



Republic of Bulgaria

Council of Ministers

Central Coordination Unit Directorate

National Focal Point

**STRATEGIC REPORT
ON THE IMPLEMENTATION OF
THE EEA FINANCIAL MECHANISM AND THE NORWEGIAN FINANCIAL
MECHANISM 2009-2014
IN
BULGARIA**

January – December 2016



Glossary of acronyms

AA	Audit Authority
CA	Certifying Authority
CCU	Central Coordination Unit
CoE	Council of Europe
CoM	Council of Ministers
DPP	Donor Programme Partner
DSs	Donor states
EEA FM	European Economic Area Financial Mechanism
FBRNL	Fund for Bilateral Relations at National Level
FMO	Financial Mechanism Office
FO	Fund Operator
MCS	Management and Control System
MoU	Memorandum of Understanding
MRDPW	Ministry of Regional Development and Public Works
NAMRB	National Association of Municipalities in the Republic of Bulgaria
NGO	Non-governmental organization
NFM	Norwegian Financial Mechanism
NFP	National Focal Point
PO	Programme operator
PDP	Pre-defined project
TA	Technical Assistance
pps	Purchasing Power Standards

1 EXECUTIVE SUMMARY

The political, economic and social situation in Bulgaria in 2016 has been comparatively stable following a three-year period of political turbulences and uncertainty. This allowed stakeholders in the management of EEA and Norway grants to perform their responsibilities and tasks during the crucial last full year of implementation in a more predictable and less risky environment. There were local elections in autumn of 2016 that were considered a risk for the projects with municipalities as project promoters but such risk did not occur. The Presidential elections that took place in November 2016 due to their nature were not expected to have a direct influence at the level of programmes and projects. Although the subsequent processes that were triggered had such potential, it was revealed in the beginning of 2017.

A new management structure of the NFP was established as of February 2016 as a result of restructuring and merging of 3 Directorates subordinate to the Prime Minister for EU Funds Management and Economic Policy into a new directorate “Central Coordination Unit”. Within the structure of the “Central coordination Unit” Directorate the “Bilateral Cooperation Programmes and other Financial Instruments” Department coordinate the functions of the National Focal Point and perform the majority of tasks of the National Focal Point.

The key challenges in the period were related to matters arising from public procurements and time constraints. There is certain risk that failed public procurements will result in non-achievement of outputs and output indicators and will narrow the scope of achievement of outcomes. Extensions provided the opportunity for the greatest part of the 204 extended projects full scope of implementation and results to be reached by the end of the eligibility period. The cornerstones and key developments in the reporting period are summarised below.

1. Expiry of the first legal eligibility deadlines:
 - 30 April 2016 – all 461 projects under non-extended programmes BG 05, BG 11 and BG 14 as well as 39 projects for which extension was not requested within extended programmes were fully completed, final reporting, verification and final payments took place. 135 scholarships supported under the Small grant scheme of programme BG 07 have also been completed;
 - 30 September 2016 for BG 09 Scholarship fund – completed were 6 projects for institutional cooperation and 60 higher education mobilities, *incl.* 17 for students and 43 for academic, research and administrative staff. The total number of implemented mobility projects supported thus became 156.
2. Implementation of the 204 extended projects under BG 02, BG 03, BG 04, BG 06, BG 07, BG 08, BG 10, BG 12, BG 13 and BG 15. Out of those, completed in 2016 were 85 projects under 8 Programmes. Managing the tight working schedules of projects and assessment and timely management of allocation of savings was the most important task and concern;
3. Under non-extended programmes the focus of POs was on bilateral activities, complementary activities, information and publicity;
4. Financial progress in the period is demonstrated by few important figures: disbursement of funds from FMO to the CA for 2016 amounted to 24 567 106 EUR and for the whole implementation period until 31 December 2016 - 101 947 104 EUR. Payments to project promoters made by POs in 2016 amount to 36 318 974 EUR and for the whole implementation period until 31 December 2016 – 79 769 911 EUR;
5. Risk mitigation measures were coordinated between POs, NFP and FMO. Regretfully for the most severe problems related to public procurements and delayed issuance of decisions by national authorities NFP is not in a position to interfere and accelerate in whatsoever way the process;
6. Pro-active FMO support and involvement was available throughout the period – in spite of the changes of the country officer and in the NFP structure, *incl.* Head of NFP, no obstacle to communication and coordination was allowed. Moreover the NFP enjoyed high commitment on

behalf of the country officer Ms. Varnai to get acquainted in-depth with the status of programmes and projects and provide first hand advice and assistance on critical matters;

7. In 2016 the CA certified 40 Interim Financial reports to the total amount of 24 804 062 EUR , while for the whole implementation period until 31 December 2016 the certified costs amount to 47 759 429 that clearly indicates the accelerated pace of disbursements by POs in 2016;

8. The Audit Authority finalised the audit checks and audit reports from audit of operations of costs certified in 2014.

9. Information and publicity was on the high run, closure events were held under completed projects, a lot of information dissemination events and tools (web sites, brochures, exhibitions) were used to give wide publicity of the achievements;

10. Roma concerns – evident progress towards attainment the Roma target in terms of effects and overachievement in terms of financial allocation was reported by the related programmes.

