MA of 30 September 2013, the major project was approved for financing to the amount of EUR 120 million. It was submitted for evaluation to the European Commission on 03 October 2013 and on 18 November 2013 the EC declared it eligible. Due to its location, the Northern high-speed tangent is of extreme importance for reducing the traffic in the area of Sofia. From a situational point of view, the total length of the route of the Northern high-speed tangent is 16.540 and passes through the land of five villages in the territory of Sofia – Trebitch, Iliyantsi, Benkovski, Malashevtsi, Orlandovtsi, Vrazhdebna. The project implementation will result in considerably reduced travel time, increased safety, alleviated traffic conditions in national and international terms, increased mobility of the population and transport access to higher-quality services.

With a decision of the OPRD MA dated 17 October 2013 further 3 projects were approved for financing. The grant contracts with a value of EUR 12,726,183.25 were concluded on 21 October 2013. On 21 November 2013 one of the contracts (with a value of EUR 8,946,667.16) was terminated. The funds are allocated for the reconstruction and rehabilitation of second- and third-class roads providing interregional connections and for the reconstruction and rehabilitation of second- and third-class roads providing access to regions with potential for tourism development. As a result of the implemented projects contracted in 2013 for rehabilitation/reconstruction of second- and third-class roads, 6 lots with a total length of 67.56 km will be rehabilitated/reconstructed.

Table 33: Information about scheme BG161PO001/2.1-01/2007, “Support for Rehabilitation and Reconstruction of second- and third-class Roads”

Type of procedure	Direct award procedure
Date of publication	01 November 2007
Deadline for submission of project proposals	for 2013 Stage VI – 25 January 2013

	Stage VII – 14 June 2013 Stage VIII – 15 August 2013
Status of the scheme	Closed
Beneficiaries	Road Infrastructure Agency
Allocated funds	EUR 256,203,961
Submitted project proposals	10
Approved project proposals	7
Number of evaluation committees	3
Contracts concluded in 2013	7 (1 contract was concluded and terminated in 2013)
Total grant value under contracts concluded in 2013	21,021,647

Table 34: Results from grant scheme BG161PO001/2.1-01/2007 “Support for Rehabilitation and Reconstruction of second- and third-class Roads”

	Total	NWR	NER	SER	SWR
Number of project proposals submitted	10	1	6	2	1
Number of contracts concluded	6	1	3	2	0
Grant contract value in EUR	21,021,646.55	6,420,948.63	8,176,295.25	6,424,402.67	0.00
Increased traffic of passengers and freight on rehabilitated roads (on average per day, baseline 2006), %	17.31 %	10 %	26.85 %	15.09 %	0.00
Value for time savings in Euro / year stemming from reconstructed roads for passengers and freight	2,057,136	443,987.65	631,019.27	982,129.08	0.00
Reconstructed and rehabilitated second-class roads (km.)	26.73	19.03	7.70	0.00	0.00
Reconstructed and rehabilitated third-class roads	40.83	0.00	12.80	28.03	0.00

Operation 2.2 “Information and Communication Network”

➤ BG161PO001/2.2-01/2011 “Support for Development of Critical, Secure, Safe, and Reliable Public ICT Infrastructure”

The scheme was published in 2011 with a value of EUR 20,003,287.52 and the Executive Agency Electronic Communications Networks and Information Systems (ECNIS) as specific beneficiary. The main objective of the scheme is to build broadband connections to the urban peripheries and less urbanised territories and rural areas and to develop critical, secure, safe, and reliable public infrastructure as a prerequisite to provide better quality of life and new opportunities for economic and social development. The project proposal is consistent with the National Strategy for Development of Broadband Access in the Republic of Bulgaria and must help achieve its goals.

The specific beneficiary submitted a detailed feasibility study with the project proposal, discussing scenarios and proving the feasibility of the recommended option(s) (in case multiple solutions are possible and proven feasible), as well as a full cost-benefit analysis of the recommended alternatives.

In order to successfully implement this project and ensure sustainability of this investment, the project proposal indicates the management and operation method for the built infrastructure, clearly

demonstrating in the description of the institutional structure for project implementation and asset utilisation that all regulations in the area of state aid are followed and that no overcompensation of the operator is allowed.

The grant contract was concluded in October 2012 and has a total value of EUR 20,003,287.52. The project envisaged the development of optical infrastructure for broadband internet access with a total length of 860 km. for 29 municipal centres and 24 smaller settlements. The total territory of the selected settlements exceeds 7,919 sq. km. and 277,765 people, or 8 % of the population outside the district centres and the capital city live in it. The main objective of the project is to develop e-government and provide next generation broadband services to the citizens and the business in economically underdeveloped and remote regions of Bulgaria.

The implementation of the project contains elements of state aid, with a view to which the communication with the EC within the pre-notification process started in 2010 continued. As a result of the discussions and correspondence, the approach to the implementation of activities and operation of the infrastructure was specified, and with a view to compliance with the state aid legislation in the grant contract specific obligations of the beneficiary were set for sending an official notification of state aid, as well as safeguards to prevent aid or failure of the aid to comply with the EC decision. On 19 February 2013 the notification of state aid was validated by the MoF and officially submitted. On 19 April 2013 an official letter from the EC was received containing questions regarding the notification. The responses were prepared by EA ECNIS, coordinated with the OPRD MA and sent by the Ministry of Finance. On 09 December 2013 the Directorate General for Competitiveness of the EC issued a decision, in which it stated that the project is compatible with Article 107(3) of the Treaty on the Functioning of the EU.

In the meantime, during the reporting period, in pursuance of the grant contract EA ECNIS carried out the preparatory activities for the project implementation. These included the appointment of a team, preparation of specifications and tender documentation. The first procurement procedures were published on 21 October 2013 – for development of the optical infrastructure through engineering, and for supply of equipment. At the end of 2013 the procurement procedure for engineering was still at the evaluation stage, and the supply procedure was terminated and will be launched again in February 2014.

➤ ***BG161PO001/2.3-01/2010 “Preparation, Research and Design of the Construction of an Intersystem Gas Connection Bulgaria-Serbia”***

The scheme was published in 2010, with an objective to prepare and carry out a feasibility study and preparation activities for the construction of an intersystem gas connection Bulgaria–Serbia. The Ministry of Economy and Energy is the specific beneficiary. The specific objectives of the scheme are to carry out feasibility studies with at least 3 alternatives and a detailed cost-benefit analysis, select the best possible route for the intersystem gas connection in economic, technical, geographical and technological terms, prepare the application documents for major projects under Article 39 of Regulation (EC) No 1083/2006. The grant contract was signed in 2011.

In 2013 the project implementation was finalised. As a result was prepared a feasibility study for building the Intersystem Gas Connection Bulgaria-Serbia, application form and a full set of application documents for a major project within the meaning of Article 39 of Regulation (EC) № 1083/2006, "cost-benefit" analysis of project, as well as analysis and report on the impact on the environment.

➤ **Projects in implementation**

The total number of grant contracts in progress in 2013 under Priority Axis 2 was 30, concluded in the period 2008–2013; of these: 28 contracts for rehabilitation/reconstruction of second- and third-

class roads; 1 contract for rehabilitation/reconstruction of municipal road network; and 1 contract for development of critical, protected, secure and reliable public ICT infrastructure.

Grant scheme	Grant scheme name	Number of contracts
BG161PO001/2.1-01/2007	Support for Rehabilitation and Reconstruction of Second- and Third-Class Roads	28
BG161PO001/2.1-02/2007	Support for Sustainable and Integrated Local Development through Rehabilitation and Reconstruction of the Municipal Road Network	1
BG161PO001/2.2-01/2011	Support for the Development of Critical, Protected, Secure and Reliable Public ICT Infrastructure	1

For the purposes of monitoring the implementation of projects under Priority Axis 2 by the OPRD MA, a total of 74 on-the-spot checks were carried out, of which 22 under the Annual Plan and 14 on-the-spot checks at the discretion of the MA. Thirty-eight checks of completed projects for their compliance were also carried out. Under Priority Axis 2 specialised external companies carried out 35 on-the-spot checks under the Annual Plan, prompted by decisions of the MA and based on irregularity alerts.

➤ Terminated contracts

During the reporting period 1 grant contract was terminated as follows:

Beneficiary	Contract No	Date of contract termination	Reasons for termination
Road Infrastructure Agency	BG161PO001/2.1-01/2007/001055	20 November 2013	Terminated because there is need for construction of underground infrastructure after completion of the project.

➤ Completed projects

Under Priority Axis 2 in 2013 a total of 16 projects were completed, of which 2 projects under scheme BG161PO001/2.1-02/2007 “Support for Sustainable and Integrated Local Development through the Rehabilitation and Reconstruction of the Municipal Road Network”, 13 projects under scheme BG161PO001/2.1-01/2007 “Support for Rehabilitation and Reconstruction of Second- and Third-Class Roads”, and 1 contract under scheme BG161PO001/2.3-01/2010 “Preparation, Research, and Design to Build a Bulgaria–Serbia Intersystem Gas Connection”. The main project activities include upgrading the road surface of the municipal road network and ensuring its adequate use, repairing and construction of new drainage facilities, improving the safety of road traffic and facilitating travelling between settlements, as well as preparation, feasibility study and preparation activities for the construction of a Bulgaria–Serbia intersystem gas connection. New road signs and markings were planned and implemented. A total of 191.467 km. municipal, second-class and third-class roads were rehabilitated / reconstructed.

3.2.3. Significant problems encountered and measures taken to overcome them

➤ ***Delays in the implementation of project “Development of High-Speed Broadband Access in Bulgaria through Development of Critical, Secure, Safe, and Reliable Public ICT Infrastructure” and risks identified under the project***

The main problem with the project implementation is the accumulated delay in the awarding of the engineering contract for the optical network. Pursuant to the grant contract between the OPRD MA and EA ECNIS, a contract with a contractor can be concluded, but it will enter into force only after a positive decision of the EC on the compliance of the project with the Community state aid legislation and in full compliance with the requirements and conditions set in the decision. This requirement stems from the need to introduce a safety clause which will prevent the illegal granting of state aid. In this connection, as a result of the need to wait for the EC decision on the state aid notification, a delay was established in the launching of all public procurement procedures. The engineering contract is the most problematic one, since it involves design, obtaining of all corresponding permits (including an EIA Statement) and construction.

Measures taken:

- In January 2013 meetings were held and correspondence was exchanged with the Ministry of Finance (MoF) for the finalising of the state aid notification. On 22 January 2013 the MoF sent official comments on the grant contract and the package of documents for the state aid notification.
- On 04 February 2013 an annex to the grant contract was concluded in order to reflect the comments of the MoF.
- The notification of state aid was validated by the MoF and officially submitted on 19 February 2013.
- On 19 April 2013 an official letter from the EC was received containing questions regarding the notification. The responses were prepared by EA ECNIS, coordinated with the OPRD MA and sent by the Ministry of Finance.
- On 09 December 2013 the Directorate General for Competitiveness of the EC issued a decision, in which it stated that the project is compatible with Article 107(3) of the Treaty on the Functioning of the EU.
- In the meantime, in pursuance of the grant contract, EA ECNIS carried out the preparatory activities for the project implementation. These included the appointment of a team, preparation of specifications and tender documentation. The first procurement procedures were published on 21 October 2013 – for development of the optical infrastructure through engineering, and for supply of equipment. At the end of 2013 the procurement procedure for engineering was still at the evaluation stage, and the supply procedure was terminated and will be launched again in February 2014.

Regardless of the accumulated delays, however, taking into account the progress at present, the project can be implemented during the current programming period. With regard to the design and construction of the optical infrastructure there is a possible risk of delays in connection with the opinion on the need for an EIA report, the coordination of the routes with the operating companies and the RIA, and the issuing of construction permits. The construction itself can be completed within 3 months.

3.3. Priority Axis 3 “Sustainable Tourism Development”

Under the third revision of OPRD, sent for approval by the EC on 27 September 2013, the financial resources for Priority Axis 3 amount to **EUR 156,385,061**, of which **EUR 132,927,302** co-financing from the European Regional Development Fund. The total amount makes up **9.8 %** of the

programme budget. The third revision of the programme covers all reallocations of funds made up to 31 August 2013. After that date by the end of 2013 no further reallocations of financial resources under Priority Axis 3 were made.

