



REPUBLIC OF BULGARIA

---

**MINISTRY OF REGIONAL DEVELOPMENT AND PUBLIC WORKS**  
**DIRECTORATE GENERAL PROGRAMMING OF REGIONAL DEVELOPMENT**  
**Managing Authority of Operational Programme Regional Development 2007 – 2013**

**ANNUAL REPORT ON THE IMPLEMENTATION**  
**OF**  
**OPERATIONAL PROGRAMME**  
**REGIONAL DEVELOPMENT 2007 – 2013**  
**in 2014**



## TABLE OF CONTENTS

<b>1. IDENTIFICATION.....</b>	<b>4</b>
<b>2. OPERATIONAL PROGRAMME IMPLEMENTATION OVERVIEW.....</b>	<b>4</b>
2.1. Results achieved and progress analysis .....	4
2.2. Information about compliance with Community law .....	24
2.3. Significant problems encountered and measures taken to overcome them .....	25
2.4. Changes in the context of the operational programme implementation (if relevant) .....	35
2.5. Substantial modification pursuant to Article 57 of Regulation (EC) No 1083/2006 (if relevant) .....	35
2.6. Complementarity with other instruments.....	35
2.7. Monitoring and evaluation .....	37
2.8. National performance reserve (where applicable and only for the annual implementation report submitted for 2010) .....	46
<b>3. IMPLEMENTATION BY PRIORITY AXES .....</b>	<b>47</b>
3.1. Priority Axis 1 – Sustainable and integrated urban development .....	47
3.1.1. Achievement of targets and analysis of the progress .....	47
3.1.2. Qualitative analysis .....	56
3.1.3. Significant problems encountered and measures taken to overcome them .....	80
3.2. Priority Axis 2 Regional and Local Accessibility.....	81
3.2.1. Achievement of targets and analysis of the progress .....	81
3.2.2. Qualitative analysis .....	84
3.2.3. Significant problems encountered and measures taken to overcome them .....	91
3.3. Priority Axis 3 Sustainable tourism development .....	92
3.3.1. Achievement of targets and analysis of the progress .....	92
3.3.2. Qualitative analysis .....	97
3.3.3. Significant problems encountered and measures taken to overcome them .....	100
3.4. Priority Axis 4: Local Development and Cooperation .....	101
3.4.1. Achievement of targets and analysis of the progress .....	101
3.4.2. Qualitative analysis .....	104
3.4.3. Significant problems encountered and measures taken to overcome them .....	108
<b>4. ERDF/CF FUNDED PROGRAMMES: MAJOR PROJECTS .....</b>	<b>109</b>
<b>5. TECHNICAL ASSISTANCE.....</b>	<b>118</b>
5.1. Achievement of targets and analysis of the progress.....	118
5.2 Quantitative analysis.....	120
5.3 Significant problems encountered and measures taken for their resolution .....	125
<b>6. INFORMATION AND PUBLICITY .....</b>	<b>125</b>

## LIST OF ABBREVIATIONS

NEA	National Employment Agency
RIA	Road Infrastructure Agency
SAA	Social Assistance Agency
AFCOS	Protection of the European Union Financial Interests Directorate - MoI
GA	Grant Assistance
SAC	Supreme Administrative Court
DG "PRD"	Directorate General Programming of Regional Development
SG	State Gazette
VAT	Value added tax
EIB	European Investment Bank
EC	European Commission
EU	European Union
ERDF	European Regional Development Fund
EA	Environmental assessment
ESIF	European Structural and Investment Funds
ESF	European Social Fund
PP Act	Public Procurement Act
SD Act	Spatial Development Act
AEUF EA	Audit of European Union Funds Executive Agency
ECNIS EA	Electronic Communications Networks and Information Systems Executive Agency, Ministry of Transport, Information Technology and Communications
IURDP	Integrated Plans for Urban Regeneration and Development
IPA	Implementation of programme priorities
MMIS	Management and Monitoring Information System
CPC	Commission for Protection of Competition
MC	Monitoring Committee
MUPT	Mass urban public transport
CoM	Council of Ministers
MoRDPW	Ministry of Regional Development and Public Works
MoF	Ministry of Finance
NSDC	National Spatial Development Concept 2013-2025
OPRD MIM	OPRD Management and Implementation Manual
OP	Operational Programme
OPRD 2007 – 2013	Operational Programme Regional Development 2007 – 2013
OPRG 2014 – 2020	Operational Programme Regions in Growth 2014 – 2020
OP HRD	Operational Programme Human Resource Development 2007 – 2013.
CMD	Decree of the Council of Ministers
RDP	Rural Development Programme
RD	Regional Department
GBUA	Gross built-up area
CW	construction works
MFIP	Medium-term Framework Investment Programme
EUFMS	EU Funds Management System Directorate of the Administration of the Council of Ministers
MA	Managing Authority
FMC	Financial Management and Control

# ANNUAL IMPLEMENTATION REPORT

## 1. IDENTIFICATION

<b>OPERATIONAL PROGRAMME</b>	<b>Goal</b>	<b>COHESION</b>
	<b>Eligible region</b>	<b>Republic of Bulgaria</b>
	<b>Programming period</b>	<b>2007–2013</b>
	<b>Programme number (CCI No)</b>	<b>2007BG161PO001</b>
	<b>Programme name</b>	<b>REGIONAL DEVELOPMENT 2007–2013</b>
<b>ANNUAL IMPLEMENTATION REPORT</b>	<b>Reporting year</b>	<b>2014</b>
	<b>Monitoring Committee Approval Date for the Annual Report</b>	<b>05.06.2015</b>

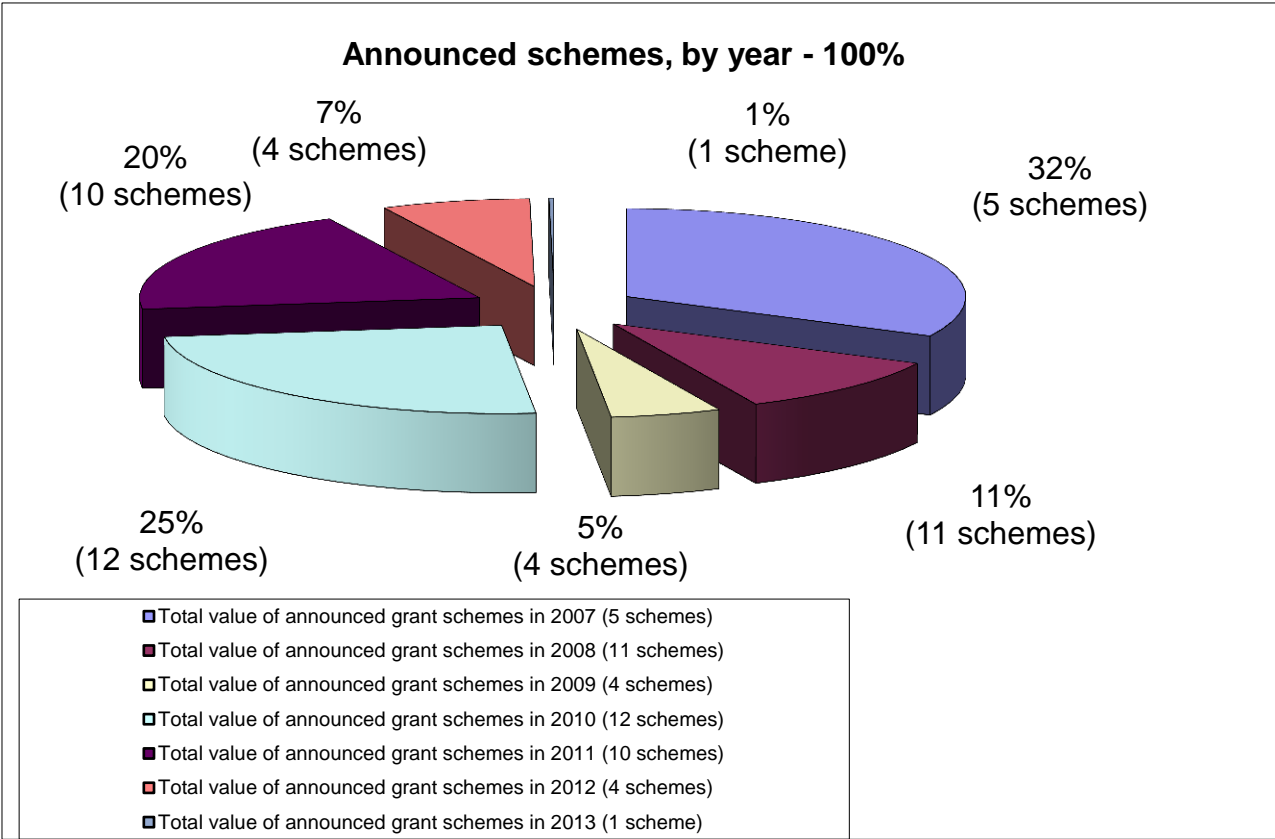
## 2. OPERATIONAL PROGRAMME IMPLEMENTATION OVERVIEW

### 2.1. Results achieved and progress analysis

In order to provide actual and correct information this report reflects all decisions of the Monitoring Committee (MC) of Operational Programme Regional Development 2007-2013 (OPRD), made in 2014, including the decisions for reallocation of financial resources between operations and/or priority axes, made following approval on the part of the European Commission (EC) of the third revision of OPRD on 01.04.2014. The budgets of the individual operations and priority axes have been updated in line with the decisions made in 2014 and will be reflected in the third and final revision of OPRD with a view to its official transmission via the SFC system in August 2015 for approval by the EC.

No new grant assistance (GA) schemes were published in 2014 in view of the fact that the total value of the schemes published since the launch of the operational programme until the end of 2013 had reached 100% of the OPRD budget.

NB: The total value of the schemes published in the respective year reflects the updated budgets of all schemes, as a result of the OPRD MC decisions, adopted in 2014, on reallocations of funds between operations and/or priority axes.



During the reporting period a total of **27 project proposals were submitted. 10 project proposals** were evaluated, including **1 project proposal submitted in 2013, but evaluated in 2014. 18 project proposals are undergoing evaluation and 8 project proposals were approved.**

In 2014, **3 contracts** in a total GA amount (pursuant to the grant award decisions) of EUR **123,867,899.18** were entered into in the following thematic areas:

- 1 contract was entered into with the Ministry of Health under Priority Axis 1 for reconstruction, renovation and equipment of state medical and healthcare facilities in urban agglomerations in regard to a project proposal, approved in 2013.
- 2 contracts were entered into for the rehabilitation/reconstruction of Grade-2/3 road network under Priority Axis 2, of which 1 project proposal was approved in 2013. This contract relates to the major project, oriented at building the Northern Bypass Highway (NBH), as a result of which overcontracting of OPRD is observed to the value of 104% of the programme budget.

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 2014 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)
<b>1. Sustainable and Integrated Urban Development</b>	958,848,322	939,744,241	5	9,279,051.27	1	3,048,720.94
<b>2. Regional and local accessibility</b>	330,007,985	358,938,215	3	5,147,228.25	2.	120,819,178.24
<b>3. Sustainable tourism development</b>	156,385,061	151,159,421	0	0,00	0	0,00
<b>4. Local development and cooperation</b>	101 940 002	97 339 493	0	0,00	0	0,00
<b>Technical assistance</b>	54,093,389	54,093,389	0	0,00	0	0,00
<b>Total</b>	<b>1,601,274,759</b>	<b>1,601,274,759</b>	<b>8</b>	<b>14 426 279,52</b>	<b>3</b>	<b>123 867 899,18</b>

NB:

The column "Total Priority Axis Budget in Euros" reflects the amounts of the priority axes according to the third OPRD revision, approved by the EC in April 2014.

The column "Total Priority Axis Budget after MC Decisions in 2014 in Euros" reflects decisions of the OPRD MC, made in 2014, including the decisions for reallocation of financial resources between operations and/or priority axes, made following approval on the part of the European Commission (EC) of the third revision of OPRD on 01.04.2014.

The column "Number of contracts signed" also includes contracts under projects, which were evaluated in 2013, but the contracts were entered into in 2014.

The "Grant Value under the Concluded Contracts" column includes only the GA amount under contracts concluded in 2014 in accordance with the Grant Award Decisions issued by the Head of the Managing Authority (MA) of OPRD for providing GA, excluding the amounts on the annexes executed in 2014.

### 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 at the completion of the programme, 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 2014 **240 projects were entirely completed under GA contracts**, distributed between the Priority Axes as follows:

Priority Axis	Number of completed projects in 2014
Priority Axis 1	124
Priority Axis 2	19
Priority Axis 3	43
Priority Axis 4	52
Priority Axis 5	2
<b>TOTAL:</b>	<b>240</b>

Out of the projects completed within the framework of Priority Axis 1: 2 projects concerned support for the provision of adequate and effective state educational infrastructure, contributing to development of sustainable urban areas; 1 project concerned provision of adequate and cost-effective state cultural infrastructure; 2 projects were aimed at refurbishment of the infrastructure of universities; 15 projects concerned application of energy efficiency measures in municipal educational infrastructure of urban agglomerations; 7 projects were aimed at design and promotion of innovative cultural events; 46 projects were in support of the deinstitutionalisation of social institutions providing services to children at risk; 9 projects were aimed at reconstruction/modernisation and equipping of municipal medical institutions in urban agglomerations. Within the framework of operation 1.4 the following were completed: 1 project for improving the urban environment; 36 projects,

related to support for Integrated Plans for Urban Regeneration and Development; and 5 projects for small-scale interventions to prevent floods in urban agglomerations.

As a result of the completed projects under Priority Axis 1, 93 buildings of the educational, cultural and social infrastructure were renovated. 36 Integrated Urban Regeneration and Development Plans (IURDPs) were prepared. For the prevention of floods in urban agglomerations installations were built of a length of 3,606 m and the length of protected or restored riverbanks from the projects completed was 3,629 m.

In 2014 19 projects were completed under Priority Axis 2, resulting in the rehabilitation/renovation of 310.642 km of national and municipal roads.

During the reporting period implementation of the following projects under Priority Axis 3 was completed: 2 projects oriented at support for monuments of culture of national and world significance, contributing to sustainable tourism development, where the specific beneficiary was the Ministry of Culture; 14 projects in support for regional tourist product development and marketing of destinations; 3 projects for the development of tourist attractions and 24 projects for the development of natural, cultural and historical attractions.

Under Priority Axis 4 52 projects were completed, as follows: 23 projects for implementation of energy efficiency measures in the municipal educational infrastructure of 178 small municipalities; 23 projects oriented at small-scale measures for prevention of floods in 178 small municipalities and 6 projects for reconstruction/renovation and equipment of municipal medical and healthcare facilities in municipalities outside urban agglomeration areas.

Among the more important results of the projects completed under Priority Axis 4 were: 51 renovated buildings with improved educational infrastructure, 11,172 pupils benefiting from the renovated educational institutions, 6 buildings with improved healthcare infrastructure, 14,504m of installations for flood prevention in settlements and 24,205 m of cleared riverbeds and gullies.

A total of 2 projects were completed under Priority Axis 5 in 2014.

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



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

Table 2 – Financial information

	<b>Total funding of the operational programme (from the EU and from the Member States)</b>	<b>Basis for calculating the RU contribution (Public or Total cost)</b>	<b>Total amount of certified eligible expenditure paid by beneficiaries ( 1 )</b>	<b>Corresponding public contribution ( 1 )</b>	<b>Implementation rate in %</b>
	<i>a</i>	<i>b</i>	<i>c</i>	<i>d</i>	<i>e = c/a if T or e = d/a if P</i>
<i>Priority Axis 1</i>	958,848,322.00	public	565,212,490.62	550,733,584.65	57,44 %
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 2</i>	330,007,985.00	public	268,263,577.58	267,870,507.07	81.17 %
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 3</i>	156,385,061.00	public	81,406,716.42	78,392,043.98	50.13 %
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 4</i>	101,940,002.00	public	87,414,790.80	86,243,896.71	84.60 %
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	22,052,322.26	22,052,322.26	40.77 %
<i>Technical Assistance</i>					
Specify the Fund	not applicable	not applicable	not applicable	not applicable	not applicable
- 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
<b>GRAND TOTAL</b>	<b>1,601,274,759.00</b>	public	<b>1,024,349,897.68</b>	<b>1,005,292,354.67</b>	<b>62.78 %</b>

( 1 ) Cumulative numbers. The value of the expenditure, certified by the CA during the period 01.01.2007 – 31.12.2014, is reported.

( 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.

( 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 operational programmes, for which contribution from ERDF exists as special allocations for the remotest regions: operating expense and infrastructure investment expenditure breakdown.

During the reporting period, prefinancing, interim and final payments have been executed under OPRD.

For 2014, funds in a total amount of **EUR 316,792,493.82 were paid, including:**

***prefinancing payments – EUR 103,731,963.36***

***interim payments – EUR 144,522,468.30***

***final payments – EUR 68,538,062.16***

***Therefore the percentage of payments made in 2014 towards the programme budget amounts to 19.74%.***

Certified expenditure in 2014 was **EUR 273,489,334.38** (respective public participation) **or 17.08% of the programme budget.**

➤ **Applying the N+3/N+2 rule as at 31.12.2014.**

For the purposes of automatic decommitment (the N+2 rule), pursuant to Article 93 of Council Regulation (EC) No 1083/2006 of 11 July 2006, amended by Regulation (EU) No 539/2010 of the European Parliament and of 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).

<b>Fund: ERDF – EUR</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
	38,902,574	252,701,662	599,509,300	839,090,717*	1,361,083,545

*\* The initial minimum target for 2014 in the value of EUR 970,021,957 - ERDF was reduced by EUR 130,931,240 - ERDF as a result of the approval on the part of the EC of a couple of major projects, namely the project for building the Northern Bypass Highway - with the Road Infrastructure Agency as beneficiary (EUR 91,916,240) and for supply of fire fighting vehicles - with the Ministry of Interior as beneficiary (EUR 39,015,000).*

- ✓ Minimum target for certified expenditure (N+3 target) - EUR 839 million - ERDF
- ✓ Certified expenditure as at 31.12.2014 - EUR 854 million - ERDF or 63% of the OPRD budget.

At the start of the last quarter of 2014 the OPRD MA detected a considerable risk of loss of funds in accordance with the N + 2 rule. The expenditure, which was to be certified by the end of 2014 in order to prevent the loss of funds, was in the amount of EUR 112 million - ERDF share.

In order to prevent the loss of funds the MA took action for speeding up the verification process. The following approaches and procedures were approved and updated:

- **Processing mechanism for final payment requests** introduced, in the direction of denying verification of expenditure, affected by active signals of irregularities;
- **Change introduced in the approach to inclusion of verified expenditure, affected by active signals of irregularities**, in the direction of denying inclusion of such expenditure into Interim Certification Reports and Statements of Eligible Expenditure before the Certifying Authority (CA);
- **Change introduced in the approach to inclusion of verified expenditure into Interim Certification Reports and Statements of Eligible Expenditure before the CA**, in the direction of denying inclusion of such expenditure in case of absence of ex-post control in compliance with the improved control procedures of the MA in regard to the contractor selection procedures.
- **Downward correction of the target for achievement in 2014 under OPRD in compliance with the N + 2 rule - reduction by EUR 39 million of the ERDF share**, as a result of approval of a major project within the meaning of Article 39 of Regulation No 1083/2006, of the Ministry of Interior for supply of fire fighting vehicles by the EC
- A **Reserve Project Proposal List** was identified for implementation by the end of 2015, in case free financial resource would be available under the program and by decision by the OPRD MC, including payment of the project expenditures by 31.12.2015, in order to be considered eligible.

An additional risk was also ascertained in terms of non-reimbursement of payments under Priority Axis 1 and Priority Axis 3 on the part of EC, as well as of suspension of the certification process on the part of the CA in regard to Priority Axes 1 and 3, which had an impact on the achievement of the minimum target for 2014.

By letter of 03.06.2014 of DG Regional and Urban Policy of the EC the payments under Priority Axes 1 and 3 of OPRD 2007-2013 were suspended, in view of the shortcomings of the MA management and control systems, found as a result of the audit mission. The OPRD MA was instructed to take corrective actions. In connection with the instructions the MA took the following measures:

- Updated procedures and control sheets were approved for the exercise of ex-ante and ex-post control in the awarding of public procurement contracts;
- A detailed section on ascertainment of existence of fraud risk factors - the so-called “red flags”- was introduced into the control sheets
- Action was taken to improve the administrative capacity in the field of public procurement, by conducting internal training of employees of the OPRD MA and training also was provided with the participation of partners from the EC for the programme beneficiaries;
- Additional instructions to the OPRD beneficiaries, updated and coordinated with the national audit authority, were published on the OPRD website in connection with the violations identified, which were committed by such beneficiaries;
- A repeat check was conducted of public procurement procedures, conducted by the beneficiaries, in regard to all certified costs under Priority Axes 1 and 3 since the launch of the programme (05.11.2007) until 30.06.2014, based on statistical abstracts, prepared by the Audit Authority from 33 contracts under both axes.

In the period of 08-12 December 2014 an audit mission of the EC was held with the purpose of analysis and inspection of the corrective measures and of the findings of the repeat checks by the OPRD MA of the agreements with contractors, included into the statistical abstract from 33 contracts under Priority Axis 1, as well as for following up on the results of the actions taken additionally for determining the amounts of the financial corrections under the agreements with contractors, subject to inspection in the statistical abstract under Priority Axis 3.

At the concluding meeting with the audit team the OPRD MA received positive comments in regard to:

- The improved MA management and control systems (QMS) and the repeat checks performed of public contracts, based on statistical abstracts, generated under Priority Axes 1 and 3 of OPRD. In addition it was indicated that the OPRD MA found violations, which led to the imposition of individual financial corrections;
- A satisfactory level was established of the figures ascertained and confirmed in regard to the flat-rate and individual financial corrections by the OPRD MA.

The approach taken by the OPRD MA for applying a flat-rate financial correction for clearing out potential errors in connection with the financial impact under the remaining public contracts (outside the abstracts under Priority Axes 1 and 3) for which expenditure has been certified up to 30.06.2014, received positive reviews as well.

Further to the audit conducted by the EC and in connection with the suspended payments under the Programme two thematic system audits were conducted during the reporting period by the Audit of EU Funds Executive Agency (AEUF EA); in its Annual Control Report under OPRD 2007-2013 AEUF EA classified the overall assessment of the OPRD QMS as level 2 - “Functional, but needs some improvements”, which corresponds to a high level of reliability.

As a result of the measures taken by the MA the CA resumed the process of certification of expenditure under Priority Axes 1 and 3 of the OPRD, as a result of which no funds were lost as at 31.12.2014, in accordance with the N+2 rule.

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

The table below does not reflect the OPRD overcontracting in view of the fact that it shows only the share of the European Regional Development Fund.

*Table 3: Allocation of the contracted funds by category*

<b>Combination of codes from dimensions 1 – 5</b>					
<b>Code * Dimension 1 Priority Theme</b>	<b>Code * Dimension 2 Form of financing</b>	<b>Code * Dimension 3 Area</b>	<b>Code * Dimension 4 Economic activity</b>	<b>Code * Dimension 5 Location</b>	<b>Amount in Euros **</b>
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	242,778,160.21
22	1	5	0	BG	
23	1	1	0	BG	44,914,649.26
24	1	1	0	BG	6,283,814.75
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	3,495,429.25.
40	1	5	0	BG	1,172,242.84
42	1	1	0	BG	
42	1	5	0	BG	

<b>Combination of codes from dimensions 1 – 5</b>					
<b>Code * Dimension 1 Priority Theme</b>	<b>Code * Dimension 2 Form of financing</b>	<b>Code * Dimension 3 Area</b>	<b>Code * Dimension 4 Economic activity</b>	<b>Code * Dimension 5 Location</b>	<b>Amount in Euros **</b>
43	1	1	0	BG	91 953 938,27
43	1	5	0	BG	18,987,622.26
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	64,661,160.22
53	1	5	0	BG	23,400,869.00
55	1	1	0	BG	
55	1	2.	0	BG	
55	1	5	0	BG	
56	1	1	0	BG	2,488,362.05
56	1	5	0	BG	
57	1	0	0	BG	26,974,277.77
57	1	1	0	BG	
57	1	5	0	BG	
58	1	1	0	BG	71,178,888.27
58	1	5	0	BG	21,424,037.47
59	1	1	0	BG	25,538,034.08
60	1	1	0	BG	7,007,417.39
61	1	1	0	BG	186,120,498.36
61	1	5	0	BG	
75	1	1	0	BG	42,164,752.25
75	1	5	0	BG	17,216,039.56



<b>Combination of codes from dimensions 1 – 5</b>					
<b>Code * Dimension 1 Priority Theme</b>	<b>Code * Dimension 2 Form of financing</b>	<b>Code * Dimension 3 Area</b>	<b>Code * Dimension 4 Economic activity</b>	<b>Code * Dimension 5 Location</b>	<b>Amount in Euros **</b>
76	1	1	0	BG	100,495,443.04
76	1	5	0	BG	16,244,870.09
77	1	1	0	BG	57 286 560,97
77	1	5	0	BG	2,030,384.76
78	1	1	0	BG	17,066,534.92
79	1	1	0	BG	13,658,651.20
79	1	5	0	BG	
81	1	0	0	BG	2,280,440.78
81	1	10	0	BG	3,185,247.87
85	1	0	0	BG	25,843,661.87
85	1	1	0	BG	13,911,672.02
86	1	0	0	BG	4,344,053.55
				<b>Total</b>	<b>1 346 557 446.60</b>
* 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 infrastructure (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 – Cycleways
- 25 – Urban transportation
- 28 – Smart transportation systems
- 35 – Natural gas

- 40 – *Renewable energy: solar*
- 42 – *Renewable energy: hydro-electric, geothermal, 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 clear urban transportation*
- 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 – *grant*

**3) Codes by territory type:**

- 00 – *not applicable*
- 01 – *urban environment*
- 02 – *mountain regions*
- 05 – *rural regions*
- 10 – *interregional cooperation areas*

**4) Codes by economic activity**

- 00 – *not applicable*

**5) Codes by location**

- BG – *Bulgaria*

#### **2.1.4. Assistance by target groups**

- **Results concerning the impact on target groups of the GA contracts completed in 2014**

	<b>Priority Axis 1</b>	<b>Priority Axis 4</b>
Number of Roma/other ethnic minorities benefiting from the project results	4,854	3 528
Number of people with disabilities benefiting from the intervention	1,367.	183

#### **2.1.5. Assistance repaid or re-used**

During the reporting period EUR 4,799,716.24 were reimbursed/withheld off under financial corrections imposed, as follows:

- EUR 2,585,202.67 were reimbursed by beneficiaries, including principal in the amount of EUR 2,571,190.01 and interest in the amount of EUR 13,973.01;
- EUR 2,221,915.39 of withheld financial corrections, including principal in the amount of EUR 2,200,330.05 and interest in the amount of EUR 21,585.33.

The National Fund Directorate, Ministry of Finance, is increasing on monthly basis the limit for payments using the ten-digit code in SEBRA for the payments reimbursed by the OPRD beneficiaries. Within the limit specified the OPRD MA initiates payments in favour of the beneficiaries under all Priority Axes of the Operational Programme, for which approved amounts are available for payment.

#### **2.1.6. Qualitative analysis**

Implementation of the GA contracts executed , which will contribute to achievement of the targets set under the OPRD, continued in 2014.

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

The evaluation of project proposals and the contracting within the schemes launched in 2008 with specific beneficiaries and the GA schemes launched in 2012 continued during the

reporting period with the view of implementation of Objective 1. During the reporting period a total of 5 project proposals (including proposals submitted in 2014) were evaluated. One contract was executed with the Ministry of Health in a total GA amount of EUR 3,048,720.94.

As at 31.12.2014 the total cumulative GA amount provided under Priority Axis 1 was EUR 930,251,152.52, representing 99% of the amount for the Priority Axis.

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

22 project proposals were submitted under scheme BG161PO001/2.1-01/2007, Support for Rehabilitation and Reconstruction of Grade 2 and 3 Roads, with specific beneficiary the Road Infrastructure Agency (stages IX and X) during the reporting period with the view of implementation of Objective 2. Within the framework of 2 evaluation committees 3 project proposals were approved for financing, 2 project proposals were rejected at the evaluation stage and 17 project proposals were currently at that stage.

In 2014 a contract was executed under that scheme for a major project within the meaning of Article 39 of Regulation (EC) No 1083/2006 for Building the Northern Bypass Highway in the amount of BGN 120,151,947.76, based on decision of the Council of Ministers (CoM) of 30.01.2014, whereby consent was granted by EFRD MA to enter into contract with the beneficiary RIA for providing GA under the project before the final approval on the part of the EC. By decision of 04.06.2014 the EC approved the financial contribution from the European Regional Development Fund for the major project for Building the Northern Bypass Highway. A total of 2 contracts were executed under that scheme in 2014, for a total GA value of EUR 120,819,178.24.

As at 31.12.2014 the total GA amount provided under Priority Axis 2 was EUR 440,448,899.62, representing 123% of the value 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 of higher added value.***

As at 31.12.2014 the cumulative GA amount provided under Priority Axis 3 was EUR 146,287,175.30, representing 97% of the value of the Priority Axis.

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

As at 31.12.2014 the total grant amount awarded under Priority Axis 4 was EUR 96,748,252.90, representing 99% of the value 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 guaranteeing gender equality, as well as for integration of the equal opportunity principle, the guidelines for

applicants under the launched GA 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 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 sites of intervention.