11. Bilateral relations – further progress was reported with good stories, identified future plans, information, knowledge and expertise exchange promoted in all programme areas;

The main risks that had to be continuously monitored and mitigated in 2016 were related to the high number of public procurement procedures, the smooth payment flow, the availability of adequate administrative and expert capacity at all levels in view of the high intensity of almost all tasks performed by POs.

2 ASSESSMENT OF THE EFFECT OF THE GRANTS

2.1 Cohesion

Sources of information and data:

- NSI, Eurostat; European Semester Country Report – Bulgaria 2016; EcoFin reports and analysis for 2016

The European economy has maintained its moderate recovery throughout 2016. Although with no immediate and direct effect upon social and economic actors and upon citizens, a number of critical events and processes that took place throughout 2016 contributed to a highly challenging global scene with varying regional and local dimension and tensions. Against this background, a general overview of the main macro-economic indicators of Bulgarian economy for 2016, show that the main trends outlined in the beginning of the year were achieved but at a rate well surpassing the forecasts made by the Bulgarian Ministry of Finance, the EC and IMF. The available data show a continuation of the upward trend in an environment characterised to a large extent by management of risks – a situation expected to continue in 2017. The key macro economic data for the reporting are summarised below:

- GDP growth of 3,4 % driven mostly by domestic demand as a key growth driver (contributing 2.1 pps. To real GDP), although net exports also contributed positively (1.2 pps to real GDP) – although Bulgaria ranks third after Malta (5%) and Romania (4,8%) within EU 28 (with average GDP growth of 1,9%). it remains the country with the lowest GDP per capita (47% of EU average). According to preliminary estimates GDP for 2016 amounts to 47 364.1 EUR or 6 630 EUR per capita (again lowest total amount for EU 28);
- Investment declined in 2016 by an estimated 0.5 %, mainly due to the sharp slowdown in EU funds implementation following the end of the 2007-2013 programming period as well as to a decrease of foreign direct investment and private investments;
- Annual HICP (*harmonised index of consumer prices*) inflation was still negative in 2016 at -1.3 %, expected to reach 0.8 % in 2017, mainly driven by domestic demand as well as recovering energy prices ;
- Unemployment rate of 7.6% that is slightly below the EU average of 8.5%. Eight EU countries report lower unemployment rate, while only Croatia reports a higher rate of decrease of unemployment than Bulgaria. Further break-down of figures per gender and age show that unemployment rate is: for males - 8,1% (below EU average of 9,3%); for females - 7% (below EU

average that is 9,5%); for young people (below 25 years) - 18,9% (slightly above EU average of 18,6%);

- Positive Current account amounting to 1 809.6 mln. EUR (3.9% of GDP). As a result, the current-account balance is estimated at 2.6% of GDP in 2016, but is expected to decline to 1.4% in 2017 and 0.8% in 2018, as strong domestic demand and the expected rise in energy prices fuel import growth. Tourism exports in 2017 are also expected to grow at a slower pace compared to 2016, mainly due to negative base effects.
- Gross public debt represents 26% of GDP, government deficit - -1,7% of GDP;;
- Fiscal reserve account at the amount of 11 bln. BGN - the highest amount for the last 10 years;
- Negative trade balance to the amount of 1 789.9 mln. EUR (3.8% from GDP);
- Export amounting to 22 642 mln. EUR representing an increase with 723.2 mln. EUR (3.3%) compared to the same period of 2015;
- Import amounting to 24 432 mln. EUR representing a decrease of 109.2 mln. EUR (0.4%) compared to the same period of 2015;
- About double decrease of foreign direct investment that amounted to 682,8 mln. EUR compared to 1 371.5 mln. EUR for the same period of 2015;

Recent reports issued by the EC indicate that the country has no excessive public deficit – it is expected to have decreased from 1.7 % in 2015 to 0.4 % of GDP in 2016, fiscal consolidation has moved faster than planned, revenue and expenditure performed better than planned as lower expenditure was mainly due to lower capital and other current spending, as the implementation of the new EU funds programmes has yet to gain momentum. Public debt remains sufficiently below the reference value of 60% of GDP.