3.3.1. Achievement of targets and analysis of the progress

The implementation of the grant contracts, concluded up to now under Priority Axis 3, continued.

Table 37. Launched grant schemes

	Date of publication	Total budget*, EUR	New Total Budget**, EUR	Co-financing from ERDF, EUR (85 %)	National financing, EUR (15 %)	Projects received between 01.01.2012 and 31.12.2012
Priority Axis 3 “Sustainable Tourism Development”						
BG161PO001/3.1-01/2008 “Support for Monuments of Culture of National and Global Significance Contributing to Sustainable Development of Tourism”	15 July 2008	16,849,934	16,247,339	13,810,238	2,437,101	Specific beneficiary MoC
BG161PO001/3.1-02/2009 “Support for the Development of Tourist Attractions”	30 June 2009	17,784,775	17,515,007	14,887,756	2,627,251	The procedure for collection of project proposals was closed.
BG161PO001/3.1-03/2010 “Support for Development of Natural, Cultural, and Historical Attractions”	16 August 2010	82,708,966	81,806,156	69,535,233	12,270,923	The procedure for collection of project proposals was closed.
BG161PO001/3.1-04/2011 “Restoration and Conservation of the Palace of Evksinograd and the Adjoining Park”	10 February 2011	5,000,000	4,927,750	4,188,588	739,162	Specific beneficiary: CM
BG161PO001/3.2-01/2010 “Support for Organisation of Events of Regional and National Scope and Impact”	30 June 2010	3,189,617.00	0.00	0.00	0.00	The contracts and the framework agreement under the scheme were terminated. Specific beneficiary MoC
BG161PO001/3.2-02/2011 “Support for Organisation of Events of Regional and National Scope and Impact”	15 November 2011	6,430,450	6,202,767	5,272,352	930,415	The procedure for collection of project proposals was closed.

BG161PO001/3.2-03/2012 "Support for Organisation of Events of Regional and National Scope and Impact II"	12 June 2012	3,093,977	3,093,977	2,629,880	464,097	23 project proposals were submitted.
BG161PO001/3.3-01/2008 "Support for Effective National Marketing of the Tourist Product and Improved Information Services"	25 June 2008	27,265,766	26,592,065	22,603,255	3,988,810	Specific beneficiary: MoEE

* The Total Budget column reflects the budgets of the individual schemes from the 2012 Annual Report on the Implementation of OPRD.

** The New Total Budget column reflects the updated budgets of the separate schemes as a result of the OPRD MC decisions, adopted in 2013, on reallocations of funds between operations and/or priority axes.

3.3.1.1. Information on the physical progress of the priority axis

Table 38: Information on the physical progress of the priority axis

Indicators		2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
PRIORITY AXIS 3											
Impact Indicators											
Net annual revenues from international tourism	Value achieved	N/A	N/A	0	0	0	0	0 ⁽¹⁾			0
	Target value	N/A	N/A	1,050	N/A	N/A	N/A	N/A	N/A	1,475	1,475
	Baseline value	914 (2005)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Bed occupancy rate	Value achieved	N/A	N/A	0	0	0	0	0 ⁽²⁾			0
	Target value	N/A	N/A	39 %	N/A	N/A	N/A	N/A	N/A	45 %	45 %
	Baseline value	35 % (2005)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Result indicators											
Additional annual number of visitors of attractions supported	Value achieved	N/A	N/A	0	0	0	0	0 ⁽³⁾			0
	Target value	N/A	N/A	20,000	N/A	N/A	N/A	N/A	N/A	500,000	500,000
	Baseline value	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Satisfaction of visitors with attractions and information services (%)	Value achieved	N/A	N/A	0	0	0	0	0 ⁽⁴⁾			0
	Target value	N/A	N/A	70 %	N/A	N/A	N/A	N/A	N/A	80 %	80 %
	Baseline value	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Annual number of participants (organisations, companies) in international, national and regional tourism fairs and exhibitions	Value achieved	N/A	N/A	0	0	0	0	0 ⁽⁵⁾			0
	Target value	N/A	N/A	1,000	N/A	N/A	N/A	N/A	N/A	1,500	1,500
	Baseline value	900 (2006)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Output indicators											
Total number of projects for tourism development Core indicator⁽⁶⁾	Value achieved	N/A	N/A	0	0	0	8	23 ⁽⁷⁾			23
	Target value	N/A	N/A	36	N/A	N/A	N/A	N/A	N/A	70	70
	Baseline value	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Number of developed tourist	Value achieved	N/A	N/A	0	0	0	6	37 ⁽⁸⁾			37
	Target value	N/A	N/A	25	N/A	N/A	N/A	N/A	N/A	95	95

Indicators		2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
attractions /sites	Baseline value	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Number of projects for national marketing and promotion and projects for development of regional products and marketing of destinations supported	Value achieved	N/A	N/A	0	0	0	2	2 ⁽⁹⁾			2
	Target value	N/A	N/A	11	N/A	N/A	N/A	N/A	N/A	34	34
	Baseline value	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
National TIC network created	Value achieved	N/A	N/A	N/A	N/A	N/A	N/A	N/A			
	Target value	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	70 % of TICs are included in the network	70 % of TICs are included in the network
	Baseline value	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

- (1) As of 2013 this indicator was not achieved as the impact 'Net annual revenues from international tourism' shall be reported at least 2 years after the completion of the projects within the grant schemes
- (2) As of 2013 this indicator was not achieved as the impact 'Bed occupancy rate' shall be reported at least 2 years after the completion of the projects within the grant schemes
- (3) As of 2013 this indicator was not achieved as the impact 'Additional annual number of visitors of attractions supported' shall be reported at least 2 years after the completion of the projects within the grant schemes
- (4) As of 2013 this indicator was not achieved as the impact 'Satisfaction of visitors with attractions and information services (%)' shall be reported at least 2 years after the completion of the projects within the grant schemes
- (5) As of 2013 the indicator was not achieved because no projects were completed under the priority axis during the reporting period.
- (6) The indicator corresponds to Core Indicator 34, Number of Tourist Sites.
- (7) As of 2013 there were 13 completed contracts for improving tourist attractions and related infrastructure and 2 completed contracts for support for effective national marketing of the tourist product and improved information services.
- (8) As of 2013 the value of the indicator regarding completed projects under scheme BG161PO001/3.1-02/2009 "Support for the Development of Tourist Attractions" and scheme BG161PO001/3.1-03/2010 "Support for the Development of Natural, Cultural, and Historical Attractions" was achieved.
- (9) As of 2013 a value of the indicator was achieved for one completed project.

3.3.1.2. Information on the financial progress of the priority axis

Table 39. Contracted, disbursed and certified expenditures during the period from 01 January 2013 to 31 December 2013

Priority Axis	Financial implementation		
	Contracted EUR	Disbursed EUR	Certified expenditure EUR
3. Sustainable Tourism Development	2,666,187	47,968,857.17	35,618,811.43

The Contracted Value column includes only the grant amount under contracts concluded in 2013 in accordance with the Decisions for the award of grants issued by the Head of the OPRD MA, excluding the amounts on the annexes executed in 2012.

3.3.2. Qualitative analysis

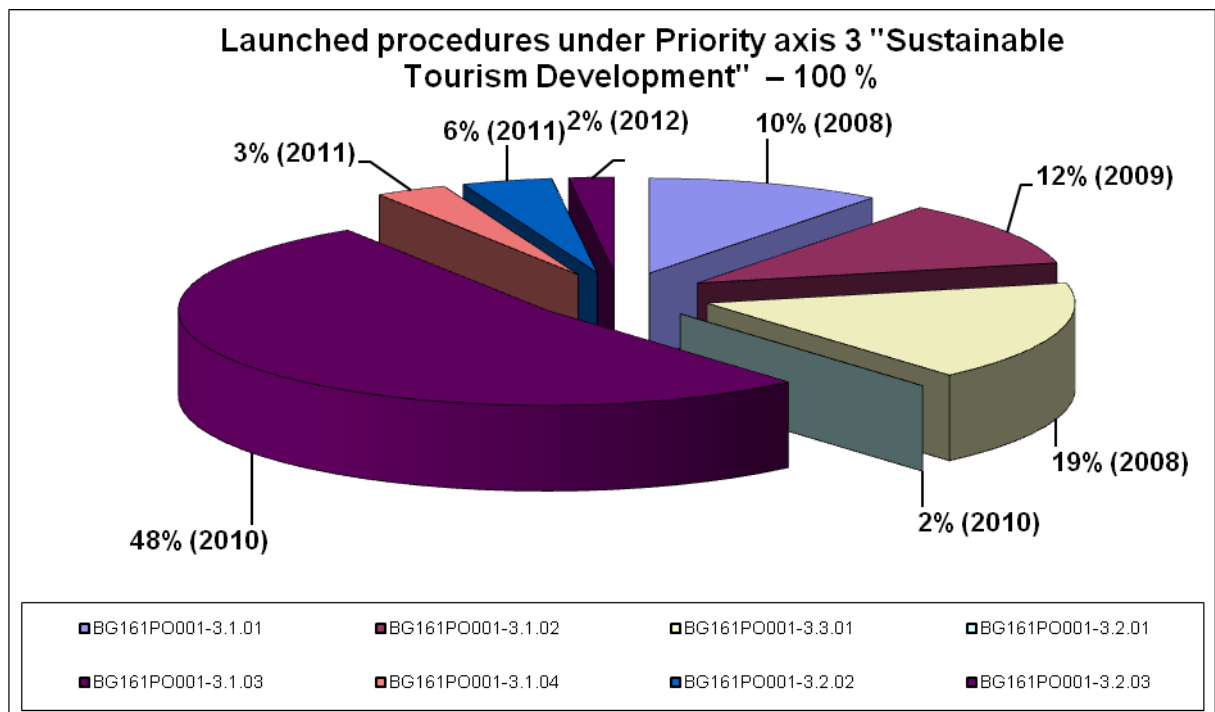
This Priority Axis aims at enhancing regional tourism potential for development and marketing of sustainable, diverse and region-specific tourist products with higher value added.

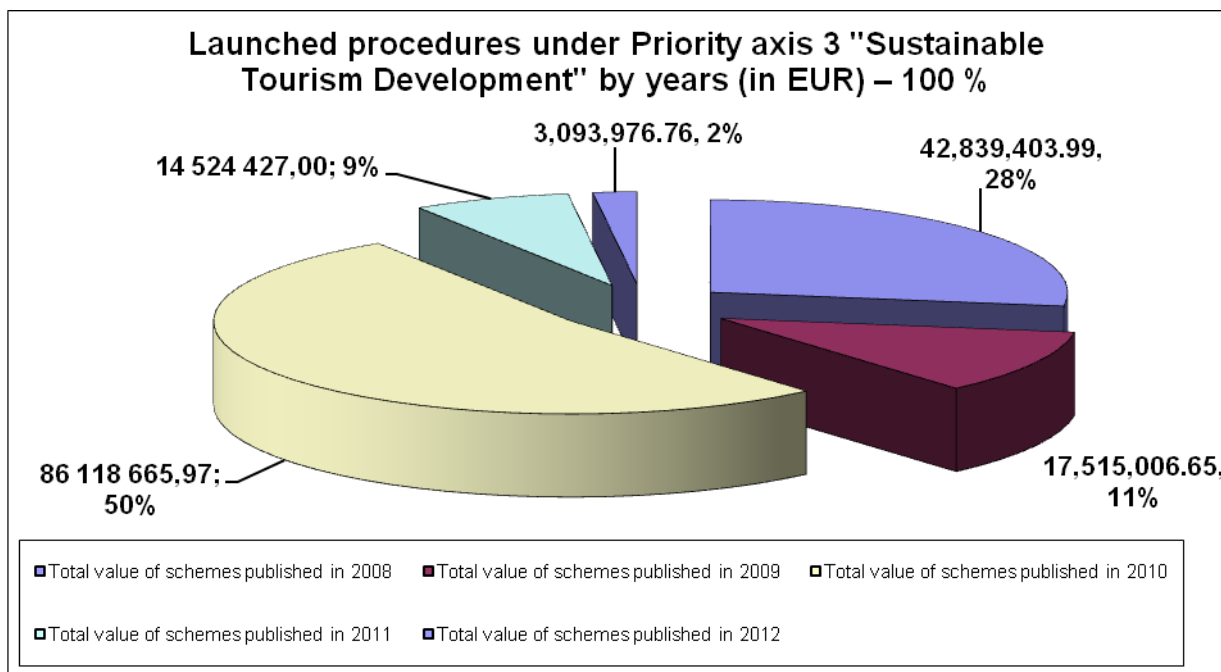
The supported tourist attraction sites that received support are located all over the country: along the Black Sea coast, near mountain resorts, as well as inland, which helped diversify the tourist product. Some national landmarks receive support, including some cultural heritage sites of national and global significance. OPRD contribution helps increase their attractiveness, as well as create new attractions with a large potential to attract tourists and increase the benefits of tourism.