➤ *Promotion of the partnership principle during the implementation of the OPRD*

The partnership principle has been included in the process of programming, implementation, monitoring and evaluation of the OPRD. The useful and constructive partnership with the services of the EC continued in 2014. The OPRD MC consists of both voting members, such as the social and economic partners, as well as of non-governmental organisations (NGOs) – representatives of the civil society.

The Managing Authority of OPRD also involved its partners in the multiplying and dissemination of information addressed at OPRD beneficiaries and the public at large. In 2014 the MA organized and conducted a number of events with the participation of stakeholders and partners. On 12.05.2014 a meeting was held in the city of Sofia of the OPRD MA with experts, members of teams, implementing projects under OPRD 2007-2013, the main subject of the meeting being Electronic Reporting of Projects via MMIS. In the period from 27.07.2014 to 29.07.2014 the OPRD MA conducted a seminar for its beneficiaries, entitled Lawful Award of Public Contracts, Co-financed by EU Resources.

The implementation of projects on GA for support for the development of regional tourist products and destination marketing continued in 2014. The projects were based on a partnership principle and a regional approach. The combination of partners is meant to develop regional tourist products based on the natural, cultural, and historical heritage. The beneficiaries under this scheme are obliged to apply in partnerships with at least two other municipalities and each municipality is eligible to 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 GA schemes are based on the principle of partnership with the civil society, namely scheme BG161PO001/1.4-09/2012 “Green and accessible urban environment” within Operation 1.4 “Improvement of the physical environment and risk prevention”, scheme BG161PO001/5-02/2012 “In support of the next programming period” and scheme

BG161PO001/5-03/2013 "Support for integrated urban regeneration and development plans II " within Operation 5.3 "Building the Capacity of OPRD Beneficiaries".

In compliance with the requirements for application under the "Green and accessible urban environment" and "In support of the next programming period" schemes the selection of the project proposals submitted must be preceded by broad public consultations and for such purpose the beneficiaries are obliged to submit to the OPRD MA information and evidence (invitations for discussions, abstracts from the website of the municipality - specific beneficiary, copies and summaries of questionnaires, records, lists of attendees and photographs, round tables and presentations held and other forms of broad consultation) to that effect. In addition, a basic requirement when developing the IURDPs, prepared under the "Support for integrated urban regeneration and development plans II" scheme is the mandatory conduct of public consultations (round tables, focus groups, opinion polls, etc.), which guarantee the broad and active involvement of citizens in the process of preparation of the plans.

An example of successful application of the partnership principle is 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 Republic of Bulgaria*" and the Action Plan to it, developed by an interinstitutional 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 Operational Programme 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 track the progress under the contracts executed under the scheme and to coordinate the integrated approach in 2014 the OPRD MA was receiving regularly information from the State Agency for Child Protection under the Ministry of Labour and Social policy in regard to the progress in project implementation. The aim was to achieve synchronization between the investment component under OPRD and the services offered under OP Human Resources Development, which will start after the construction of the buildings.

By Order No R-205/11.10.2013 of the Prime Minister a new format was introduced, under the chairmanship of the Deputy Prime Minister in charge of economic development, of the Interagency Working Group (IWG) on the deinstitutionalization of children, placed in specialized institutions, which approves the annual report for implementation of the action plan of the Vision for deinstitutionalization of children in Republic of Bulgaria.

Another example of the application of the partnership principle is the implementation of the scheme BG161PO001/1.2-02/2011 "*Support to provide modern social housing for vulnerable, minority, and indigent groups of the population and other disadvantaged groups*" under the OPRD in implementation of the concept for integrated projects for construction of

houses for the disadvantaged groups, prepared as a result of the activities of the Interagency Working Group under the guidance of the Minister of EU funds management in 2011. An integrated approach was implemented in the course of project implementation through the joint operations 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 implemented under OP Human Resources Development.

In 2014 the work and participation continued of experts from the OPRD MA in the meetings and trainings of the National network of employees on information and publicity of the Operational Programmes under the coordination and management of the EUFMS Directorate at the CoM. A number of meetings of the network were held during the period, at which the assessment of the implementation of the Communication Strategy of the National Strategic Reference Framework 2007-2013 was discussed; as well as the preparation of the Communication Strategy of the for the following programming period 2014-2020 and the second phase of the campaign for presentation of the Operational Programmes in the new programming period. The EC proposals regarding the information and publicity measures in the new programming period were also discussed. Meanwhile a regular exchange of information concerning upcoming and current activities, events and public contracts in the course of implementation of the Communication Plans of the Operational Programmes was conducted via e-mail.

The programming process related to the next period 2014–2020 fully applies the partnership principle. In the thematic working group, which was set up in July 2012 for the development of Operational Programme Regions in Growth 2014–2020 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 boards, the official denominations in Bulgaria and other stakeholders participated in the working group. In 2014 1 regular session of the working group was held.

#### ➤ **Impact of OPRD 2007 – 2013 on citizens, businesses and municipalities**

The overall impact of OPRD 2007 – 2013 on citizens, businesses and municipalities will be reported within the framework of the ongoing **assessment of the impact of the interventions under OPRD 2007-2013 and of their contribution to the implementation of the EU horizontal policies**, which is set to be completed in June 2015. The progress under OPRD 2007-2013 in terms of achievement of the objectives and indicators set in the Operational Programme itself as at 31.12.2014 was, as follows:

Towards the achievement of **objective 1 Setting-up of sustainable and dynamic urban centres connected to the less urbanised peripheral territories, thus increasing the opportunities for prosperity and development, the following was accomplished:**

- 555 buildings of the educational infrastructure were refurbished, including schools, kindergartens and universities;
- 80 buildings of the social infrastructure were refurbished;
- 10 medical institutions were refurbished, for the benefit of more than 85 thousand patients;
- 88 family-type housing centres were built, equipped, and furnished, 15 secure homes were built, furnished and equipped and 5 secure homes were repaired and equipped.
- 3 mln sq.m of park environment, green areas, children's playgrounds were improved, about 821 thousand sq.m of pedestrian and cycling alleys and sidewalks were built/rehabilitated and more than 3,256 parking slots were ensured - the total number of population benefiting from the improved urban environment reaching 3,2 mln people.
- more than 674 sq.m of landslides were reinforced;
- More than 46 thousand of meters length of flood prevention infrastructure were built in residential areas, 33 thousand m of riverbanks were protected or restored with a total number of more than 960 thousand people benefiting;

Towards the achievement of **objective 2 Provision of better access to road, ICT, and energy networks for underdeveloped regions, the following was accomplished:**

- 1,042.48 km of roads were rehabilitated;

Towards the achievement of **objective 3 Increasing the potential of regional tourism for development and marketing of sustainable, diverse, and region-specific tourist products of higher added value, the following was accomplished:**

- 97 tourist attractions/sites were developed, including support of 8 cultural heritage sites of national and global significance;

## **2.2. Information about compliance with Community law**

In 2014 essential changes were made in the domestic legislation on the public contract award procedures. The current amendments to the PP Act were promulgated in SG, No 35/22 April 2014, as amended and supplemented in SG, No 40/13 May 2014. Additionally in 2014 the OPRD MA took part in the working group of the CoM for preparing a draft law on management of EU funds and the working group with the CoM on the assessment of the effect of the new Guidelines of the EC on determining financial corrections, adopted by Decision of the EC of 19.12.2013. As a result the second working group in October 2014 prepared and introduced a draft for amending and supplementing the methodology for determining financial corrections, adopted by CMD No134/2010. 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 for the period 2014–2020, as well as in the preparation of domestic legislation, applicable in the new programming period.



### **2.3. Significant problems encountered and measures taken to overcome them**

#### **➤ *Delay in the implementation of part of the GA contracts***

There has been a delay in some of the projects, which in turn leads to changes to the time-schedule stipulated in the respective contract, as well as to delays in 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 against a considerable portion of the procedures by rejected applicants, or the Commission for Protection of Competition has issued a decisions, appealed in turn before the Supreme Administrative Court, which has further delayed the implementation of the contract. On many occasions the period of delay resulting from appeals is in excess of 10 months. Some of the procedures have been terminated by the Employer and subsequently launched again. At the end of the programming period the delay in the implementation of projects due to the above reasons created a serious risk of failure to implement them, which in turn could lead to failure to achieve the targets set at the programme level.

#### ***Measures taken:***

The MA is taking measures for temporary suspension of the GA 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 GA 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 the preparations and planning of the process of completion of the programme. The successful completion of the programme depends on the timely and good quality implementation of all project proposals, in regard to which GA contracts were executed. In this connection and with the aim to guarantee that the highest possible number of GA contracts would be successfully accomplished under the Operational Programme, the OPRD MA made a decision to resume approval of requests for temporary suspensions, in case of appeal against procedures for selection of contractor after assessment of the timeline for project implementation, provided all of the conditions below would be fulfilled concurrently:

- the beneficiary would prove that it undertook all measures feasible for overcoming/prevention of delays in the implementation of CW/the main project activities;
- the term for physical completion of the investment projects following their resumption must be completed by 31.10.2015;
- all activities, including the final settlements with contractors and the submission of the request for final payment under the respective project after its resumption, must be completed no later than 31.12.2015.

#### **➤ *Need of speeding up of the processes of verification and payment to beneficiaries***

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

- It continued the monitoring of the implementation of OPRD projects – regular updates of the analysis for risk projects over the reporting period were performed.
- It held joint meetings with beneficiaries, whose projects were identified as high-risk ones, at which the possible scenarios for achieving the implementation of the planned objectives and results were discussed; this would also contribute to the achievement of the objectives of the programme;
- The following streamlining of processes was also made in order to accelerate the implementation of the projects and the verification:
  - ✓ *In 2013 the agreements executed with external contractors for investor control during the period of 2011-2013, the purpose of which was to apply on-site checks in order to ensure quality implementation of infrastructural projects and sustainability of results, were completed; In order to continue the application of investor control by external contractors for the period 2014-2015 a new open procedure was conducted for award of public contract with the following subject: Monitoring and control over the implementation of projects under the Operational Programme Regional Development 2007 – 2013 in order to improve the process of funds verification for an effective and high-quality project implementation, which included nine separate lots;*
  - ✓ *Contracts with external providers of legal services were executed with the aim to accelerate the processing of irregularity alerts and to exercise ex-ante and ex-post control of public contract award procedures.*
- The following measures were taken for alleviating the administrative burden for beneficiaries, with the aim to achieve a more effective management and control system:
  - ✓ *The implementation of procedures for electronic application and electronic accounting of expenditures under the GA contracts continued via the Management and monitoring information system for the EU Structural Funds (MMIS) ;*
  - ✓ *A working meeting was held of the OPRD MA with experts - members of the teams implementing projects under OPRD 2007-2013;*
  - ✓ *A seminar was conducted, entitled Lawful Award of Public Contracts, Co-financed by EU Resources.*
  - ✓ *The application of CMD No 300/18.05.2013 continued, whereby the beneficiaries were provided the opportunity to report and submit requests for reimbursement of advance and interim payments for project implementation for up to 95% of the total eligible expenditure, funded via GA;*
  - ✓ *Inclusion into Certification reports and Statements of eligible expenditure of costs incurred by beneficiaries for advance payments towards contractors under GA contracts under OPRD;*

- ✓ *A mechanism was approved for processing of final payment requests, by denying verification of expenditure under active irregularity alerts;*
- ✓ *The approach to inclusion of verified expenditure into Interim certification reports and Statements of eligible expenditure before the CA was updated and changed, by applying the following procedures:*
  - *Exclusion of expenditure affected by active irregularity alerts from the certification reports;*
  - *Exclusion from the Certification reports of expenditure for which no ex-post control in compliance with the improved control procedures of the MA had been applied in regard to the contractor selection procedures.*

The result of the measures undertaken was improvement of the verification processes, acceleration of the payment rates and achievement of a more effective management and control system within the OPRD MA.

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

In 2014 the OPRD MA started applying the Guidelines of the EC on determining financial corrections, adopted by Decision of the EC of 19.12.2013. Based on those guidelines the methodology for setting the financial corrections (MSFC), adopted by CMD No 134/2010 was also amended. Moreover, as a result of the audits conducted on the part of the EC and AUEF EA, the MA additionally identified the group of most common errors, according to the amendments and supplements to the MSFC.

The audits conducted in 2014 were, as follows:

1. During the period from 13.01.2014 until 30.06.2014 AUEF EA - the Audit Authority - conducted a fifth audit of the operations under OPRD 2007-2013 in order to give assurance the expenditure declared were true and the transactions were in conformity with the law and regular, with scope of the expenditure certified from 01.01.2013 until 31.12.2013. 30 projects under OPRD were checked. The MA took into account the findings of the Audit Authority by registering irregularity alerts and administered them by imposing financial corrections.

2. In the period of 07-11 April 2014 an audit was performed on the part of EC experts - from DG Regional and Urban Policy. The preliminary audit report of the EC under No BG/REGIO/C2/1314/1 found, within the framework of two of the five Priority Axes of OPRD 2007-2013, 6 typical violations at the stage of selection of contractor, which require imposition of financial corrections. In view of the omissions found the EC was of the view that significant deficiencies existed in the functioning of the management and control systems of the OPRD MA, in the checks within the verification at first level and their subsequent levels of control and instructed the Bulgarian authorities to take a series of specific preventive and corrective measures.

As a result of the above by letter from DG Regional and Urban Policy No ARES (2014)1804165 of 3 June 2014 the EC suspended payments to the Republic of Bulgaria under OPRD 2007-2013.

In the preliminary report received the OPRD MA was instructed to conduct a repeat check based on sample from the public contracts under Priority Axes 1 and 3. The repeated check performed by the OPRD MA in regard to the effectiveness of the repeated verification of the expenditure on public contracts was confirmed by the AUEF EA, with the margin of error being, as follows:

- Extrapolated margin of error under Priority Axis 1: 10.11%;
- Extrapolated margin of error under Priority Axis 3: 11.48%.

By letter under sender's ref. No 99-00-6-91111/01.12.2014 to the Audit Authority the OPRD MA undertook to implement the corrective actions, described in the report. The methodology for imposing a flat-rate financial correction by request of the EC was determined jointly with the Certifying Authority following the approach recommended by the European Commission, applied in regard to Operational Programme Environment.

In the period of 08-12 December 2014 an additional audit mission of the EC was held with the purpose of checking the results of the corrective measures, applied by the MA under Priority Axes 1 and 3 of the OPRD. At the concluding meeting the audit team provided positive comments on: the improved control systems and the repeat checks performed of the public contracts awarded using the statistical abstracts under Priority Axes 1 and 3 of OPRD.

Based on the approach adopted for applying a flat-rate financial correction for clearing out potential errors in connection with the financial impact under the remaining public contracts (outside the abstracts under Priority Axes 1 and 3) for which expenditure has been certified up to 30.06.2014, a flat-rate financial correction was imposed on certified expenditure under Priority Axes 1 and 3 in the amount of BGN 66,541.515.61 and a flat-rate financial correction under Priority Axes 1 and 3 in the amount of BGN 42,849,905.17.

3. In 2014 several audit checks were performed on the part of the Internal Audit Directorate of MoRDPW. The OPRD MA took into account in due course the conclusions in the respective preliminary audit reports and the final reports contained no unfulfilled conclusions.

4. In its Annual Control Report under OPRD of 30.12.2014 AEUF EA - the Audit Authority - made the conclusion that the management and control systems of OPRD are functioning effectively, so as to provide reasonable assurance of the accuracy of the expenditure reports, submitted to the EC and of the lawfulness and regularity of the transactions accompanying them. Given the conclusions made by the Audit Authority the management and control systems of OPRD are classified as level 2 - "Functional, but needs some improvements", which corresponds to a high level of reliability.

As a result of the audits performed and the analysis of the OPRD MA concerning errors and violations found in the course of the performed **ex-post control** for legality of the conducted public procurement procedures, the following most frequent omissions / weaknesses and difficulties in the conducting of the public procurement procedures by beneficiaries were established:

- Shortened deadlines for obtaining the documentation in the cases, where no full and unlimited access to the participation documentation had been provided;
- Unwarranted shortening of deadlines for submission of tenders, based on incomplete prior notice;
- Existence of restrictive/disproportionate selection criteria (such a requirement of master's degree without equivalent, non-acceptance of contracts in process of implementation, where the portion implemented is similar to the subject of the public contract);
- Change in the selection criteria in the course of the Q & A procedure, which is not published in the Official Journal (such as annual turnover, acceptance of equivalent diploma);
- Unlawful elimination of tenderers;
- Unclear/insufficiently described assessment methodology.

***Steps undertaken by the OPRD MA:*** Based on analysis of the recommendations, issued by the audit authorities, the OPRD MA undertook the following actions: immediate measures were applied for strengthening the role of the first level of ex-post control, as well as for limiting the number of control levels, in order to specify the responsibilities and achieve better organization, clarity, precision and promptness of the process and to focus on risk areas, rather than on purely technical aspects. By Order No RD 02-34-24/12.12.2014 of the Minister of Regional Development and Public Works for approval of the staff complement of the MoRDPW, a new structure of DG "PRD" was introduced. In order to achieve the objectives of the change and to strengthen the expert capacity of the MA, which exercises control over the public contracts, the following changes were made:

- a new Ex-Post Control Department was set up, with 9 permanent staff;
- By Order No RD-02-36-26/30.01.2015 of the Deputy Minister of Regional Development and Public Works the amendment and supplement of the updated version 10 of the OPRD Management and Implementation Manual (OPRD MIM) was approved. In compliance with the new version of the OPRD MIM the following amendments were introduced to the rules of procedure for the exercise of ex-post control in the awarding of public procurement contracts:
  - Following the recommendations from audits made the MA changed the approach to documenting the ex-post control exercised, whereby the control sheets to each question contain fields for adequate comments by the expert, in which the response is to be substantiated and the main arguments and the evidence used are to be indicated;
  - The job descriptions of the Ex-Post Control Department include the duty to make a performance assessment of the functioning of the regional departments in terms of

ex-post control applied on their part over the public contracts, by monthly control of procedures selected on sample basis according to an approved methodology;

- Monthly conduct of working meetings is envisaged - trainings of employees from the regional departments exercising ex-post control, in order to harmonize practices and overcome the weaknesses and errors in the process of control.

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-upravlenie-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 information is updated regularly.

In 2014 active fulfillment continued of the duties under contracts for the provision of specialized legal services, executed in December 2012, following an open public procurement procedure conducted within a project under Priority Axis Technical Assistance of OPRD with a view to improve the quality of ex-ante and ex-post control over the public procurement procedures, as well as to streamline the procedure for processing alerts of irregularities and providing legal assistance for solving legal cases. Meetings are regularly held in the OPRD MA with representatives of external contractors for acceptance of tasks assigned

➤ *Need of quality improvements in the physical implementation of projects on the part of beneficiaries*

Implementation was completed by 31.12.2014 of the contracts, executed in 2011-2012 with external contractors on 9 separate positions for applying on-the-spot verifications in order to accelerate the verification process, to ensure improvement of control over the quality of performance of construction of projects, implemented under OPRD. At the end of 2013 a procedure was conducted for selection of outside contractors for applying on-the-spot verifications during the 2014-2015 period, with subject Monitoring and control of implementation of projects under OPRD 2007-2013, based on which at the beginning of 2014 8 contracts were executed with outside contractors for performance of on-the-spot verifications during the 2014-2015 period.

In addition to the Annual plan of on-the-spot verifications for 2014 the MA implemented a **Plan for on-the-spot verifications of completed projects for checking the sustainability of results**, approved by the Head of the MA, which included on-the-spot verifications of all projects completed during the 2010-2013 period. A total of 456 on-the-spot verifications were conducted for guaranteeing sustainability of the investments.

In regard to the OPRD projects already completed the beneficiaries are conducting and documenting on their part verifications of the physical condition of the investments and of their use according to intended purpose on three occasions (respectively during the first, third and fifth year) within the 5-year sustainability period following expiry of the GA contract. Each beneficiary must report to the OPRD MA the results of the verifications performed,

providing adequate evidence of the condition of the investment (including photographs), within 10 business days of the date of the respective inspection. When conducting an on-the-spot verification on the part of the MA during the sustainability period the findings of the verifications by the beneficiary are also reviewed.

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

With the view of strengthening the capacity of the OPRD MA and improving the expert potential of employees of DG “PRD”, 66 employees attended in 2014 specialized trainings 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, funded under Priority Axis 5 Technical Assistance, operation 5.1 “Programming, management, monitoring, evaluation and control”, GA 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 trainings were organized 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 were 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: Successful verification of projects, financed by the EU, for the new programming period 2014-2020; State aids for infrastructural projects; European law for laymen; Verification in 2014: means to achieve a simpler and more reliable verification; Application of the new regulations on the structural and investment funds: comparison between 2014-2020 and 2007-2013; European Funds in 2014; Programming and selection - how to make them more effective and efficient; Financial management of the EU Structural and investment funds; Energy efficiency measures during the 2014-2020 programming period; Project cycle management; Technical management; Simplification: guaranteeing of better absorption of resources from the European funds and completion of programmes; Work on impact assessment in the EU; Indicators: The practical toolkit for an improved definition and use of the targets. Methodologies for conducting preliminary assessments of the financial instruments in the 2014-2020 programming period; New developments in European legislation on public procurement and court practice; Financial management and first level of control in European structural and investment funds 2014-2020.

The trainings in Bulgaria were 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, funded under Priority Axis 5 Technical Assistance, operation 5.1 “Programming, management, monitoring, evaluation and control” of OPRD 2007-2013, GA scheme. In 2014 training was provided to 50 employees in this country. The main topics were related to the amendments and supplements to the Public Procurement Act; the practices of the Public Procurement Agency, the Commission for Protection of Competition and the Supreme

Administrative Court; Financial management and control systems, interest rates and exchange rates, payments, forecasts; Measures against corruption and fraud in connection with the utilization of the European structural and investment funds; How to award public contracts in a lawful and effective manner

In order to upgrade the knowledge and skills of all employees of DG Programming of Regional Development, including of the regional departments, a seminar was organized in 2014 on the topic of: New approaches of the Audit Authority in regard to the imposition of financial corrections and the violations committed by beneficiaries under OPRD 2007-2013 when awarding public contracts; Round table and focus groups, related to the work of the MA for closure of the OPRD for the 2007-2013 period; Seminar on the topic of: Improvement of the MA control systems in connection with the exercise of ex-ante and ex-post control in the awarding of public procurement contracts by beneficiaries under OPRD 2007-2013; Working meeting of the OPRD MA for updating of the OPRD 2007-2013 Management and Implementation Manual - drawing up of Version 10.

In addition the OPRD MA organized periodic working meetings for exchange of experience and good practices among experts from regional departments and departments at central level in order to increase the expert competence for exercising control over public contracts.

By decision of the National Assembly and Decree No 388/10.12.2014 of the Council of Ministers the Ministry of Regional Development was transformed into Ministry of Regional Development and Public Works. Pursuant to Order No RD 02-34-24/12.12.2014 of the Minister of Regional Development and Public Works for approval of the staff complement of the MoRDPW, a new structure was approved with total number of DG “PRD staff positions [s.p.] of 160. In order to optimize the structure and reduce the number of managerial staff the following structural changes were made in the directorate:

- the Irregularities sector (8 s.p.) and the Control over Public Contracts sector (8 s.p.) were transformed into the Legislation, Risk Assessment and Irregularities department with 10 staff positions and Ex-Post Control department with 9 staff positions;
- the Information and Publicity sector (5 s.p.) and Programming and Evaluation sector (10 s.p.) were transformed into the Programming, Evaluation, Information and Publicity department with 10 s.p.
- the Financial Control (15 s.p.), Financial Planning and Payments (6 s.p.) and Accounting (6 s.p.) sectors of the Financial Management and Control department (from 29 to 28 s.p.) were transformed into the following sectors: Financial Control and Payments sector (12 s.p.), Financial Planning and Accounting sector (10 s.p.) and Non-performing Receivables sector (4 s.p.);
- the personnel strength of the Monitoring department was reduced from 22 to 18 staff positions and of the IPP department from 18 to 15 staff positions;
- the Solidarity department with 3 staff positions and the Ex-Post control department with 9 staff positions were established;
- the personnel strength of each of the following regional departments was increased by one staff position: NWR, NCR, NER, SER, SCR and by two staff positions for



SWR.

The Ex-Post Control department was established in response to the findings of the audit bodies from an audit check performed in April 2014 in regard to the procedures of control over the conduct of the procedures for the selection a contractor by the beneficiaries.

Table 4. Organizational structure of OPRD MA

<b>Structure</b>	
<b><i>OPRD Managing Authority – central level</i></b>	<b><i>Permanent staff 160</i></b>
<b>Director General, DG Programming of Regional Development</b>	<b>1</b>
<b>Deputy Director General</b>	<b>2.</b>
<b>Programming, Evaluation, Information and Publicity Department</b>	<b>10, including</b>
Chief assistant for European project and programme management	<b>1</b>
Senior assistant for European project and programme management	<b>2.</b>
<b>Implementation of Programme Priorities department</b>	<b>15, including</b>
Chief assistant for European project and programme management	<b>1</b>
Assistant for European project and programme management	<b>3</b>
<b>Monitoring department</b>	<b>18</b>
<b>Financial Management and Control department</b>	<b>28, including</b>
Senior assistant for European project and programme management	<b>2.</b>
<b>Financial Control and Payments sector</b>	<b>12</b>
<b>Financial Planning and Accounting sector</b>	<b>9</b>
<b>Non-performing Receivables sector</b>	<b>3</b>
<b>Financial controller, directly reporting to the Head of the OPRD MA</b>	<b>1</b>
<b>Legislation, Risk Assessment, and Irregularities Department</b>	<b>10, including</b>
Assistant for European project and programme management	<b>1</b>
Senior assistant for European project and programme management	<b>3</b>
<b>Ex-Post Control department</b>	<b>9</b>
<b>Solidarity department *</b>	<b>3</b>
<b><i>OPRD Managing Authority – regional departments</i></b>	
<b>North-Western Region Department (Vidin)</b>	<b>10</b>
<b>North-Central Region Department (Ruse)</b>	<b>11</b>
<b>North-Eastern Region Department (Varna)</b>	<b>10</b>
<b>South-Western Region Department (Sofia)</b>	<b>10</b>
<b>South-Central Region Department (Plovdiv)</b>	<b>12</b>
<b>South-Eastern Region Department (Burgas)</b>	<b>11</b>

\* By Decision of the Council of Ministers of 30 July 2014 DG “PRD” was designated as national authority, responsible for the management and control of the activities, supported by the EU Solidarity Fund in accordance with Article 5, paragraph 6 of Regulation (EU) No 661/2014 and Articles 59 and 60 of Regulation (EU) No 96/2012. The decision thus taken was formally regulated by Article 1 of CMD No 434 of 18.12.2014 for determining the authorities and procedure for management and control of resources from the EU Solidarity Fund, whereby the Head of the OPRD MA was designated as national coordinator of such assistance and the OPRD MA was designated as coordinating body in charge of the management of activities, financed by Fund resources. In this connection the Solidarity department was set up within the DG “PRD” with 3 staff positions, incl. the head of department.

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

On 12.05.2014 a meeting was held in the city of Sofia of the OPRD MA with experts, members of teams, implementing projects under OPRD 2007-2013. The main topics discussed were: Electronic reporting of projects via MMIS - chaired by an expert from the EUFMS directorate, CoM; Electronic reporting of OPRD projects via MMIS; Most common omissions and problems in regard to reporting of projects, implemented under OPRD; Problems and challenges in the implementation of projects under OPRD; Reporting of OPRD projects, which generate revenue and corrective measures for improvement of control and quality in the implementation of OPRD projects.

The Managing Authority organized and conducted the following trainings for the OPRD beneficiaries:

The OPRD MA conducted a seminar for its employees and for the OPRD beneficiaries, entitled Lawful Award of Public Contracts, Co-financed by EU Resources, in the period from 27-29.07.2014 in two modules, as follows:

- on 28.07.2014 in the city of Sofia - module entitled Control Systems for Public Contracts, Co-financed by the EU;
- on 28.07.2014 in the city of Sofia - module entitled Lawful Award of Public Contracts and System for Control of Eligibility of the Expenditure Under Public Contracts, Co-financed by the EU.

In connection with Instructions from the Certifying Authority - the National Fund Directorate, Ministry of Finance - regarding optimization of the information, required from the beneficiaries when reporting expenditure under GA contracts/orders and setting up of the prerequisites required for active electronic exchange of information by electronic signature, the OPRD MA continued to apply procedures for electronic accounting of expenditure under GA contracts via the Management and monitoring information system for the EU Structural Funds (MMIS) and the beneficiaries are provided the opportunity for electronic accounting of expenditure the contracts being implemented; In addition, under Priority Axis 5 Technical Assistance, Operation 5.3 Building the Capacity of OPRD Beneficiaries specific beneficiaries – state institutions are supported by strengthening their capacity for preparation, management and implementation of their Medium-term Framework Investment Programmes (MFIP) 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 investment projects at full level of project readiness (detailed investment projects in full volume, coordination, approvals, permits, etc.) (project pipeline), based on which beneficiaries could apply for financing with funds from OPRD 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 01.04.2014 the EC approved by Decision No C(2014)1876 a revised version of Operational Programme Regional Development (version 4). The revised programme reflects all decisions to introduce changes, adopted at the 10<sup>th</sup> (12.06.2012), 11<sup>th</sup> (04.12.2012) and 12<sup>th</sup> (28.05.2013) meetings of the OPRD MC, as well as the decisions adopted via 7 written procedures, applied during the period of September 2012 - August 2013, whereby new changes to the Operational Programme were initiated, introduced in accordance with Article 33 of Regulation (EC) No 1083/2006 and mandated by the need of more effective and better programme implementation until the end of the programming period: *transfer of resources to projects completed, projects in process of implementation or upcoming projects under scheme BG161PO001/2.1-01/2007 Support for Rehabilitation and Reconstruction of Grade 2 and 3 Roads, with specific beneficiary the Road Infrastructure Agency, inclusion of new major projects in order to minimize the risk of loss of financial resources due to the N+2/N+3 rule, inclusion of new indicative activities and new beneficiaries under Priority Axis 5 – Technical Assistance - with the view of improving the capacity of beneficiaries to prepare Integrated Urban Regeneration and Development Plans, etc.* The decisions for changes are described in section 2.7, subsection 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**

OPRD 2007-2013 ensures complementarity with the other Operational Programmes and the Rural Development Programme (RDP). The actual implementation of OPRD during the reporting period complied with the demarcation established.