Driven by stable demand from EU trading partners and a strong tourism season, exports performed well in 2016. As a result, the current account balance is estimated to have been at 2.6 % of GDP in 2016, compared to 0.4 % in 2015. Despite the expected further increase in exports, the current account surplus is forecast to decrease to 1.4 % in 2017 and 0.8 % in 2018, mainly due to higher import growth fuelled by a strong domestic demand and by the expected rise in energy costs. The change of the structure of Bulgarian export from raw materials to processed products and investment goods with higher added value continued steadily. In 2016 for the first time in a 10-years period fuels as traditional leader in exported goods was replaced by processed goods with higher added value – electrical machines and apparatus. Generally, the share of investment goods in the structure of Bulgarian export has increased from 17% in 2012 to almost 25% in 2016 as greatest increase could be noted in the export of machines, pharmaceuticals, bicycles, parts for the automotive industry, plastic goods. This positive trend reveals and at the same time promotes the technological and innovation potential of Bulgarian industry.

The labour market continued to improve, the employment rate for people aged 20 to 64 increased from 67.1 % in 2015 to 67.7 % but the structure of long-term unemployment and the mis-match between the demand on the labour market and the educational and qualification profile of people seeking jobs remain serious problems.

Poverty and social exclusion continue to represent major challenges. The indicator for people at risk of poverty remains high (41%, being the worst indicator in EU 28, in spite of the gradual decreasing and approaching pre-crisis level). Most affected of poverty and social exclusion remain the elderly, the children at risk, as well as people with disabilities as the latter face a higher risk of poverty or social exclusion than anywhere else in the EU.

A limited progress has been accomplished in the provision of quality education to vulnerable groups, incl. Roma and in improvement of effectiveness and efficiency of social protection and healthcare. Roma face disproportionately high levels of poverty and social exclusion. Lack of or lower education levels of Roma results in weaker labour market integration and consequently higher risk of poverty or social exclusion than the rest of the population. Taking into account the shortage of workforce on the labour market, particularly for jobs requiring low to middle qualification capabilities, targeted efforts to secure early integration into the educational system of Roma would have significant benefits for the wider economy.

Development of regions continues at significantly uneven pace – Sofia and 5 other municipalities (Stara Zagora, Varna, Bourgas, Plovdiv and Rousse) perform much better with regard to the main socio-economic indicators and trends (employment, GDP per capita, investments, etc.). For implementation of local development plans municipalities still rely strongly on EU funds and funds from other donor programmes. Taking into account that there is a serious gap between the administrative capacities and human resources in municipalities that are more advanced (usually bigger municipalities) and those lagging behind (smaller municipalities) the possibility to transfer knowledge, experience and working project ideas from municipalities in donor countries proves to be extremely valuable.

The trends for 2017:

- Lower GDP growth – about 2.9%, dependent primarily on domestic consumption and increased utilization of bank credits by businesses;
- Export oriented sectors and mainly those exporting to the EU will be the main driver of the economy;
- Inflation is expected to turn positive after a period of deflation since 2013;;
- Further decrease of employment to 7.1% (but this is due to both positive and negative factors – higher demand vs immigration and aging population). Risks: Higher oil prices
- Deficiencies on the labour market – shortage of workforce, mismatch of demand and offer expected to continue and even grow deeper;
- Political uncertainty in Bulgaria and in the EU;
- Weaker import demand from main trading partners

A number of important developments have to be considered at horizontal and sector specific level. Those were promoted by the overall country's commitments for establishment of conditions and prerequisites for a more effective and efficient implementation of measures funded from ESI funds, but also fully relevant to the EEA and Norway grants and other public funding sources.

ESI Funds helped progress on a number of structural reforms in 2015 and 2016 via ex-ante conditionalities and targeted investment. Examples include the water and transport infrastructure sectors, education, R&I, public procurement and healthcare. These reforms have led to a better implementation of public investment projects, including those financed from both national sources and EU instruments. Fulfilment of the outstanding conditionalities is on track, while critical reforms are pending in public procurement, smart specialisation and air quality. Administrative reforms support is also available indirectly through targeted financing under the ESF, advice from the Structural Reform Support Service and indirectly through technical assistance

No changes have occurred in the reporting period at policy objectives level with regard to the priority areas of intervention of the grants. Whereas all programmes remain relevant to the national policy objectives and targets, in a number of areas the delivered outputs under the respective programmes have already a clearly identifiable contribution.