In 2013, 23 project proposals submitted under scheme BG161PO001/3.2-03/2012 “Support for the Development of the Regional Tourist Product and Marketing of Destinations II” were evaluated and 12 contracts with a total grant value of EUR 2,875,810 were concluded. The objective of the scheme was to develop regional tourist products and increase the efficiency of the regional marketing using an integrated approach. The projects proposed must help create regional products, covering at least 3 municipalities and promoting partnership between local authorities and tourist associations.

By 31 December 2013, the cumulative amount of Priority Axis 3 grants was EUR 153,619,968, representing 98 % of the amount of the priority axis.

Launched calls for grant schemes under Priority Axis 3





RESULTS

Operation 3.2 “Regional tourist product development and marketing of destinations”

The objective of this operation is to increase the number of visitors and visitor days, improve seasonal and territorial distribution of tourism development in different regions and areas based on integrated destination management and marketing and use different tools, techniques and systems ensuring effective tourism information and marketing.

➤ ***Scheme BG161PO001/3.2-03/2012 “Support for the Development of the Regional Tourist Product and Marketing of Destinations II”***

The scheme was launched on 12 June 2012 and is the second scheme in support of the development of the regional tourist product and marketing of destinations. The application process was also entirely electronic via the Electronic Services Module of MMIS. Within the deadline for application (28 September 2012) 26 project proposals were submitted (2 after the deadline and 1 withdrawn and resubmitted). In October 2012 an evaluation committee was set up. It finished its work in January 2013. With a decision of the Head of the OPRD MA of 17 January 2013 a total of 12 projects with a total grant value of EUR 2,875,809.93 were approved, and the contracts with the beneficiaries were concluded in February and March 2013. During the reporting period one contract under the scheme with a total grant value of EUR 209,623.17 was terminated. Thus, at the end of the period a total of 11 contracts with a total grant value of EUR 2,666,186.75 are being implemented.

Table 40: Information about scheme BG161PO001/3.2-03/2012 “Support for the Development of the Regional Tourist Product and Marketing of Destinations II”

Type of procedure	Procedure for competitive project selection with a fixed application deadline
Date of publication	12 June 2011
Deadline for submission of project proposals	28 September 2012
Eligible candidates	264 municipalities in Bulgaria in a mandatory partnership with at least 2 other municipalities
Allocated funds, EUR	EUR 3,093,976.76

Project proposals submitted	26 (2 after the deadline and 1 withdrawn)
Evaluation committees in 2013	1
Grant contracts concluded in 2013	12 (1 contract, concluded in 2013, was terminated)
Value of contracts concluded in 2013	EUR 2,666,187

Table 41: Information about scheme BG161PO001/3.2-03/2012 "Support for the Development of the Regional Tourist Product and Marketing of Destinations II"

	Total	NWR	NCR	NER	SCR	SWR
Number of contracts concluded	11	1	1	1	2	6
Grant contract value in EUR	2,666,187	235,256.95	246,355.89	233,477.35	455,801.16	1,495,295.41
Increase in the number of tourists in the region as a result of the activities related to the marketing of the tourist product (%)	71.55 %	200 %	15 %	10.25 %	23 %	109.50 %
Increase in the awareness of tourists as a result of the activities related to the marketing of the tourist product (%)	55.37 %	0.00	50 %	100 %	41 %	85.83 %
Increase in the awareness of tourists operators and agencies as a result of the activities related to the marketing of the tourist product (%)	65.47 %	50 %	50 %	100 %	37.50 %	89.83 %
Number of developed regional tourist products (number)	52	3	1	1	38	9
Number of advertising / communication campaigns realised (number)	32	6	1	1	12	12
Number of participations in tourist exchanges, exhibitions, and fairs (number)	66	4	4	6	16	36
Net annual revenues from international tourism (MEUR)	124,574,758	2,300,000	1,412,181	71,214,277	5,413,000	46,533,000
Bed occupancy rate (%)	36.72 %	15 %	20 %	75 %	42.50 %	31.08 %
Number of nights spent in the area (number)	6,955,840	18,000	32,224	4,937,371	269,317	1,698,928
Number of overnight stays outside the traditional season for the corresponding territory (number)	261,697	10,000	4,375	52	46,870	200,400

➤ **Projects in implementation**

The total number of contracts in implementation in 2013 under Priority Axis 3 is 100, signed respectively in 2008–2013, as follows:

Grant scheme	Grant scheme name	Number of contracts
BG161PO001/3.1-01/2008	Support for Monuments of Culture of National and Global Significance, Contributing to Sustainable Tourism Development	4
BG161PO001/3.1-02/2009	Support for the Development of Tourist Attractions	7
BG161PO001/3.1-03/2010	Support for the Development of Natural, Cultural, and Historical Attractions	44
BG161PO001/3.1-04/2011	Restoration and Conservation of the Palace of Evksinograd and the Adjoining Park	1
BG161PO001/3.2-02/2011	Support for the Development of the Regional Tourist Product and Marketing of Destinations	27
BG161PO001/3.2-03/2012	Support for the Development of the Regional Tourist Product and Marketing of Destinations II	11
BG161PO001/3.3-01/2008	Support for Efficient National Marketing of the Tourist Product and Improved Information Services	6

For the purposes of monitoring the implementation of projects under Priority Axis 3 by the OPRD MA, a total of 18 on-the-spot checks were carried out, of which 10 under the Annual Plan and 3 on-the-spot checks at the discretion of the MA. Five checks of completed projects for their compliance were also carried out. Under Priority Axis 3 specialised external companies carried out 45 on-the-spot checks under the Annual Plan, prompted by decisions of the MA and based on irregularity alerts.

➤ Completed projects

During the reporting period 5 projects were completed under scheme BG161PO001/3.1-01/2008 “Support for Monuments of Culture of National and Global Significance Contributing to Sustainable Development of Tourism” with specific beneficiary the Ministry of Culture. As a result of their implementation, 5 immovable cultural heritage sites of national and world importance were supported, and 60 jobs were created at the supported tourist attractions – immovable cultural heritage sites of national and world importance.

In 2013, 6 projects under scheme BG161PO001/3.1-02/2009 “Support for the Development of Tourist Attractions” were completed. As a result of their implementation, 25 tourist attractions / sites were supported and 56 people in the supported tourist attractions were trained.

Two projects were completed under scheme BG161PO001/3.1-03/2009 “Support for the Development of Natural, Cultural, and Historical Attractions”. As a result of their implementation, 6 tourist attractions / sites were supported and 12 members of staff of the supported tourist attractions were trained.

During the reporting period two projects were completed under scheme BG161PO001/3.3-01/2008 “Support for Effective National Marketing of the Tourist Product and Improved Information Services” with specific beneficiary the MoEE. As a result of their implementation, 4 strategies and concepts (national, product, regional; brand-management concept) were elaborated, 12 brands (national, regional, product) were developed, 100 creative products for the advertising campaign

were created. Analytical reports were prepared on the attitudes of the tourist business in Bulgaria with regard to the introduction of voluntary systems of quality certification and sustainable development with conclusions and recommendations; on the international experience in the field of quality certification and sustainable development; on the web-based systems for quality assessment; proposals were prepared for the establishment and administration of a national system of quality certification and sustainable development. Events held to discuss and promote the developed reports and proposals – 17 events and press conferences with over 800 participants, and 347 publications in printed and electronic media.

➤ **Terminated contracts**

Two grant contracts were terminated during the reporting period, as follows:

Beneficiary	Contract No	Date of contract termination	Reasons for termination
Dulovo Municipality	BG161PO001/3.2-02/2011/025	18 April 2013	Terminated because of delays in the selection of contractors procedures for the main activities and because it was impossible to implement the contract within the deadline
Provadia Municipality	BG161PO001/3.2-03/2012/004	10 December 2013	Terminated because of delays in the project implementation and inability of the municipality to provide co-financing

3.3.3. Significant problems encountered and measures taken to overcome them

In the course of the implementation of some of the contracts under grant schemes BG161PO001/3.2-02/2011 “Support for the Development of the Regional Tourist Product and Marketing of Destinations” and BG161PO001/3.2-03/2012 “Support for the Development of the Regional Tourist Product and Marketing of Destinations II”, delays are observed in the implementation of activities, which lead to changes of the time-schedules under the contracts. The main reasons for the delays are related to the procedures for the award of public procurement contracts. Appeals were launched by unsuccessful tenderers under a considerable part of the procedures.

One of the mandatory activities under the scheme is “Participation in events (tourist exchanges, exhibitions and fairs)”, and the participation in these events is related to specific dates when the tourist exchanges / exhibitions are held during the year. In addition, the activities related to the participation in exchanges, exhibitions and fairs shall be implemented after the completion of the activities related to the development of tourist packages and after the preparation of information and advertising materials on the tourist region. In this connection, every appeal against public procurement procedures under the grant contract makes it necessary to change the initially set in the project tourist exchanges, exhibitions and fairs in order to achieve the indicator for number of participations in events, approved at the application stage.

Measures taken: The MA allowed the municipalities to change some of the initially set in the project tourist exchanges, exhibitions and fairs with other appropriate events of the same nature in Bulgaria or abroad, or with participation in the same exchange, but during the next calendar year within the contract implementation period.

3.4. Priority Axis 4 “Local Development and Cooperation”

Under the third revision of OPRD, sent for approval by the EC on 27 September 2013, the financial resources for this Priority Axis amount to **EUR 101,940,002**, of which **EUR 86,649,002** co-financing from the European Regional Development Fund. The total amount makes up 6.4 % of the total OPRD budget. The third revision of the programme covers all reallocations of funds made up to 31 August 2013. After that date by the end of 2013 no further reallocations of financial resources under Priority Axis 4 were made.

3.4.1. Achievement of targets and analysis of the progress

This Priority Axis aims at contributing to local and interregional development. It is mainly characterised by the development and support of investment initiatives related to local property, formulated at a local level by local stakeholders and flexibly developed to find solutions to specific local issues.

Table 50: Launched grant schemes and received project proposals:

	Date of publication	Total budget*, EUR	New Total Budget**, EUR	Co-financing from ERDF (85 %), EUR	National financing, EUR (15 %)	Projects received between 01.01.2011 and 31.12.2011
Operation 4.1 "Small-Scale Local Investment"						
BG161PO001/4.1-01/2007 "Support for Provision of Adequate and Cost-Effective Educational Infrastructure Contributing to Sustainable Local Development"	19 December 2007	24,263,290	24,035,434	20,430,119	3,605,315	The procedure for collection of project proposals was closed
BG161PO001/4.1-02/2008 "Support for Construction and Consolidation of Landslide Prevention Small-Scale Infrastructure"	02 October 2008	2,979,166	2,746,711	2,334,704	412,007	The procedure for collection of project proposals was closed
BG161PO001/4.1-03/2010 "Support for Implementation of Energy Efficiency Measures in the Municipal Educational Infrastructure of 178 Small Municipalities";	2 March 2010	25,215,843	23,371,692	19,865,938	3,505,754	The procedure for collection of project proposals was closed
BG161PO001/4.1-04/2010 "Support for Small-Scale Measures for Prevention of Floods in 178 Small Municipalities"	1 July 2010	30,068,799	27,132,835	23,062,910	4,069,925	The procedure for collection of project proposals was closed
BG161PO001/4.1-05/2011 "Support for Reconstruction, Renovation, and Equipment of Municipal Medical and Healthcare Facilities in Municipalities outside	31 January 2011	20,816,570	20,816,570	17,694,085	3,122,485	3 project proposals

<i>Urban Agglomeration Areas”</i>						
<i>BG161PO001/4.2-01/2008 “Support for Interregional Cooperation and Exchange of Best Practices”</i>	<i>31 July 2008</i>	<i>4,198,651</i>	<i>3,836,760</i>	<i>3,261,246</i>	<i>575,514</i>	<i>The procedure for collection of project proposals was closed</i>

* The Total Budget column reflects the budgets of the individual schemes from the 2012 Annual Report on the Implementation of OPRD.