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

- At the level of submitting project proposals and signing a GA contract, 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 decision to provide GA, 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. For this purpose a check-list shall be filled in. In addition, before the conclusion of the GA 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 in regard to the OPRD projects is input into the single 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, national budget and own contribution). An on-the-spot verification verifies if the beneficiary has fulfilled the requirement for keeping separate analytical accounts for each GA contract. If expenses 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 agreements, financed by OPRD funds, 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 must be included into all expenditure-supporting documents of the beneficiary and partners, related to implementation of projects: *Expenditure incurred under grant project based on contract No .... under OPRD*

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

The scheme “*Support for Deinstitutionalisation of Social Institutions Providing Services for Children under 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. The implementation of 60 contracts in the total GA value of EUR 48 mln. is expected to result in the creation of total of 131 family-type housing centres and 26 secure homes.

A project of the Ministry of Health of GA value of EUR 5.1 mln. is under way for 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 under 3 years of age.

- **An 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 by 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 et al. need to be created under the OP Human Resources Development 2007-2013. For this purpose scheme BG161PO001/1.2-02/2011 “*Support to Provide Modern Social Housing for Vulnerable, Minority, and Indigent Groups of the Population and Other Disadvantaged Groups*” is being implemented under OPRD. The specific beneficiaries under the scheme were determined in 2011 by the interinstitutional workgroup, chaired by the Minister of EU Funds Management, after assessment and selection of projects ideas in order to create a pilot model for provide modern social housing and to solve in a permanent and sustainable manner the problems in this field.

The implementation of the contracts, executed in 2012 with Dupnitsa and Vidin municipalities, continued in 2014. In addition, the physical implementation of the project of Devnya municipality was completed in 2014.

## **2.7. Monitoring and evaluation**

### ***2.7.1. Monitoring***

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

On 11.06.2014, the 14th 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 2013 and authorised the OPRD MA to make the necessary changes in order to implement the adopted recommendations and comments and to forwards the Annual Report to the EC.
- MC authorised the Head of MA to make changes in OPRD 2007-2013 in compliance with the reallocations made upon initiation of the latest revision of the programme.

On 09.12.2014, the 15th session of the MC was held, where the following more important decisions were adopted:

- MC authorised the Head of the OPRD MA to provide an opportunity to announce public contracts under reservation in regard to the list of reserve projects (additional projects, approved under the scheme “Green and Accessible Urban Environment”, the proposal for integrated public transport in the city of Stara Zagora, the proposal of the Ministry of Health for purchase of additional radiotherapy equipment and the projects under evaluation, part of the social housing scheme), for implementation of possible future investment measures, which after the mobilization of the entire financial resource required for the major project for Building the Northern Bypass Highway (BGN 159 mln.) would be funded on condition of concurrent fulfillment of the following conditions - availability of additional saved resources under the Operational Programme and existence of effective decisions for selection of contractors for the main activities by the end of the month of April 2015;
- The OPRD MA was instructed, in regard to the social housing scheme, to conduct in January 2015 an analysis of the progress in applying the procedures for selection of contractors for the projects of Varna and Tundzha municipalities and to provide funding to that of the projects, in regard to which a decision on the selection of contractor would enter into force first and the resource available under the scheme in the amount of BGN 3,890,038.55 would be sufficient for implementing the project. As regards the other projects in process of evaluation under the scheme (included into the list of reserve projects under item 1) the OPRD MA is to provide an opportunity to announce public contracts under reservation and such contracts could be funded after ensuring the resource required at that moment for the NBH and provided the above conditions would be fulfilled concurrently;
- By the end of February 2015 the OPRD MA is to make an analysis of the resources saved and the options for freeing up resources under the Operational Programme and an analysis of the progress in conducting the public procurement procedures for each project from the reserve list, with the view of initiating a proposal to the MC for prioritizing the reserve projects list
- By the end of April 2015 the OPRD MA is to make a final analysis of the resources saved and the options for freeing up resources under the Operational Programme and an analysis of the progress in conducting the public procurement procedures for each project from the reserve list, with the view of initiating a proposal to the MC for a final prioritization of the reserve projects list and reallocation of the funds from the resource saved.
- MC authorised the Head of the OPRD MA to designate Gorna Oriahovitsa, Asenovgrad and Dimitrovgrad municipalities as specific beneficiaries within the framework of component 3 “Municipalities of medium-sized towns, centres of agglomeration areas” under scheme BG161PO001/5-02/2012 “*In support of the next programming period*” and to amend the Application Requirements under scheme BG161PO001/5-02/2012 “*In support of the next programming period*” and to invite Gorna Oriahovitsa, Asenovgrad and Dimitrovgrad municipalities to submit specific proposals under the scheme. Given the deadline for eligibility of the expenditure under OPRD - 31.12.2015, the projects must be approved under reservation and signing of contract for provision of GA may be undertaken after entry into force of decisions for selection of contractors for the main activities by the end of the month of April 2015.

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:

- MC authorised the Head of the OPRD MA to negotiate in the amount of up to EUR 10 mln. (BGN 20 mln.) the financing of projects completed or in process of implementation, eligible under scheme BG161PO001/2.1-01/2007 “*Support for Rehabilitation and Reconstruction of Grade 2 and 3 Roads*” in regard to which a realistic opportunity existed for completion of all activities, including submission of request for final payment by 31 October 2014. The funds, required for their financing, were to be ensured from resources for the Northern Bypass Highway, saved by that moment;
- MC authorised the Head of the OPRD MA:
  - To designate Tundzha, the Capital City, Kazanlak and Lom municipalities as specific beneficiaries under scheme BG161PO001/1.2-02/2011 “*Support to Provide Modern Social Housing for Vulnerable, Minority, and Indigent Groups of the Population and Other Disadvantaged Groups*” based on the readiness, expressed by them to prepare and implement projects to provide social housing under OPRD 2007-2013.
  - To amend the Application Requirements under scheme BG161PO001/1.2-02/2011 “*Support to Provide Modern Social Housing for Vulnerable, Minority, and Indigent Groups of the Population and Other Disadvantaged Groups*” and to invite Tundzha, the Capital City, Kazanlak, Lom and Varna municipalities to submit specific proposals under the scheme. The projects must be approved under reservation and signing of contract for provision of GA under scheme BG161PO001/1.2-02/2011 may be undertaken after entry into force of decisions for selection of contractors for the main activities by the end of the month of December 2014 and in the case of Kazanlak municipality - by the end of March 2015.
  - To allocate additional financial resource to scheme BG161PO001/1.2-02/2011 “*Support to Provide Modern Social Housing for Vulnerable, Minority, and Indigent Groups of the Population and Other Disadvantaged Groups*” after specifying the budget, required for implementation of the projects of Tundzha, the Capital City, Kazanlak, Lom and Varna municipalities and after an evaluation of their actual preparedness to implement the projects, which must be completed by the end of the month of December 2014 and in the case of Kazanlak municipality - by the end of March 2015. The additional financial resource must be reallocated from resources regularly freed up from current GA schemes under the OPRD.
- MC authorised the Head of the OPRD MA to delete the reserve list of project proposals which have passed successfully the evaluation but for which funding was not sufficient under scheme BG161PO001/3.2-03/2012 “*Support for the Development of the Regional Tourist Product and Destination Marketing II*”;
- MC authorised the Head of the OPRD MA to reallocate the free financial resource available in the amount of BGN 836,684.53 and to regularly reallocate the financial resource regularly freed up under scheme BG161PO001/3.2-03/2012 “*Support for the Development of the Regional Tourist Product and Destination Marketing II*” to scheme BG161PO001/2.1-01/2007 “*Support for Rehabilitation and Reconstruction of Grade 2 and 3 Roads*” with specific beneficiary - RIA for funding the major project for Building the Northern Bypass Highway;

***The monitoring of the implementation of contracts under projects in 2014 was carried out through:***

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

The technical and financial monitoring of the implementation of all projects under OPRD was performed by the Regional Departments, the Monitoring Department and FMC at the MA central administration. The Regional Departments checked for the implementation of physical indicators based on the results of the on-the-spot verifications, the data in technical reports on project progress and the financial reports, submitted by the beneficiaries. The on-the-spot verifications 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 - for the financial monitoring.

**Semi-annual and annual technical reports** include an overview of the technical progress, the activities carried out and the results achieved, the problems encountered and the planned important activities. The semi-annual reports and action plan for the coming period are presented by the 15th day of the month following the reporting period. The annual technical reports cover the contract implementation for the respective year and must be submitted by 30 January of the year, following the reporting year.

Except the semi-annual and 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 prepared 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 verifications are carried out for all projects under GA contracts. Verifications 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. A more stringent control is applied for all projects with higher degree of risk. On-the-spot verifications are divided into the following major groups:

- Scheduled on-the-spot checks
  - in line with the Annual Plan for On-the-spot Verifications.
- Ad-hoc on-the-spot verifications:
  - when the beneficiaries submit a request for interim/final payment
  - upon suspected irregularity;
  - for the purpose of checking for possible double funding;
  - by decision of the MA;
- Checks after the completion of the projects, where applicable, in compliance with the requirements of Article 57 of Regulation (EC) No 1083/2006.



Control over the procedure of award of public procurement contracts for selection of contractors under projects, financed from OPRD is exercised by:

1. Ex-ante control of the documentation for participation in procedures for the selection of contractors;
2. Appointment of observers in the commissions for review, evaluation and ranking of tenderers in public procurement procedures - representatives of the OPRD MA take part as observers of procedures under the PPA, which fall within the scope of Article 45c PPA and Article 19(2) item 22 PPA. By decision of the Head/Deputy Head of the MA its representatives may also take part as observers in the conduct of other procedures held by the programme beneficiaries, outside the scope referred to above.
3. Ex-post control of the public procurement awarded

In accordance with the legislative changes made in 2012 in the regime of applying ex-ante control under Article 19(2) item 22 PPA, the body competent to exercise ex-ante control over public procurement procedures, funded entirely or in part by resources from European Funds, is the Public Procurement Agency. In 2014 as well the OPRD MA continued to apply ex-ante control of the documentations in the part concerning technical specifications.

In accordance with the OPRD MIM the OPRD MA continued to exercise comprehensive preliminary control of procedures, the forecast value of which is below the thresholds, established by Article 19(2) item 22 PPA.

The OPRD MA adopted the approach of exercising full ex-post control over all agreements with contractors, executed under projects funded by OPRD, irrespective of their value.

For the period of January - December 2014 the OPRD MA exercised control (ex-ante and ex-post) in regard to more than 4,000 public 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. Also the corrective actions are indicated, which the MA is taking in case of finding irregularities and the opportunities for refund of unlawfully paid funds. The procedures described in the Manual are applied both at central, as well as at regional level.

It must be noted that in order to prevent and identify irregularities the MA has introduced adequate and effectively functioning systems, comprising the application of ex-ante, current and ex-post control over the lawfulness of public contracts, timely on-the-spot verifications and monitoring in the process of verification of funds from the EFRD and the state budget.

Last but not least, specialized trainings were provided in 2014, which improved the

competencies of the MA employees in regard to the process of absorption of public funds. Those measures, in combination with the improved systems of investigation, enabled the processing of the alerts received to take place in accordance with the Ordinance establishing the procedures for administering of irregularities under funds and programmes co-financed by the European Union and the Methodological guidance for administering of irregularities under Operational Programmes co-financed Structural and the Cohesion Funds (SCF), issued on 17.01.2014 by the Protection of the European Union Financial Interests Directorate - MoI (AFCOS).

In view of the irregularities found and the duty to report the same at national and European level the MA maintains close cooperation with the AFCOS Directorate.

As an example of good practice from the last year one may note the cooperation of the OPRD MA, the prosecutor's office services and AFCOS in the cases, where irregularities were established in the form of "suspicion of fraud" within the meaning of Article 1, paragraph 1, letter "a" of the Convention of 26 July 1995, drawn up on the basis of Article K.3 of the Treaty on European Union on protection of the financial interests of the European Communities.

#### **Irregularity alerts are received from many sources:**

- through the OPRD web site;
- from MA employees following conduct of on-the-spot verifications or following documentary control;
- from organizations, institutions and persons outside the MA;
- information in the press or in the electronic media;
- information related to judicial and/or administrative procedures;

During the period 01.01.2014 - 31.12.2014 a total of 1,007 alerts were registered in the Register of Irregularity Alerts under OPRD, concerning mainly: violations and mistakes made in the course of conducting public procurement procedures under the PP Act and related by-laws, such as: introduced discriminative criteria in the documentation; subjective indicators in the methodologies for evaluation of tenders; violations and mistakes in defining selection criteria, as well as 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, paragraph 6 of the Public Procurement Act; insufficient timeframes for access to the documentation for participation and shortening of the deadlines for submission of tenders in the public procurement procedures.

As a result of those activities a higher number of registered alerts and irregularities found is reported, as a result of "non-compliant tender evaluation methodologies" and shortening of the deadlines in the public procurement procedures. These circumstances are due to the changes in the approaches of the Certifying Authority and the Audit Authority

when evaluating the financial impact of such violations. The inspection bodies are of the view that not only does each “non-compliant methodology” lead to subjective evaluations of the tenders and unequal treatment of the tenderers, but it also has a discouraging effect and prevents potential tenderers (who would be able to fulfil the contract) to submit tenders. That is why in such cases financial corrections must be determined using a proportional method (a percentage of the value of the contract affected). The opinion of the EC, DG Regional and Urban Policy, expressed in letter No ARES (2013) 3274908/17.10.2013, was the same.

In order to limit the risk of certification of ineligible expenditure under the Operational Programme the MA reexamined all cases, where the measures undertaken did not conform to the new approach for determining financial corrections. In addition, with the view to align the practices in the implementation of ex-post control over public contracts, the MA employees both at national, as well as at regional level, were familiarized in detail with the findings of the audit reports of the EC, the Certifying Authority and the Audit Authority.

A large portion of the newly-registered irregularity alerts and irregularities found were a result from the updated versions 9.2 and 9.3 of the OPRD MIM in July and August 2014, which led to a significant improvement of the ex-post control, applied over public contract award procedures and to development and streamlining of the procedure for administering irregularity alerts.

In connection with the total number of 1,007 alerts, indicated above, it is important to keep in mind that in cases where one allegation concerns different GA projects/contracts, funded under the OPRD, the MA must register a separate alert in regard to each project affected in compliance with the instruction of the AFCOS Directorate and with the view of facilitating the process of reporting irregularities. These requirements lead to a higher number of total registered alerts.

Out of the total number of alerts under OPRD by the end of 2014 (2494 alerts), the newly-registered alerts only during the period 01.01.2014 – 31.12.2014 were 1007, of which:

- the inspections related to 221 alerts were discontinued.
- the inspections related to 151 alerts were completed with irregularities established and registered.
- the inspections related to 653 alerts were still active as at 01.01.2015.

Of all irregularity alerts filed with the MA during the period 01.01.2014 – 31.12.2014, 919 were from within the MA and were the result of exercised ex-post control of requests for payment under contracts, and 88 were received from sources external to the MA.

A total of 861 irregularities were recorded in the National Register of Irregularities as at 30.12.2014, of which:

- 641 irregularities were established in prior periods;

- 220 irregularities were found during the period 01.01.2014 – 31.12.2014 based on alerts, registered in the last quarter of 2013 and in 2014.

220 new irregularities were found during the period 01.01.2014 – 31.12.2014, of which 69 cases of irregularities were reported to the European Anti-Fraud Office (OLAF). Out of all 861 reported irregularities, found as at 31.12.2014, 338 are subject to follow-up, which is the number of irregularities to be followed up in 2015.

### ***2.7.2. Programming 2014–2020***

In 2014 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 goal 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 “Regional Development” for the 2014-2020 programming period. The project has a duration of 45 months and contains interconnected activities, for which it is planned to award separate public procurement contracts.

In 2014 the implementation of the stages under the contract for preparing a social and economic analysis for the needs of OPRG for the period 2014–2020, concluded in 2011, continued. The Contractor and the Contracting Authority held regular meetings to coordinate activities and discuss key points in the contract implementation. The Contractor submitted two interim and two analytical reports on the development of the analysis: the sixth and seventh report on stage 5 Reworking and additional focus based on the findings of the SWOT analysis, the analyses of the Integrated Urban Regeneration and Development Plans and the comments received from stakeholders and the European Commission. The analytical papers are related to reworking and updating of the study of urban development and the preparation of an updated socio-economic analysis for the purposes of OPRG for the 2014-2020 period. In 2014 the final report on the contract implementation was also prepared, which contained the following appendices:

1. Final version of the socio-economic analysis, conclusions and SWOT analysis;
2. Proposals on the system of indicators of OPRG 2014-2020;
3. Analytical paper Application of the polycentric model in European regional Policy;
4. Analytical paper Update of the socio-economic analysis in accordance with the development of sectoral policies in the 2012-2014 period;
5. Analytical paper Interconnection of the activities supported by OPRG 2014-2020 with the goals, priorities and activities of the regional development plans of the level 2 regions for the 2014-2020 period, the regional development strategies and the municipal development plans;
6. Analytical paper Assessment of the recommendations from the preliminary and environmental assessments with the view of the potential need to update the socio-economic analysis;

7. Analytical paper Statistics and projections of the increase of visits to tourist sites of national significance;
8. Analytical paper Opportunities for grouping of tourist sites;
9. Additional analysis, related to comment No 15 of the EC on the draft of OPRG 2014-2020, prepared by request of the Contracting Authority;
10. Additional analysis, related to comment No 14 of the EC on the draft of OPRG 2014-2020, prepared by request of the Contracting Authority;
11. Additional analysis, related to comment No 10 of the EC on the draft of OPRG 2014-2020, prepared by request of the Contracting Authority;
12. Analytical paper Interconnection of OPRG 2014-2020 with the framework document entitled Risk assessment and evaluation of vulnerability of sectors of Bulgaria's economy as a result of climate change.
13. Maps of the tourist sites of national and world significance in conformity with Priority Axis 5 Regional Tourism of OPRD 2014-2020 by regions of individual level.

In December 2014 six discussions were held of the results of stage 5 during the meetings of the Regional Development Boards of NUTS 2 level regions, at which the development trends of the regions in the 2007-2013 period were presented and used in the process of elaboration of OPRG 2014-2020.

In 2014 the negotiations with the EC were stepped up for approval of the Operational Programme "Regions in Growth" 2014–2020 and a significant number of official and unofficial meetings were held at various levels, in order to discuss and approximate the positions held. A regular meeting of the thematic working group was held for elaboration of OPRG 2014-2020. The progress in the development of the Operational Programme, the outstanding issues in the negotiations with the EC and Bulgaria's position were presented during the meeting. The draft of the programme submitted was endorsed by the thematic working group and forwarded for formal approval by the EC via the SFC system on 30 May 2014, after its adoption at a meeting of the Council for Coordination of the Management of EU Funds and of the Council of Ministers. In August 2014 official comments were received on the part of EC in regard to the text of OPRG 2014-2020. In the period of August-November 2014 OPRG 2014-2020 was updated, based on bilateral meetings held between representatives of MoRDPW and other agencies and stakeholders, with the view to reflect adequately the EC comments. After the programme was coordinated by written procedure within the thematic working group, OPRG 2014-2020 was adopted at a meeting of the Council for Coordination of the Management of EU Funds and of the Council of Ministers by Decision No 768 of 17.11.2014. The version was forwarded for conducting a second round of negotiations for approval by the EC.

At the beginning of December 2014 a second set of official comments of the EC on the programme was received and is being reflected. As part of the process of coordination of OPRG 2014-2020 on the part of the EC, the comments submitted were mainly in two directions: the support envisaged for towns in peripheral areas of the national polycentric network and the investments into the Healthcare sector. In 2014 the basis for maximum

protection of the national interest in both directions above has been laid with the support of all stakeholders.

### ***2.7.3. Evaluation***

In 2014 the preliminary assessment of OPRG 2014-2020 has been updated in the part on Assessment of the system of indicators in view of the updating of some of the indicators in the draft of the OPRG 2014-2020.

The final report on the environmental assessment of OPRG 2014-2020 was accepted by the Contracting Authority on 23.01.2014. The implementation of the contract on environmental assessment of OPRG 2014-2020 based on public contract “Evaluations related to the preparation of OPRG 2014-2020” under project BG161PO001/5-01/2008/065 “Evaluations related to the preparation of OPRG 2014–2020” was completed.

In accordance with the Evaluation Plan for OPRD 2007-2013 contract No RD-02-37-11/12.03.2014 was executed for fulfilment public contract with subject Evaluation of the contribution of the OPRD 2007–2013 interventions to the EU horizontal policy implementation, as part of project BG161PO001/5-01/2008/077 Assessment of the impact of the interventions under OPRD 2007-2013 and of their contribution to the implementation of the EU horizontal policies, with a budget of EUR 225,786.49 and duration of 15 months. The assessment combines all evaluations, included into the updated Evaluation Plan and will be implemented until the month of June 2015, as follows:

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.

By the end of 2014 stage one and two of the assessment were completed and the OPRD MA approved the inception report and the first interim report under the assessment.

### **2.8. National performance reserve (where applicable and only for the annual implementation report submitted for 2010)**

Not applicable.

### 3. IMPLEMENTATION BY PRIORITY AXES

#### 3.1. Priority Axis 1 – Sustainable and integrated urban development

Under the third revision of OPRD 2007-2013, approved on 1 April 2014 by the EC, the financial resources for Priority Axis 1 amount to **EUR 958,848,322** of which **EUR 815,021,074** are European Regional Development Fund co-financing. The total amount makes up 60% of the programme budget. The third programme revision covers all reallocations of financial resources, applied as at 31.08.2013.

At the same time in order to provide actual and correct information, the 2013 Annual Report reflects all decisions of the OPRD Monitoring Committee adopted in 2013, including the decisions for reallocation of financial resources between operations and/or priority axes, adopted after the delivery of the third revision of OPRD. This report reflects all decisions of the OPRD Monitoring Committee adopted in 2014. In this connection the financial resources for Priority Axis 1 amount to **EUR 939,744,241 of which** EUR 798,782,605 **are ERDF co-financing**. The total amount makes up **59%** of the programme budget.

##### 3.1.1. Achievement of targets and analysis of the progress

Information on all schemes announced 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 01.01.2014 and 31.12.2014
<b>Operation 1.1, Social Infrastructure</b>						
BG161PO001/1.1-01/2007 “Support for Provision of Adequate and Cost-Effective Educational, Social and Cultural Infrastructure Contributing to Development of Sustainable Urban	14 November 2007	107,547,999	105,379,495	89,572,571	15,806,924	The procedure for collection of project proposals was closed.

<i>Areas”</i>						
<i>BG161PO001/1.1-02/2007 “Support for Provision of Adequate and Cost-Effective State Educational Infrastructure Contributing to Development of Sustainable Urban Areas”</i>	<i>29 February 2008</i>	<i>4,684,785</i>	<i>4,141,797</i>	<i>3,520,527</i>	<i>621,270</i>	<i>- Specific beneficiary Ministry of Education</i>
<i>BG161PO001/1.1-03/2008 “Support for provision of adequate and cost-effective state social infrastructure contributing to development of sustainable urban areas”</i>	<i>29 February 2008</i>	<i>2,609,939</i>	<i>2,282,508</i>	<i>1,940,132</i>	<i>342,376</i>	<i>- Specific beneficiary: SAA</i>
<i>BG161PO001/1.1-04/2008 “Support for Provision of Adequate and Cost-Effective Labour Office Infrastructure Contributing to Development of Sustainable Urban Areas”</i>	<i>29 February 2008</i>	<i>2,211,636</i>	<i>2,211,156</i>	<i>1,879,483</i>	<i>331,673</i>	<i>- Specific beneficiary: EA</i>
<i>BG161PO001/1.1-05/2008 “Support for Provision of Adequate and Cost-Effective State Cultural Infrastructure Contributing to Development of Sustainable Social Areas”</i>	<i>25 June 2008</i>	<i>25,102,422</i>	<i>25,016,415</i>	<i>21,263,953</i>	<i>3,752,462.</i>	<i>- Specific beneficiary MoC</i>
<i>BG161PO001/1.1-06/2009 “Support for Renovation and Modernisation of State Healthcare Facilities</i>	<i>29 April 2009</i>	<i>75,660,233</i>	<i>0,00</i>	<i>0,00</i>	<i>0,00</i>	<i>The procedure is cancelled</i>



<i>in Urban Agglomerations”</i>						
<i>BG161PO001/1.1-07/2009 “Support for Provision of Adequate and Cost-Effective Infrastructure of Universities in Urban Agglomerations”</i>	<i>30 September 2009</i>	<i>18,538,861</i>	<i>18,433,320</i>	<i>15,668,322</i>	<i>2,764,998</i>	<i>The procedure for collection of project proposals was closed.</i>
<i>BG161PO001/1.1-08/2010 “Support for Reconstruction, Renovation, and Equipment of State Medical and Healthcare Facilities in Urban Agglomerations”</i>	<i>30 January 2010</i>	<i>75,660,233</i>	<i>75,371,927</i>	<i>64,066,138</i>	<i>11,305,789</i>	<i>- Specific beneficiary MoH</i>
<i>BG161PO001/1.1-09/2010 “Support for the Application of Energy Efficiency Measures in Municipal Educational Infrastructure of Urban Agglomerations”</i>	<i>22 February 2010</i>	<i>54,459,945</i>	<i>50,815,526</i>	<i>43,193,197</i>	<i>7,622,329</i>	<i>The procedure for collection of project proposals was closed.</i>
<i>BG161PO001/1.1-10/2010 “Support for Design and Promotion of Innovative Cultural Events”</i>	<i>09 November 2010</i>	<i>9,394,873</i>	<i>8,543,605</i>	<i>7,262,064</i>	<i>1,281,541</i>	<i>The procedure for collection of project proposals was closed.</i>
<i>BG161PO001/1.1-11/2011 “Support for Reconstruction, Renovation, and Equipment of Municipal Medical Facilities in Urban Agglomerations”</i>	<i>31 January 2011</i>	<i>50 440 155</i>	<i>48 117 185</i>	<i>40 899 607</i>	<i>7,217,578</i>	<i>The procedure for collection of project proposals was closed.</i>
<i>BG161PO001/1.1-12/2011 “Support for Deinstitutionalisation of Social Institutions</i>	<i>26 January 2011</i>	<i>52,647,749</i>	<i>49,844,890</i>	<i>42,368,157</i>	<i>7,476,734</i>	<i>The procedure for collection of project</i>

<i>Providing Services for Children under Risk”</i>						<i>proposals was closed.</i>
<b>Under Operation 1.2, Housing Policy</b>						
<i>BG161PO001/1.2-01/2011 “Support for Energy Efficiency in Multi-Family Residential Buildings”</i>	<i>18 July 2011</i>	<i>25,620,393</i>	<i>25,620,393</i>	<i>21,777,334</i>	<i>3,843,059</i>	<i>- Specific beneficiary: DHP</i>
<i>BG161PO001/1.2-02/2011 “Support to Provide Modern Social Housing 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>5 project proposals</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>6,374,421</i>	<i>6,374,421</i>	<i>5,418,258</i>	<i>956,163</i>	<i>- Housing Renovation Fund</i>
<b>Under Operation 1.4, Improvement of the Physical Environment and Risk Prevention</b>						
<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>49,793,033</i>	<i>51,000,000</i>	<i>43,350,000</i>	<i>7,650,000</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>51,016,073</i>	<i>48,637,251</i>	<i>41,341,663</i>	<i>7,295,588</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</i>	<i>13 October 2008</i>	<i>5,185,965</i>	<i>4,883,646</i>	<i>4,151,099</i>	<i>732,547</i>	<i>The procedure for collection of project proposals</i>

<i>Small-Scale Infrastructure in Urban Agglomerations”</i>						<i>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>3,375,352</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>
<i>BG161PO001/1.4-05/2009 “Support for Integrated and Sustainable Development through Improvement of Urban Environment”</i>	<i>25 September 2009</i>	<i>46,508,072</i>	<i>46,012,585</i>	<i>39,110,697</i>	<i>6,901,888</i>	<i>The procedure for collection of project proposals was closed.</i>
<i>BG161PO001/1.4-06/2010 “Support for Small-Scale Interventions to Prevent Floods in Urban Agglomerations”</i>	<i>01 July 2010</i>	<i>18,420,353</i>	<i>18,005,305</i>	<i>15,304,509</i>	<i>2,700,796</i>	<i>The procedure for collection of project proposals was closed.</i>
<i>BG161PO001/1.4-07/2010 “Support for Integrated Urban Regeneration and Development Plans”</i>	<i>04 August 2010</i>	<i>9,804,710</i>	<i>8,615,248</i>	<i>7,322,961</i>	<i>1,292,287</i>	<i>The procedure for collection of project proposals was closed.</i>
<i>Scheme BG161PO001/1.4-08/2010 “Joint European Support for Sustainable Investment in City Areas (JESSICA)”</i>	<i>19 October 2010</i>	<i>33,000,000</i>	<i>33,000,000</i>	<i>28,050,000</i>	<i>4,950,000</i>	<i>EIB Holding Fund</i>
<i>BG161PO001/1.4-09/2012 “Green and Accessible Urban Environment”</i>	<i>03 September 2012</i>	<i>90,510,471</i>	<i>90,184,443</i>	<i>76,656,777</i>	<i>13,527,666</i>	<i>The procedure for collection of project proposals was closed.</i>

Operation 1.5, Sustainable Urban Transportation Systems						
BG161PO001/1.5-01/2010 "Support for Integrated Urban Transportation in Burgas Municipality"	10 June 2010	51,816,427	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 Transportation 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 Transportation 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, EUR column reflects the budgets of the separate schemes in the Annual Report on the Implementation of OPRD for 2013.