Presented below is an overview of the status/progress of the socio-economic and legal environment relevant for some of the programme areas supported:

Public health – during the last two years a package of reforms was proposed aiming at higher efficiency of the healthcare system by improving control, access and funding. However for almost all of the proposed measures and amendments in the acting legal basis there was either lack of consensus or they were largely regarded as unacceptable and were appealed before different instances. Thus only a very limited part of intended measures was implemented and with the change of Governments they will hardly be sustained. The conclusion is that in spite of the numerous reforms that were considered the healthcare system remains stuck to the same deficiencies.

Energy - reforms were implemented in the energy sector that concern the different areas of intervention under programme BG 04, *incl.*: a more market-based approach towards renewables introduced with the amendments in the Renewable Energy Act; introducing a requirement for obligatory and regular energy audits of buildings in the Energy Efficiency Act a National Plan of buildings with nearly zero energy 2015-2020 has been adopted; the setting up of a day-ahead segment in the Independent Bulgarian Energy Exchange (IBEX) and the preparatory steps for opening of the retail segment to competition were put in place.

Environment - During the reporting period important pieces of legislation and strategic documents were adopted that utilised the outcomes of several projects under programme BG 02 - the Bulgarian Water Act was amended and supplemented in order to ensure the efficient water use and to apply the “Polluter Pays” Principle; the second River Basin Management Plans for the period 2016 - 2021 were approved by the Council of Ministers; the Marine Strategy of Bulgaria with a Program of measures (PoM) was approved by the Council of Ministers on 29.12.2016.

Improving the situation of disadvantaged groups, incl. Roma – in May 2016 the Government adopted a National Action Plan for integration of Roma 2015 - 2020. The operational objectives of the Plan are related to coverage of the children and students of Roma in the education system and providing quality education in a multicultural educational environment; ensuring equal access to quality health services and prevention programs; improve Roma access to the labor market and increasing the proportion of the employed among them; improving housing conditions, *incl.* the adjacent technical infrastructure; ensuring citizens' rights, with an emphasis on women and children, protection of public order, preventing and combating intolerance and hate speech; creating conditions for equal access of Roma to public cultural life and the preservation and development of traditional Roma culture and creativity.

Legal changes that aim to facilitate the integration and inclusion process are being adopted, but a need for more efficient mechanisms for enforcement and monitoring of these changes is identified (*e.g.* for the implementation of the provision banning segregated classes within the same school/kindergarten). Following the entry into force of the new School Education Act in August 2016, a new education standard will focus on intercultural education and will be implemented for the first time this school year.

Culture – a change in the Law on cultural heritage was adopted that transferred issuing of permissions from central level (Institute for Preservation of Cultural Heritage) to the level of municipalities. This legal change did not affect in essence the environment in which policy on culture is implemented with regard to the most serious problems it faces – underfinancing, insufficient management capacity, using culture and cultural heritage for social integration purposes.

Justice and Home Affairs

In the field of gender – based violence key national strategy documents were adopted in 2016: the National Programme for Prevention and Protection from Domestic Violence endorsed by the Council of Ministers on 27.10.2016 and the National Strategy for Strengthening Gender Equality endorsed on

09.10.2016. In April 2016 Bulgaria signed the Council of Europe Convention on preventing and combating violence against women and domestic violence (Istanbul Convention) and committed to ratifying the treaty. Further steps will be taken to align the Bulgarian legislation with the convention through amendments to the Law on Protection against Domestic Violence, the Penal Code, the Criminal Procedure Code, the Law on Asylum and Refugees, the Law for Support and Financial Compensation to Victims of Crime, as well as a number of internal regulations of the institutions involved.

Schengen cooperation – administrative restructuring of General Directorate “Combating Organised Crime” (GDCOC) followed by legal amendments (changes in the Law on the Ministry of Interior) effected in 2016 entrusted the GDCOC with the investigation and counteraction to illegal transportation of a person or a group of persons across the border and facilitation of foreigners to cross or reside illegally in the country. Thus and adequate response was sought to the recent challenges related to the migratory and refugee crisis and the security threats evolving from that, such as terrorism, foreign terrorist fighters, trafficking and smuggling of migrants and vulnerable people. The reporting period was marked with a considerable intensification of the international cooperation among law enforcement agencies across all Europe. There’s an increase of 57% of the amount of information exchanged between the Bulgarian law enforcement structures and their European counterparts as regards the illegal migration flow from Asia and Africa.

Judicial system - despite the very good achievements in capacity building, enhancing qualification and practical experience of human resources, there are still a number of weaknesses in the judicial system that need to be addressed if the objectives of the Updated Strategy for Reform of the Judiciary are to be fulfilled and in order to secure adequate use of the resources and opportunities arising from Bulgaria’s membership of the European Union and the Council of Europe.