** The New Total Budget column reflects the updated budgets of the separate schemes as a result of the OPRD MC decisions, adopted in 2013, on reallocations of funds between operations and/or priority axes.

3.4.1.1. Information on the physical progress of the priority axis

Table 42. Information on the physical progress of the priority axis

Indicators		2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
PRIORITY AXIS 4											
Result indicators											
Innovative practices transferred and adopted based on interregional cooperation (number)	Value achieved	N/A	N/A	0	57	122	152	158			158
	Target value	N/A	N/A	30	N/A	N/A	N/A	N/A	N/A	80	80
	Baseline value	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Population benefiting from small-scale investment (number)	Value achieved	N/A	N/A	54,277	402,812	502,205	685,585	1,334,438			1,334,438
	Target value	N/A	N/A	75,000	N/A	N/A	N/A	N/A	N/A	216,000	216,000
	Baseline value	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Implemented small scale investment projects (number)	Value achieved	N/A	N/A	4	51	84	118	192			192
	Target value	N/A	N/A	60	N/A	N/A	N/A	N/A	N/A	250	250
	Baseline value	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Interregional cooperation projects (number)	Value achieved	N/A	N/A	0	17	61	76	79			79
	Target value	N/A	N/A	15	N/A	N/A	N/A	N/A	N/A	40	40
	Baseline value	8	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

3.4.1.2. Information on the financial progress of the priority axis

Table 43. Contracted, disbursed and certified amounts during the period from 01.01.2012 to 31.12.2012

Priority Axis	Financial implementation		
	Contracted EUR	Disbursed EUR	Certified expenditure EUR
4. Local Development and Cooperation	3,043,870	33,183,122.21	36,603,591.10.

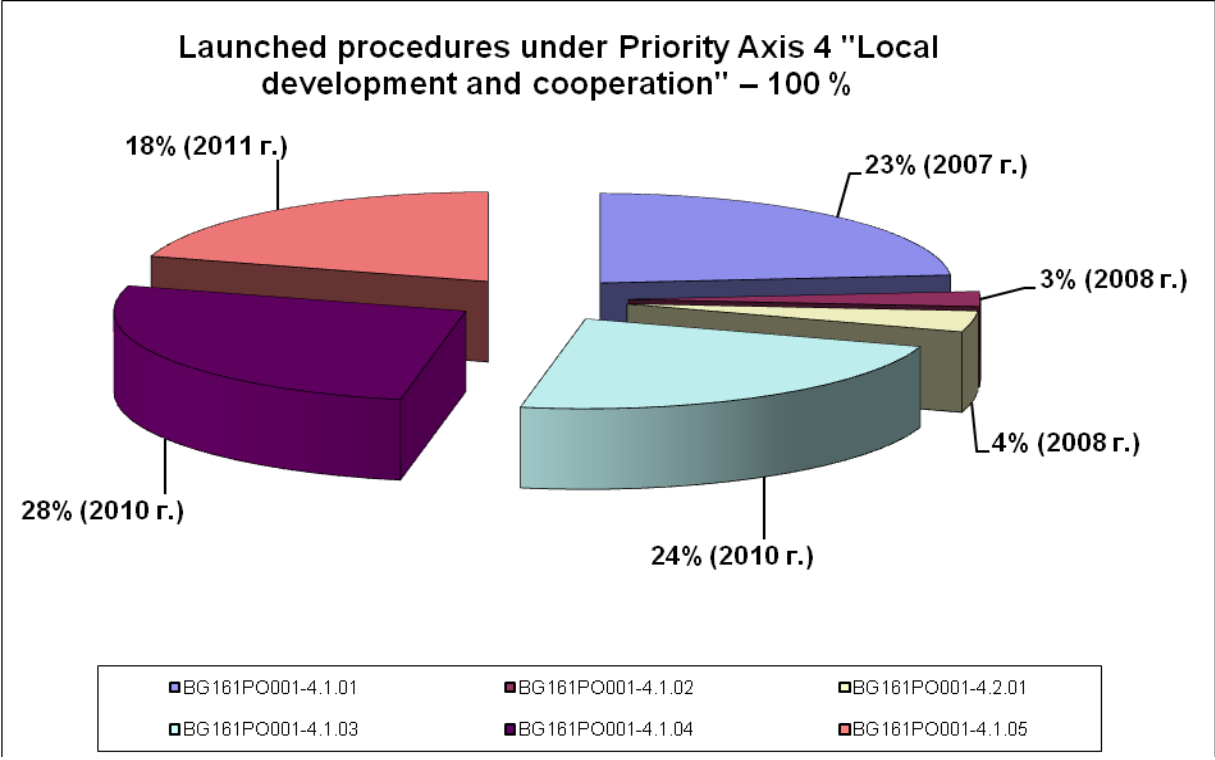
The Contracted Value column includes only the grant amount under contracts concluded in 2013 in accordance with the Decisions for the award of grants issued by the Head of the OPRD MA, excluding the amounts on the annexes executed in 2012.

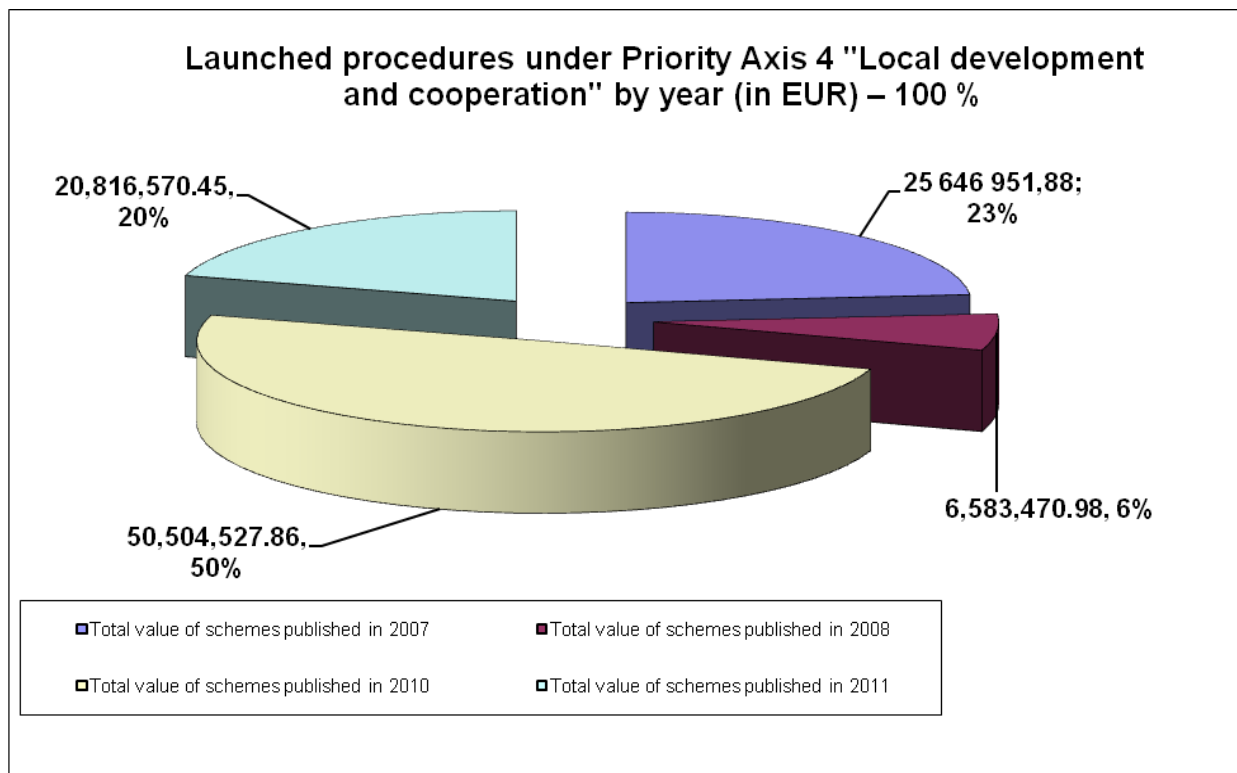
3.4.2. Qualitative analysis

This Priority Axis aims at contributing to local and interregional development. It is mainly characterised by the development and support of investment initiatives related to local property, formulated at a local level by local stakeholders and flexibly developed to find solutions to specific local issues.

In 2013, 3 project proposals were submitted, evaluated and approved (under scheme BG161PO001/4.1-05/2011 “Support for Small-Scale Measures for Prevention of Floods in 178 Small Municipalities”). As a result, in 2013 three contracts with total grant value of EUR 3,043,870.40 were concluded.

As of 31 December 2013, the total value of the grants under Priority Axis 4 amounted to EUR 100,386,878.84, representing 98.5 % of the value of the Priority Axis.





RESULTS

Operation 4.1 “Small-Scale Local Investments”

Operation 4.1 aims at supporting local development through implementation of essential and useful small-scale local investments.

➤ ***BG161PO001/4.1-01/2007 “Support for Provision of Adequate and Cost-Effective Educational Infrastructure Contributing to Sustainable Local Development”***

The scheme was published in 2007, using a procedure for competitive project selection without a fixed application deadline, with the objective to improve, renovate, and upgrade the municipal educational infrastructure and to provide social integration and equal access to the municipal infrastructure for disadvantaged groups.

In 2013 the implementation of the last projects under the scheme was completed and the total number of implemented projects reached 60 (with a grant amount of **EUR 23,924,202.15**).

➤ ***Scheme BG161PO001/4.1-02/2008 “Support for Construction and Consolidation of Landslide Prevention Small-Scale Infrastructure”***

This scheme is identical to the Priority Axis 1 scheme for landslide prevention, but is targeted at providing support to 178 small municipalities outside the urban agglomerations. The main objective of the scheme is to mitigate and prevent to the maximum extent possible the damages to the life and property of the population in 178 small municipalities by constructing and strengthening small-scale infrastructural facilities for landslide prevention.

In 2013 the implementation of the last projects under the scheme was completed and the total number of implemented contracts reached 13 (with a grant amount of **EUR 2,746,710.92**).

➤ ***Scheme BG161PO001/4.1-05/2011 “Support for Reconstruction, Renovation, and Equipment of Municipal Medical and Healthcare Facilities in Municipalities outside Urban Agglomeration Areas”***

The scheme was published in 2011 with a main objective to provide suitable and effective municipal healthcare infrastructure in the municipalities outside the agglomeration areas, to promote sustainable development. The specific objective was to improve the opportunities for access to diagnostics, treatment, and after-treatment of the population in small municipalities, outside the urban agglomeration areas.

Specific beneficiaries are the municipalities, on the territory of which the municipal hospitals, defined in Annex 1, Hospitals Eligible for EC Financing under OPRD, to the Addendum to the Concept for the Restructuring of the Hospital Care System, approved by the CM by Minutes 31 of the CM session of 1 September 2010, are located.

According to the Concept for the Restructuring of the Hospital Care System, the financial resources under the scheme are divided into 2 components. The scheme will cover interventions in:

- Hospitals for active treatment, with an option to provide after-treatment services (Component 1 under the scheme). These are remote hospitals for active treatment, which will be modernised in order to provide both active treatment and after-treatment, and
- Hospitals for active treatment, which will be constituted as medical centres. Some of these small hospitals (under 1,200 patients) will be restructured into medical centres (medical facilities for specialised outpatient care with at least three physicians with different recognised specialities, with up to ten beds for patients staying up to 48 hours)

The investment is to be used to repair and provide basic equipment consistent with the profile of the clinical paths for after-treatment and active treatment. The type of equipment depends on the type of the most common illnesses and those requiring long-term care.