\*\* The New Total Budget column reflects the updated budgets of the separate schemes, as a result of the OPRD MC decisions, adopted in 2014, 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 **in accordance with the revised OPRD adopted by EC decision on 01.04.2014.**

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

Indicators		2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
<b>PRIORITY AXIS 1</b>											
<b>Impact Indicator</b>											
Reduction of greenhouse gas	Value achieved	N/A	N/A	0	0	0	0	0	0 <sup>(2)</sup>		0

Indicators		2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
emissions (CO2 and equivalents, kit)  <b>Core indicator<sup>(1)</sup></b>	Target value	N/A	N/A	21 <sup>(1)</sup>	N/A	N/A	N/A	N/A	N/A	56 <sup>(1)</sup>	56
	Baseline value	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Result indicators</b>											
Energy savings from renovation of the buildings  (Mwahr)	Value achieved	N/A	N/A	0	0	17,789	38,103	98,305	148,741 <sup>(3)</sup>		148,741
	Target value	N/A	N/A	44,400	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
Pupils benefiting from improved educational infrastructure (number)  <b>Core indicator<sup>(4)</sup></b>	Value achieved	N/A	N/A	0	8,827	33,786	57,488	216,495	246,325		246,325
	Target value	N/A	N/A	6,300	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
Patients benefiting from improved healthcare infrastructure (number)	Value achieved	N/A	N/A	0	0	0	0	32,884	85,913 <sup>(5)</sup>		85,913
	Target value	N/A	N/A	200,000	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
Population benefiting from refurbished buildings (except educational and healthcare institutions) (number)	Value achieved	N/A	N/A	18,165	18,165	565,346	2,740,355	4,818,418	4,818,418 <sup>(6)</sup>		4,818,418
	Target value	N/A	N/A	100,000	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
Children benefiting from the deinstitutionalization process (persons)	Value achieved	N/A	N/A	N/A	N/A	N/A	N/A	36	962 <sup>(7)</sup>		962
	Target value	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
Additional population served by improved urban	Value achieved	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A <sup>(8)</sup>		
	Target value	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	90,000 <sup>(8)</sup>	90,000

Indicators		2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
transportation. <b>Core indicator<sup>(8)</sup></b>	Baseline value	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Output indicators</b>											
Number of projects ensuring sustainability and improving the attractiveness of towns and cities <b>Core Indicator<sup>(9)</sup></b>	Value achieved	N/A	N/A	0	0	1	20	40	41 <sup>(10)</sup>		41
	Target value	N/A	N/A	40 <sup>(9)</sup>	N/A	N/A	N/A	N/A	N/A	130 <sup>(9)</sup>	130
	Baseline value	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Number of projects (risk prevention) <b>Core indicator<sup>(9)</sup></b>	Value achieved	N/A	N/A	0	2	6	19	61	66 <sup>(10)</sup>		66
	Target value	N/A	N/A	40 <sup>(9)</sup>	N/A	N/A	N/A	N/A	N/A	70 <sup>(9)</sup>	70
	Baseline value	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
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	N/A <sup>(11)</sup>		
	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	10		10
	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	555 <sup>(12)</sup>		555
	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	70 <sup>(13)</sup>		70
	Target value	N/A	N/A	35	N/A	N/A	N/A	N/A	N/A	90	90

Indicators		2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
	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	80 <sup>(14)</sup>		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 deinstitutionalization of children	Value achieved	N/A	N/A	N/A	N/A	N/A	N/A	5	108		108
	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	0	36		36
	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 at Priority Axis 2 level. In the SFC system the target values for 2009 and 2015 are indicated cumulatively at programme level.

(2) According to the OPRD text the indicator must be reported after the programme completion, i.e. in the final report on the OPRD implementation after finalizing the respective projects under Priority Axis 1 and Priority Axis 2 and taking into account the impact of the projects completed by the end of 2014, by examination within the assessment under way of the impact of the interventions under OPRD.

(3) According to the OPRD text the indicator must be reported after the programme completion after finalizing the respective projects under Priority Axis 1. This indicator is part of an examination within the assessment under way of the impact of OPRD interventions, because of its connection to the previous indicator. As at 2014 the value of the indicator is achieved as follows:

- The value of the indicator is achieved in accordance with projects completed in 2012, reported following two heating seasons under scheme BG161PO 001/1.1-01/2007 "Support for Provision of Adequate and Cost-Effective Educational, Social and Cultural Infrastructure Contributing to Development of Sustainable Urban Areas" for 12 projects; BG161PO001/1.1-09/2010 Support for the Application of Energy Efficiency Measures in Municipal Educational Infrastructure of Urban Agglomerations and scheme BG161PO001/1.1-12/2011 "Support for Deinstitutionalisation of Social Institutions Providing Services for Children under Risk"

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

- (5) As at 2014 the value of the indicator is achieved for 9 completed projects.
- (6) As at 2014 no value has been reported for the indicator.
- (7) According to the OPRD text the indicator must be reported after the programme.
- (8) 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. According to the OPRD text the indicator must be reported after the programme completion and after comprehensive implementation of all components of integrated urban transport projects.
- (9) 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.
- (10) By 2014, there were 5 completed contracts on risk prevention and 1 completed contract on urban environment improvement. The indicator was a combination of both indicators, but after a revision of OPRD in 2012 it was divided.
- (11) According to the OPRD text the indicator must be reported after the programme completion, i.e. in the final report on the OPRD implementation after finalizing the respective projects under Priority Axis 1.
- (12) The number of buildings in the improved educational infrastructure from projects completed by 2014 is reported.
- (13) The number of buildings in the improved cultural infrastructure from projects completed by 2014 is reported.
- (14) In 2014 there was no change in the value of the indicator in comparison to 2013, because in the reporting period there were no projects completed, in regard to which the indicator would need to be reported.

### 3.1.1.2. Information on the financial progress of the priority axis

Table 8. Contracted, disbursed and certified funds in the period 01.01.2014 - 31.12.2014

Priority Axis	Financial implementation		
	Contracted EUR	Disbursed EUR	Certified (EUR)
<b>1. Sustainable and Integrated Urban Development</b>	<b>3,048,720.94</b>	<b>209,886,449.92</b>	<b>165,694,224.15</b>

The Contracted Value column includes only the financial grant amount under contracts concluded in 2014 in accordance with the Decisions for the award of GA, issued by the Head of the OPRD MA, excluding the amounts on the annexes executed in 2014.

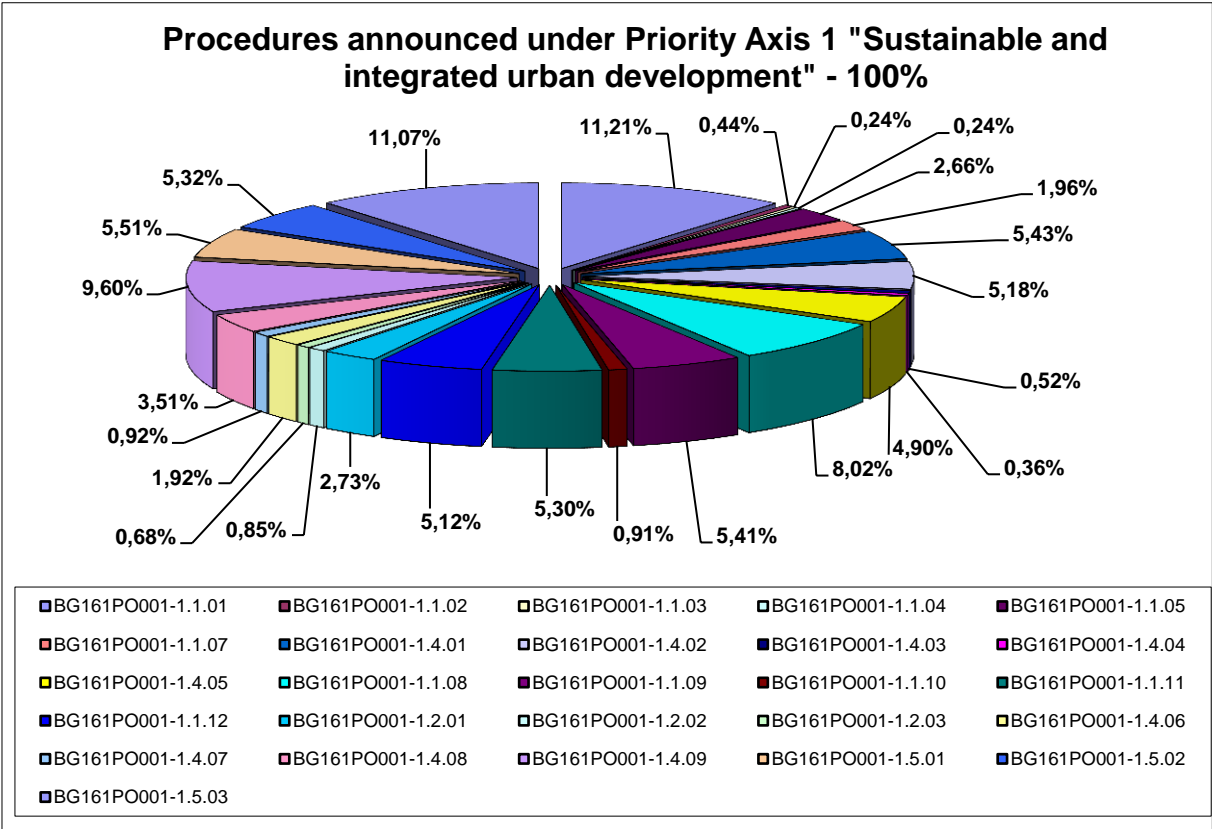
### 3.1.2. Qualitative analysis

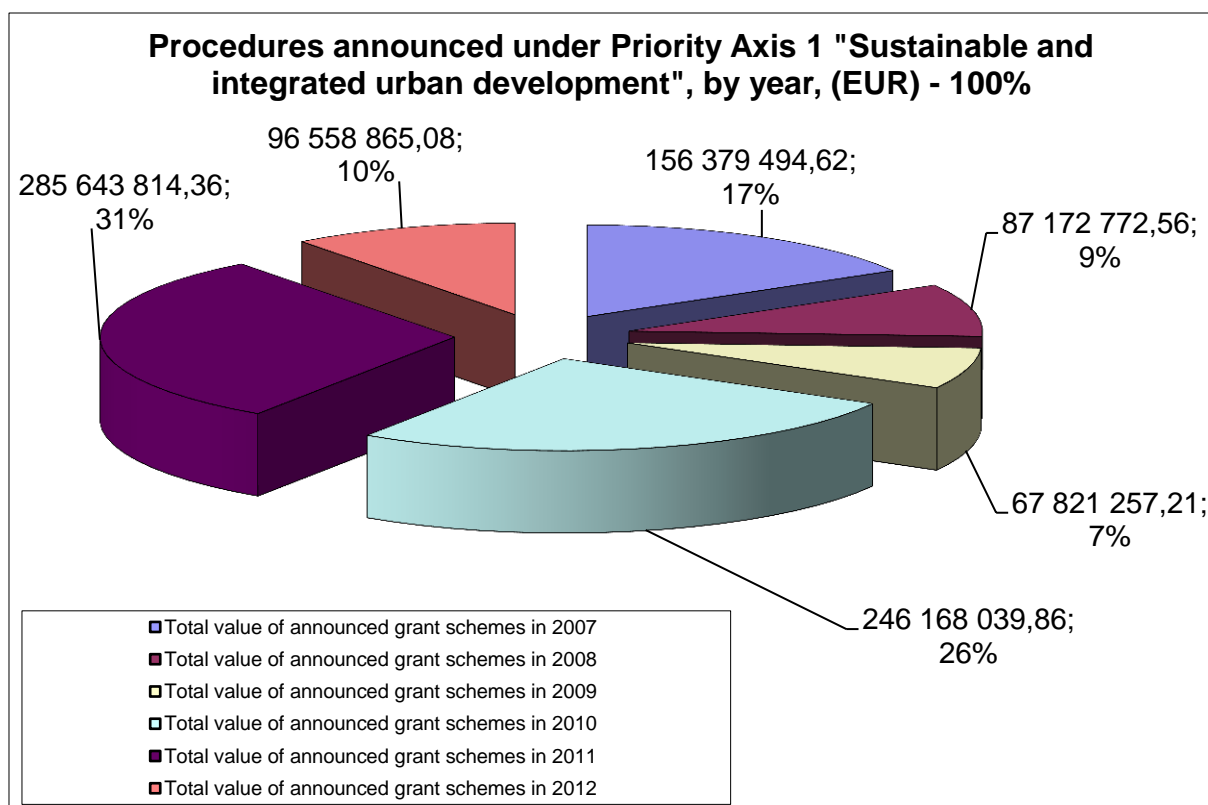
Priority Axis 1 aims to increase the attractiveness and competitiveness of cities and urban areas, ensure high quality of life and access to basic services in compliance with the equal opportunities principle of the European Union, including for disadvantaged people.



Since the start of the operational programme, until the end of 2012, a total of 26 schemes were launched with a total value of EUR 939,744,241, or 100% of the budget of the Priority Axis. Therefore in 2014 no new schemes were announced under Priority Axis 1.

*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 discontinued. 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". The budget of each scheme was updated as a result of the OPRD MC decisions, adopted in 2014, on reallocations of funds between operations and/or priority axes.*





**RESULTS:**

**Operation 1.1 Social infrastructure**

Operation 1.1 is aimed 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 BG16IPO001/1.1-08/2010, Support for Reconstruction, Renovation, and Equipment of State Medical and Healthcare Facilities in Urban Agglomerations***

The scheme was announced in January 2010. The aims of the GA scheme are to improve, renovate and modernize 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, optimization (building on to, raising 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 Deinstitutionalization of Children in the Republic of Bulgaria and the Concept for Restructuring of Hospital Care in the Republic of Bulgaria 2010-2017;
- Component 3 - Reconstruction, renovation, expansion and equipment of state medical facilities with radiation units for socially significant oncologic diseases;

- Carrying out of 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 to 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. 4/1 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.

After financial resources were released under the scheme in 2014 one GA contract was signed in the value of EUR 3 mln., based on a project proposal approved in 2013. (Supply of a high-energy medical linear accelerator for UATGH Queen Joanna - ISUL EAD)

*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	29.01.2010
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 Components 1 and 3 – 22 April 2013
Specific beneficiary	Ministry of Health
Number of evaluation committees in 2014	-
Number of project fiches submitted in 2014	-
Number of approved project fiches in 2014	-
Number of contracts concluded in 2014	1
Total value of contracts concluded in 2014	EUR 3,048,720.94.

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

	<b>Total</b>	<b>SWR</b>
Number of project proposals submitted	-	-
Number of contracts concluded	1	1
Grant contract value in EUR	3,048,720.94	3,048,720.94
Patients benefiting from the renovated building and the new diagnostic equipment	1,200	1,200
Population, benefiting from the renovated buildings of the healthcare facilities	1,497,489	1,497,489
New clinical paths as a result of the project (number)	4	4
Up-to-date medical equipment (number)	1	1
New jobs created (number)	2	2

### **Operation 1.2: Housing policy**

Operation 1.2 is aimed 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 is targeted at 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 published in 2011 and is aimed 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, responsible for the implementation of the housing policy in the Republic of Bulgaria, was designated as specific beneficiary under the scheme. Residential building owners are end users.

The total GA amount under the scheme is EUR 25,620,396. By order of the Minister of Regional Development of 26 April 2013 the percentage of GA to the owners was increased from 50% to 75% for energy renovation of each building, approved for funding under the project. The remaining 25% must be ensured by the proprietors either from own resources, or from loans. As a result of this change the total value of the project became EUR 33,272,805.13, while the GA amount remained unchanged at 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 in the territory of Bulgaria are expected to be energy renewed. Using the funds under project BG161PO001-1.2.01-0001

“Energy Renovation of Bulgarian Homes” under Operational Programme “Regional Development” 2007–2013 the following is awarded as GA:

- 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.

All contracts were executed, with the exception of the selection of contractors under two budget lines - Dissemination of Information and Publicity Expenditure and Audit Expenditure for which the contractor selection procedures are forthcoming. In regard to the Construction Works Expenditure budget line decisions are in place for selection of contractors for all regions. The documents required for execution of contracts under the framework agreement are being compiled for the North Central, Northeastern and South Central regions.

A total of 430 expressions of interest were submitted and support from 35 cities. No applications were received only from the town of Loves. 410 buildings have been approved to date. 203 applications for financial assistance and implementation of renovation for energy efficiency were received. 97 agreements for financial assistance were executed.

Depending on the stage of implementation of the activities of the buildings a technical examination, an energy efficiency survey and a detailed design are being prepared. The drawing up of investment designs for 43 buildings that have passed the technical and energy efficiency surveys is forthcoming. The start of CW on two extra buildings located in the city of Sofia, which have ready investment designs, has been prepared.

Construction works on two buildings in the city of Sofia were completed and commissioned into operation.

➤ ***BG161PO001-1.2-03/2012 “Support for Energy Efficiency in Multi-Family Residential Buildings, Housing Renovation Fund”<sup>1</sup>***

Within the framework of Operation 1.2 “Housing Policy” a financial engineering instrument for energy efficiency in residential buildings was financed - the 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 individual units within multi-family residential buildings, applying for GA, to procure 25% of the budget to renovate the respective building or block section.

---

<sup>1</sup> In 2015 the entire OPRD financial resource in the Housing Renovation Fund is decertificated in the Interim Certification Report № 38.

In 2012 following the procedure held in compliance with the PP Act the management of the HRF was awarded to Corporate Commercial Bank AD. The contract was signed on 21.03.2012 in the total value of EUR 6,374,421.49, including EUR 4,871,223.36 for investment into subsidized interest rate loans and EUR 1,503,198.13 as management fee for the entire 10-year period, provided the funds would be invested completely. The fund manager – Corporate Commercial Bank - provided additional financing in the amount of EUR 511,292. The performance term of the service is 120 months (10 years) as of the date of signing the contract.

Credits are extended by the HRF to associations of owners and to owners of individual units in buildings, which have already executed financing agreements under the project “Energy renovation of Bulgarian homes”.

The funds actually invested by OPRD 2007-2013 by the end of 2014 into subsidized interest rate loans to residential owners for energy efficiency measures amounted to EUR 24,294.70, absorbed by 18 credits, extended to owners of individual residential units.

51 contracts for management of escrow accounts of associations of owners were also signed, on which EUR 226,563.44 were deposited by associations of owners in buildings, which have signed financing agreements within project BG161PO001-1.2.01-0001 “Energy renovation of Bulgarian homes”.

In essence the HRF ceased to function on 20 June 2014, when the fund manager - Corporate Commercial Bank -was placed into receivership by the Bulgarian National Bank, based on the domestic banking legislation, due to a liquidity crisis.

In addition on 06.11.2014 the Governing Council of the Bulgarian National Bank withdrew the license to perform banking activity of Corporate Commercial Bank AD and submitted a request to the Sofia City Court to initiate a bankruptcy procedure against Corporate Commercial Bank AD on the legal grounds of Article 9(1) of the Law on Bank Bankruptcy.

In view of the above situation at the end of 2014 the MA of OPRD 2007-2013 prepared measures for invalidation of the HRF contract and a request that Corporate Commercial Bank AD would return all funds, received from OPRD 2007-2013, together with any interest owed, sanctions and the performance guarantee.

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

The scheme was published in 2011, with a total value of EUR 8,006,374. The specific objectives of the scheme are: provision of modern social housing for vulnerable, minority, and indigent groups of the population and other disadvantaged groups; ensuring social inclusion, spatial integration and equal access to adequate housing conditions for people in disadvantaged and vulnerable situation. The goals of the scheme will be achieved through repair / reconstruction and change 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 improving 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 OPHRD, programmes for access to social and health services, and other (donor, national, local) programmes.
- **Anti-segregation character 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 contribute to 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. Any building interventions should be combined with activities to provide access to education, employment, healthcare, and social services for the disadvantaged groups.

Any admissible 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.

3 contracts are in process of implementation in Vidin, Devnya and Dupnitsa municipalities, for which the GA amount provided is EUR 6,374,421.49. In addition, the physical implementation of the project of Devnya municipality was completed in 2014, as a result of which 33 homes of various areas and functionalities were provided for accommodating representatives of indigent groups of the population.

After the refusal of Burgas municipality to apply under the scheme the OPRD MA invited the foremost municipality from the reserve list under the scheme - Varna municipality - to submit

a project proposal. Varna municipality submitted a project proposal within the application deadline specified - 16 December 2013, which was evaluated and approved for funding by decision of the Head of the OPRD of 24.01.2014. In May 2014 the beneficiary informed definitively the MA that it would be unable to implement the project due to the impossibility to generate broad public support for the project.

In this connection the OPRD MA sent letters to the 5 following municipalities on the reserve list of project ideas, approved on the part of the working group under the Council of Ministers in the order of their ranking (Tundzha, Peshtera, the Capital City, Kazanlak and Lom municipalities).

Based on the interest expressed for applying and commitment Tundzha, Peshtera, the Capital City, Kazanlak and Lom municipalities were designated by decision of 24.07.2014 of the OPRD MC as specific beneficiaries under scheme BG161PO001/1.2-02/2011. Additionally, in view of the crisis situation in Asparuhovo quarter, city of Varna, following the flood of 19 June 2014, Varna municipality expressed readiness to prepare and implement once again a project for construction of social housing under the scheme.

On 28.08.2014 the Application Requirements under the scheme were amended and a deadline was specified for submission of project proposals by Varna, Tundzha, the Capital City, Kazanlak and Lom municipalities (30.09.2014). On 23.12.2014 the project proposals of Varna, Tundzha, the Capital City, Kazanlak and Lom municipalities were approved. Subsequently Kazanlak municipality withdrew its project proposal due to impossibility to ensure financial resources in its 2015 budget for funding an external power supply and water supply and sewerage network and for building an internal street in the terrain of a town neighbourhood.

A decision was passed at the 15th session of the MC of OPRD 2007-2013 to execute a contract for providing GA for the project proposals of Varna and Tundzha municipalities, in regard to which a decision on the selection of contractor would enter into force first and the resource available under the scheme in the amount of BGN 3,890,038.55 would be sufficient for implementing the project proposal. In this connection the OPRD MA is expected to make in January 2015 an analysis of the stages, which the public procurement procedures of both municipalities would have reached by then.

*Table 19. Information about scheme BG161PO001/1.2-02/2011 “Support to Provide 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	30.08.2011
Deadline for submission of project proposals	30 September 2014
Specific beneficiaries	Varna, Lom, Tundzha, Kazanlak and Capital City municipalities
Evaluation committees in 2014	1



Number of project proposals submitted in 2014	5
Project proposals approved in 2014	5
GA contracts concluded in 2014	0
GA amount for approved projects in 2014	EUR 9,279,051.27.

#### **Operation 1.4: Improvement of the physical environment and risk prevention**

Operation 1.4 aims 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 is announced in 2007 and is aimed at ensuring fire safety and reliable protection of the population from fires, as well as at protection of the environment and reduction of harmful emissions into ambient air. Specific beneficiary of the scheme is the Ministry of Interior. As part of this scheme in 2008 a GA contract was executed in the value of EUR 7 mln., envisaging supply of 42 fire-fighting trucks.

At the 11th session of the OPRD MC the Head of the OPRD MA was authorised, after the formation of the entire resource envisaged under scheme BG161PO001/1.4-09/2012 “Green and Accessible Urban Environment” (EUR 92 mln.) to reallocate regularly any financial resource released under current GA schemes to scheme BG161PO001/1.4-01/2007 “Support for Reduction and Prevention of Risks and Damages Caused by Fire in Urban Agglomeration Areas”, with the Ministry of Interior being specific beneficiary, until the formation of an overall resource under that scheme in the amount of EUR 49 mln.

In connection with a risk identified of decommitment of resources as at the end of 2013 under the N+2/N+3 rule, after the OPRD MC conducted a written procedure in July 2013, the project of the Ministry of Interior for supply of fire-fighting trucks and equipment for urban agglomeration areas was transformed into a major project in the total value of EUR 51,000,000. By the end of 2013 the entire financial resource under OPRD was ensured.

The Application form for a major project, the feasibility study and the cost-benefit analysis were reviewed by the OPRD MA and JASPERS and finalized. On 10 December 2013 the project was submitted for approval to the EC. On 30.01.2014 the project was accepted as eligible by the EC and on 14.10.2014 the major project of the Ministry of Interior for supply of fire-fighting trucks and equipment for urban agglomeration areas was approved by the EC. As a result of that approval the minimum target for 2014 in accordance with the N+2 rule was reduced by EUR 39 mln. - EFRD share, in accordance with the financial plan of the major project.

After the conduct of the last procedures for award of public contracts and selection of contractors an annex would be submitted for increasing the GA contract value to the maximum amount determined of EUR 51 mln. The end date of the GA contract is 11.12.2015.

Detailed information on the project is available in item 4. ERDF/CF funded programmes: Major projects.

➤ ***Schemes BG161PO001/1.4-02/2008 “Support for Improvement of the Urban Environment” and BG161PO001/1.4-05/2009 “Support for Integrated and***

***Sustainable Development Through Improvement of the Urban Environment” and BG161PO001/1.4-09/2012 “Green and Accessible Urban Environment”.***

The said schemes were announced in 2008, 2009 and 2012. The main objective of the schemes is to improve the physical aspects of the urban environment in agglomeration areas; to create conditions for integration of disadvantaged groups through improvements in the physical and living environment, including through improved access to administrative and social services; to enhance the safety and security of the urban environment. The candidates under the second and third schemes were required to secure 5% mandatory own contribution within the 15% national co-financing.

By the end of 2014, the total number of contracts under the three schemes was 77, with a total value of GA provided of EUR 184,815,246.06. The last projects in implementation of the second and third schemes were completed by final payment in 2014, whereby the total number of projects implemented reached 41.

A list of reserve projects was approved under scheme BG161PO001/1.4-09/2012 “Green and Accessible Urban Environment” (including additional facilities, added to the projects by the beneficiaries), which had been approved but for which there was no sufficient funding available. In accordance with the decisions of the 15th session of the OPRD MC the reserve projects could be financed after the entire resource for the Northern Bypass Highway would be ensured and provided the following conditions would be fulfilled concurrently:

- availability of additional savings of resources under the Operational Programme;
- availability of effective decisions for selection of contractors for the main activities under the projects by the end of April 2015.

➤ ***Scheme BG161PO001/1.4-07/2010, Support for Integrated Urban Regeneration and Development Plans***

The scheme was announced in 2010. The overall objective of the scheme was development of integrated urban development plans with a timeframe until 2020, aimed at sustainable and permanent overcoming of the high concentration of economic, environmental and social problems in all of the 36 cities – centres of agglomeration areas. Candidates under the scheme were required to secure 5% own contribution within the 15% national co-financing. The specific objectives were to identify areas of impact within the 36 cities - centres of agglomeration areas, including a system of interlinked actions which seek to bring about a lasting improvement of the economic, financial, social and environmental situation of a city or an area within the city; to develop integrated urban regeneration and development plans for the relevant areas 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 unrealized potential, by attracting and coordinated management of various investments and support from the EU Structural Funds; to achieve synergies between existing and currently updated strategic planning documents for sustainable integrated regional and local development, sectoral policies, programme documents and development schemes within the designated areas of impact.

The last projects in implementation of the scheme were completed by final payment in 2014, whereby the total number of projects implemented reached 36.

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

During the reporting period significant progress was achieved in the implementation of the JESSICA initiative as a result of the activities of the urban development funds, selected by the European Investment Bank (EIB) in its capacity of JESSICA Holding Fund for Bulgaria, as follows:

**Fund for sustainable urban development of Sofia EAD**, which provides subsidized interest rate loans, guarantees and equity participation for projects in the territory of the city of Sofia. The amount of funds available for investment by the Fund into urban development projects is EUR 24,219,991.52, including EUR 12,109,995.76 from OPRD 2007-2013 and EUR 12,109,995.76 of co-financing from the urban development fund.

**Regional urban development fund AD**, which provides subsidized interest rate loans and equity participation for projects in the territory of the six largest cities. The amount of funds available for investment by the Fund into urban development projects is EUR 54,495,063.72, including EUR 18,165,021.24 from OPRD 2007-2013 and EUR 36,330,042.48 of co-financing from the urban development fund.