All implemented programmes have achieved results that address the deficiencies pointed out above. The programmes that were completed in the reporting period have reported fulfilment of all planned outputs, indicators and outcomes. Good stories were widely disseminated that is a basis for further multiplication of results.

In order to obtain a more comprehensive yet realistic picture of the effects, together with the specific achievements at programme level we should take account of what best value the scale of support could bring in an integrated framework of public spending:

- Provision of complementarity funding to national overall reform efforts;
- Securing synergy with regard to instruments, approaches and partnership developments;
- Influencing the process of amending the legal environment and enhancement of various aspects of institutional set-ups and at the same time benefiting from changes that result from national commitments and strategies and that help to maximise the outcomes and effects of the grants;
- The size of the programmes and the different factors of economic and social development they are targeting investments in, e.g. energy efficiency and renewable energy measures, delivery of equipment and technological innovations, demonstrate effects in the short-term while other type of investments in human resources, institutional capacity building, awareness raising, changing attitudes and culture of relations would take a longer time to measure the degree of attainment of their intended impact;
- The aggregated effect of the grants on the cohesion objective should also be seen in the very good policy mix between measures for promoting technology, innovation and hence competitiveness and measures to promote and strengthen all other components of a good quality of life, such as inclusive society, higher security for citizens and respect for their rights, good environmental status of nature habitats, enriched cultural heritage, etc. This multi-asset approach is extremely beneficial and supportive in a country like Bulgaria that suffers from a deepening demographic crisis with a lot of young people leaving the country;

Some key figures:

- Administrative and expert capacity was enhanced in areas where Bulgaria has to fulfil important commitments stemming from national and EU legislation, from other EU related obligations or from national strategies aiming to promote quality of public services – energy sector, environmental sector, judiciary, public health system, local governance (more than 7000 persons trained);
- Inclusive social environment was promoted and demonstrated in practical terms with regard to young people and children at risk of isolation and marginalisation or people vulnerable to drugs and trafficking practices – increased awareness on all sides (the general public, authorities and target groups, strengthened focus on education as one of the foremost preventive factors of social exclusion;
- Improved quality of life in terms of improved environmental status and better health services incl. preventive healthcare in municipalities distributed across the territory of the country, thereby contributing to reduced disparities;
- Improvement of the status of cultural heritage and promoting the image of Bulgaria as a rich source/destination of diverse cultural and historical heritage and significantly increasing the accessibility through digitalisation - 19 cultural sites and exhibition spaces, 7 digital centers and 56 000 items digitalised, 139 exhibition and contemporary art events;
- Innovative or more advanced technologically solutions related to improving the financial performance of municipalities or competitiveness of businesses introduced in 33 municipalities and 29 companies;
- Improved regulatory and enforcement environment through contribution to legal acts, strategic documents and plans (Bulgarian water Act amendment, River Basin Management Plans; Marine Strategy; Updated Strategy to Continue the Reform of the Judicial System);
- Widening the combined cultural and educational perspective and experience in higher education by bringing together for fruitful cooperation for training, joint research and joint publications students, academic staff, researchers from Bulgaria and donor states;
- Networking strengthened and enriched at local, regional (with neighbouring countries) and European (with donor states and among EU member beneficiary states) and with international organisations that brought good practices and models, experience in overcoming problems, efficient cooperation mechanisms, etc. and is further expected to utilise benefits of established institutional as well as personal relations – in the field of environment, justice and home affairs,
- Improved efficiency of public administration and institutions delivering public services as well as enhanced quality of monitoring and control functions of relevant authorities through delivery of equipment, implementation of IT tools and systems ;
- Raising the level/effectiveness of the country's efforts to ensure human rights in line with international conventions and standards – through training of policemen to work in multi-ethnic environment, training of judges and experts in European Court in Human Rights, incl. long-term secondment, disseminated publication “Law of the European Convention on Human Rights”, etc.; through improved infrastructure and conditions in prisons, but also through training and applying alternatives to prison – thus decreasing risk and obstacles to social re-integration that is of a long-term importance to society as well.

Synergy with EU funds

Synergy with EU funds and programmes from which Bulgaria benefits has been targeted still at programming level of the programmes supported by the EEA FM and NFM 2009 – 2014. With entering of all programmes at their final stage of implementation it could be confirmed that:

- The results achieved complement the contribution to implementation of national policies and strategies that EU funding provides – in spite of the much smaller financial resource at hand, the EEA and Norway Grants projects' fill-in gaps in almost all areas that make the cohesion policy

and objectives a tangible asset to citizens – in the fields of culture, healthcare, energy efficiency and renewable energy, the NGO sector, etc.;