In 2013 within the application deadline (20 February 2013) Zlatograd and Lukovit Municipalities submitted 2 project proposals under component 1 of the scheme, Hospitals for active treatment, with an option to provide after-treatment services. The projects were evaluated and approved for financing with a decision of the Head of the OPRD MA dated 12 April 2013. The grant contracts with a total value of **EUR 2,021,286.65** were signed in April 2013.

In connection with released funds under the scheme after the conclusion of contracts with the contractors for the main activities of ongoing projects, the OPRD MA invited Isparih Municipality (first municipality on the reserve list under Component 1 “Hospitals for active treatment, with an option to provide after-treatment services”) to submit a project proposal. In August the Guidelines for Applicants under the scheme were amended and a new application deadline was added – 30 September 2013. The project proposal was submitted within this deadline. An evaluation committee was set up. It evaluated and approved the project of Isparih Municipality. The grant contract with a value of EUR 1,022,583.76 was signed on 02 December 2013.

Table 44: Information about scheme BG161PO001/4.1-05/2011 “Support for Reconstruction, Renovation, and Equipment of Municipal Medical and Healthcare Facilities in Municipalities outside Urban Agglomeration Areas”

Type of procedure	Direct grant award procedure with a fixed application deadline
Eligible candidates	municipalities outside the scope of the urban agglomeration areas, under the Addendum to the Concept for the Restructuring of the Hospital Care System, approved by the CM on 1 December 2010.

Number of evaluation committees in 2013	2
Number of project proposals submitted in 2013	3
Number of project proposals approved	3
Number of contracts concluded in 2013	3
Total value of contracts concluded in 2013 (grant)	EUR 3,043,870

Table 45: Results from grant scheme BG161PO001/4.1-05/2011 “Support for Reconstruction, Renovation, and Equipment of Municipal Medical and Healthcare Facilities in Municipalities outside Urban Agglomeration Areas”

	Total	NWR	NCR	SCR
Projects submitted	3	1	1	1
Number of contracts concluded	3	1	1	1
Amount of the grant for concluded contracts, EUR	3,043,870.41	1,009,084.68	1,022,583.76	1,012,201.97
Number of patients benefiting from improved healthcare infrastructure	14,128	5,200	415	8,513
Total number of the population, benefiting from the renovated buildings of the healthcare facilities	90,692	18,125	31,109	41,458
Number of patients, benefiting from the purchased equipment	14,128	5,200	415	8,513
Improved healthcare infrastructure – sq. m. GBUA	6,781.32	1,271.32	4,310	1,200
Number of municipal medical institutions for hospital care closed down – for component 1	3	1	1	1
Energy savings from renovation of the medical buildings	1,603.64	245.18	1,352.46	6
Number of permanent jobs created (number)	39	5	29	5

Operation 4.2 “Interregional Cooperation”

The operation aims at stimulating regional and local innovations and best practices exchange through interregional cooperation within the European territory.

➤ ***Scheme BG161PO001/4.2-01/2008 “Support for Interregional Cooperation and Exchange of Best Practices”***

The specific objectives of the scheme are aimed at promoting regional and local innovations and exchange of good practices through interregional cooperation in the European Union.

In 2013 the implementation of the last projects under the scheme was completed and the total number of implemented contracts reached 42 (with a grant amount of EUR 3,747,292.95).

➤ **Projects in implementation**

The total number of contracts in implementation in 2013 under Priority Axis 4 is 71, signed respectively in 2008–2013, as follows:

Grant scheme	Grant scheme name	Number of contracts
BG161PO001/4.1-03/2010	Support for Implementation of Energy Efficiency Measures in the Municipal Educational Infrastructure of 178 Small Municipalities	24
BG161PO001/4.1-04/2010	Support for Small-Scale Measures for Prevention of Floods in 178 Small Municipalities	32
BG161PO001/4.1-05/2011	Support for Reconstruction, Renovation, and Equipment of Municipal Medical and Healthcare Facilities in Municipalities outside Urban Agglomeration Areas	15

- For the purposes of monitoring the implementation of projects under Priority Axis 4 by the OPRD MA, a total of 95 on-the-spot checks were carried out, of which 10 under the Annual Plan and 15 on-the-spot checks at the discretion of the MA. Seventy checks of completed projects for their compliance were also carried out. Under Priority Axis 4 specialised external companies carried out 110 on-the-spot checks under the Annual Plan, prompted by decisions of the MA and based on irregularity alerts.

➤ **Terminated contracts**

Six grant contracts were terminated during the reporting period, as follows:

Beneficiary	Contract No	Date of contract termination	Reasons for termination
Breznik Municipality	BG161PO001/4.1-03/2010/029-01	11 June 2013	Terminated after multiple appeals against the contractor selection procedure for the works contract and because it was impossible to complete the project within the deadline
Miziya Municipality	BG161PO001/4.1-04/2010/047	20 May 2013	Terminated after changes in the route of the main subproject as a result of natural disaster, a need to move the route and changes in the quantities and types of works after the conclusion of the works contract.
Chiprovtsi Municipality	BG161PO001/4.1-04/2010/032-02	14 June 2013	Terminated because of expiry of the contract and absence of a registered Request for final payment

Sungurlare Municipality	BG161PO001/4.1-04/2010/046-01	20 June 2013	Terminated because of a change in the project site and a risk that the implementation of the project in its initial version may jeopardise the achievement of the planned objectives
Horizons Association	BG161PO001/4.2-01/2008/040	03 April 2013	Terminated because of expiry of the contract and absence of a registered Request for final payment
Yakoruda Municipality	BG161PO001/4.2-01/2008/063-01	21 February 2013	Terminated because of expiry of the contract and absence of a registered Request for final payment

➤ **Results from completed projects**

During the reporting period, 2 projects were completed under scheme BG161PO001/4.1-01/2007 “Support for Provision of Adequate and Cost-Effective Educational Infrastructure Contributing to Sustainable Local Development”. Reported achievement of indicators under these projects is as follows:

No.	Indicators under scheme BG161PO001/4.1.-01/2007	Reported achievement
1.	Population benefiting from the renovated building of the improved educational infrastructure	8,837 people
2.	Improved educational infrastructure (number)	7 buildings
3.	Number of people with disabilities benefiting from the intervention	39 people
4.	Number of Roma/other ethnic minorities benefiting from the project results	212 people
5.	Students benefiting from improved educational infrastructure (number) Core indicator(4)	1,187 students

In 2013, 2 projects were completed under scheme BG161PO001/4.1-02/2008 “Support for Construction and Consolidation of Landslide Prevention Small-Scale Infrastructure”. Reported achievement of indicators under these projects is as follows:

No.	Indicators under scheme BG161PO001/4.1.-02/2008	Reported achievement
1.	Population benefiting from improved physical environment as a result of risk mitigation	5,309 people
2.	Area of strengthened landslides	143,000 sq. m.

Thirty-six (36) projects were completed under scheme BG161PO001/4.1-03/2008 “Support for Implementation of Energy Efficiency Measures in Municipal Educational Infrastructure of 178 Small Municipalities”. Reported achievement of indicators under these projects is as follows:

No.	Indicators under scheme BG161PO001/4.1-03/2008	Reported achievement
1.	Population benefiting from small-scale investment	452,580 people
2.	Students benefiting from improved educational	14,563 students

	facilities	
3.	Number of people with disabilities benefiting from the intervention	655 people
4.	Number of Roma/other ethnic minorities benefiting from the project results	2,896 people
5.	Improved educational facilities	81 buildings

Thirty-two (32) projects under scheme BG161PO001/4.1-04/2010 “Support for Small-Scale Measures for Prevention of Floods in 178 Small Municipalities” were completed. Reported achievement of indicators under these projects is as follows:

No.	Indicators under scheme BG161PO001/4.1-04/2010	Reported achievement
1.	Population benefiting from the developed infrastructure	182,127 people
2.	Facilities built to prevent floods in settlements, metres length	34,026 metres
3.	Length of cleared riverbeds and gullies	41,612 metres

Two projects were completed under scheme BG161PO001/4.2-01/2008 “Support for Interregional Cooperation and Exchange of Best Practices”. Reported achievement of indicators under these projects is as follows:

No.	Indicators under scheme BG161PO001/4.2-01/2008	Reported achievement
1.	Innovative practices exchanged and applied drawing on interregional cooperation (number per completed project)	6
2.	Number of interregional events	9
3.	Number of participants in interregional events	39 people
4.	Interregional cooperation projects (number per completed project)	3

3.4.3. Significant problems encountered and measures taken to overcome them

With regard to scheme BG161PO001/4.1-05/2011 “Support for Reconstruction, Renovation, and Equipment of Municipal Medical and Healthcare Facilities in Municipalities outside Urban Agglomeration Areas” a delay was established in the preparation by the beneficiaries of the technical specifications for supply of specialised medical equipment. The OPRD MA received requests for changes to the parameters of the technical specifications for grant contracts. The changes aimed at removing the discriminatory parameters in the approved technical specifications for grant contracts. The opportunity was provided to add additional parameters in the description of the equipment in order to achieve greater clarity and objective evaluation at the stage of the contractor selection procedure.

Measures taken: The OPRD MA asked external experts in medical equipment to express opinions on the eligibility and expediency of the changes proposed by beneficiaries to technical specifications for grant contracts under the scheme. The process of reviewing and approval of corrected technical specifications, for which additional time was necessary, delayed to some extent the preparation of the tender documentations and, respectively, the contractor selection procedures for the supply contracts. However, this did not jeopardise the implementation of the concluded grant contracts during the current programming period.

4. ERDF/CF FUNDED PROGRAMMES: MAJOR PROJECTS

Within OPRD Operation 1.5 Sustainable urban transport systems, by European Commission Decision C(2011)5988 of 16 August 2011, the implementation of the three major projects within the meaning of Article 39 of Regulation (EC) No 1083/2006, approved by the EC, continued – project 2010BG161PR003 “Integrated Urban Transport of Burgas” (OPRD project number BG161PO001-1.5.01-0001), project BG161PO001-1.5.02-0001 “Support for Integrated Urban Transport in Sofia Municipality” with specific beneficiary Sofia Municipality, and project 2012BG161PR003 “Integrated Urban Transport of Varna”.

The projects aim at creating more efficient and quick public transport which is less energy intensive, building a more accessible secondary infrastructure of public transport networks and introducing environmentally-friendly types of urban transport.

With a view to the specific nature of these projects and their successful implementation, in 2010 within the JASPERS initiative an Integrated Urban Transport Project Support Unit was created within the OPRD MA. The monthly meetings with representatives of the beneficiaries, organised by the Unit, are the main instrument for monitoring the progress of the implementation of the projects. The following are discussed during the meetings: current cases and difficulties faced by the beneficiaries in the course of the project implementation; operating issues related to the submission of documentation for ex-ante and ex-post control and coordination of investment projects in accordance with the feasibility studies; measures for mitigating the risk of delays in the project implementation.

The progress in the implementation of the three major projects in 2013 is as follows:

➤ **Contract BG161PO001/1.5-01/2010/001 “Integrated Urban Transport of Burgas”**

The total value of the project is EUR 66,925,440.40, of which grant to the amount of EUR 51,816,427 and EUR 15,109,013.40 own contribution of Burgas Municipality. The grant contract was concluded on 26 November 2010 and has a duration of 48 months. It was approved by the European Commission on 16 August 2011.

The project envisages a set of measures to modernise public transport and encourage alternative forms of transport (on foot or by bicycles), and studies for future investments, which will upgrade the results achieved.

Project components:

- Renovation of the vehicle fleet and the maintenance bases;
- Construction of a central bus station and renovation of bus terminals;
- Implementation of a new optimised and attractive bus route network and of a bus rapid transport system;
- Construction of cycleways and pedestrian overpasses;
- Implementation of integrated electronic ticketing system and a real-time passenger information system at stops and in buses;
- An integrated traffic management and control centre supported by video surveillance and public transport control systems;
- Traffic lights system with public transport prioritisation.

The progress on the implementation of the project in 2013 is as follows:

On 21 June 2013 a contract for engineering (design and construction) was concluded for the reconstruction of a depot, diesel and methane station with a value of EUR 4,782,800.92, including VAT. In December 2013 the investment project for the depot was ready. The investment projects for the diesel and methane station are being prepared.