Upon the initiative of JESSICA 19 new contracts were executed in 2014 for providing credits for funding of urban development projects in a broad range of areas, contributing to improvement of the quality of life in the seven largest cities of Bulgaria, selected for interventions under the JESSICA initiative. Refundable support was provided for implementing investments into health infrastructure, sports infrastructure, markets and business infrastructure, including into renovation of industrial areas in decline, education infrastructure, parking lots, cultural and entertainment facilities. The 19 projects negotiated in 2014 were in the total amount of EUR 54,678,697.24, including EUR 13,797,625.41 from OPRD, co-financing from the urban development funds in the amount of EUR 22,215,294.46 and own contributions by the end beneficiaries in the amount of EUR 18,665,777.37 The contracts executed concern implementation of the following projects:

- Reconstruction and rehabilitation of the Vrabnitsa market complex in the city of Sofia;
- Construction of Magic Castle (hotel, restaurant, theatre, museum of magic art and a young magicians' school) in the city of Sofia;
- Improvement of the quality of medical services and ensuring a profitable health infrastructure by purchase and supply of innovative medical equipment to First General Active Treatment Hospital-Sofia EAD in the city of Sofia;
- Ensuring a profitable health infrastructure and improvement of the quality of medical services in Fourth General Active Treatment Hospital, city of Sofia, by purchase and supply of new medical equipment.
- Improvement of the social infrastructure and the quality of medical services in First SOGH Sveta Sofia EAD, by carrying out repair activities in the Operating Rooms sector and introducing modern medical apparatuses and equipment in the city of Sofia
- Construction of a Multi-purpose Sports Complex in the Zone B-5 area of the city of Sofia;
- Construction of an education and sports complex in Lozenets region, city of Sofia;

- Construction of a logistics hub in the city of Stara Zagora;
- Installation of energy efficient lighting on a football field in the city of Stara Zagora;
- Expansion of an existing municipal open-air parking lot for 84 vehicles in the city of Varna by addition of 56 parking slots.
- Building of a new movie theatre in a retail complex in the city of Pleven;
- Renovation of industrial areas in decline - building of a new bakery in the city of Plovdiv;
- Renovation of abandoned industrial areas: rehabilitation of existing manufacturing and warehousing areas, located in the industrial area of impact in the city of Stara Zagora;
- Reconstruction of a former knitting factory in the city of Pleven;
- Renovation of abandoned industrial areas: rehabilitation of petrol stations, improvement of the adjacent road infrastructure in the city of Ruse;
- Repair, expansion and equipping of the general active treatment hospital (GATH) Sveta Karidad in the city of Plovdiv;
- Renovation of the Planova industrial area in decline and construction of a three-storey trade complex with warehouse and administration offices in the city of Varna;
- Construction of a new showroom for manufacturing equipment with warehouses in the city of Burgas;
- Rehabilitation of 3 historic buildings - monuments of architecture - in the city of Ruse;

As a result of the signing of the above contracts the total progress under the JESSICA initiative from the execution of the financial engineering instruments agreements until the end of 2014 is in the form of 24 signed contracts, of which 16 with RUDF and 8 - with FSUDS. The total value of the credits negotiated from both UDFs is EUR 52,761,579.05, of which EUR 20,183,666.12 from OPRD 2007-2013.

Six of the projects funded were implemented entirely and commissioned into operation, as follows:

- Reconstruction of Zhenski Pazar in the city of Sofia;
- Construction of Magic Castle (hotel, restaurant, theatre, museum of magic art and a young magicians' school) in the city of Sofia;
- Reconstruction of the Central Municipal Market in the city of Stara Zagora;
- Expansion of an existing municipal open-air parking lot for 84 vehicles in the city of Varna by addition of 56 parking slots.
- Building of a new movie theatre in a retail complex in the city of Pleven;
- Installation of energy efficient lighting on a football field in the city of Stara Zagora.

In addition by the end of 2014 the Investment Committees of both UDFs had approved an additional 10 urban development projects, the credit contracts for which are to be signed at the start of 2015 whereby an additional EUR 6,847,123 would be contracted from OPRD 2007-2013.

The urban development funds are working on a broad portfolio of additional potential projects for financing by subsidized credits under the JESSICA initiative.

In view of the expiry of the Funding Agreement between the Government of the Republic of Bulgaria and the European Investment Bank as a JESSICA Holding Fund for Bulgaria, steps were taken for extending the agreement term with EIB.

As a result of the negotiations held the parameters were specified of the agreement to extend the Funding Agreement term until 31.12.2015.

The agreement to amend the Funding Agreement between the EIB and the Government of the Republic of Bulgaria was signed on 01.07.2014. The agreement contains clauses on definition of a precise withdrawal policy and completion conditions, as well as an extension of the Funding Agreement term until 31.12.2015.

The Agreement signed was approved by Decision No 485/10.07.2014 of the Council of Ministers of the Republic of Bulgaria and ratified by an Act, passed by the National Assembly of the Republic of Bulgaria on 25.07.2014, published in State Gazette, No 66/08.08.2014.

In accordance with the signed agreement to amend the Funding Agreement with EIB, agreements were signed in 2014 to amend the operating agreements between the EIB and both urban development funds, whereby the imposition of sanctions as a result of failure to meet the requirement for payment of 50% of the funds by the end of 2013 was delayed on condition that both UDFs would achieve payment of 80% by the end of 2014. In addition, the payment deadline for the OPRD funds was extended from 30.06.2015 until 31.12.2015 and the amount of the OPRD funds, made available for investment by both funds until the end of 2015, was reduced by EUR 471,680.00 for FSUDS EAD and by EUR 707,520.00 for RUDF AD respectively and those funds in the total amount of EUR 1,179,200.00 were used for payment of the EIB management fee for the period until the end of 2015.

### **Operation 1.5. Sustainable urban transportation systems**

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

#### **➤ *Scheme BG161PO001/1.5-03/2011 "Support for Integrated Urban Transportation in the 5 Larger Cities"***

The scheme was published in 2011 with a main goal to develop sustainable and integrated urban transportation systems in the five larger Bulgarian cities (Plovdiv, Varna, Russe, Stara Zagora, and Pleven) to help improve the living and environmental conditions. 5 GA contracts are in process of implementation in the total value of 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) 1083/2006. The project was approved by the EC on 17.12.2012 December 2012 by Decision C (2012) 9598.

#### **Specific goals of the scheme:**

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

- **Project “Integrated Urban Transportation of Plovdiv”**

The Project BG161PO001/1.5-03/2011/001 “Modernization and development of sustainable public transport in the city of Plovdiv” was in the value of EUR 22,653,782.41, of which EUR 21,200,000.00 of GA and EUR 1,453,782.41 - own contribution of Plovdiv municipality. The GA contract was executed on 2 July 2012 for a period of implementation of 41 months.

The project envisages a range of measures for modernization of the public transport and encouragement of using alternative forms of movement (on foot or bicycle), as well as studies for future investments, which would build on the results achieved.

*Project components:*

- Urban transport management system (UTMS)
- Design, building and introduction of a Traffic Control Center;
- Bicycle lanes;
- Study for planning of urban transportation

**Progress in the project implementation in 2014:**

- On 12.03.2014 an agreement was signed with a contractor of design and building of bicycle lanes for the value of EUR 7,135,972, VAT included. The investment design was cleared by the OPRD MA and a building permit was issued.
- On 19.03.2014 an agreement was signed with a contractor of construction supervision for the value of EUR 141,135, VAT included, which is in process of implementation.
- On 14.11.2014 an agreement was signed with a contractor of the study for planning of urban transportation for the value of EUR 337,284, VAT included, which is in process of implementation.
- On 17.12.2014 an agreement was signed with a contractor of design, building and introduction of a Traffic Control Center for the value of EUR 3 182 086, VAT included. The agreement is in process of implementation, preparation of the investment design is upcoming.

The procedure for selection of contractor for the introduction and operation of the urban transport management system was reconsidered after a ruling issued by the SAC. A new

decision was issued by the contracting authority for selection of contractor, which is being challenged before the CPC.

In 2014 payments in the amount of EUR 8,717,720.42 were executed under the project.

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

Detailed information on project BG161PO001/1.5-03/2011/002 “Integrated Urban Transportation of Varna” is available in item 4. ERDF/CF funded programmes: Major projects.

In 2014 payments in the amount of EUR 13,347,187.84 were executed under the project.

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

The Project BG161PO001/1.5-03/2011/003 “Modernization and development of sustainable public transport in the city of Stara Zagora” was in the value of **EUR 14,778,126.33**, of which **EUR 12,600,000.00** of GA and **EUR 2,178,126.33** - own contribution of Stara Zagora municipality. The grant contract was executed on 5 July 2012 and its term of implementation is 36 months.

*Project components:*

- Purchase of new trolley cars;
- Maintenance of the trolley cars’ power network;
- Building of bicycle lanes;
- Interventions in the road network;
- Rehabilitation of the public transportation stop shelters;
- Introduction of an information system (telematics);
- Repair and rehabilitation of the trolley cars’ depot;
- Supply of equipment for the depot;
- Specialized repair and maintenance vehicle.

The progress in the implementation of the project in 2014 was as follows:

- On 23.04.2014 a contract was signed for Development of detailed design for repair and repair/rehabilitation of overhead catenary network and building of OCN system in the city of Stara Zagora in the value of BGN 2,409,948, VAT included. The construction works are in progress.
- On 24.04.2014 an agreement was signed with a contractor of the repair and rehabilitation of the trolley cars’ depot in the value of EUR 51,248.05, VAT included. The agreement was implemented.
- On 23.04.2014 an agreement was signed with a contractor of the supply of equipment for the depot in the value of EUR 43,258.97, VAT included. The agreement was implemented.
- On 19.05.2014 an agreement was signed with a contractor of preparation of investment designs and construction works on the urban road network in the value of EUR 1,091,395, VAT included. The construction works are in progress.

- On 17.06.2014 an agreement was signed with a contractor of development of detailed design for repair and rehabilitation of Rectifier stations (RS) in the value of EUR 748,676, VAT included. The construction works are in progress.
- On 16.07.2014 an agreement was signed with a contractor of construction supervision of the performance of the repair and rehabilitation of OCN and RS in the value of EUR 8,878, VAT included.
- On 28.08.2014 an agreement was signed with a contractor of development of design, supply, construction and introduction of an information system (telematics) for the urban transport of the city of Stara Zagora in the value of EUR 2,930,160 VAT included. The agreement is in process of implementation, preparation of the investment design is upcoming.
- On 12.09.2014 an agreement was signed with a contractor of financial audit for the value of EUR 7,301, VAT included, which is in process of implementation.

**Procedures undergoing evaluation as at 31.12.2014:**

- Purchase of 14 trolley cars and a specialized repair and maintenance vehicle and supply of equipment for the depot. The decisions of the contracting authority for selection of contractors for both orders were issued. The execution of contracts is upcoming.

In 2014 payments in the amount of EUR 4,410,000.00 were executed under the project.

**- Project “Integrated Urban Transportation of Pleven”**

Project BG161PO001/1.5-03/2011/004 “Integrated Urban Transportation of Pleven” is in the total value of EUR 11,924,475.245, of which EUR 10,427,804.76 are GA and EUR 1,496,670.48 - ineligible costs, funded by Pleven municipality. The GA contract was executed on 10 July 2012 and following an approved request for an annex the term of implementation was changed to 41 months.

**The progress in the implementation of the project in 2014** was as follows:

- A contract was executed on 21.01.2014 for introducing a system for control and management of the public transport (engineering), in the value of EUR 557,649.60, VAT included. The agreement was implemented in full.
- On 09.04.2014 an agreement was signed with a contractor of construction supervision for of 1,1% of the value of CW, but not exceeding EUR 391,445.06, VAT included.
- On 11.04.2014 the agreement was signed for reconstruction, improvements, expansion and optimization of the trolley cars’ power network (engineering, in the value of: EUR 4,601,149.05, VAT included). 20% of the CW activities on reconstruction and expansion of the trolley cars’ power network were completed.
- On 31.07.2014 an agreement was signed for introduction of a Smart traffic management system (EUR 452,186.65, VAT included). The agreement is in process of implementation and the investment design was coordinated by the OPRD MA.
- On 23.09.2014 a contract was executed for rehabilitation of the public transport stops (EUR 558,330.73, VAT included).



- On 04.11.2014 a contract was executed for design and building of bicycle lanes (EUR 392,242.68, VAT included).
- On 19.12.2014 a contract was executed for design and building of a new trolley cars' depot (EUR 3,558,532.95, VAT included). The decision for selection of contractor was challenged before the SAC, which significantly delayed the signing of the agreement with the contractor.

By the end of December 2014 all procedures for selection of contractors were completed and all contracts for the components and activities, envisaged in the application form, were executed.

In 2014 payments in the amount of EUR 5,967,700.53 were executed under the project.

- **Project “Modernization and Development of Sustainable Public Transport in the City of Ruse”**

The Project BG161PO001/1.5-03/2011/005 “Modernization and Development of Sustainable Public Transport in the City of Ruse” was in the value of EUR 15,021,363.25, of which EUR 13,299,692.67 of GA and EUR 1,721,670.58 - own contribution of Ruse municipality. The GA contract was executed on 6 August 2012 for a period of implementation of 36 months.

The project envisages a range of measures for modernization of the public transport and encouragement of using alternative forms of movement (on foot or bicycle), as well as studies for future investments, which would build on the results achieved.

**The progress in the implementation of the project in 2014** was as follows:

- On 08.01.2014 an agreement was signed with a contractor of design and construction of an underpass for public urban transport, automobiles and bicycles and a new street between Rodina quarter and the city centre, in the value of EUR 3,550,556.39, VAT included. The agreement is in the process of being implemented. An investment design has been prepared, which was submitted to the MA for coordination. Currently CW are in progress.
- On 04.03.2014 an agreement was signed with a contractor of drawing up of plan for a bicycle network, in the value of EUR 9,141.90, VAT included. The agreement was implemented.
- On 04.03.2014 an agreement was signed with a contractor of design and reconstruction of road intersection near Lipnik boulevard; completion of the construction of the pedestrian subway under the intersection and differentiation of a bus lane and a parking lane on Tsar Osoboditel boulevard, in the value of EUR 5,376,355.50, VAT included. The agreement is in the process of being implemented.
- On 19.05.2014 an agreement was signed with a contractor of design and construction of electronic information boards and for rehabilitation of the trolley cars' power network, separate position No 2 entitled “Design and Construction for Rehabilitation of the Trolley Cars' Power Network”, in the value of EUR 1,656,144.99, VAT included. The agreement is in the process of being implemented.

- On 21.05.2014 an agreement was signed with a contractor of performance of independent financial audit of the implementation of the project “Integrated public transport system in the town of Ruse”, in the value of BGN 7,888.42, VAT included. The agreement is in the process of being implemented.
- On 21.05.2014 an agreement was signed with a contractor of design and construction for building a street, reconstruction of intersections and building of bus stops in Charodeyka quarter and for rehabilitation of three pedestrian underpasses and one overpass, separate position No 1, entitled: “Design and construction for building a street, reconstruction of intersections and building of bus stops in Charodeyka quarter, in the value of EUR 560,088.56, VAT included. The agreement is in the process of being implemented.
- On 23.09.2014 an agreement was signed with a contractor of supply and installation of equipment for an electronic fare charging system, a traffic control and management system, a positioning and passenger information system and an information system for the general public, in the value of EUR 2,171,826.02, VAT included. The agreement is in the process of being implemented.

**In 2015 announcement of procedures is upcoming for selection of contractors of:**

- Design, construction and author supervision of bicycle lanes.
- Development of cycles for synchronization of 3 traffic light installations.
- Design and construction of electronic information boards.

In 2014 payments in the amount of EUR 5 114 766.22 were executed under the project.

➤ **Projects in process of implementation**

The total number of contracts in progress in 2014 under Priority Axis 1 was 129, concluded in the period of 2008-2014, as follows:

GA scheme	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	4
BG161PO001/1.1-03/2008	Support for provision of adequate and effective state social infrastructure, contributing to development of sustainable urban areas	16
BG161PO001/1.1-04/2008	Support for provision of adequate and effective infrastructure of labour offices, contributing to development of sustainable urban areas	3
BG161PO001/1.1-05/2008	Support for provision of adequate and effective state cultural infrastructure, contributing to development of sustainable urban areas	4

BG161PO001/1.1-08/2010	Support for Reconstruction, Renovation, and Equipment of State Medical and Healthcare Facilities in Urban Agglomerations	17
BG161PO001/1.1-09/2010	Support for the Application of Energy Efficiency Measures in Municipal Educational Infrastructure of Urban Agglomerations	7
BG161PO001/1.1-10/2010	Support for Design and Promotion of Innovative Cultural Events	3
BG161PO001/1.1-11/2011	Support for Reconstruction, Renovation, and Equipment of Municipal Medical Facilities in Urban Agglomerations	11
BG161PO001/1.1-12/2011	Support for deinstitutionalisation of social institutions providing services to children at risk	12
BG161PO001/1.2-01/2011	Support for energy efficiency in multifamily residential buildings	1
BG161PO001/1.2-02/2011	Support to provide modern social housing for vulnerable, minority, and indigent groups of the population and other disadvantaged groups	3
BG161PO001-1.2-03/2012	Support for Creation 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
BG161PO001/1.4-06/2010	Support for Small-Scale Interventions to Prevent Floods in Urban Agglomerations	2
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 Transportation in Burgas Municipality	1
BG161PO001/1.5-02/2011	Support for Integrated Urban Transportation in Sofia Municipality	1
BG161PO001/1.5-03/2011	Support for Integrated Urban Transportation in the Five Larger Cities	5

With the view of monitoring the implementation of the projects under Priority Axis 1 the OPRD MA carried out a total of 533 on-the-spot verifications, of which 170 based on the Annual Plan and payment requests, 49 extraordinary verifications, 3 by order of the MA, 11 based on irregularity alerts and 60 follow-up verifications, for checking compliance with the

instructions from prior verifications. 240 verifications of completed projects for their compliance were also carried out. A total of 284 on-the-spot verifications based on the Annual Plan and payment requests, based on order of the MA and on irregularity alerts were performed by specialized external firms under Priority Axis 1.

➤ **Terminated contracts**

During the reporting period 2 grant contracts were terminated as follows:

Beneficiary	Contract No	Date of contract termination	Reasons for termination
Social Assistance Agency	BG161PO001/1.1-03/2008/001/014	15.05.2014	Terminated due to expiry of the term and non-performance of the project activities
Rodopi municipality	BG161PO001/1.1-10/2010/044	25.09.2014	Terminated due to impossibility to perform the activities planned according to the requirements of the scheme and impossibility to ensure the financial resource for accomplishment of the project event during the sustainability period

➤ **Completed projects**

During the reporting period **14 projects** under scheme BG161PO001/1.1-02/2007 “Support for provision of adequate and effective state education infrastructure, contributing to development of sustainable urban areas” were completed. The results reported under these projects are:

No.	Indicators under scheme BG 161 PO 001/1.1-02/2007	Reported value
1	Total number of people benefiting from the renovated buildings	15,650 people
2	Educational institutions renovated/equipped - number of buildings	3 buildings
3	Total number of pupils benefiting from improved educational facilities	4,205 pupils
4	children with disabilities benefiting from the intervention	20 children
5	Number of Roma/other ethnic minorities benefiting from the project results	231 people

During the reporting period, **1 project** under scheme BG161PO001/1.1.-05/2007 “Support for provision of adequate and effective state cultural infrastructure, contributing to development

of sustainable urban areas” was completed. Indicator „Reconstructed/repaired/renovated buildings within the state cultural infrastructure was reported – 1 element.

During the reporting period **2 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 those projects were:

No.	Indicators under scheme BG161PO001/1.1.-07/2007	Reported value
1	Individuals benefiting from the modernised university infrastructure	6,254 people
2	Improved educational infrastructure – sq. m. Gross built-up area (GBUA)	11,836 sq. m.
3	Number of buildings	13 buildings

During the reporting period **15 projects** under scheme BG161PO001/1.1-09/2007 “Support for the Application of Energy Efficiency Measures in Municipal Educational Infrastructure of Urban Agglomerations” were completed. The results reported under these projects were, as follows:

No.	Indicators under scheme BG161PO001/1.1.-09/2007	Reported value
1	Number of pupils/children benefiting from improved educational facilities	19,371 pupils
2	Improved educational infrastructure – sq. m. Gross built-up area (GBUA)	203,108 sq. m.
3	Number of buildings	76 buildings
4	Number of representative of Roma/other ethnic minorities benefiting from the project results	4,623 people
5	Number of people with disabilities benefiting from the intervention	75 people

During the reporting period **7 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 were, as follows:

No.	Indicators under scheme BG161PO001/1.1.-10/2010	Reported value
1	Good practices introduced in the area of innovative cultural events	42

2	Number of representatives of social and ethnic groups included in innovative cultural events	6,355 people
3	Number of innovative cultural events held	23
4	Number of attendees of innovative cultural events	116,300 people
5	Number of participants (active and passive) in innovative cultural events	34,238 people

During the reporting period **9 projects** 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 were:

No.	Indicators under scheme BG161PO001/1.1.-11/2010	Reported value
1	Number of patients benefiting from improved healthcare infrastructure	53,029 patients
2	Number of patients, benefiting from the purchased equipment	66,678 people
3	Improved healthcare infrastructure – sq. m. Gross built-up area (GBUA)	8,238.39 sq. m.
4	Health facilities improved	9

During the reporting period **46 projects** under scheme BG161PO001/1.1.-12/2010 “Support for Deinstitutionalisation of Social Institutions Providing Services for Children under Risk” were completed. The results reported under those projects were:

No.	Indicators under scheme BG161PO001/1.1.-12/2010	Reported value
1	Children benefiting from the deinstitutionalisation process (persons)	926 children
2	Number of built, equipped, and furnished Family-Type Housing Centres	85
3	Built / reconstructed, furnished and equipped secure homes	18

During the reporting period **1 project** under scheme BG161PO001/1.4-05/2009 "Support for integrated and sustainable development through improved urban environment" was completed. The results reported under those projects were:

No.	Indicators under scheme BG161PO001/1.4.-05/2009	Reported value
1	Population benefiting from renovated urban environment	60,000 people
2	Square meters in improved park environment, greened areas, children playgrounds	55,320.3 sq. m.
3	Square meters in constructed / rehabilitated pedestrian and bicycle alleys, sidewalks	11,014.2 sq. m.

During the reporting period **5 projects** under scheme BG161PO001/1.4-06/2010, Support for Small-Scale Interventions to Prevent Floods in Urban Agglomerations were completed. The results reported under those projects were:

No.	Indicators under scheme BG161PO001/1.4-06/2010	Reported value
1	Population benefiting from the infrastructure built	193,881 people
2	Facilities built to prevent floods in settlements, metres length	3,606 m
3	Length of banks protected or regenerated from erosion	3,629m

During the reporting period **36 projects** under scheme BG161PO001/1.4-07/2010, Support for Integrated Urban Regeneration and Development Plans were completed. The results reported under those projects were:

No.	Indicators under scheme BG161PO001/1.4-07/2010	Reported value
1	Developed integrated urban development plans	36

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

The table below presents 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 executed and expected to be executed by the end of Q1 of 2015 (EUR)**	Released resource for reallocation to scheme 2.1-01 (NBH) (in mln. EUR)*** (EUR)****

1	2	3	4
Sofia Municipality	120,000,000	138,430,235	
<b>TOTAL Sofia municipality</b>	<b>120,000,000</b>	<b>138,430,235</b>	
TOTAL for the 6 larger municipalities (Plovdiv, Varna, Burgas, Ruse, Pleven, Stara Zagora)	300,000,000	326,821,192	
<b>TOTAL 6 larger municipalities</b>	<b>300,000,000</b>	<b>326,821,192</b>	
TOTAL 29 municipalities within the agglomerations of Sofia and the 6 larger cities	110,000,000	90,681 862	
<b>TOTAL 29 municipalities:</b>	<b>110,000,000</b>	<b>90,681 862</b>	9,836,287
TOTAL 50 municipalities outside the scope of Sofia and the 6 larger cities	393,000,000	377,453,663	
<b>TOTAL 50 municipalities:</b>	<b>393,000,000</b>	<b>377,453,663</b>	
<b>TOTAL 86 municipalities:</b>	<b>923,000,000</b>	<b>947,932,385</b>	<b>9,836,287</b>

\* The indicative allocation is in accordance with the third revision of the operational programme, approved by the EC on 01.04.2014. The financial resource of Priority Axis 1 as at 31.12.2014 (after reflecting all OPRD MC decisions in 2014) was EUR 939,744,241.

\*\* The total amount of the housing policies schemes (1.2-01-SHP 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.

\*\*\* The resource released for reallocation if computed as the difference between the financial resource of Priority Axis 1 as at 31.12.2014 and the contracts executed and expected to be executed by the end of Q1 of 2015.

### 3.1.3. Significant problems encountered and measures taken to overcome them

- In 2013 the project entitled “Reconstruction and modernization for ensuring an accessible environment and application of effective measures for the repair of Konstantin Kiril Philosoph National High School of Classical Languages and Cultures”, with the Ministry of Culture as specific beneficiary, was approved and funded under scheme BG161PO001/1.1-05/2008 “Support for Provision of Adequate and Cost-Effective State Cultural Infrastructure Contributing to Development of Sustainable Social Areas”. In connection with the performance of CW under the project, which continued into the academic year as well, the Ministry of Culture took measures for temporarily relocating the pupils into the building of another school, located in the downtown area of the city of Sofia, pending the completion of the project. In this connection a part of the school management and a part of the pupils requested that the school would remain in the building, to which it was relocated, in view of its proximity to institutions, important for the schooling process, such as the Sofia University, which in turn generated tensions among the general public. In 2014 the Ministry of Culture attempted without success to relocate the pupils. An informal initiative committee related to the school demanded that



the OPRD MA and the RHI of the city of Sofia make inspections of the repair performed in view of the possible presence of asbestos materials in the walls of the repaired building.

**Measures taken:** The OPRD MA held a number of meetings with the Ministry of Culture with the view of resolving the issue. Pursuant to the requirements of the Operational Programme the Ministry of Culture, as project beneficiary, should not alter the purpose and ownership of the subject of intervention for up to 5 years following the project completion. The OPRD MA conducted an on-the-spot verification of the CW, performed under the project and offered recommendations to the Ministry of Culture in connection with the repair activities carried out. In 2014 the Ministry of Culture was not in a position to make a final decision in the case on hand.

### 3.2. Priority Axis 2 Regional and Local Accessibility

According to the third revision of OPRD, approved on 1 April 2014 by the EC, the financial resources for this Priority Axis were **EUR 330,007,985**, of which **EUR 280,506,787 were European financing**. The total amount makes up **20.6 %** of the total OPRD budget. The third programme revision covers all reallocations of financial resources, applied as at 31.08.2013.

At the same time in order to provide actual and correct information, the 2013 Annual Report reflects all decisions of the OPRD MC adopted in 2013, including the decisions for reallocation of financial resources between operations and/or priority axes, adopted after the delivery of the third revision of OPRD. This report reflects all decisions of the OPRD MC, adopted in 2014. In this connection the financial resources for Priority Axis 2 amounted to **EUR 358,938,215** of which **EUR 305 097 483** were ERDF co-financing. The total amount makes up 22.4% of the programme budget.

#### 3.2.1. Achievement of targets and analysis of the progress

100% coverage of Priority Axis 2 was achieved in 2014.

Table 30. Announced grant schemes:

	Date of announcement	Total budget*, EUR	New total budget**, EUR	Co-financing from ERDF, EUR (85%)	National financing, EUR (15%)	Projects received between 01.01.2014 and 31.12.2014
<b>Operation 2.1.</b>						
BG161PO001/2.1-01/2007 "Support for Rehabilitation and Reconstruction of	1 November 2007	257,256,532	285,616,985	242,774,437	42,842,548	22 project fiches; Specific beneficiary:

<i>Grade 2 and 3 Roads”</i>							RIA
<i>BG161PO001/2.1-02/2007 “Support for Sustainable and Integrated Local Development through the Rehabilitation and Reconstruction of the Municipal Road Network”</i>	<i>14 November 2007</i>	<i>53,291,161</i>	<i>52,784,652</i>	<i>44,866,954</i>	<i>7,917,698</i>		<i>The procedure for collection of project proposals was closed.</i>
<i>BG161PO001/2.2-01/2011 “Support for Development of Critical, Secure, Safe, and Reliable Public ICT Infrastructure”</i>	<i>01 December 2011</i>	<i>20,003,288</i>	<i>20,003,288</i>	<i>17,002,794</i>	<i>3,000,494.</i>		<i>Specific beneficiary EA ECNIS</i>
<i>BG161PO001/2.3-01/2010 “Preparation, Research and Design of the Construction of an Intersystem Gas Connection Bulgaria-Serbia”</i>	<i>15 November 2010</i>	<i>536,658</i>	<i>533,290</i>	<i>453,297</i>	<i>79,994</i>		<i>Specific beneficiary MoEet</i>

\* The Total Budget, EUR column reflects the budgets of the separate schemes in the Annual Report on the Implementation of OPRD for 2013.