- Projects funded under the Grants in many cases had the purpose to build upon results of EU funded projects or to ensure sustainability of results;
- In areas that are in principle eligible for EU funding, such as environment and justice, the synergetic effect came either from supporting identical measures that fall outside the scope of the respective operational programmes (e.g. mapping and assessment of eco-system services in areas outside Natura 2000) or by addressing problems for which partnership with donor state institutions and International organisations gives access to an advanced knowledge, practices and instruments, like in the field of human rights where the Bulgarian experts could use the profound experience of the CoE experts;
- Some projects in the Justice Area, e.g. electronic monitoring and legal aid was launched as pilot projects under the NFM but their continuation and sustainability of results will be ensured with financial resources provided under the OP Good Governance.
- In the area of Home Affairs measures related to police cooperation have also been financed under the Internal Security Fund and Emergency Measures. The Programme Operator in the MoI is responsible for managing the two instruments and ensures that there is no overlapping and there are synergies in the implemented activities.

Synergy on horizontal topics as well as avoiding of double funding is ensured through inter-institutional coordination and also by the fact that the institutions responsible for national policies or for management or implementation of operational programmes measures are the same as POs under the EEA and Norway grants. In this respect and at the highest coordination level the NFP has its important role and contribution.

2.2 Bilateral relations

Extent of bilateral cooperation – the total number of projects under the 15 programmes and the “*Technical Assistance and Bilateral Relations at National Level*” with donor project partner is 140 out of 727 projects, or 20% of the projects all of which were either completed during the reporting period, or are still on-going. In addition 156 mobilities of students, academics and administrative staff in higher education to higher educational establishments in the donor states were realised under BG 09 Scholarship programme, 59 of which in the reporting period. The bilateral funds at national and programmes’ level covered as well a large number of short-term bilateral cooperation initiatives involving donor programme and project partners, like study visits, participation in conferences and workshops, organization of round tables. The largest number of partnership projects were supported under programmes BG 04 (26 projects), BG 10 (24 projects), BG 05 (23 projects).

Ten programmes have nine donor programme partners – 6 from Norway, 1 from Iceland, 1 from Liechtenstein and the Council of Europe as DPP under five programmes. The DPPS under all programmes actively encouraged and assisted in organization of bilateral initiatives and establishment of partnerships.

In the reporting period various type of bilateral activities were accomplished contributing to the objectives of the programme areas but also to wider contacts and planning future cooperation – study visits, round tables, conferences, visits to international events or preparatory working visits. Some examples are provided below:

- Study visits – under programme BG 02 study visit of a team from Varna Medical university to the Institute MATIS in Reykjavik, a return exchange visit to Varna was agreed and a study visit under BG 03;

- a Round table held in April 2016 under BG 04 with topic “The Water Supply and Sewerage Sector: current state and development” with the participation of experts from Norconsult and Sweco – Norwegian consultants with experience in small hydroelectric plants and water supply systems, Bulgarian water supply operators, Ministry of regional development and public works, Ministry of Energy together with the programme donor partner NVE and a representative of the Norwegian embassy. The discussion was in the context of possibilities for using good practices in Norway for small hydro power plants and the use of the produced energy to cover the needs of the operators in provision of the services they are licensed for;
- participation in international events - *Presentation of achievements and developments in partnerships by participation in Fundamental Rights Forum, Vienna, 20-23 June 2016, European Union Agency for Fundamental Rights (FRA)* – participation of 2 Bulgarian representatives in the forum, which aim was to receive new knowledge, to share experience, ideas and achievements in the area of protection of human rights.
- PO of BG 12 also proposed to organize in 2017 a two-day conference on domestic and gender based violence in multiethnic regions (with participation of entities in Bulgaria and Norway and NGOs, the Equality and Anti-discrimination Ombud in Norway, Bulgarian Ombudsman, etc.)
- Norwegian experts, invited by Innovation Norway, participated in the Global Entrepreneurship Monitor (GEM) Bulgaria Conference (3-4 October 2016). During the event the first GEM report for Bulgaria ever was presented and that assesses independent, primary, comparable and reliable data for Bulgaria on entrepreneurship activities and factors that influence it.
- An Experience exchange workshop for the PO of BG 10 and the NFPs from Bulgaria, Poland and Romania took place on 6-8 June 2016 in Varna. It was focused on lessons learned from the implementation of the current Green Industry Innovation Programmes and issues related to sustainability and positive effects of the Programmes in the three countries.
- Preparatory working visits in the framework of the joint initiative between Ministry of Culture and the Bergen City Museum for a Bulgarian exhibition of Cultural Thracian heritage to Bergen City Museum (co-funded under the bilateral fund at programme level of BG 08 programme);
- Seminars under BG 05 with a focus on refugees, hate speech and Roma inclusion