Under the contract for “Drawing up of technical investment designs for rapid bus lines, terminal close to the railway station, terminal in Meden Rudnik residential area, and system of bicycle lanes and facilities”, technical investment designs were prepared for the terminal in Meden Rudnik residential area, the central bus station and a network of bicycle lanes outside the route of the Rapid Bus Line (Stage I – in the central part and the adjacent areas of the town of Burgas).

68 new low-floor buses for mass urban transportation are operational.

The contractor selection procedures for delivery and installation of an integrated ticketing system, real-time passenger information system and system for management of the public transport, for construction supervision during the works, and for information and publicity measures are ongoing. In 2014 contractor selection procedures will be announced for:

- construction of a rapid bus line and a system of bicycle lanes along its route, including reconstruction of traffic lights, for the purposes of developing a system with public transport prioritisation – Stage 1 and Stage 2,
- reengineering and reconstruction of Bus Station SOUTH and the adjacent territory,
- construction of a system of bicycle lanes outside the route of the rapid bus line – Stage 1 and Stage 2,
- reconstruction and expansion of the “Meden Rudnik” terminal and the adjacent territory,
- construction of a central bus terminal, including reconstruction of the road lane of “San Stefano” Blvd. in the section between “Stefan Stambolov” Street and “Hristo Botev” Street, and reconstruction of traffic light systems and accompanying technical infrastructure,
- feasibility studies for the upgrading of the rapid bus transport system,
- engineering (design and construction) of four pedestrian overpasses,
- author’s supervision.

In 2013, after examining the justification submitted by the beneficiary, the OPRD MA approved a request for specifying the scope of some of the component parameters, proposed in the feasibility studies (FS), as follows:

- route of the Bus rapid transit (BRT) – changes in the route were approved so that it can serve the central parts of densely populated residential areas, which will improve the accessibility of bus stops; changes in the traffic organisation along the route in order to comply with the requirements of Ordinance No. 2 of the MoRDPW of 29 June 2004.
- construction of the “Meden Rudnik” terminal – the approved amendments include increase in the territorial scope of the terminal and expanding its functionality so that it can meet the planned workload.
- public transport prioritisation – instead of equipping 20 crossroads with controllers, as envisaged in the FS, the following was approved: reconstruction of traffic light systems of 6 crossroads and accompanying construction and installation works; reconstruction of 2 traffic light systems without changing the curb curves; further equipment for 6 traffic light systems with specialised sections for public transport vehicles; construction of 13 new traffic lights along the route of the BRT.

The expediency of the changes set out above was justified by the beneficiary with supporting documents. The approval of these changes does not result in significant changes in the main component parameters included in the FS. The project objectives and budget remain unchanged.

In 2013 an annex to the grant contract was concluded, covering the following amendments:

- the time-period for the implementation of the project is increased from 36 months to 48 months;
- reallocation of funds between budget headings as a result of conducted public procurement procedures. The financial resources released after the concluding of contracts with contractors are used to expand the scope of some of the project components: real-time passenger information system, traffic control system, integrated ticketing system and video-surveillance system. This results in better results from the project. The grant amount remains unchanged.

In 2013 payments in the amount of EUR 19,135,773.75 were executed.

➤ **Contract BG161PO001/1.5-02/2011/001 “Support for Integrated Urban Transport in Sofia Municipality”**

The total value of the project is **EUR 62,624,478.14**, of which grant to the amount of **EUR 50,000,000** and **EUR 12,624,478.14** own contribution of Sofia Municipality. The grant contract was concluded on 23 August 2011 and was approved by the European Commission on 13 June 2012.

The project provides for a number of measures to improve the quality of public transportation and promote environmentally-friendly urban transport.

Project components:

- Intelligent traffic control system
- Electronic information boards
- Supply of 50 new trolley buses
- Marketing and legal survey for public transportation shelters
- Modernisation of the tram line along Bulgaria Blvd.
- New tram line from the Seminary to Darvenitsa

The progress in the implementation of the project in 2013 is as follows:

Contracts concluded with contractors in 2013:

- On 24 June 2013 a contract was concluded for the supply of 50 new articulated low-floor trolley buses with a value of EUR 32,970,000, including VAT. In December 2013, 1 trolley was delivered, and in March 2014 5 more trolleys will be delivered.
- On 12 July 2013 a contract was concluded for engineering (design and construction) for the reconstruction of the tram line along “Bulgaria” Blvd. with a value of EUR 4,292,006.17, including VAT. The construction and installation works are envisaged to start on 5 March 2014.
- On 02 September 2013 a contract for financial audit was concluded with a value of EUR 9,716 , including VAT.
- On 26 February 2013 a contract was signed for development of a technical specification for intelligent traffic management system with a value of EUR 11,998, including VAT.

Procedures in the course of evaluation:

- Selection of a contractor for information and publicity;
- Delivery and installation of 600 electronic information boards – the decision of the contracting authority has been issued, the signature of the supply contract is forthcoming;
- Delivery of a specialised vehicle for maintenance of the contact network of the electric urban transport – the decision of the Contracting Authority has been issued, the signature of the supply contract is forthcoming.

Launching of procedures in 2014:

- Intelligent traffic management system – works contract;
- In March 2014 a contractor selection procedure for construction of a new tram line from the Seminary to Darvenitsa will be launched. A possible risk is identified of non-implementation of this project component in the event of lengthy expropriation procedures, citizens protests and appeals against the procedure. The expected deadline for the conclusion of the contract with the selected contractor is June 2014, and the envisaged deadline for the implementation of the activity according to the terms and conditions of the procurement is March 2015. Actual risk for the implementation of this component will occur in the event of possible appeal against the public procurement procedures, which will result in further delays in the implementation. If this risk materialises, the OPRD MA will assess the need and will proceed to splitting the project in stages.
- A procedure for construction of a intelligent traffic control system was launched, but appeals were filed with the CPC and the latter issued a Decision for termination of the procedure.

A Public service contract was signed between Centre for Urban Mobility and Sofia Municipality in accordance with the requirements of Regulation 1370/2009.

In 2013 payments in the amount of EUR 23,495,002.44 were executed.

➤ Contract BG161PO001/1.5-03/2011/002 “Integrated Urban Transport of Varna”

The total value of the project is EUR 58,511,443.45, of which grant to the amount of EUR 46,527,474.97 and EUR 11,983,968.48 own contribution of Varna Municipality. The grant contract was concluded on 09 July 2012 and has a duration of 36 months. It was approved by the European Commission on 17 December 2012.

Project components:

- Automated ticketing system
- Right-of-way to mass urban public transportation (MUPT) vehicles at crossroads
- Real-time passenger information system
- MUPT management centre
- BRT corridor
- Vehicle fleet
- Cycling facilities
- Improvement of three end stops
- Improvement of the production and technical facilities
- Accessibility measures and improving the static information at the MUPT stops

The progress on the implementation of the project in 2013 is as follows:

At the beginning of 2013 some of the experts in the internal Unit responsible for the management of the project were appointed. On 10 June 2013 a contract was concluded for preparation of

documentation for awarding public procurement contracts and support for conducting procedures for selection of contractors with a value of EUR 33,610, including VAT. As the end of 2013 the contractor had developed tender documentation for the following procedures – design, works, delivery and installation under Component 5 “BRT corridor”, Component 7 “Cycling facilities”, Component 8 “Improvement of end stops”, Component 10 “Measures to improve accessibility”, financial audit, information and publicity, vehicle fleet and construction supervision for Components 1, 2, 3, 5, 7, 8 and 10.

On 22 October 2013 a contract was concluded for supply of new vehicle fleet with a value of EUR 20,020,871.46, including VAT. At the end of 2013, 70 new low-floor buses for mass urban transportation were delivered.

Contractor selection procedures for financial audit and information and publicity are currently conducted. In 2014 contractor selection procedures will be announced for:

- design, works, delivery and installation under Component 5 “BRT corridor”, Component 7 “Cycling facilities”, Component 8 “Improvement of end stops”, Component 10 “Measures to improve accessibility”,
- design, works, author’s supervision, delivery and installation under Component 2 “Right-of-way to MUPT vehicles”, Component 3 “Real-time passenger information system” and Component 4 “MUPT management centre”,
- automated ticketing system,
- improvements to and construction supervision of a depot,
- construction supervision of Components 1, 2, 3, 5, 7, 8 and 10.

A delay in the implementation of the project was established. For this reason the OPRD MA required the beneficiary to develop an Action Plan to catch up on the accumulated delay, and an updated time-schedule of project activities. Based on the documents provided by the beneficiary, in the event of appeals a possible risk exists of non-implementation of the activities included in one of the public procurement procedures, namely: “Design, works, delivery and installation under Component 5 “BRT corridor”, Component 7 “Cycling facilities”, Component 8 “Improvement of end stops”, Component 10 “Measures to improve accessibility”. This procedure will be launched at the first half of 2014.

Actual risk for the implementation of this component will occur in the event of possible appeal against the public procurement procedures, which will result in further delays in the implementation. If this risk materialises, the OPRD MA will assess the need and will proceed to splitting the project in stages.

A public service contract was signed between Varna Municipality and the internal operator and project partner “Urban Transport” AD.

In 2013 payments in the amount of EUR 18,708,613.43 were executed.

5. TECHNICAL ASSISTANCE

According to the third revision of OPRD, sent to the EC for approval on 27 September 2013, the financial resources for this priority axis are **EUR 54,093,389**, of which **EUR 45,979,381** are European financing. The total amount makes up **3.38 %** of the total programme budget. The third revision of the programme covers all reallocations of funds made up to 31 August 2013. After that date by the end of 2013 no further reallocations of financial resources under Priority Axis 5 were made.

5.1. Achievement of targets and analysis of the progress

Table 46. Launched grant schemes:

	Date of publication	Total budget*, EUR	New Total Budget**, EUR	Co-financing from ERDF, EUR (85 %)	National financing, EUR (15 %)	Projects received between 01.01.2013 and 31.12.2013
BG161PO001/5-01/2008 "Technical Assistance for the Preparation, Management, Monitoring, Evaluation, Information, Control, and Strengthening of the Administrative Capacity for the Implementation of OP Regional Development 2007-2013"	15 April 2008	36,428,255	36,428,255	30,964,017	5,464,238	1 project proposal
BG161PO001/5-02/2012 "In Support of the Next Programming Period"	30 March 2012	7,666,310	14,034,962	11,929,718	2,105,244	35 project proposals
BG161PO001/5-03/2013, "Support for Integrated Urban Regeneration and Development PlansII"	30 January 2013	-	3,630,172	3,085,646	544,526	31 project proposals

* The Total Budget column reflects the budgets of the individual schemes from the 2012 Annual Report on the Implementation of OPRD.

** The New Total Budget column reflects the updated budgets of the separate schemes as a result of the OPRD MC decisions, adopted in 2013, on reallocations of funds between operations and/or priority axes.

Table 47. Orders issued / grant contracts signed in 2013 under scheme BG161PO001/5-01/2008

Priority Axis	Total budget of the Priority Axis and breakdown by components in EUR*	New total budget of the Priority Axis and breakdown by components in EUR**	Number of projects approved for financing	Grant value under the approved projects in EUR	Number of issued grant orders/contracts	Grant amount by issued orders in Euros
Technical assistance, scheme BG161PO001/5-01/2008	36,428,255	36,428,255	2	587,268	2	587,268
Component 1	23,257,760	23,257,760	2	587,268	2	587,268
Component 2	4,551,840	4,551,840	-	-	-	-
Component 3	8,618,655	8,618,655	-	-	-	-

* The Total Budget of the priority axis and breakdown by components in EUR column reflects the budgets of the individual schemes from the 2012 Annual Report on the Implementation of OPRD.

** The New Total Budget of the priority axis and breakdown by components in EUR column reflects the updated budgets of the separate schemes as a result of the OPRD MC decisions, adopted in 2013, on reallocations of funds between operations and/or priority axes.