\*\* The New Total Budget column reflects the updated budgets of the separate schemes, as a result of the OPRD MC decisions, adopted in 2014, 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
<b>PRIORITY AXIS 2</b>											
<b>Impact Indicator</b>											
Reduction of greenhouse gas emissions (CO2 and equivalents, kt) <b>Core indicator<sup>(1)</sup></b>	Value achieved	N/A	N/A	0	0	0	0	0	0 <sup>(2)</sup>		0
	Target value	N/A	N/A	4	N/A	N/A	N/A	N/A	N/A	39 <sup>(1)</sup>	39
	Baseline value	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Result indicators</b>											
Value for time savings in Euro	Value achieved	N/A	N/A	0	0	0	0	0	0 <sup>(4)</sup>		0

Indicators		2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
/ year stemming from reconstructed roads for passengers and freight <b>Core indicator<sup>(3)</sup></b>	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
Additional population covered by broadband access <b>Core indicator<sup>(5)</sup></b>	Value achieved	N/A	N/A	0	0	0	0	0	0 <sup>(6)</sup>		0
	Target value	N/A	N/A	260,000 <sup>(5)</sup>	N/A	N/A	N/A	N/A	N/A	725,000 <sup>(5)</sup>	725,000 <sup>(5)</sup>
	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) <b>Key indicator</b>	Value achieved	N/A	N/A	0	0	0	0	0	0 <sup>(7)</sup>		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
<b>Output indicators</b>											
Constructed ICT network <b>Key indicator</b>	Value achieved	N/A	N/A	0	0	0	0	0	0 <sup>(8)</sup>		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 <b>Key indicator</b>	Value achieved	N/A	N/A	12,2	128,18	161,19	501,44	713,84	102,448 <sup>(9)</sup>		1024,48
	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) <b>Key indicator</b>	Value achieved	N/A	N/A	2	15	20	39	54	73		73
	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) According to the OPRD text the indicator must be reported after the programme completion, i.e. in the final report on the OPRD implementation after finalizing the respective projects under Priority Axis 2 and taking into account the impact of the projects completed by the end of 2014, by examination within the assessment under way of the impact of the interventions under OPRD and after building an automated data collection system for the vehicle traffic on the roads in the Republic of Bulgaria, which is being implemented under technical assistance project BG161PO001/5-01/2008/059.

(3) The indicator corresponds to Core indicator No 20, Values of time savings in Euro/year stemming from new and reconstructed roads for passenger and cargo traffic.

(4) According to the OPRD text the indicator must be reported after the programme completion after finalizing the respective projects under Priority Axis 2 and taking into account the impact of the projects completed by the end of 2014, by examination within the assessment under way of the impact of the interventions under OPRD and after building an automated data collection system for the vehicle traffic

on the roads in the Republic of Bulgaria, which is being implemented under technical assistance project BG161PO001/5-01/2008/059.

- (5) The indicator corresponds to Core indicator No 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 2014 because there were no contracts completed and therefore there was no implementation of relevant activities to contribute to progress on the indicator
- (7) According to the OPRD text the indicator must be reported after the programme completion after finalizing the respective projects under Priority Axis 2 and taking into account the impact of the projects completed by the end of 2014, by examination within the assessment under way of the impact of the interventions under OPRD and after building an automated data collection system for the vehicle traffic on the roads in the Republic of Bulgaria, which is being implemented under technical assistance project BG161PO001/5-01/2008/059.
- (8) Achievement on this indicator is not reported for 2014 because there were no contracts completed and therefore there was no implementation of relevant activities to contribute to progress on the indicator
- (9) The value available for this indicator is based only on scheme BG161PO001/2.1-01/2007 “Support for Rehabilitation and Reconstruction of Grade 2 and 3 Roads” under which 19 projects were completed, because no projects were completed during the reporting period under scheme BG161PO001/2.1-02/2007 “Support for Sustainable and Integrated Local Development through the Rehabilitation and Reconstruction of the Municipal Road Network”.

### 3.2.1.2. Information on the financial progress of the priority axis

Table 32. Contracted, disbursed and certified expenditures during the period from 01.01.2014 to 31.12.2014

Priority Axis	Financial implementation		
	Contracted EUR	Disbursed EUR	Certified expenditure EUR
<b>2. Regional and local accessibility</b>	120,819,178	52,255,876.13	57,623,947.76

The Contracted Value column includes only the grant amount under contracts concluded in 2014 in accordance with the Decisions for providing GA issued by the Head of the OPRD MA, excluding the amounts on the annexes executed in 2014.

### 3.2.2. Qualitative analysis

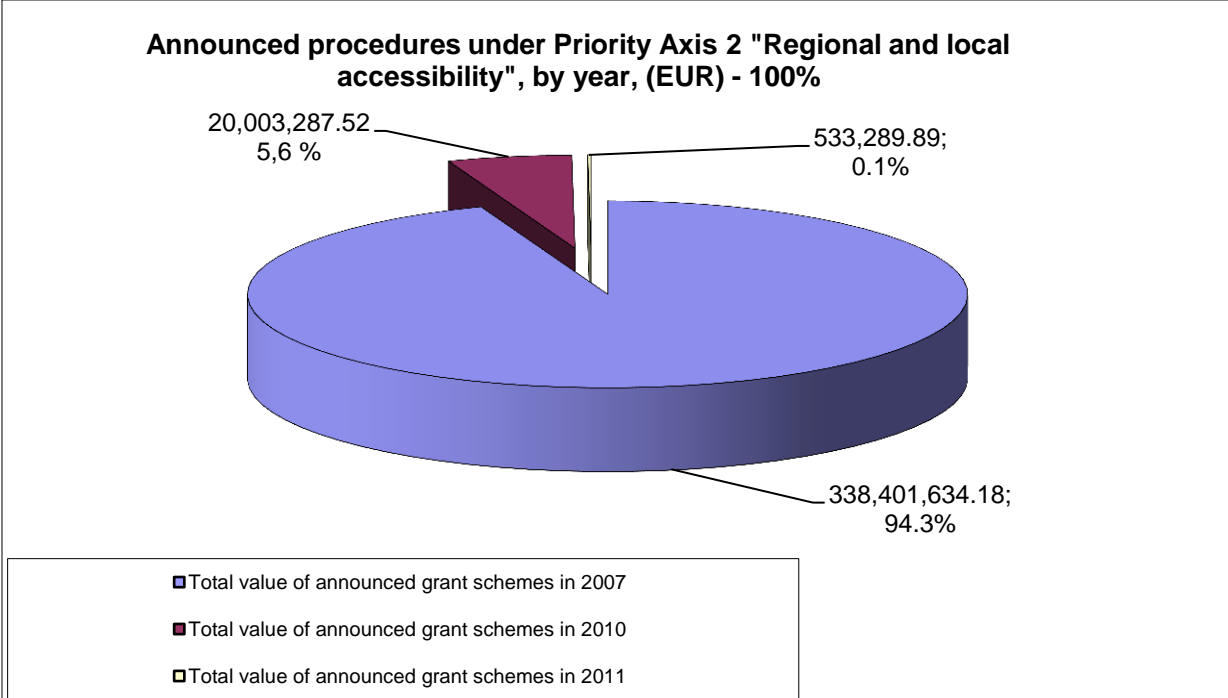
The projects contracted under the GA schemes to enhance the status of national and municipal road networks will ensure better accessibility and interconnectedness among various regions and in urban areas.

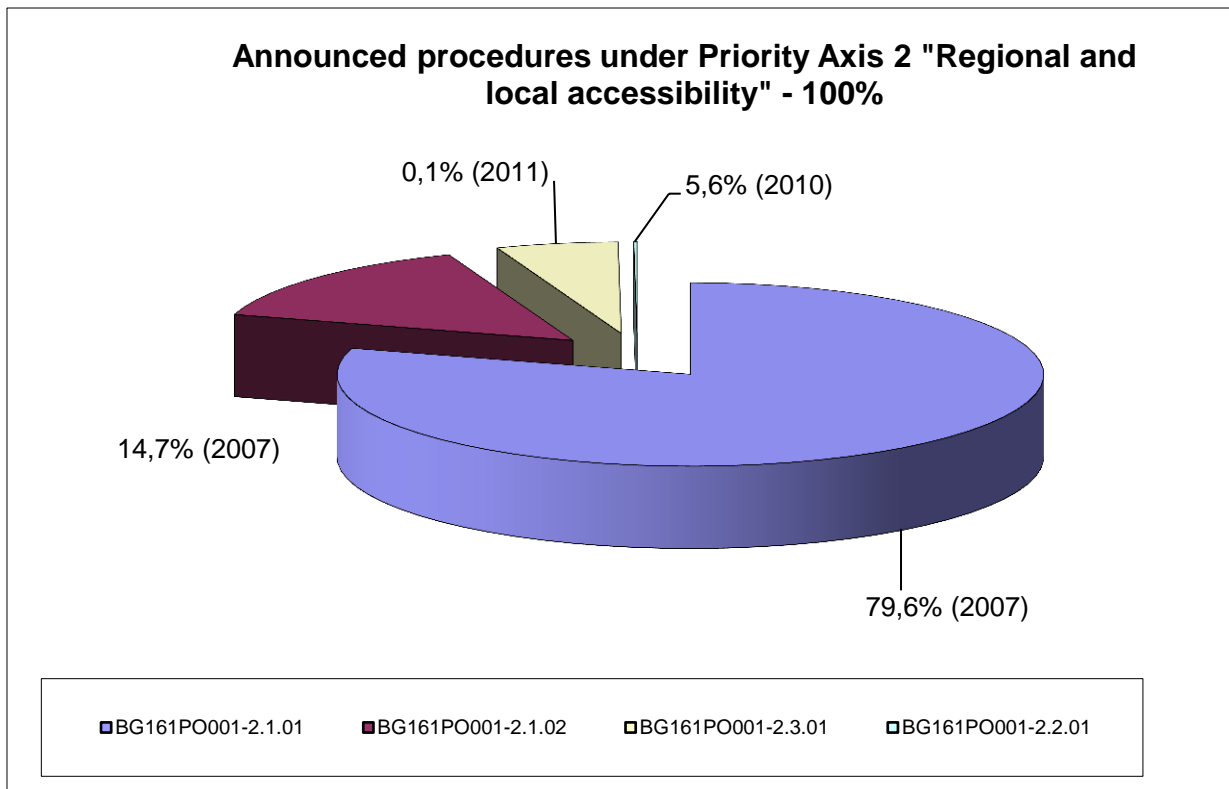
Since the start of the Operational Programme and until the end of 2012, a total of 4 schemes were launched in the total value of EUR 358,938,211.60 or 100% of the budget of the priority axis. Therefore in 2014 no new schemes were announced under Priority Axis 2.

The performance of the contracts, executed in 2010-2013 with the Road Infrastructure Agency, the specific beneficiary under scheme BG161PO001/2.1-01/2007, Support for Rehabilitation and Reconstruction of Grade 2 and 3 Roads, continued in the reporting period. After conducting public procurement procedures under the PP Act for the concluded contracts, financial resources were released, allowing to collect new project fiches, to evaluate then and to execute new contracts under this scheme. In 2014 RIA submitted a total of 22 project fiches.

In addition, during the reporting period the implementation of the last contract under scheme BG161PO001/2.1-02/2007 “Support for Sustainable and Integrated Local Development through the Rehabilitation and Reconstruction of the Municipal Road Network” was resumed.

*NB: The budget of each scheme was updated as a result of the OPRD MC decisions, adopted in 2014, on reallocations of funds between operations and/or priority axes.*





**RESULTS:**

➤ ***Scheme BG161PO001/2.1-01/2007 "Support for Rehabilitation and Reconstruction of Grade 2 and 3 Roads"***

The specific objective of the grant scheme is to improve accessibility to road infrastructure by reconstruction and rehabilitation of Grade 2 and 3 roads.

After conducting public procurement procedures under the PP Act for the contracts concluded under this scheme in 2009–2013, financial resources were released, allowing to collect new project fiches, to evaluate them and to execute new contracts. In this connection by decision of the Head of the MA of OPRD the Application Guideline under the scheme were revised and during the reporting period new application deadlines were added. The specific beneficiary Road Infrastructure Agency submitted a total of 22 project fiches.

In connection with a risk identified of loss of resources from 31.12.2014 under the N+3/N+2 rule, the MA analyzed the eligibility for financing under the OPRD of road projects already implemented or in advanced stages of implementation, financed by the state budget, with specific beneficiary RIA and complying with the eligible activities under OPRD.

Within the application deadline specified - 10.08.2014i on stage IX - 5 project fiches were submitted in advanced stages of implementation. By decision of the Head of the MA of OPRD of 05.09.2014 3 project fiches were approved for funding with implementation deadline 31.10.2014, the remaining 2 being rejected at the evaluation stage. On 08.09.2014 a GA contract was concluded with a value of EUR 667,230.48. The project was finalized within the reporting period by approved final payment.

On 03.10.2014 a new application deadline was set under the scheme - 09.10.2014. Within that deadline the beneficiary Road Infrastructure Agency submitted 17 project fiches (stage X), which were in process of evaluation at the end of 2014.

With the view of reducing the risk of automatic decommitment of funds under the project as at 31.12.2013 the 12th session of the OPRD Monitoring Committee, held on 28 May 2013 decided to include into the project scope a new major road project (within the meaning of Article 39 of Regulation 1083/2006), whereby the target for 2013 would be reduced by EUR 81 mln. - EFRD, in accordance with the financial plan of the major project. In this connection the OPRD MA submitted the major project **Building the Northern Bypass Highway** in the value of EUR 120 mln. and on 18.11.2013 the project was found eligible by the EC. In view of its location the Northern Bypass Highway is of key importance for alleviating the traffic in the area of the city of Sofia. In terms of situation the route of the Northern Bypass Highway is of a length of 16.54 km and passes through the six areas of the territory of Sofia - Trebich, Iliantsi, Benkovski, Malashevtsi, Orlandovtsi, Vrazhdebna.

The project implementation would lead to significant savings of travel time, to improved safety, domestic and international traffic would be alleviated, the mobility of the population and the transport accessibility to services of higher quality would be increased.

The GA contract was executed on 17.02.2014 based on decision of the Council of Ministers of 30.01.2014, whereby consent was issued for the OPRD MA to enter into contract with the beneficiary - RIA - for providing GA for the project in advance of the final approval by the EC. By decision of 04.06.2014 the EC approved the financial contribution from the ERDF for the major project for building the Northern Bypass Highway. As a result the minimum target for 2014 was reduced by EUR 91 mln. - EFRD, whereby the risk of loss of funds by 31.12.2014 was also reduced.

The project implementation term, including the term for submission of the final report, is 22 months. Pursuant to decisions of the OPRD MC the funds released under Priority Axes of the Programme (except for Priority Axis Technical Assistance), are reallocated for funding the project for building the Northern Bypass Highway. As at the end of the reporting period the resources available for funding were in the amount of EUR 38.5 mln. The remaining resources, which need to be ensured from the OPRD, amount to EUR 81.6 mln.

Detailed information on the project is available in item 4. ERDF/CF funded programmes:  
Major projects.

*Table 33: Information on scheme BG161PO001/2.1-01/2007 "Support for Rehabilitation and Reconstruction of Grade 2 and 3 Roads"*

Type of procedure	Direct award procedure
Date of publication	1 November 2007
Deadline for submission of project proposals	for 2014 Stage IX - 10.08.2014 Stage X - 09.10.2014
Status of scheme	Closed
Beneficiaries	Road Infrastructure Agency



Submitted project proposals	22
Projects in process of implementation	17
Approved project proposals	3
Rejected project proposals	2
Number of evaluation committees	2
Contracts concluded in 2014	2
Total GA value under contracts concluded in 2014	120,819,178.24

Table 34: Results from the GA scheme BG161PO001/2.1-01/2007 “Support for Rehabilitation and Reconstruction of Grade 2 and 3 Roads”

	Total	NWR	NCR	NER	SER	SCR	SWR
Number of project proposals submitted	10	5	7	4	1	3	2
Number of contracts concluded	2	0	1	0	0	0	1
Grant contract value in EUR	120,819,178.24	0.00	667,230.48	0.00	0.00	0.00	120,151,947.76
Increased traffic of passengers and freight on rehabilitated roads (on average per calendar day, baseline 2010) %	6.56	0.00	6.56	0.00	0.00	0.00	0.00
Value for time savings in Euro / year stemming from reconstructed roads for passengers and freight	28,386,060.63	0.00	74,094.63	0.00	0.00	0.00	28,311,966.00
Newly built road network (km)	16.54	0.00	0.00	0.00	0.00	0.00	16.54
Reconstructed and rehabilitated Grade 3 roads (km)	1,898	0.00	1,898	0.00	0.00	0.00	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 announced in 2011 with a total value of EUR 20,003,287.52 and the Executive Agency Electronic Communication Networks and Information Systems (ECNIS) as specific beneficiary. The main goal 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 presented 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 indicated 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 GA contract was executed in October 2012 for a total value of EUR 20,003,287.52. The project envisages building of optical infrastructure of a total length of 860 km for high-speed Internet access of 29 municipal centers and 24 lesser settlements. The total territory of the settlements selected is over 7,919 sq. km with 277,765 inhabitants or 8% of the population outside the regional centers and the national capital. The project goal is development of e-government and offering of next generation broadband services to citizens and businesses in economically backward and remote regions of the Republic 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 exchanged, the approach to the implementation of activities and operation of the infrastructure was specified and with a view of compliance with the state aid legislation in the GA contract specific obligations of the beneficiary were set for sending an official notification of state aid, as well as safeguards to prevent aid or non-compliance of the aid with the EC decision. On 19 February 2013 the state aid notification was validated by the MoF and submitted officially. On 19 April 2013 an official letter was received from the EC containing questions in regard to the notification. The responses to the questions were prepared by ECNIS EA, coordinated with the OPRD MA and forwarded to the EC by the Ministry of Finance. On 09 December 2013 DG Competition of the EC issued a decision, finding that the project was compatible with Article 107, paragraph 3 of the Treaty on the Functioning of the European Union.

Meanwhile during the reporting period in fulfillment of the GA contract ECNIS EA conducted public procurement procedures for selection of contractors and entered into the following contracts:

- Designing and building optical cable routes in Southern Bulgaria region: with SSV-TSV 2015 Consortium (17.02.2014);
- Designing and building optical cable routes in Northern Bulgaria region: with Broadband Bulgaria Consortium (18.02.2014);
- Consultant for assessment of the compliance of the investment design with the essential requirements in regard to the construction projects and exercising construction supervision, HSSE coordinator for the construction stage and for elaboration of Technical passport for the construction project: DARIS OOD (09.06.2014).

- Delivery, installation and commissioning into operation of communications equipment: with CNsys AD (28.10.2014);
- Information and publicity activities: with Eurapel Communications EOOD (22.10.2014);
- Performance of audit of the implementation of activities and accounting of the costs of project: procedure under the PP Act canceled on 24.09.2014.
- The procedure announced under Article 14, paragraph 1 of the PP Act entitled Selection of Contractor for Renovation and Repair of the Technological Premises Selected is in process of implementation;
- Stage I, Feasibility Study, under the contracts for designing and building optical cable routes in Northern and Southern Bulgaria was completed - 100%.
- The Design Stage under the contracts for designing and building optical cable routes in Northern and Southern Bulgaria was completed - 100%.

The Construction of Optical Routes Stage under the contracts for designing and building optical cable routes in Northern and Southern Bulgaria is in process of implementation.

- The following routes were built: the Plovdiv-Brezovo route and the Razgrad-Samuil route. The following routes are under construction: the Pernik-Kovachevtsi route and the Haskovo-Mineralni Bani/Haskovo-Simeonovgrad/Haskovo-Stambolovo route. The remaining routes are at the stages of design coordination and issuance of building permits. A building permit is in effect for construction of the Vratsa-Mezdra-Roman route. Entry into effect is expected of building permits for the Lovech-Yablanitsa route, the Shumen-Venets route, the Shumen-Varbitsa route, the Smolyan-Zlatograd route, the Stara Zagora-Pavel Banya/Stara Zagora- Bratya Daskalovi route and the Pazardjik-Strelcha route

The Kyustendil-Bobov Dol route, the Varna-Avren route, the Vidin-Chuprene route and the Targovishte-Omurtag route are at the stage of design coordination within the regional administrations.

By protocol of 08.12.2014 and pursuant to Order No 0094-3850/18.11.2014 of the Executive Director of ECNIS EA equipment supplied was received in the value of EUR 6,308,477.58, net of VAT.

➤ **Projects in process of implementation**

The total number of grant contracts in progress in 2014 under Priority Axis 2 was 13, executed in the period of 2008-2014. Of them 3 contracts were for rehabilitation/reconstruction of Grade 2 and 3 roads; 1 contract - for rehabilitation/reconstruction of the 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 Grade 2 and 3 roads	11

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

With the aim of monitoring the implementation of the projects under Priority Axis 2 the OPRD MA carried out a total of 87 on-the-spot verifications, of which 18 based on the Annual Plan and payment requests, 3 extraordinary verifications and 7 follow-up verifications for checking compliance with the instructions from prior verifications. 59 verifications of completed projects for their compliance were also carried out. A total of 66 on-the-spot verifications based on the Annual Plan and payment requests, based on order of the MA and on irregularity alerts were performed by specialized external firms under Priority Axis 2.

➤ **Terminated contracts**

In the reporting period there were no terminated grant contracts.

➤ **Completed projects**

Under Priority Axis 2 a total of 19 projects were completed in 2014 within scheme BG161PO001-2.1.01-01/2007 “Support for rehabilitation and reconstruction of Grade 2 and 3 roads” 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 travel between settlements. A total of 310.64 km of Grade 2 and Grade 3 roads were rehabilitated / reengineered.

**3.2.3. Significant problems encountered and measures taken to overcome them**

➤ ***Delay in the implementation of the “Development of High-Speed Broadband Access in Bulgaria by Building of Critical, Secure, Safe and Reliable Public ICT Infrastructure” and risks ascertained in regard to the project.***

The delay in the implementation of the project activities is due to the following circumstances:

- Delay in the submission of the state aid notification under the project in comparison to the deadlines, specified in the GA contract;
- Delay in the formation of the project implementation team. The activity was started on 24.10.2012. In view of the appeal against the procedure Selection of Outside Experts - Organization, Administration and Management of Team of Project: BG161PO001 /2.2-01/2011 the contracts with the external experts were signed on 01.04.2014;
- Lack of consultant for carrying out assessment of the conformity of the investment design with the essential requirements in regard to the construction projects and exercising construction supervision. The contract for exercising construction supervision was

executed on 09.06.2014, which led to a delay in the timely preparation of a comprehensive report on the conformity of the construction project and in the submission of documents to the respective regional administration (responsible for the route for the said municipality) for the issuance of building permit;

- Delay in the performance of design work, related to the detailed examination of the cable routes, as well as to issuance and coordination of documents by bodies of the executive branch and of the local self-government (Road Infrastructure Agency, municipalities, regional administrations, utilities, RIEWs, Fire Safety and Civil Protection NS, Irrigation Systems EAD etc.).

The procedure for selection of consultant for assessment of the compliance of the investment design with the essential requirements in regard to the construction projects and exercising construction supervision, HSSE coordinator for the construction stage and for elaboration of Technical passport for the construction project was started on 18.10.2013, but because of appeals before the CPC and the SAC the agreement with the contractor DARIS OOD was executed on 09.06.2014. A delay occurred in the agreements with contractors under Activity 2.5. Designing and building optical cable routes: Broadband Bulgaria Consortium and SSV-TSV 2015 Consortium owing to substantial problems, encountered in the process of coordination of the designs and issuance of building permits with RIA, regional and municipal administrations.

Despite the delays accumulated however, considering the progress made to date, the project could be implemented within the current programming period.

### **3.3. Priority Axis 3 Sustainable tourism development**

Under the third revision of OPRD, approved on 1 April 2014 by the EC, the financial resources for Priority Axis 3 amounted to EUR **156,385,061**, of which EUR **132,927,302** was co-financing from the European Regional Development Fund. The total amount makes up **9.8%** of the programme budget. The third programme revision covers all reallocations of financial resources, applied as at 31.08.2013.

At the same time in order to provide actual and correct information, the 2013 Annual Report reflects all decisions of the OPRD MC adopted in 2013, including the decisions for reallocation of financial resources between operations and/or priority axes, adopted after the delivery of the third revision of OPRD. This report reflects all decisions of the OPRD Monitoring Committee adopted in 2014. In this connection the financial resources for Priority Axis 3 amounted to EUR **151,159,421** of which EUR **128,485 508** were ERDF co-financing. The total amount makes up 9.4% of the programme budget.

#### ***3.3.1. Achievement of targets and analysis of the progress***

During the reporting period the performance continued of the GA contracts under Priority Axis 4, executed to date.

*Table 37. GA schemes announced*

	<b>Date of publication</b>	<b>Total budget*, EUR</b>	<b>New Total Budget**, EUR</b>	<b>Co-financing from ERDF, EUR (85%)</b>	<b>National financing, EUR (15%)</b>	<b>Projects received between 1.01.2014 and 31.12.2014</b>
<b>Priority Axis 3.</b>						
<i>BG161PO001/3.1-01/2008 "Support for Cultural Heritage of National and Global Significance to Help Sustainable Development of Tourism"</i>	<i>15 July 2008</i>	<i>16,247,339</i>	<i>15,278,090</i>	<i>12,986,377</i>	<i>2,291,714</i>	<i>Specific beneficiary Mock</i>
<i>BG161PO001/3.1-02/2009 "Support for the Development of Tourist Attractions"</i>	<i>30 June 2009</i>	<i>17,515,007</i>	<i>16,349,370</i>	<i>13,896,965</i>	<i>2,452,406</i>	<i>The procedure for collection of project proposals was closed.</i>
<i>BG161PO001/3.1-03/2010 "Support for Development of Natural, Cultural, and Historical Attractions"</i>	<i>16 August 2010</i>	<i>81,806,156</i>	<i>79,484,657</i>	<i>67,561,958</i>	<i>11,922,699</i>	<i>The procedure for collection of project proposals was closed.</i>
<i>BG161PO001/3.1-04/2011 "Restoration and Conservation of the Palace of Evksinograd and the Adjoining Park"</i>	<i>10 February 2011</i>	<i>4,927,750</i>	<i>4,927,750</i>	<i>4,188,588</i>	<i>739,162</i>	<i>Specific beneficiary : CM</i>
<i>BG161PO001/3.2-01/2010 "Support for Organisation of Events of Regional and National Scope and Impact"</i>	<i>30 June 2010</i>	<i>3,189,617.00.</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>	<i>The contracts and the framework agreement under the scheme were</i>

						<i>terminated</i>
						<i>Specific beneficiary MoC</i>
<i>BG161PO001/3.2-02/2011, Support for Organisation of Events of Regional and National Scope and Impact</i>	<i>15 November 2011</i>	<i>6,202,767</i>	<i>5,876,709</i>	<i>4,995,203</i>	<i>881,506</i>	<i>The procedure for collection of project proposals was closed.</i>
<i>BG161PO001/3.2-03/2012 "Support for Organisation of Events of Regional and National Scope and Impact II"</i>	<i>12 June 2012</i>	<i>3,093,977</i>	<i>2,666,187</i>	<i>2,266,259</i>	<i>399,928</i>	<i>The procedure for collection of project proposals was closed.</i>
<i>BG161PO001/3.3-01/2008 "Support for Effective National Marketing of the Tourist Product and Improved Information Services"</i>	<i>25 June 2008</i>	<i>26,592,065</i>	<i>26,576,658</i>	<i>22,590,159</i>	<i>3,986,499</i>	<i>Specific beneficiary MoT</i>

\* The Total Budget, EUR column reflects the budgets of the separate schemes in the Annual Report on the Implementation of OPRD for 2013.