Shared results, improved knowledge and mutual understanding

A substantial number of bilateral initiatives in all programme areas have contributed to shared results and improved knowledge, as well as to better awareness and mutual understanding between the partners, as well as greater visibility of the partnering countries. Some examples of initiatives aiming to promote, strengthen and enhance the bilateral relations in the supported areas:

- A very promising contacts facilitated by the DPP, the Norwegian Environment Agency were established between the Institute of Oceanology and the UniResearch in Bergen under BG 02. Additional investigations on the micro plastics in fish stomachs is planned to be carried out by both organizations using the Norwegian knowledge and experience;
- One bilateral initiative has been successfully completed by a project promoter of the small grant scheme under BG 15, with a Norwegian partner the International Organization for Democracy and Human Rights (IODHR). The initiative achieved its goal to develop and present a model of a post-penitentiary center at local level for recently released ex-prisoners.
- A bilateral initiative aimed at strengthening the relations between the General Directorate “Execution of Sentences” and the Norwegian Correctional Service in the field of the prison management is under preparation.
- The cooperation under BG 12 with the Norwegian Academy on Human Rights in legal, institutional and policy analysis gave the possibility to use the Norwegian experience in the field and the national study on domestic and gender based violence to be finalized and victims support model to be elaborated. The general objective of the study was to contribute to the prevention of DGBV and to improve the situation of DGBV victims in Bulgaria, with specific focus on Roma women and girls.

- Plenty of shared results produced as follows: 15 joint research publications in total under call #5 of Mobility Projects in Higher Education measure and 27 joint research publications and 2 special publications published under Inter-institutional Cooperation Projects measure; 14 joint visits implemented and 19 joint events held plus 39 joint products developed (excluding joint papers) under the 6 inter-institutional cooperation projects, as 28 joint products (new methodologies and innovative practices) were developed under BG09;
- The implementation of the project of International Operational Cooperation Department (IOCD) - Mol and Norwegian Police Directorate under BG 13 is a step ahead to the improvement of the cooperation between the Member States of the Schengen area in the fight against cross-border and organized crime that will strengthen the bilateral relations with the Republic of Bulgaria and the Kingdom of Norway.
- Excellent cooperation was established between the Commission for Illegal Assets Forfeiture (CIAF) and the Council of Europe in the implementation of the project, which involved transfer of expertise and improved knowledge in a very specific area as asset recovery.
- The reported results under the project for human rights protection and further development of necessary skills and knowledge of police officers, especially those working in multi-ethnic environment, including Roma communities, were overachieved in close cooperation with the experts of Council of Europe.
- The Norwegian best practices in conducting campaigns for tolerance towards people with mental diseases, working methods in a protected and supported employment, media campaigns, school programs, etc. were provided under BG 07. A significant transfer of Norwegian know-how and practical experience in terms of practical approaches for work in schools, training volunteers and best practices in consulting people with eating disorders was carried out.
- The management teams, youth workers and Roma educational mediators from Municipality of Stara Zagora participated in exchange of experience and best practices in Youth centre Villa Elba, Finland under BG 06;
- Representatives of the management teams of Plovdiv and Stara Zagora, youth workers and Roma educational mediators from Municipality of Stara Zagora and Municipality of Dobrich participated in 7-th European Youth Centres Platform in the newest CoE Quality Label holder – a youth centre in Lisbon. The 7-th European platform for youth centres is organized annually and is a platform for exchange and knowledge sharing among the centres associating to the Council of Europe. It ensures networking amongst centres recognized with the Quality Label and those aspiring to its acquisition;
- A joint project initiative of the National Association of Municipalities in Bulgaria and KS was launched under the programme BG 11 that is expected to have a strong effect upon improved knowledge and mutual understanding as well as shared results.

Fund for Bilateral Relations at National Level (FBRNL)

Provided below is detailed information on the status of the FBRNL per priorities:

- *Knowledge exchange in combating drugs and organized crime, children and youth at risk (Priority 1);*
- *Promotion of European values and in particular history teaching in multicultural society (Priority 2)*

All 10 projects supported under the above priorities (7 under priority 1 at the total amount of 204,131 Euro and 3 under priority 2 at the total amount of 85,094 Euro) were successfully completed and submitted their final technical and financial reports. Verification of expenditures and processing of final payments for 9 projects were finalized by the end of 2016, one final request for payment was pending approval for beginning of January 2017. Summaries of all projects supported under both priorities have been uploaded on NFP's website <http://www.eeagrants.bg/en/2009-2014/projects>. Information on concrete results achieved, on working and communication and information events taking place under

the projects has been regularly published on the Facebook page of the EEA and Norway Grants created by NFP.