5.1.1. Information on the physical progress of the priority axis

Table 48: Information on the physical progress of the priority axis

Indicators		2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
TECHNICAL ASSISTANCE											
Result indicator											
Level of general public awareness about OPRD (%)	Value achieved	N/A	N/A	0	0	0	0	0	0 ⁽¹⁾		0
	Target value	N/A	N/A	15 %	N/A	N/A	N/A	N/A	N/A	40 %	40 %
	Baseline value	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Output indicators											
Technical support, consulting, etc. (man-days)	Value achieved	N/A	360	360	416	1,328	1,328	1,444			1,444
	Target value	N/A	1,000	5,500	N/A	N/A	N/A	N/A	N/A	15,500	15,500
	Baseline value	1,500	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Number of trained people from MA (including regional departments) and beneficiaries (number)	Value achieved	1,084	3,978	4,442	5,307	6,448	7,005	7,145			7,145
	Target value	N/A	450	1,500	N/A	N/A	N/A	N/A	N/A	4,500	4,500
	Baseline value	600	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Number of Monitoring Committee sessions (number)	Value achieved	1	3	6	8	10	12	14			14
	Target value	1	N/A	6	N/A	N/A	N/A	N/A	N/A	14	14
	Baseline value	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Information campaigns and publicity activities conducted under the Communication Plan (number)	Value achieved	7	74	95	134	184	226	271			271
	Target value	N/A	6	20	N/A	N/A	N/A	N/A	N/A	60	60
	Baseline value	6	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Conducted evaluations (number)	Value achieved	N/A	N/A	1	1	2	2	4			4
	Target value	N/A	N/A	3	N/A	N/A	N/A	N/A	N/A	6	6
	Baseline value	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<p>(1) In 2013, with order No. RD-02-36-596 of 11 July 2013, the project BG161PO001/5-01/2008/077 "Impact assessment of the interventions under Operational Programme Regional Development 2007–2013 and their contribution to the implementation of the horizontal policies of the EU" was approved under Priority Axis 5 "Technical Assistance". The project includes conducting surveys for collecting information on the progress under the indicators, measuring the results and impact of the OPRD priorities. The result indicator "Public awareness level regarding OPRD" will be reported within the said surveys (social surveys) The Evaluation will be carried out during the period March 2014 – June 2015.</p>											

The objective of Priority Axis 5 “Technical Assistance” is to guarantee the smooth implementation, monitoring, evaluation, publicity and control of the programme, thus providing a high level of EU funds absorption. Considering the scope and number of potential beneficiaries, the publicity and information measures are of particular importance. The capacity building activities are a key element for the MA staff and the OPRD beneficiaries to ensure successful management and implementation.

5.1.2. Information on the financial progress of the priority axis

Table 49. Contracted, disbursed and certified expenditures during the period from 01 January 2013 to 31 December 2013

Priority Axis	Financial implementation		
	Contracted EUR	Disbursed EUR	Certified expenditure EUR
5. Technical Assistance	17,622,034	6,388,664.61	7,093,321.77

The Contracted Value column includes only the grant amount under contracts concluded in 2013 in accordance with the Decisions for the award of grants issued by the Head of the OPRD MA, excluding the amounts on the annexes executed in 2013.

5.2. Quantitative analysis

In 2013 a total of 67 project proposals were submitted, of which 1 project proposal within component 1 of scheme BG161PO001/5-01/2008 “Technical assistance for the Preparation, Management, Monitoring, Evaluation, Information, Control and Strengthening of the Administrative Capacity for the Implementation of OP Regional Development 2007–2013”, 35 project proposals under scheme BG161PO001/5-02/2013 “In Support of the Next Programming Period” by Dobrich, Blagoevgrad and Sofia Municipalities, and 31 project proposals under scheme BG161PO001/5-03/2013 “Support for Integrated Urban Regeneration and Development Plans II”. Sixty-eight (68) project proposals were approved, 2 grant orders were issued and 68 grant contracts were concluded.

- **Scheme BG161PO001/5-01/2008 “Technical Assistance for the Preparation, Management, Monitoring, Evaluation, Information, Control, and Strengthening of the Administrative Capacity for the Implementation of OP Regional Development 2007–2013”**

The scheme is aimed at supporting activities ensuring appropriate and efficient programming, management, implementation, monitoring, evaluation and control of OPRD, strengthening the administrative capacity of the MA and beneficiaries for successful implementation, and ensuring high level of absorption of funds.

Project:	BG161PO001/5-01/2008/076 “Analyses, Studies and Updating of Statutory Instruments in Support of OPRG 2014–2020”
Actions planned:	Analysing, studying and updating of (development of new) statutory instruments in the field of energy efficiency concerning the design, construction and renovation in accordance with the requirements of Directive 2010/31/EU. Analysis of the extant statutory instruments in the field of buildings for public services, for education and science, for healthcare and in the field of culture and art, and proposing a draft new statutory instrument.

	Development of national requirements for the implementation of the harmonised and European standards in the field of activities 2 and 3.
Indicators set:	<p>Information campaigns and public events held – 2</p> <p>Number of employees granted financial incentives – 9</p> <p>Contracts concluded with the project leader and the technical experts – 9</p> <p>Analysis and studies containing proposals for updating of / development of new national statutory instruments in the field of energy efficiency concerning the design, construction and renovation in accordance with the requirements of Directive 2010/31/EU – 1</p> <p>Analysis for determining the requirements to the material characteristics of construction products with regard to their use in the aspect of energy efficiency – 1</p> <p>Draft of an updated national methodology for calculating annual energy consumption – 1</p> <p>Drafts of updated ordinances (or drafts of new statutory instruments) containing: requirements for reference values of the coefficient of heat transfer U; national parameters for calculating the statutory requirement for energy performance of buildings with close-to-zero energy consumption; reference values of the total specific energy consumption by classes of energy consumption and by types of buildings – 3</p> <p>Analysis of the studies carried out of extant statutory instruments in the field of buildings for public services, for education and science, for healthcare and in the field of culture and art, European instruments, good practices and construction products standards – 4</p> <p>Draft statutory instrument on buildings for public services, for education and science, for healthcare and in the field of culture and art – 1</p> <p>Analysis of the technical specifications (standards) in Appendix 1 and 2 – 2</p> <p>Developed drafts for national implementation of European standards – 30</p> <p>Audit of the project – 1</p>

Project:	BG161PO001/5-01/2008/077 “Impact assessment of the interventions under Operational Programme Regional Development 2007–2013 and their contribution to the implementation of the horizontal policies of the EU”
Actions planned:	<p>Conducting a public procurement procedure for selection of contractors</p> <p>Impact assessment of the interventions under OPRD 2007–2013 and their contribution to the implementation of the horizontal policies of the EU</p>

	Ongoing monitoring, control of activities awarded to contractors, and reporting of the project
Indicators set:	<p>Report on the impact assessment of the OPRD 2007–2013 interventions – 1</p> <p>Report on the assessment of the contribution of the OPRD 2007–2013 interventions to the EU horizontal policy implementation – 1</p> <p>Report on the impact assessment of the implementation of the measures in the Information and Publicity Communication Plan of OPRD 2007–2013 – 1</p> <p>Second triennial report on the monitoring and control of the implementation of the programme, including the measures for prevention, mitigation or elimination of environmental damages resulting from the OPRD implementation – 1</p>

➤ ***Scheme BG161PO001/5-02/2012 “In Support of the Next Programming Period”***

The scheme was published on 30 March 2012 in a direct grant award procedure. The specific beneficiaries are 36 municipalities – centres of agglomeration areas. The specific objectives of the scheme are: to provide technical assistance for preparation of ready investment projects (project pipeline) for the operational programme for regional development during the period 2014–2020; to support local authorities in the preparing of lists of “ready to finance” projects, which can be included in the Integrated Urban Regeneration and Development Plans.

In 2013 all 35 project proposals submitted under the scheme were approved and 35 grant contracts were signed. Of all specific beneficiaries of the scheme, Panagyurishte Municipality was the only municipality that did not submit a project proposal and is not implementing a project under the scheme.

The municipalities received assistance in the preparation of fully ready investment projects with the following subjects (components): urban environment, educational, cultural and social infrastructure, integrated urban transport. The municipalities will be able to apply under Operational Programme Regions in Growth 2014–2020 to implement the investment projects developed within this scheme.

Table 50: Information about scheme BG161PO001/5-02/2012 “In Support of the Next Programming Period”

Type of procedure	Direct grant award procedure
Eligible candidates	36 municipalities, centres of agglomeration areas, in accordance with Appendix 3a of Operational Programme Regional Development 2007–2013
Number of contracts concluded in 2013	35
Total value of contracts concluded in 2012 (grant)	EUR 13,444,904.44

Table 51: Results of scheme BG161PO001/5-02/2012 “In Support of the Next Programming Period”

		Total	NWR	NCR	NER	SER	SCR	SWR
	Number of contracts concluded	35	6	6	4	5	7	7

	Amount of the grant for concluded contracts, EUR	13,444,904.44	2,003,313.58	2,163,753.79	1,599,400.75	2,308,807.84	2,411,238.51	2,958,389.98
Total value of investment projects prepared for applying (in BGN)	urban environment	601,694,378.80	84,130,895.00	116,582,419.00	93,950,000.00	94,644,737.00	65,496,352.80	146,889,975.00
	educational infrastructure	177,334,449.80	35,405,382.00	21,739,062.00	20,121,000.00	24,854,559.00	34,916,812.00	40,297,634.00
	social infrastructure	35,769,880.20	4,775,240.00	1,580,000.00	10,271,000.00	8,247,805.00	3,861,835.00	7,034,000.00
	cultural infrastructure	116,621,861.00	26,568,534.00	20,131,767.00	20,950,000.00	11,253,650.00	5,363,910.00	32,354,000.00
	integrated urban transport	45,640,000.00	0.00	0.00	65,000.00	15,500,000.00	0.00	30,075,000.00
Number of prepared investment proposals for:	urban environment	408	61	57	22	101	121	46
	educational infrastructure	187	38	29	21	19	27	53
	social infrastructure	30	11	3	4	4	3	5
	cultural infrastructure	68	16	12	12	8	7	13
	integrated urban transport	5.00	0	1	1	1	0	2

➤ ***Scheme BG161PO001/5-03/2013 “Support for Integrated Urban Regeneration and Development Plans II”***

The scheme was published in January 2013 in a direct grant award procedure. The specific beneficiaries are 31 municipalities of level 3 and level 4 cities, in accordance with the approved National Concept for Spatial Development for the period 2013–2025. The objectives of the scheme are as follows: to elaborate integrated urban regeneration and development plans, aimed at sustainable and long-term overcoming of the high concentration of economic, natural and social problems in towns; to achieve synergies between existing and currently developed and/or updated strategic planning documents for sustainable integrated regional and local development, sectoral policies, programme documents and development schemes within the cities.

In 2013 all 31 project proposals submitted under the scheme were approved and 31 grant contracts were signed.

Municipalities received support to develop integrated urban regeneration and development plans to support the long-term vision for the city’s development through implementation of projects in urban areas and/or subsystems in unsatisfactory condition, which show negative development trends and/or unrealised potential, by attracting and coordinated management of various investments and support from the EU Structural Funds and the Cohesion Fund.

Table 52: Information about scheme BG161PO001/5-03/2013 “Support for Integrated Urban Regeneration and Development Plans II”

Type of procedure	Direct grant award procedure
Eligible candidates	31 municipalities of level 3 and level 4 cities, in accordance with the approved National Concept for Spatial Development for the period 2013–2025
Number of contracts concluded in 2013	31
Total value of contracts concluded in 2012 (grant)	EUR 3,589,861.85

Table 53: Results from grant scheme BG161PO001/5-03/2013 “Support for Integrated Urban Regeneration and Development Plans II”

	Total	NWR	NCR	NER	SER	SCR	SWR
Number of contracts concluded	31	7	3	4	5	8	4
Amount of the grant for concluded contracts, EUR	3,589,861.85	709,458.39	438,242.08	402,881.39	510,564.26	1,121,485.87	407,229.87
Number of developed integrated urban development plans	31	7	3	4	5	8	4

➤ Terminated contracts

One grant contract was terminated during the reporting period, as follows:

Beneficiary	Contract No	Date of contract termination	Reasons for termination
Ministry of Regional Development	RD-02-14-1668 of 05 October 2010 “Pilot assessment of the capacity of beneficiaries of OP Regional Development 2007–2013”	08 January 2013	Terminated because of uncertified expenditure under the project due to a risk of double funding

➤ Projects in implementation

In 2013 the total number of projects in progress under Priority Axis 5 was 96. Six (6) on-the-spot checks were carried out on requests for interim and final payment.