\*\* The New Total Budget column reflects the updated budgets of the separate schemes, as a result of the OPRD MC decisions, adopted in 2014, 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
<b>PRIORITY AXIS 3:</b>											
<b>Impact Indicators</b>											
Net annual revenues from international	Value achieved	N/A	N/A	0	0	0	0	0	0 <sup>(1)</sup>		0
	Target value	N/A	N/A	1,050	N/A	N/A	N/A	N/A	N/A	1,475	1,475

Indicators		2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
tourism	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	0 <sup>(2)</sup>		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
<b>Result indicators</b>											
Additional annual number of visitors of attractions supported	Value achieved	N/A	N/A	0	0	0	0	0	96,093 <sup>(3)</sup>		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	0 <sup>(4)</sup>		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	0 <sup>(5)</sup>		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
<b>Output indicators</b>											
Total number of projects for tourism development <b>Core indicator<sup>(6)</sup></b>	Value achieved	N/A	N/A	0	0	0	8	23	66 <sup>(7)</sup>		66
	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 attractions /sites	Value achieved	N/A	N/A	0	0	0	6	37	97 <sup>(8)</sup>		97
	Target value	N/A	N/A	25	N/A	N/A	N/A	N/A	N/A	95	95
	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 for marketing and promotion and projects for development of regional products and destinations marketing	Value achieved	N/A	N/A	0	0	0	2.	2.	16 <sup>(9)</sup>		16
	Target value	N/A	N/A	11	N/A	N/A	N/A	N/A	N/A	30	30
	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	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	70% of TICs are included

Indicators		2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
										in the network	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) Pursuant to the OPRD text the Bulgarian National Bank is shown as the source of information. In accordance with the evaluation of the impact of the OPRD interventions, which is currently under way, the BNB changed its methodology for reporting this indicator and as of 17 April 2015 started publishing data, compiled pursuant to the sixth edition of the Balance of payments and international investment position manual (IMF, 2008). The data is based on information from NSI regarding the number of foreign citizens, who visited this country and of Bulgarian citizens, who traveled abroad and a BNB assessment of expenditure/income in the course of one trip. The data from assessments based on the BNB methodology for the respective years is: 2010 – EUR 1,999.6 mln., 2011 – EUR 2,076.8 mln., 2012 – EUR 2,065.6 mln. and 2013 – EUR 2,084.8 mln.
- (2) Pursuant to the OPRD text the National Statistical Institute is shown as the source of information. In accordance with the evaluation of the impact of the OPRD interventions, which is currently under way, the NSI data for the respective years is: 2008 – 30%, 2009 – 25%, 2010 – 26%, 2011 – 32%, 2012 – 36%, 2013 - 37%, 2014 - 35%.
- (3) Pursuant to the OPRD text the additional annual number of visitors to the attractions supported would be measured 12 months following the project completion. The value reported for 2014 is based on 2 projects, completed in 2012.
- (4) Pursuant to the OPRD text the current Ministry of Tourism is shown as the source of information, after conducting a survey via questionnaire and minimum sample of 20,000, in which 80% of the visitors stated a very high and high level of satisfaction. A value will be reported based on data from a sociological survey, performed within the framework of the evaluation of the impact of the OPRD interventions, which is currently under way.
- (5) No value is available for this indicator for 2014, because no projects were completed, to which it would be relevant.
- (6) The indicator corresponds to Core Indicator 34, Number of Tourist Sites.
- (7) As at 2014 there were 29 completed contracts for improving tourist attractions and related infrastructure and 14 completed contracts for support for the regional tourist product and marketing of destinations.
- (8) For 2014 a value is available for the indicator of projects completed 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”
- (9) By 2014 14 projects were completed under the scheme Development of the Regional Tourist Product and Destination Marketing

### 3.3.1.2. Information on the financial progress of the priority axis

Table 39. Contracted, disbursed and certified expenditures during the period from 01.01.2014 to 31.12.2014

Priority Axis	Financial implementation		
	Contracted EUR	Disbursed EUR	Certified expenditure EUR



<b>3. Sustainable tourism development</b>	<i>0.00</i>	<i>27,149,615.99</i>	<i>29,155,078.04</i>
---	-------------	----------------------	----------------------

*The Contracted Value column includes only the grant amount under contracts concluded in 2014 in accordance with the Decisions for the award of GA issued by the Head of the OPRD MA, excluding the amounts on the annexes executed in 2014.*

### **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.

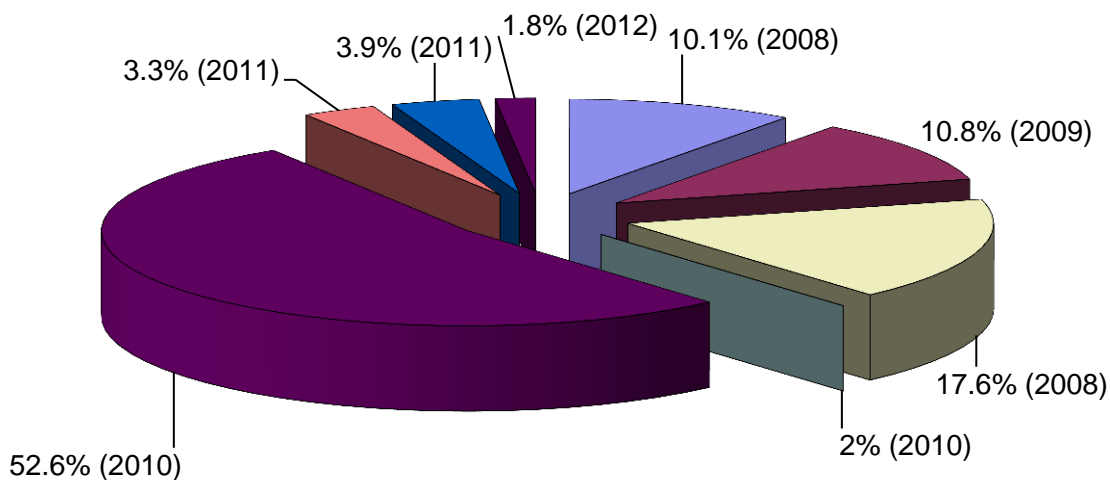
The sites - tourist attractions - that received support were located all over the country: along the Black Sea coast, near mountain resorts, as well as inland, which helped diversify the tourist product. Some national landmarks receive support, including some cultural heritage sites of national and global 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.

Since the start of the operational programme, until the end of 2012, a total of 8 schemes were published with a total value of EUR 151,159,419.88 or 100% of the budget of the Priority Axis. Therefore in 2014 no new schemes were announced under Priority Axis 1.

As at 31.12.2014 the cumulative amount of GA under Priority Axis 3 was EUR 146,287,175, representing 97% of the budget of the Priority Axis.

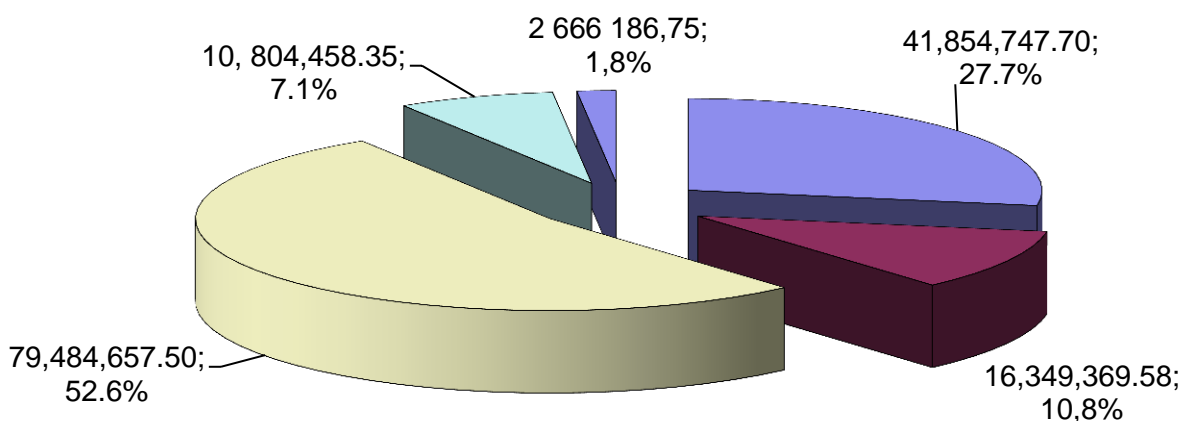
*NB: The budget of each scheme was updated as a result of the OPRD MC decisions, adopted in 2014, on reallocations of funds between operations and/or priority axes.*

**Announced procedures under Priority Axis 3 "Sustainable tourism development" - 100%**



- |                     |                     |                     |                     |
|---------------------|---------------------|---------------------|---------------------|
| ■ BG161PO001-3.1.01 | ■ BG161PO001-3.1.02 | □ BG161PO001-3.3.01 | □ BG161PO001-3.2.01 |
| ■ BG161PO001-3.1.03 | ■ BG161PO001-3.1.04 | ■ BG161PO001-3.2.02 | ■ BG161PO001-3.2.03 |

**Announced procedures under Priority Axis 3 "Sustainable tourism development", by year (in EUR) - 100%**



- |  |  |
|--|--|
| ■ Total value of announced grant schemes in 2008 | ■ Total value of announced grant schemes in 2009 |
| □ Total value of announced grant schemes in 2010 | □ Total value of announced grant schemes in 2011 |
| ■ Total value of announced grant schemes in 2012 |  |

**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.

- ***Schemes BG161PO001/3.2-03/2011 “Support for the Development of the Regional Tourist Product and Destination Marketing” and BG161PO001/3.2-03/2012 “Support for the Development of the Regional Tourist Product and Destination Marketing II”***

The schemes were announced in 2011 and 2012 and were aimed at support of the development of the regional tourist product and destination marketing. The application process under both schemes was entirely electronic via the Electronic Services Module of MMIS. A total of 39 contracts in the overall amount of EUR 8,136,514.61 of GA provided were executed under both schemes. Implementation of the contracts executed continued in 2014.

- **Projects in process of implementation**

The total number of contracts in progress in 2014 under Priority Axis 3 was 57, concluded in the period of 2008-2014, as follows:

GA scheme	GA scheme name	Number of contracts
BG161PO001/3.1-01/2008	Support for monuments of culture of national and world significance, contributing to sustainable tourism development	2
BG161PO001/3.1-02/2009	Support for the development of tourist attractions	4
BG161PO001/3.1-03/2010	Support for the Development of Natural, Cultural, and Historical Attractions	20
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 regional tourist product development and marketing of destinations	13
BG161PO001/3.2-03/2012	Support for regional tourist product development 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

With the view of monitoring the implementation of the projects under Priority Axis 3 the OPRD MA carried out a total of 102 on-the-spot verifications, of which 61 based on the Annual Plan and payment requests, 2 by order of the MA, 12 extraordinary verifications, 5 follow-up verifications, for checking compliance with the instructions from prior verifications and 8 - based on irregularity alerts. Three verifications of completed projects for their

compliance were also carried out. A total of 54 on-the-spot verifications based on the Annual Plan and payment requests, based on order of the MA and on irregularity alerts were performed by specialized external firms under Priority Axis 3.

➤ **Completed projects**

During the reporting period 2 projects were completed under scheme BG161PO001/3.1-01/2008 “Support for Cultural Heritage of National and Global Significance to Help Sustainable Development of Tourism” with specific beneficiary the Ministry of Culture. As a result of their implementation 2 cultural assets of national and global significance were supported and a value of “4” was reported for the indicator “Number of jobs created at the supported tourist attractions from the cultural heritage of national and global significance”.

In 2014 3 projects were completed under scheme BG161PO001/3.1-02/2009 Support for the Development of Tourist Attractions. As a result of their implementation 6 supported tourist attractions/sites were reported, as well as 25 individuals, trained at the tourist attractions.

24 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 54 supported tourist attractions/sites were reported, as well as 142 individuals, trained as personnel at the tourist attractions.

During the reporting period 14 projects were completed under scheme BG161PO001/3.2-02/2010 “Support for the Development of the Regional Tourist Product and Destination Marketing” As a result of their implementation 36 regional tourist products were developed, 49 promotional/communications campaigns were conducted and 137 participations in tourist exchanges, expositions and fairs were reported.

➤ **Terminated contracts**

In the reporting period there were no terminated GA contracts.

***3.3.3. Significant problems encountered and measures taken to overcome them***

During the implementation of some of the projects under GA schemes BG161PO001/3.2-03/2011 “Support for the Development of the Regional Tourist Product and Destination Marketing” and BG161PO001/3.2-03/2012 “Support for the Development of the Regional Tourist Product and Destination Marketing II” a delay was observed in the implementation of the activities, which in turn lead to changes in the time-schedules stipulated in the respective contracts. The main reasons for the delay are related to the procedures for the award of public procurement contracts. Appeals were lodged by the unsuccessful tenderers in regard to a significant part of the procedures.

One of the mandatory activities under the scheme was “Participation in Events (Tourist Exchanges, Expositions and Fairs)” and the participation in the said events was linked to precisely defined dates for conducting tourist exchanges/expositions during the year. Besides,

the activities of participation in exchanges, expositions and fairs must be performed after the completion of the activities, relevant to the development of tourist packages and after the production of information and promotional materials for the tourist region. In this connection in case of appeal against the public procurement procedures under the GA contract, changes are required in the tourist exchanges, expositions and fairs, originally envisaged under the project, in order to fulfill the indicator approved at the time of application in regard to the number of participations in events.

**Measures taken:** In 2014 the MA continued to provide opportunity for the municipalities to substitute some of the tourist exchanges, expositions and fairs, originally envisaged under the project, with other appropriate ones in this country or abroad or for participation in the same events, but in the following calendar year during the GA validity term.

### 3.4. Priority Axis 4: Local Development and Cooperation

According to the third revision of OPRD, approved on 1 April 2014 by the EC, the financial resources for this Priority Axis were **EUR 101 940 002**, of which **EUR 86,649,002** were EFRD financing. The total amount makes up 6.4 % of the total OPRD budget. The third programme revision covers all reallocations of financial resources, applied as at 31.08.2013.

At the same time in order to provide actual and correct information, the 2013 Annual Report reflects all decisions of the OPRD MC adopted in 2013, including the decisions for reallocation of financial resources between operations and/or priority axes, adopted after the delivery of the third revision of OPRD. This report reflects all decisions of the OPRD MC, adopted in 2014. In this connection the financial resources for Priority Axis 4 amounted to **EUR 97 339,493** of which **EUR 82 738 569** were ERDF co-financing. The total amount makes up 6.1% of the programme budget.

#### 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 1.01.2014 and 31.12.2014

<b>Operation 4.1, Small-Scale Local Investment</b>						
BG161PO001/4.1-01/2007 "Support to Provide Adequate and Cost-Effective Educational Infrastructure Contributing to Sustainable Local Development"	19 December 2007	24,035,434	23,899,010	20,314,165	3,584,853	The procedure for receipt of projects was closed.
BG161PO001/4.1-02/2008 "Support for Construction and Consolidation of Landslide Prevention Small-Scale Infrastructure"	02 October 2008	2,746,711	2,746,711	2,334,704	412,007	The procedure for receipt of projects was closed.
BG161PO001/4.1-03/2010 "Support for Energy Efficiency Measures in the Municipal Educational Infrastructure of 178 Small Municipalities"	2 March 2010	23,371,692	22,309,980	18,963,483	3,346,497	The procedure for receipt of projects was closed.
BG161PO001/4.1-04/2010 "Support for Small-Scale Measures for Prevention of Floods in 178 Small Municipalities"	1 July 2010	27,132,835	24,904,541	21,168,860	3,735,681	The procedure for receipt of projects was closed.
BG161PO001/4.1-05/2011 "Support for Reconstruction, Renovation, and Equipment of Municipal Medical and Healthcare Facilities in Municipalities outside Urban Agglomeration Areas"	31 January 2011	20,816,570	19,731,950	16,772,150	2,959,790	The procedure for receipt of projects was closed.
BG161PO001/4.2-01/2008 "Support for	31 July	3,836,760	3,747,290	3,185,190	562,094	The procedure for receipt of

<i>Interregional Cooperation and Exchange of Best Practices”</i>	2008										<i>projects was closed.</i>
--	------	--	--	--	--	--	--	--	--	--	-----------------------------

\* The Total Budget, EUR column reflects the budgets of the separate schemes in the Annual Report on the Implementation of OPRD for 2013.

\*\* The New Total Budget column reflects the updated budgets of the separate schemes, as a result of the OPRD MC decisions, adopted in 2014, 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
<b>PRIORITY AXIS 4</b>											
<b>Result indicators</b>											
Innovative practices transferred and adopted based on interregional cooperation (number)	Value achieved	N/A	N/A	0	57	122	152	158	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	1 647 767		1 647 767
	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	244		244
	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		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 01.01.2014 to 31.12.2014

Priority Axis	Financial implementation		
	Contracted	Disbursed	Certified expenditure

	<i>EUR</i>	<i>EUR</i>	<i>EUR</i>
<b>4. Local development and cooperation</b>	<i>0.00</i>	<i>15,665,211.64</i>	<i>21,278,865.28</i>

*The Contracted Value column includes only the grant amount under contracts concluded in 2014 in accordance with the Decisions for the award of GA issued by the Head of the OPRD MA, excluding the amounts on the annexes executed in 2014.*

### **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.

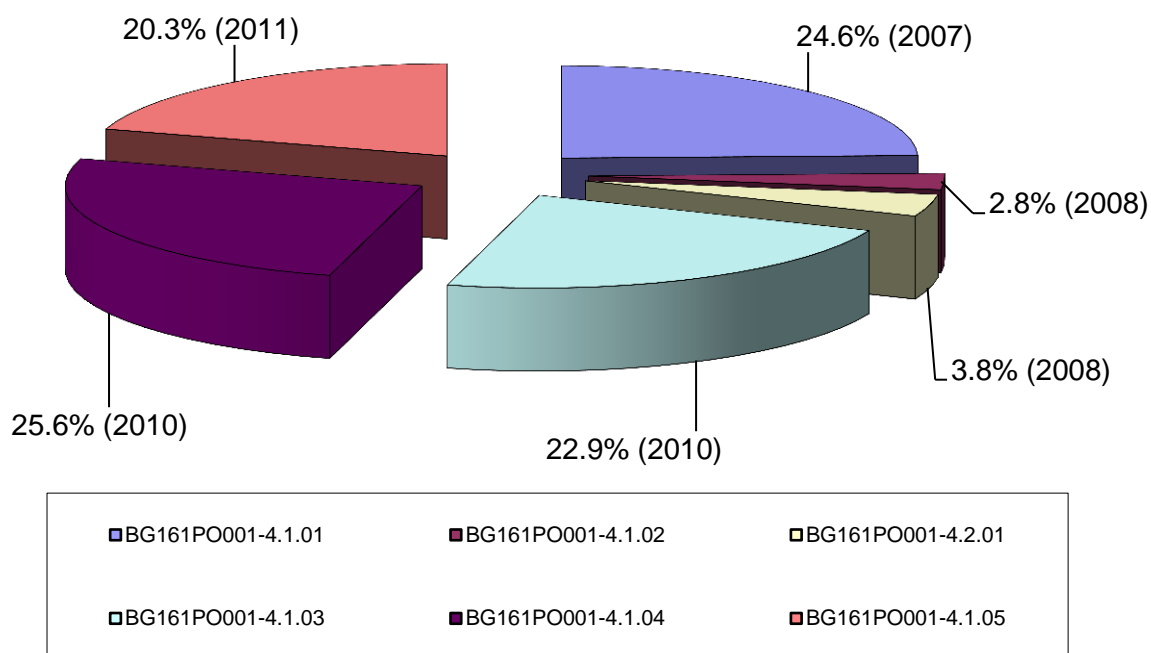
Since the start of the Operational Programme, until the end of 2011, a total of 6 schemes were announced with a total value of EUR 97,339,494.85 or 100% of the budget of the Priority Axis. Therefore in 2014 no new schemes were announced under Priority Axis 4.

As at 31.12.2014, the total value of the GA provided under Priority Axis 4 amounted to EUR 96,748,252.90, representing 99.4% of the value of the Priority Axis.

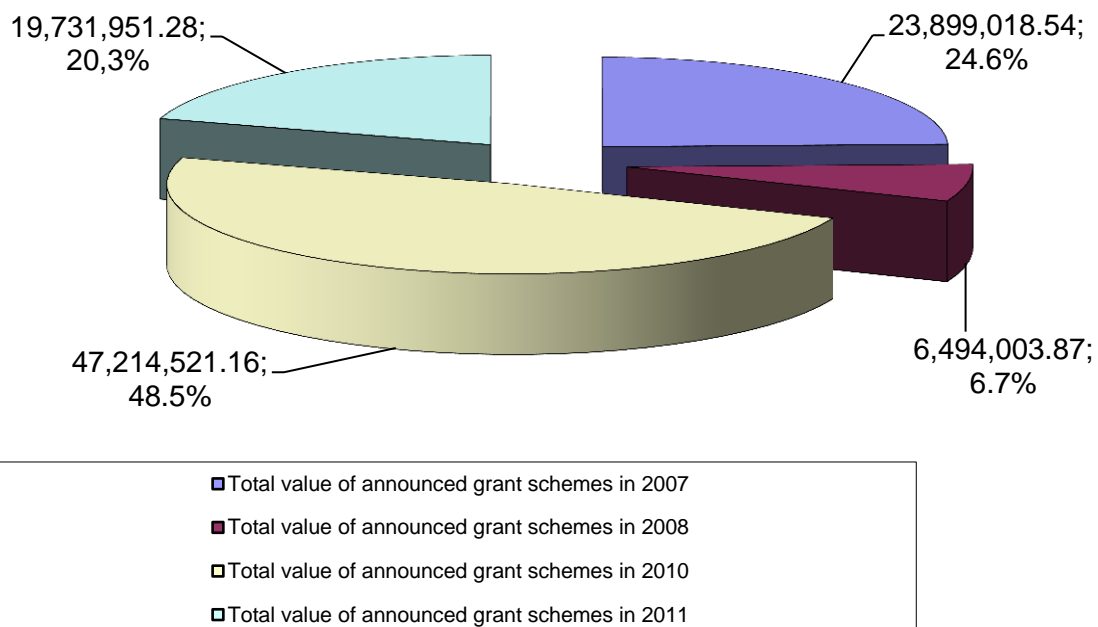
*NB: The budget of each scheme was updated as a result of the OPRD MC decisions, adopted in 2014, on reallocations of funds between operations and/or priority axes.*



**Announced procedures under Priority Axis 4 "Local development and cooperation" - 100%**



**Announced procedures under Priority Axis 4 "Local development and cooperation", by year (in EUR) - 100%**



**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.

➤ ***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 primary goal to provide suitable and effective municipal healthcare infrastructure in the municipalities outside the agglomeration areas, to promote sustainable development. The specific goal 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 Protocol 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). Those 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 those hospitals (serving less than 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 would be into repair and provision of 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.

During the reporting period a total of 15 contracts were concluded with a total value of the GA provided of EUR 19,501,345.63. A total of 6 contracts were completed by approval of the final payments in 2014 and the implementation of the other GA contracts executed continued.

➤ **Projects in process of implementation**

The total number of contracts in progress in 2014 under Priority Axis 4 was 17, concluded in the period of 2008 - 2013, as follows:

GA scheme	GA scheme name	Number of contracts
-----------	----------------	---------------------

BG161PO001/4.1-03/2010	Support for energy efficiency measures in the municipal educational infrastructure of 178 small municipalities	1
BG161PO001/4.1-04/2010	Support for Small-Scale Measures for Prevention of Floods in 178 Small Municipalities	7
BG161PO001/4.1-05/2011	Support for Reconstruction, Renovation, and Equipment of Municipal Medical and Healthcare Facilities in Municipalities outside Urban Agglomeration Areas	9

- With the aim of monitoring the implementation of the projects under Priority Axis 4 the OPRD MA carried out a total of 215 on-the-spot verifications, of which 45 based on the Annual Plan and payment requests, 8 extraordinary verifications and 19 follow-up verifications for checking compliance with the instructions from prior verifications. 143 verifications of completed projects for their compliance were also carried out. A total of 104 on-the-spot verifications based on the Annual Plan and payment requests, based on order of the MA and on irregularity alerts were performed by specialized external firms under Priority Axis 4.

➤ **Terminated contracts**

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

Beneficiary	Contract No	Date of contract termination	Reasons for termination
Krivodol municipality	BG161PO001/4.1-04/2010/036	16.04.2014	Terminated due to an appeal against the procedure for selection of CW contractor and impossibility to implement the project on schedule
Sredets municipality	BG161PO001/4.1-04/2010/060	08.07.2014	Terminated due to an appeal against the procedure for selection of CW contractor and impossibility to implement the project on schedule

➤ **Results from completed projects**

During the reporting period 23 projects under scheme BG161PO001/4.1-03/2010 “Support for Energy Efficiency Measures in the Municipal Educational Infrastructure of 178 Small Municipalities” were completed. The reported values of indicators under these projects were as follows:

No.	Indicators under scheme BG161PO001/4.1-03/2008	Reported value
1	Population benefiting from small-scale investment	182,143 people
2.	Pupils benefiting from improved educational facilities	11,172 pupils
3	Number of people with disabilities benefiting from the intervention	63 people
4	Number of Roma/other ethnic minorities benefiting from the project results	3,528 people
5	Improved educational facilities	51 buildings

23 projects were completed under scheme Information on scheme BG161PO001/4.1-04/2010 Support for small-scale measures for flood prevention in 178 small municipalities. The reported values of indicators under these projects were as follows:

No.	Indicators under BG161PO001/4.1-04/2010	Reported value
1	Population benefiting from the infrastructure built	131,186 people
2	Facilities built to prevent floods in settlements, metres length	14,504 m
3	Length of cleared riverbeds and gullies	24,025 m

6 projects were completed under 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 reported values of indicators under these projects were as follows:

No.	Indicators under BG161PO001/4.1-05/2011	Reported value
1	Number of patients benefiting from improved healthcare infrastructure	16,883 people
2	Number of patients, benefiting from the purchased equipment	36,829 people
3	Total number of the population, benefiting from the renovated buildings of the healthcare facilities	271,701 people
4	Health facilities improved	6 facilities

### ***3.4.3. Significant problems encountered and measures taken to overcome them***

No significant problems were encountered. In 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 in the implementation of part of the contracts occurred. This was caused by delays in the procedure

of commissioning into operation of the equipment delivered, in regard to which a permit is required from the Nuclear Regulatory Agency concerning projects containing ionizing sources.

**Measures taken:** The OPRD MA took 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 GA contracts, which would hinder implementation within the deadline of some of the activities laid down in the project timetable.

#### **4. ERDF/CF FUNDED PROGRAMMES: MAJOR PROJECTS**

Within OPRD Operation 1.5 Sustainable Urban Transportation Systems, by EC Decision C(2011) 5988 of 16.08.2011, the implementation continued of the three major projects within the meaning of Article 39 of Regulation (EC) No 1083/2006, approved by the EC – project 2010BG161PR003 “Integrated Urban Transportation of Burgas” (OPRD project number BG161PO001-1.5.01-0001), project BG161PO001-1.5.02-0001 “Support for Integrated Urban Transportation in Sofia Municipality” with specific beneficiary Sofia Municipality and project 2012BG161PR003 “Integrated Urban Transportation of Varna”.

The projects aim primarily to create a more efficient and rapid urban transport which is less energy intensive, building a more accessible secondary infrastructure of public transport networks and introducing clean types of urban transport.

In view of the specific character of those projects and with the aim to implement them successfully an Implementation Facilitation Unit for Integrated Urban Transportation Projects was set up with the OPRD MA in 2010, as part of the JASPERS initiative. The monthly meetings with representatives of the beneficiaries, organized by the Unit, are a basic tool for keeping track of project implementation. The subjects of discussion include: current issues and difficulties, which the beneficiaries encounter in the course of project implementation; issues of an operational nature, relevant to the submission of documentation for performing ex-ante and ex-post control and coordinating of investment designs, as a result of the feasibility studies; measures to minimize the risk of delays in the implementation of the projects.

Contracts were signed for public services between the municipalities and the respective municipal carriers, in accordance with the requirements of Regulation 1370/2007.

The progress in the implementation of the three major projects in 2014 was as follows:

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

The total value of the project is EUR 66,925,440.40, of which GA in the amount is EUR 51,816,427 and EUR 15,109,013.40 - own contribution of Burgas Municipality. The GA

contract was executed on 26 November 2010 for a period of implementation of 48 months. It was approved by the EC on 16 August 2011.

The project envisages a range of measures for modernization of the public transport and encouragement of using alternative forms of movement (on foot or bicycle), as well as studies for future investments, which would build on the results achieved.

Project components:

- Renovation of the vehicles and the maintenance facilities;
- Building of a central bus station and renovation of bus terminals;
- Introducing of a new optimized and attractive bus route network and a system for bus rapid transit.
- Building of bicycle lanes and pedestrian overpasses;
- Introduction of an integrated electronic fare charging system and real-time passenger information system at the stops and in the buses.
- Single traffic control and management center, supported by systems of video surveillance and control of the public transportation.
- Traffic light installation, ensuring priority right-of-way for the urban transportation buses

**The progress in the implementation of the project in 2014** was, as follows:

- On 30.01.2014 an agreement was signed with a contractor of implementation of measures for information and publicity, in the value of EUR 193,575.11, VAT included. The agreement is in the process of being implemented.
- On 30.01.2014 an agreement was signed with a contractor of consultancy services for exercising construction supervision and drawing up of technical passports of the facilities in the amount of EUR 725,275.00, VAT included. The service includes exercise of construction supervision during construction, drawing up of a final report and of technical passports of the facilities. The agreement is in the process of being implemented.
- On 05.06.2014 an agreement was signed with a contractor of the building of a network of bicycle lanes outside the route of the bus rapid transit line - Stage 1 (in the downtown area and the adjacent sections of the city of Burgas), in the value of EUR 2,064,239.31, VAT included. The agreement is in the process of being implemented.
- On 05.06.2014 an agreement was signed with a contractor of the building of a central bus station, including roadbed reconstruction on San Stefano boulevard, along the section between Stefan Stambolov St and Christo Botev St, as well as reconstruction of the traffic light systems and the ancillary technical infrastructure, in the value of EUR 1,640,333.25, VAT included. The agreement is in the process of being implemented.
- On 29.08.2014 an agreement was signed with a contractor of reconstruction and expansion of the Meden Rudnik terminal and the adjacent territory, in the value of EUR 1,266,863.50, VAT included. The agreement is in the process of being implemented.

- On 29.09.2014 an agreement was signed with a contractor of the reengineering and reconstruction of Bus station South and the adjacent territory, in the value of EUR 3,506,688.44, VAT included. The agreement is in the process of being implemented.
- On 31.10.2014 an agreement was signed with a contractor of engineering (design and construction) of four overpasses, including the Trapezitsa road interchange, in the value of EUR 2,233,312.11, VAT included. The agreement is in the process of being implemented.
- On 27.11.2014 an agreement was signed with a contractor of the building of a bus rapid transit line and a system of bicycle lanes along the bus rapid transit line, including reconstruction of traffic lights for setting up a system, ensuring priority right-of-way for buses - Stage 1, in the value of EUR 7,815,955.03, VAT included. The agreement is in the process of being implemented.

An agreement will be executed shortly with a contractor of delivery and installation of an integrated electronic fare charging system, a real-time passenger information system and a public transport control system. Initially the procedure was challenged before the SAC and a decision for reconsideration was issued. The new decision of the contracting authority was also challenged before the CPC and subsequently before the SAC.

The following contractor selection procedures are planned to be announced in 2015:

- Feasibility study for upgrading the bus rapid transit system;
- Building of a network of bicycle lanes outside the bus rapid transit route - Stage 2 (within the outlying parts of the city of Burgas)

In 2014 the OPRD MA issued a request for rendering more specific the scope of a part of the parameters, proposed in the feasibility study, following a review of the justification, submitted by the beneficiary. The change approved concerns modification of the routes of some of the bicycle lanes, envisaged in the feasibility study and expansion of the scope of intervention by building new ones. The bicycle lanes, envisaged for construction, may be provisionally subdivided into 3 groups:

- Bicycle lanes along the bus rapid transit route, which will be regarded as integral part of the technical investment designs of the bus rapid transit line.
- Bicycle lanes outside the bus rapid transit route - Stage 1 (the downtown area);
- Building of a network of bicycle lanes outside the bus rapid transit route - Stage 2 (within the outlying parts of the city of Burgas)

The expediency of the above amendments was justified by the beneficiary using supporting documentation. The approval of those changes did not lead to essential changes in the main parameters of the components, included in the FS. The project goals and budget remain unchanged.

In 2014 a supplementary agreement to the GA contract was executed, including the following changes:

- increase of the total value under advance and interim payments to 90% of the amount of GA approved;

- Opportunity to increase the total value under advance and interim payments to 95% of the amount of GA approved, on condition of submission of bank guarantee.

In 2014 payments under the project in the amount of EUR 2,965,449.86 were executed.

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

The total value of the project is **EUR 62,624,478.14**, of which GA in the amount of **EUR 50,000,000** and **EUR 12,624,478.14** - own contribution of Sofia Municipality. The GA contract was executed on 23 August 2011 for a period of implementation of 48 months. It 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 an environmentally clean urban transportation.

Project components:

- Supply and CW for a Smart traffic control system:
- Electronic information boards:
- Supply of 50 new buses;
- Marketing and legal survey for public transportation shelters:
- Modernisation of the tram line along Bulgaria boulevard
- New tram line from the Seminary to Darvenitsa quarter;
- Supply of a specialized automobile.

The progress in the implementation of the project in 2014 was, as follows:

**Agreements executed with contractors in 2014, as follows:**

- On 08.01.2014 an agreement was signed with a contractor for the supply of a specialized automobile, in the value of EUR 453,414, VAT included.
- On 20.01.2014 an agreement was signed with a contractor for the supply and installation of 600 electronic information boards, in the value of EUR 1,220,315, VAT included.
- On 20.01.2014 an agreement was signed with a contractor for the procedure of information and publicity.

**Agreements with contractors completed in 2014, as follows:**

- Reconstruction of tram rails, contact and cable network along Bulgaria boulevard - Stage I;
- Supply of 50 new trolley cars;
- Supply of a specialized automobile;
- Supply of 600 electronic information boards.



After the signing of the agreement with the contractor, due to overlapping with another project, the rehabilitation of the tram line was split into two stages. Within the scope of the OPRD project the tram route overlapped with another project of Sofia municipality for building a road interchange on two levels at Acd. I. E. Geshov boulevard, which would be located above the tram route. Due to the overlapping of both projects Sofia municipality proposed to split the project into two stages and to differentiate tentatively the tram line, within the lines of the road interchange, as stage II of the project.

Upon announcement of the procedure for building a Smart traffic control system complaints were received, which were reviewed by CPC and a decision was issued in favour of the Contracting Authority. After the procedure was extended, the tenders of the participants were assessed and rated and a decision of the Contracting Authority for selection of contractor was issued. The same was challenged before the CPC.

#### **Public contracts in process of evaluation:**

- New tram line from the Seminary to Darvenitsa quarter - the public opening of the offers under the procedure for selection of contractor for building the new tram line from the Seminary to Darvenitsa quarter took place on 15.08.2014. Besides no technical/detailed designs for the construction of the tram line were available, nor a building permit was issued. A DDP (detailed development plan) was developed and approved for the construction project - a zoning plan, as well as a concept regarding the tram line. After a Decision of the Sofia Municipal Council for DDP approval more than 20 complaints were received against the selection of the route. In this connection Sofia Municipality considered and held consultations with the EC concerning the change in the project scope. Meetings were held for the purpose of reducing the project components or partial replacement of this component:
- Supply and installation of 420 electronic information boards - financed from the resources released, as a result of execution of agreements with contractors.

#### **Announcement of procedures in 2015:**

- Smart traffic control system - CW;

In 2014 payments under the project in the amount of EUR 16,359,995.21 were executed.

#### **➤ Contract BG161PO001/1.5-03/2011/002 “Integrated Urban Transportation of Varna”**

The total value of the project was EUR 58,511,443.45, of which GA in the amount of EUR 46,527,474.97 and EUR 11,983,968.48 - own contribution of Varna Municipality. The GA contract was executed on 9 July 2012 for a period of implementation of 36 months. It was approved by the European Commission on 17 December 2012.

#### **Project components:**

- Automated ticket system
- System to grant right-of-way to mass urban public transportation (MUPT) vehicles at intersections;

- Real-time passenger information system;
- MUPT control centre;
- BRT corridor;
- Vehicle fleet;
- Cycling facilities;
- Improvement of three terminal stops;
- Improvements to the production and technical facilities;
- Measures for accessibility and improvement of the static information at the MUPT stops;

**The progress in the implementation of the project in 2014** was, as follows:

- On 04.08.2014 a contract was executed for exercise of construction supervision of a depot (EUR 8,958, VAT included).
- On 04.08.2014 a contract was executed for performance of independent financial audit (EUR 15,594, VAT included).
- On 04.11.2014 a contract was executed for carrying out information and publicity measures (EUR 477,284, VAT included).
- Decisions of the contracting authority for selection of contractors were issued for:
  - building of a bus rapid transit (BRT) corridor; building of cycling facilities; improvements of three terminal stops; implementation of measures to improve the accessibility;
  - introduction of an automated ticket system.
- Complaints were received by CPC against both decisions of the contracting authority.
- In January 2015 decisions of the contracting authority would be issued for election of contractors of:
  - right-of-way to MUPT vehicles at intersections, real-time passenger information system; MUPT control centre;
  - performance of consultancy services under Article 166, paragraph 1 SDA in the process of engineering under Components 1, 2, 3, 4, 5, 7, 8 and 10.

Varna municipality submitted a request to execute an additional agreement (annex) to the GA contract with the purpose to extend the GA contract implementation term for a new project duration of 40 months and to reallocate the resources released after the execution of contracts for supply of vehicles under Component 9 “Improvements to the production and technical facilities” so as to expand the scope of the construction works envisaged. As it was already specified above in the text the project of Varna municipality for integrated urban transportation constitutes a “major project” within the meaning of Art. 39 of Regulation No 1083/2006 and each substantial amendment to the project originally approved needs to be coordinated with the EC. Following exchange of correspondence with representatives of DG Regional and Urban Policy, in December 2014 the EC expressed the position that the decision

on the case should be made by the OPRD MA. In this connection by the end of January 2015 the MA will forward to the beneficiary an opinion concerning the change requested.

In 2015 a procedure would be announced for selection of contractor of improvements to the production and technical facilities.

A significant delay has been accumulated in the overall implementation of the project, in part due to the lengthy proceedings (in excess of 7 months) of evaluation committees for selection of contractors. From the CW/supply contracts only the contract for supply of vehicles has been completed to date. In this connection a high level of risk for the timely completion of the project has been identified. In view of the high likelihood of new appeals against the decisions for selection of contractors a potential problem could be the possibility that the contractors selected will not be able to perform the full scope of physical activities required under the project by 31.12.2015.

In 2014 payments under the project in the amount of EUR 13,347,187.84 were executed.

➤ **Contract BG161PO001/1.4-01/2007/001 "Modernization of the Structural Units of FSRNS-MI in the Capital City Agglomeration Area and in the Agglomeration Areas of the Six Largest Cities - Plovdiv, Varna, Bourgas, Pleven, Rousse, and Stara Zagora.**

As part of scheme BG161PO001/1.4-01/2007 "Support for Reduction and Prevention of Fire Risks and Damage in Urban Agglomeration Areas" on 11.12.2013 the application form and the accompanying materials was submitted to the EC services regarding project CCI No 2013BG161PR004 "Modernization of the Fire-Fighting Services in the 86 Agglomeration Areas by Supply of Fire-Fighting Trucks and Equipment" (a major project within the meaning of Article 39 of Regulation 1083/2006) with beneficiary the Ministry of Interior. According to the officially received letter with comments on the project on the part of the EC (Ref. Ares(2014)1507462 - 12/05/2014), as part of the procedure for approval of a major project comments were provided for revising the package of documents, as a result of which amendments to the application form would be necessary. The EC comments concerned the following more significant issues: guaranteeing the financial sustainability of the project, the responsibility of one of the key experts, revision of the table of indicators, possible overlapping of activities with projects, implemented under Operational Programme Environment 2007-2013 and the eligibility of VAT. After the application form was revised and additional information was submitted by the OPRD MA in compliance with the EC comments, by decision of 14.10.2014 the EC approved the financial contribution by EFRD in the amount of EUR 43,350,000 to the major project. The total project amount was EUR 51,000,000.

The project envisaged supply of new equipment for fire-fighting and rescue activities, thereby ensuring the technical resource required for guaranteeing the fire safety and protection of the population in the municipalities of all 36 agglomeration areas:

- fire-fighting trucks - light, medium and heavy duty - a total of 199 vehicles;
- automobiles for rescue activities - heavy duty - a total of 6 vehicles;
- lifting devices (30m and 42m ladders) - a total of 31 units;

- breathing protection means - 1,230 pcs. of breather apparatuses, 26 sets of compressor installations for filling air cylinders of self-contained breather apparatuses (SBA), 5 SBA testing rigs, 5 rigs for hydrostatic testing of SBA cylinders;
- Personal protection means - 2,412 sets;
- Reflecting clothing for special fire-fighting - 205 outfits;
- Chemical suits for emergency response teams - 48 suits;
- Timber power saws - 86 units;
- Buzz-saws - 86 units;
- Hoses - 2,660 pcs.
- Rigs for testing for Reaction to Fire and Resistance to Fire indicators - 2 pcs.

### **Progress in 2014:**

During the reporting period the following were delivered and commissioned into operation

- 6 rescue automobiles;
- 26 aerial ladders - 30 m;
- 5 aerial ladders - 42 m;
- 86 timber power saws;
- 86 buzz-saws;
- 27 control units;
- 43 fire-fighting trucks - light duty;
- 62 fire-fighting trucks - medium duty;
- 18 fire-fighting trucks - heavy duty;
- 2,412 sets of firefighters' boots, heat protection clothing and helmets;
- 205 sets of heat-reflecting clothing;
- 48 chemical suits

Under the project it is planned to execute 10 services contracts and 26 supply contracts for delivery of different types of fire-fighting trucks and equipment. So far only contracts on 4 separate positions of the Information and Publicity activity and on 6 separate positions for supply of fire-fighting trucks and equipment remain to be executed from the above, as follows:

- Performance of independent audit at stages 2, 3 and 4;
- Production and circulation of a presentation film under stages 2, 3 and 4;
- Organization of publicity events at stages 2, 3 and 4;
- Production of printed and promotional materials under stages 2, 3 and 4;
- Supply of 2,412 pairs of firefighters' gloves;
- Supply of 2412 pcs. of firefighters' belts;

- Supply of 17 fire-fighting trucks - medium duty;
- Supply of 7 fire-fighting trucks - light duty;
- Supply of rig for testing of Reaction to Fire indicator;
- Supply of rig for testing of Resistance to Fire indicator;

All separate positions, for which contracts were not executed, were at the stage of procurement notice and are currently awaiting expiry of the term for submission of the application documents. The time remaining for completion of the contract (until 31.12.2015) is quite sufficient for conducting the contractor selection procedures and for supply of the machinery and equipment planned.

➤ **BG161PO001/2.1-01/2007/001/056 “Northern Bypass Highway from km 0+000 to km 16+540”**

The GA contract was executed on 17.02.2014 based on decision of the Council of Ministers of 30.01.2014, whereby consent was issued for the OPRD MA to enter into contract with the beneficiary - RIA - for providing GA for the project in advance of the final approval by the EC. By decision of 04.06.2014 the EC approved the financial contribution from the European Regional Development Fund for the major project for Building the Northern Bypass Highway. As a result the minimum target under OPRD for 2014 was reduced by EUR 91 mln. - EFRD, whereby the risk of loss of funds by 31.12.2014 was also reduced.

The Northern Bypass Highway was designated a national project within the meaning of the State Property Act and a project of national importance within the meaning of the Spatial Development Act by Decision of the Council of Ministers No. 302 of 20.04.2012.

The term for implementation of the project, including for submission of the final report, is **22 months** and pursuant to a GA contract clause the physical implementation of the project (the commissioning of the project into operation) must be completed by 31.10.2015. The GA value under the project is **BGN 235 mln.** Pursuant to decisions of the OPRD Monitoring Committee the funds released under Priority Axes of the Programme (except for Priority Axis Technical Assistance), are reallocated for funding the project for building the Northern Bypass Highway. So far the resources available for funding are in the amount of **BGN 75 mln.** The remaining resources, which need to be ensured, amount to **BGN 159 mln.**

In 2014 payments under the project in the amount of EUR 10,089,921.01 were executed.

**Agreement with contractors were signed for:**

- “Design and construction of project: Northern Bypass Highway from km 0 to km 16+540” ;
- “Provision of consultancy services in connection with the project implementation”;
- “Performance of road safety audit of project: Northern Bypass Highway from km 0 to km 16+540” - “technical design” stage and stage “prior to commissioning of the road into operation.
- Project implementation team.

## Main problems:

By Decision of the Council of Ministers No 811 of 21.12.2013 (published, SG, No 2 of 07.01.2014) expropriation was applied of real properties and parts of real properties - privately owned, for needs of the state, which are affected by the construction of project: "Northern Bypass Highway". It envisaged expropriation of 669 real properties. The number of properties, in regard to which litigation is pending, is about 360. In connection with the large number of lawsuits initiated RIA made a proposal to enter into court settlements with the owners of agricultural lands, who appealed against Decision of CoM No 811, at an average market price, determined by independent expert appraisal by a licensed evaluator. On 23.12.2014 Decision of CoM No 838 entered into force, whereby the government issued their consent for the Chairman of the Managing Board of RIA to conduct negotiations for entry into court settlements. The negotiations will be conducted with the owners, who have challenged the amount of the monetary compensation or in regard to whom no effective court acts are in place yet. So far compensations are being paid to the owners, who did not challenge. Presently the technical design of the HBN is adopted by the expert technical and economic board of RIA. After provisional execution is allowed the project will be submitted for issuance of the building permit.

## 5. TECHNICAL ASSISTANCE

According to the second revision of OPRD, approved on 1 August 2014 by the EC, 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 programme revision covers all reallocations of financial resources, applied as at 31.08.2013. After that date and until the end of 2014 no further reallocations of financial resources under Priority Axis 5 were made.

### 5.1. Achievement of targets and analysis of the progress

Table 46. 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 1.01.2014 and 31.12.2014
BG161PO001/5-01/2008 "Technical Assistance for the Preparation, Management, Monitoring, Evaluation, Information, Control, and Strengthening of the	15 April 2008	36,428,255	36,428,255	30,964,017	5,464,238	

<i>Administrative Capacity for the Implementation of OP Regional Development 2007-2013</i>						
<i>BG161PO001/5-02/2012 “In support of the next programming period”</i>	30 March 2012	14,034,962	14,034,962	11,929,718	2,105,244	<i>The procedure for receipt of projects was closed.</i>
<i>BG161PO001/5-03/2013, “Support for Integrated Plans for Urban Regeneration and Development II”</i>	30 January 2013	3,630,172	3,630,172	3,085,646	544,526	<i>The procedure for receipt of projects was closed.</i>

\* The Total Budget, EUR column reflects the budgets of the separate schemes in the Annual Report on the Implementation of OPRD for 2013.

\*\* The New Total Budget column reflects the updated budgets of the separate schemes, as a result of the OPRD MC decisions, adopted in 2014, on reallocations of funds between operations and/or priority axes.

### 1.1.5. 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
<b>TECHNICAL ASSISTANCE</b>											
<b>Result indicator</b>											
Level of general public awareness about OPRD (%)	Value achieved	N/A	N/A	0	0	0	0	0	0	77,8 <sup>(1)</sup>	77,8
	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
<b>Output indicators</b>											
Technical support, consulting, etc. (man-days)	Value achieved	N/A	360	360	416	1,328	1,328	1,444	1,444 <sup>(2)</sup>		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	7,746		7,746
	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 meetings (number)	Value achieved	1	3	6	8	10	12	14	16		16
	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	281		281
	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		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) The value reported is based on data from a sociological survey, performed within the framework of the evaluation, which is currently under way, of the impact of the measures applied under the Communication Plan for Information and Publicity of OPRD 2007–2013 as part of project BG161PO001/5-01/2008/077 Assessment of the impact of the interventions under OPRD 2007-2013 and of their contribution to the implementation of the EU horizontal policies.</p> <p>(2) No value is available for this indicator during the reporting period, because no projects were completed, to which it would be relevant.</p>											

The objective of Priority Axis 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 OPRG 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 01.01.2014 to 31.12.2014

Priority Axis	Financial implementation		
	Contracted EUR	Disbursed EUR	Certified expenditure EUR
5. Technical Assistance	0.00	11,835,340.13	7,985,221.47

The Contracted Value column includes only the grant amount under contracts concluded in 2014 in accordance with the Decisions for the award of GA issued by the Head of the OPRD MA, excluding the amounts on the annexes executed in 2014.

## 5.2 Quantitative analysis

- 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 oriented at support of activities, ensuring correct and effective programming, management, implementation, monitoring, evaluation, information and control of OPRD, at strengthening of the administrative capacity of the MA and of the beneficiaries for successful implementation and at ensuring a high degree of absorption of the OPRD resources.

Implementation of the GA orders issued, where the OPRD MA was the beneficiary and of the GA contracts executed with specific beneficiaries - central administrations, continued in 2014.

<b>Project:</b>	<b>BG161PO001/5-01/2008/077 “Evaluation of the impact of the interventions under Operational Programme Regional Development 2007–2013 and of their contribution to the EU horizontal policy implementation”</b>
<b>Actions planned:</b>	Evaluation of the impact of the interventions under OPRD 2007–2013 and of their contribution to the EU horizontal policy implementation
<b>Indicators set:</b>	Report prepared of the evaluation of the impact of the interventions under OPRD 2007–2013 - 1 paper; Report prepared of the evaluation of the contribution of the OPRD 2007–2013 interventions to the EU horizontal policy implementation - 1; Report prepared of the evaluation of the impact of implementation of the activities within the Communication Plan for Information and Publicity of OPRD 2007–2013 - 1; Prepared 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 implementation of OPRD - 1;

➤ ***Scheme BG161PO001/5-02/2012 “In support of the next programming period”***

The scheme was published on 30 March 2012 by procedure of direct provision of GA, its specific beneficiaries being 36 municipalities – centres of agglomeration areas. The objectives of the scheme are: provision of technical assistance for creation of a project pipeline for application under Operational Programme Regions in Growth for the period of 2014-2020; support for local authorities in the drawing up of a list of “ready-to-finance” projects for inclusion into the Integrated Plans for Urban Regeneration and Development.

The municipalities received support for the preparation of investment projects in full design readiness on the following themes (components): urban environment, education, culture and social infrastructure, integrated urban transportation. The municipalities would be able for implementation of the investment projects, prepared as part of the scheme, under Operational Programme Regions in Growth 2014-2020.

The procedure of acceptance of the deliverables by the OPRD MA took place in a single stage and was documented by completion of a checklist by the beneficiary and by two independent experts - employees of the central administration DG Programming of Regional Development

and if required external experts could be hired for reviewing specific project parts or other documents, outside the competencies of the staff of the DR PRD. During the review of the investment projects their conformity to the approved application forms (lists of projects, of activities etc.), to the Integrated Plans for Urban Regeneration and Development, approved by the OPRD MA, as well as to other specific documents and requirements of the scheme was examined.

In August 2014 the first 9 investment projects under the scheme were received from Targovishte municipality. Thereby the process of receipt of the deliverables on the part of the MA was started. By the end of the reporting period a total of 115 investment projects were registered at the OPRD MA of Dobrich, Kazanlak, Vratsa and Razgrad municipalities and from them by the end of 2014 the OPRD MA had approved 5 investment projects of Targovishte municipality. In the process of review of the finished investment projects on the part of the MA omissions were found in the documentations submitted, such as absence of opinions for coordination from the utility companies (water supply and sewerage, gas supply etc.), discrepancies between the calculations of designers and the summarized bills of quantities, failures to submit parts of the investment projects etc., as a result of which the MA exchanged correspondence with the respective beneficiary for reflecting the remarks.

By the end of 2015, which is the deadline for implementation of the scheme the OPRD MA is expected to accept more than 700 investment projects.

In addition, at the 15th session of the MC of OPRD 2007-2013 a decision was made to designate Gorna Oriahovitsa, Asenovgrad and Dimitrovgrad municipalities as specific beneficiaries within component 3 “Municipalities of medium-sized towns, centres of agglomeration areas” of scheme BG161PO001/5-02/2012 “In support of the next programming period” and to invite them to submit project proposals with the view of their preparation for application under Operational Programme Regions in Growth 2014-2020. In view of the eligibility deadline of the expenditure under OPRD - 31.12.2015, a decision was made for approval of the projects and signing of contract for provision of GA may be undertaken after entry into force of decisions for selection of contractors for the main activities by the end of the month of April 2015.

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

The scheme was published in January 2013 by direct GA award procedure, the specific beneficiaries being 31 municipalities of cities of hierarchical levels 3 and 4, in accordance with the approved National Spatial Development Concept for the period 2013–2025. The objectives of the scheme are: development of Integrated Urban Regeneration and Development Plans, aimed at sustainable and permanent overcoming of the high concentration of economic, environmental and social problems in the cities; to achieve synergies between existing or currently updated strategic planning documents for sustainable integrated regional and local development, sectoral policies, programme documents and development schemes within the cities.

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

In 2014 the OPRD MA received the first IURDPs developed. In this connection an interagency working group for evaluation of IURDPs was set up by order of the Head of the MA of 06.11.2014. By the end of the reporting period 7 IURDPs were received at the MA. No IURDPs were approved in 2014.

➤ **Terminated contracts**

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

Beneficiary	Contract No	Date of contract termination	Reasons for termination
Peshtera Municipality	BG161PO001/5-03/2013/027	08.04.2014	Terminated in order to overcome negative consequences for the municipality and avoidance of double funding, because the municipality is developing a Municipal Development Plan under a project funded by Operational Programme Administrative Capacity

➤ **Projects in process of implementation**

In 2014 the total number of projects in progress under Priority Axis 5 was 93. 5 on-the-spot checks were carried out in connection with requests for interim and final payment.

**Activities were completed under a contract dated 19.09.2011 with the subject “Development of a Socio-Economic Analysis for the Needs of Operational Programme Regional Development for the 2014–2020 Period”, under project BG161PO001/5-01/2008/055 “Programming of Regional Development for the 2014 – 2020 Period”:**

- ✓ Working meetings were held between the Contractor and the Contracting Authority for coordination of activities and commenting on key issues in the course of contract fulfillment, in order to reflect adequately the Contracting Authority's comments, as well as the official and unofficial comments of the EC under the project of Operational Programme Regions in Growth 2014 – 2020;

- ✓ The Contractor submitted two interim and a final report, with analytical reports on the development of the analysis attached thereto and the Contracting Authority accepted a sixth interim report and the analytical report thereto;
- ✓ Contractor's representatives participated by presentations in six meetings of the Regional Development Boards of regions of NUTS 2 level;

**Project BG161PO001/5-01/2008/065 “Evaluations related to the preparation of OP Regional Development 2014–2020” was completed in 2014:**

The implementation of this project helped the MoRDPW in preparing the process of planning and programming of the Operational Programme Regions in Growth 2014 – 2020 by conducting the compulsory 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 goals 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.

Performance of the activities under the agreement executed (01.06.2012) with a contractor under the procedure of PP Act with subject “Preliminary evaluation of OPRD for the programming period 2014–2020” was completed by acceptance of the final report on the preliminary evaluation on 29.10.2013.

Performance of the activities under the agreement executed (01.06.2012) with a contractor under the procedure of the PP Act with subject “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” was completed by acceptance of the final report of the EA on 23.01.2014.

### **Completed projects**

During the reporting period **2 projects** were completed under Priority Axis 5 Technical Assistance, one of them being related to preparation of analyses, studies and updating of regulatory acts in support of OPRG 2014-2020, with beneficiary the Ministry of Investment Planning and 1 project with beneficiary the Ministry of Regional Development and Public Works. The goal of the projects was to support the operation of the OPRD MA, to strengthen the administrative capacity of the MA and of the beneficiaries for successful implementation and ensuring a high degree of absorption of the resources.

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

- Prepared preliminary evaluation of the Operational Programme Regional Development for the programming period 2014–2020;

- Prepared environmental assessment (EA) and evaluation of the compatibility (EC) with the subject and the goals on preserving the protected areas of the Operational Programme Regional Development for the programming period 2014–2020;
- Analysis prepared and studies with recommendations for updating/development of new domestic regulatory acts in the area of energy efficiency for design, construction and renovation of buildings in conformity with the requirements of Directive 2010/31/EU;
- Analysis was prepared for determining requirements for the essential characteristics of construction products in regard to their use in the context of energy efficiency.

### **5.3 Significant problems encountered and measures taken for their resolution**

No significant problems were established during the reporting period.

## **6. INFORMATION AND PUBLICITY**

**According to the requirements of Regulation No 1828/2006, Article 4(2b), the OPRD web site, [www.bgregio.eu](http://www.bgregio.eu), contains a current list of the programme beneficiaries, the operations names, and the amounts of the public funds allocated for the operations.**

In 2014 the OPRD MA continued to pursue its goal to encourage and motivate by accessibility and transparency the general public and the target groups for effective absorption of resources from European funds. The MA regularly informs the OPRD beneficiaries of all changes and of the progress made in the implementation of OPRD 2007-2013, as well as of the progress of approval of the Operational Programme Regions in Growth 2014 – 2020. The accomplishment of this task was enabled by the contracts executed for production and distribution of promotional and information materials, the contract for publication in printed media and the contracts for broadcasting in electronic media. The materials produced helped not only to improvement of the awareness of the general public and the Programme beneficiaries, but also to maintaining a positive image of the OPRD and the financial contribution of the European Union via the European Regional Development Fund for the development of regions in Bulgaria.

4,300 pcs. of information materials in Bulgarian and English language were produced and circulated in 2014, as follows:

- A general brochure on the implementation of OPRD 2007-2013 - 2 types - in Bulgarian language;
- A general brochure on the implementation of OPRD 2007-2013 - 2 types - in English language;
- Annual report in Bulgarian language;
- Annual report in English language;
- New Programming Period booklet in Bulgarian language;

- New Programming Period booklet in English language;
- JESSICA booklet in Bulgarian language;
- JESSICA booklet in English language;



## Information events

In 2014 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, seminars, trainings and other events related to the successful implementation of the programme were organised and held:

- *14th and 15th session of the Monitoring Committee of the OP Regional Development 2007-2013, respectively in June and December 2014;*





- *Working meeting entitled “New approaches of the Audit Authority in awarding public contracts to beneficiaries of OP Regional Development 2007-2013” - in the month of February in Sofia, OPRD MA*



- *Working meeting and theme groups for optimization of the procedures of the MA for closure of OPRD 2007-2013, on Progress and Procedures Planned under OPRG 2014-2020 - in the month of March in the town of Bansko.*



- *Working meeting of the OPRD Managing Authority with experts from the teams, implementing projects under OPRD 2007-2013 - in the month of May in the city of Sofia;*





- *Training on the subject of: “Improvement of the MA control systems in connection with exercising ex-ante and ex-post control of procedures for award of public contracts by beneficiaries of Operational Programme Regional Development 2007-2013” - in the month of June in the city of Sofia;*



- *Training for beneficiaries and the OPRD MA on the subject of: “Lawful award of public contracts, co-financed by EU resources” with participation of representatives of the EC and the PPA - in the month of July in the city of Sofia;*
- *Training of the OPRD MA on the subject of: “Updating of the OPRD Management and Implementation Manual - Version 10” - in the month of December in the city of Sofia;*



- *Annual conference of the Managing Authority on the progress on OPRD and the accomplishments in 2014 - in the month of December in the city of Sofia;*





- *Organizing and holding of a meeting of the thematic working group for development of the Operational Programme Regions in Growth 2014 – 2020 in the 2014 – 2020 programming period - in the month of May in the city of Sofia;*

### **Ensuring accessibility, publicity and transparency of OPRD via e-media and printed media**

In 2014 as part of project BG161P0001/5-01/2008/044 "Ensuring transparency in the implementation of Operational Programme Regional Development 2007 - 2013 and its promotion via electronic media and printing press", the implementation of 6 contracts with national electronic media (BNT, BNR, bTV, NOVA, Bulgaria On Air, TV Europe) continued. The implementation of 1 contract, executed with Darik radio, was completed in October 2014.

Implementation continued of the contract for publicizing the OPRD progress and the projects completed successfully in national and regional printed media, executed in 2012 with Media Shop. The goal of the publications is to present the opportunities for financing of projects under OPRD, the strategic priorities and current news of OPRD, as well as to publicize the good and successful projects, implemented under OPRD with the financial support of EFRD.

23 materials were published in 2014 in national and regional printed media for publicizing the OPRD. As a result of the implementation of contracts with electronic media 27 specialized headings and reports in national TV channels were aired, as well as 33 information emissions on national radio operators - Darik Radio and BNR. The goal of the specialized emissions and

airings was to inform the general public of the projects implemented under OPRD and the EFRD contribution to the development of regions, as well as to disseminate successful good practices for replicating the experiences of potential OPRD beneficiaries during the next programming period 2014-2020.