The following activities under a contract dated 19 September 2012 with subject “Development of a Socio-Economic Analysis for the Needs of Operational Programme Regional Development for the 2014–2020 Period”, were completed:

- ✓ Three regular meetings were held between the Contractor and the Contracting Authority to coordinate activities and comment key points in the contract implementation process;
- ✓ The contractor submitted two interim and three analytical reports on the development of the analysis. These reports were accepted by the Contracting Authority;
- ✓ Representatives of the contractor participated with presentations in the discussions at meetings of the working group for development of Operational Programme Regions in Growth 2014–2020, as well as in informal meetings at high management level;
- ✓ Meetings were held with representatives of the stakeholders: managing authorities of other operational programmes.

The following activities under a contract dated 12 April 2012 with subject “Purchasing geographical information system software for the needs of Operational Programme Regional Development for the 2014–2020 programming period”, were completed:

- ✓ In 2013 the second stage of the contract “Training of 12 MoRDPW officials to use the full functionalities of the GIS software and its modules” was implemented, and a refresher course was held during the period 28 March – 02 April 2013. Twelve certificates were issued. The takeover record was signed on 14 April 2013;
- ✓ The third stage of the contract – “Integration of digital layers and attributive data, prepared by the contractors of the social and economic analysis for the needs of OPRD for the period 2014–2020, in the digital geographic base, and development of NCSD by 2025”, was implemented. The contract finished with signing of an acceptance protocol on 11 April 2013.
- ✓ A GIS server application and a GIS database were created, in which digital layers and attributive data, prepared by the contractors of the social and economic analysis for the needs of OPRG for the period 2014–2020 and by the contractor for the development of NCSD by 2025, and existing layers developed and maintained by the MoRDPW, were integrated.

In 2013 the implementation of a contract with subject “Development of a National Concept for Spatial Development for the period 2013–2025” was completed. With the takeover record signed on 25 February 2013 the work of the Contractor under Stage 4: Coordination and approval of the NCSP 2013–2025 was accepted.

➤ **Project BG161P0001/5-01/2008/065 “Evaluations related to the preparation of the operational programme for regional development 2014–2020”**

The implementation of the project will help the Ministry of Regional Development and Public Works in the preparation of the planning process for the next operational programme for regional development for the period 2014–2020 by carrying out the mandatory preliminary evaluation and environmental assessment of the future programme.

The main objective of the project is to carry out evaluations related to the preparation of the OPRD for the next programming period 2014–2020 (preliminary evaluation, environmental assessment, and evaluation of the compatibility with the subject and the objectives on preserving the protected areas).

The project has a total value of EUR 173,542.69 and a duration of 22 months, and includes two interrelated activities awarded with a single public procurement procedure with two lots.

The activities under the contract concluded (on 01 June 2012) with a contractor under the PP Act with subject “Preliminary evaluation of OPRD for the 2014–2020 programming period” were completed with the acceptance of the final report on the preliminary evaluation on 29 October 2013.

The activities under the contract concluded (on 01 June 2012) with a contractor in accordance with the procedure of the PP Act with the subject “Environmental assessment (EA) and evaluation of the compatibility (EC) with the subject and objectives on preserving the protected areas of OPRD for the programming period 2014–2020” were completed with the acceptance of the final EA report on 23 January 2014.

✓ **Project BG161PO001/5-01/2008/009 “Ensuring good management and implementation of OPRD by supporting the printing, photocopying and assembling of MA documents”**

In accordance with a contract for photocopying of concluded grant contracts and other documents, which expired at the beginning of 2014, on 3 October 2013 the OPRD MA published procurement notice for an open procedure under the PP Act under the project with subject “Printing, photocopying and assembling of documentation for the needs of the Managing Authority of Operational Programme Regional Development 2007–2013 in connection with its operations”. The 6 tenders received were opened on 09 December 2013 and their evaluation started.

Completed projects

During the reporting period **5 projects** under Priority Axis 5 “Technical Assistance” were completed, of which 1 is related to strengthening the capacity of the MoI to manage OPRD projects and 4 projects are with beneficiary the Ministry of Regional Development. The projects aimed at securing the work of the Managing Authority of OP Regional Development, strengthening the administrative capacity of the MA and beneficiaries for successful implementation, and ensuring high level of absorption of funds.

Some of the main indicators for the projects under Priority Axis 5 “Technical Assistance” are as follows:

- “Strengthening the OPRD Beneficiaries’ Capacity for Successful Participation in the OPRD Implementation and Absorption of Funds Granted by the Structural Funds through Implementation of the Training Plan”, under which the following was reported: 15 training programmes developed and 1,758 representatives of OPRD beneficiaries trained.
- Development of Action Plans to Strengthen the Administrative Capacity of the OPRD Beneficiaries: 43 plans were developed.
- Visualisation of the future operational programme for regional development 2014–2020, where the following was reported: developed logo and presentational materials (official letterhead and master slide) for the future operational programme for regional development 2014–2020, and generating a slogan for the future operational programme for regional development 2014–2020.
- Strengthening the capacity of the MoI to manage OPRD projects, where the following was reported: 3 training events held and 54 employees trained.

5.3. Significant problems encountered and measures taken for their resolution

No significant problems were established during the reporting period.

6. INFORMATION AND PUBLICITY

In accordance with the requirements of Article 4(2b), Regulation 1828/2006, the OPRD web site, www.bgregio.eu contains an updated list of the programme beneficiaries, the operation names, and the amounts of the public funds allocated for the operations.

In 2013 the OPRD MA continued informing effectively the beneficiaries of OPRD of the latest changes in the programme and in the project implementation, and promoting the progress under OPRD and the role of the Communities for the development of regions. The contracts concluded in 2013 for development and dissemination of information materials and for information and publicity contributed to raising the awareness of the wider public and the beneficiaries of the programme. They also helped maintain the positive image of OPRD as one of the most successful operational programmes promoting the financial contribution of the ERDF for the development of the regions in Bulgaria.

In 2013, 20,000 copies of information materials in Bulgarian and English were developed and disseminated, as follows:

11 types brochures on the following topics:

- General brochure on the implementation of OP Regional Development 2007–2013 – 2 types, in Bulgarian
- General brochure on the implementation of OP Regional Development 2007–2013 – 2 types, in English
- Annual report in Bulgarian
- Annual report in English
- Photo album – “How we changed Bulgaria” in two languages – Bulgarian and English
- Brochure about Operational Programme Regions in Growth 2014–2020 for the new programming period 2014–2020, in Bulgarian
- Brochure with guidelines for the implementation of contracts under OPRD in Bulgarian
- Brochure “Development of the urban environment” – in two languages, Bulgarian and English
- Brochure “Innovative cultural events” – in two languages, Bulgarian and English



Information events

In 2013, three training events for beneficiaries in Stara Zagora and two training events in Sofia were held in connection with the updated “Guidelines on the implementation of OPRD 2007–2013 grant contracts”, as follows:

- 02–03 July 2013 in the town of Stara Zagora – Complex training for beneficiaries implementing contracts under the programme (Mayors / Deputy Mayors, MFIP managers and project managers) with subject: “Guidelines in connection with the implementation of grant contracts under OPRD 2007–2013”.
- 10 July 2013 in Sofia – Training for the financial experts of the project teams of all beneficiaries (municipalities and specific beneficiaries of OPRD) with the subject “Verification – monitoring, financial control and electronic reporting of projects”.
- 11 July 2013 in Sofia – Training for the legal experts of the project teams of all beneficiaries (municipalities and specific beneficiaries of OPRD) with the subject “Applying, annexing, irregularities, ex-ante / ex-post control”.

An **Annual conference for presenting the progress in the implementation of OPRD** was held in Stara Zagora on 9 and 10 December 2013.

In 2013 six official ceremonies were held on grant contract signings.

- *BG161PO001/3.2-03/2012 “Support for the Development of the Regional Tourist Product and Marketing of Destinations II” – in Sofia; 20 February 2013*
- *BG161PO001/2.1-01/2007 “Support for Rehabilitation and Reconstruction of Second- and Third-Class Roads” – in Sofia; 22 March 2013*
- *BG161PO001/1.1 – 05/2008 “Support for Provision of Adequate and Cost-Effective State Cultural Infrastructure Contributing to Development of Sustainable Urban Areas” – in Sofia; 05 April 2013*
- *BG161PO001/1.4 – 09/2012 “Green and Accessible Urban Environment” – in Sofia; 20 May 2013*
- *BG161PO001/1-08/2010 “Support for Reconstruction, Renovation, and Equipment of State Medical and Healthcare Facilities in Urban Agglomerations” – in Sofia; 28 September 2013*
- *Signing the financing agreement for the project for reconstruction and capital repair of the Women Market in Sofia under the JESSICA initiative by and between “Fund for sustainable urban development of Sofia” EAD and “Vazrazhdane Markets” EAD;*
- *Sites under Operational Programme Regional Development projects officially launched in the presence of the Head of the Managing Authority:*
- *BG161PO001/3.1-03/2010/004–02 – “Restoration, conservation and exhibition of the late ancient fortress with a church ensemble and an offering premise Tsari Mali grad” project*
- *BG161PO001/3.1-02/2009/006-01 – “Adapting the landmarks of cultural and historic heritage for tourism development in Razlog Municipality” project*



- **BG161PO01/1.1-07/2009/002** – “Modernisation of the library information centre, energy efficiency measures and developing an accessible architectural environment in the University of Forestry, Sofia” project



In January 2013 the new office of Directorate General Programming of Regional Development, Managing Authority of Operational Programme Regional Development 2007–2013 at the Ministry of Regional Development, was opened at the following address: city of Sofia, 109, “Todor Aleksandrov” Blvd. The project was implemented for the purpose of providing effective and efficient working conditions to achieve sustainable results in the process of absorption of OPRD funds. The project was financed under Priority Axis 5 of OPRD.

Under project BG161PO001/5-01/2008/022 “Logistics and technology for conferences, information campaigns, meetings, and other events related to the implementation and the current operation of the OPRD”, the following information events, meetings, and other events related to the implementation of the programme were organised and held:

- *XII and XIII session of the Monitoring Committee of OP Regional Development 2007–2013, in May and November 2013 respectively;*



- Working meeting on the update of the OPRD Manual of Procedure and the acceleration of the verification processes at the OPRD MA – in May in Sofia, Downtown Hotel;
- Training for beneficiaries on the updated “Guidelines in connection with the implementation of grant contracts under OPRD 2007–2013” – in July 2013, in Stara Zagora;
- Training for beneficiaries on the updated “Guidelines in connection with the implementation of grant contracts under OPRD 2007–2013” with the subject “Verification – monitoring, financial control and electronic reporting of projects” – in July 2013 in Sofia;
- Annual conference of the Managing Authority on the progress under OPRD in 2013 and the implementation of version 9 of the OPRD Management and Implementation Manual;



- Annual conference for presenting the progress achieved in the implementation of Operational Programme Regional Development in 2013



- *Organising and holding of three (out of a total of six) meetings of the thematic working group for development of operational programme for regional development for the 2014–2020 programming period*

Ensuring accessibility, publicity and transparency of OPRD via electronic and printed media

Within the “Ensuring transparency in the implementation of Operational Programme Regional Development 2007–2013 and its promotion in the electronic and print media” project, the implementation of 4 contracts with national electronic media continued in 2013. In October 2013, 1 new contract was concluded with a radio station with national coverage.

The implementation of the contract for promoting the progress under OPRD and successfully implemented projects in national and regional printed media, concluded in 2012 with a media shop, continues. The publications aim at presenting the opportunities for financing of projects under OPRD, strategic priorities and topical news about OPRD as well at promoting good and successful projects implemented under OPRD with the financial support from the ERDF.

In 2013, 27 publications promoting the OPRD were published in national and regional printed media. As a result of the implementation of contracts, 28 specialised spots and reports, and 30 information programmes were broadcast by national TV and radio stations. The main goal of the specialised broadcasts and programmes is to inform the public of the projects implemented under OPRD and the contribution of the ERDF to the development of the regions, and to disseminate successful good practices in order to multiply the experience of potential beneficiaries.