Provided below are few specific projects' results that at the same time demonstrate the essence of bilateral cooperation - added value of the partnerships established on topics of widely recognized European importance, promotion of transferrable practices in areas where donor states have developed advanced and efficient approaches, facilitating contacts between Bulgarian stakeholders and their counterparts from donor states

"Punishments v/s Treatment: situation in prisons" (project promoter Center for Study of Democracy and project partner – Oslo University, Department on Criminology and Sociology of Law) – developed background papers on drug users in Bulgarian prisons and on Norwegian experience in dealing with drug users in prisons as well as of analytical report on the problems with outline of necessary reforms; improved knowledge among policy makers, government agencies, prison administration, local authorities about the Norwegian practices;

"Preventing Drug use and addiction"(project promoter the Regional Health Inspectorate /RHI/ Smolyan and EVRIS Foundation, Iceland) – joint development of a new drug prevention and treatment strategy to be used by the RHI, exposure of Bulgarian experts to best Icelandic practices for drug prevention and teen-treatment centers, transfer of a model of interaction between all stakeholders in local society;

"Partnership for Successful Institutional Practices for the Prevention of Human trafficking and labour exploitation of youth at risk"(project promoter Risk Monitor Foundation, project partner Oslo University, Department on Criminology and Sociology of Law) – improved knowledge and understanding of trafficking phenomena specifically as related to increased refugee and immigration flow, exchanged expertise on cases of investigation, establishment of an expert group with Bulgarian and Norwegian members from various institutions providing opportunities for on-going exchange of expertise, knowledge and ideas.

"History Teaching in Multicultural Society – challenges and models"(project promoter Center for Research and Analysis, project partner Oslo and Akershus University College of Applied Sciences, Norway) – a handbook prepared to help Bulgarian history teachers based on the experience and innovative model of history teaching in a multicultural society in Norway, identified key challenges and opportunities for history teaching in multicultural society.

"Better protection of children against domestic and gender based violence through sharing of best practices between Bulgaria and Norway" (project promoter Alliance for Protection against Violence, project partner HEDDA Foundation, Norway) – wide dissemination of information about Norwegian legislation and policies for protection against violence, identification of possible scope of actions for improvement of the services provided to victims of violence, prepared recommendations with regard to legal basis, qualification of staff, cooperation mechanisms.

"Mediation and Reconciliation in Bulgarian society" (project promoter Justice and Reconciliation Society (JRC), project partner Norwegian National Mediation Service) – within the project, the JRS introduced for the first time in Bulgarian public debate texts with the fundamental concepts and values of reconciliation justice. The Norwegian partner provided the project promoter with its Handbook for mediators' training, which was translated in Bulgarian. It also carried out two training sessions in Sofia for professionals from different fields. The first collaboration between one of the trained judges and experts from the Commission for combatting anti-social behaviour of minors and under-aged offenders was launched in two schools in Lukovit and Romyancevo. The Norwegian experience gained during the project implementation contributed to the introduction of family conferencing in the Bulgarian context.

Under the Unallocated Funds priority of the BFNL the project “*Strengthening the Capacity of the Bulgarian Ombudsman for Independent Child Rights Monitoring and Child Rights Promotion*” was contracted in the beginning of January 2016. The project is implemented in cooperation between the Bulgarian Ombudsman (project promoter), the Norwegian Ombudsman for Children, the UNICEF National Committee Norway and UNICEF CO Bulgaria. In the framework of the project representatives of the project promoter got acquainted with the best practises for protection, monitoring and promotion of the rights of the children and the other vulnerable groups, established by the Norwegian Ombudsman for Children, UNICEF Norway, the Norwegian Preventive Mechanism, the Norwegian Helsinki Committee and the National Human Rights Institution. The Ombudsman of the Republic of Bulgaria was provided with useful information regarding the child cooperation; cooperation with the civil society regarding the rights of the children; the unaccompanied minors and issues related to the migration crisis.

During the Annual meeting a joint initiative between the Norwegian Labour Inspectorate and Bulgarian Chief Labour Inspectorate was approved at the amount of 84 000 EUR. Submission of project application is expected.

Currently the entire budget of priority 1 and priority 2 as well as of the Unallocated Fund has been exhausted and no further initiatives could be supported. After the finalisation of verification of costs the amount of savings under the projects is *apprx.*19,000 EUR.

Support under the bilateral fund at national level could be further provided under the Travel Support Scheme (27 506 Euro available).

Travel Support for participation in seminars, workshops, etc., within all programme areas under the EEA FM and NFM 2009-2014

During the period under review three initiatives were supported under the Travel Support Scheme all related to the organisation and coordination of a forthcoming exhibition of Thracian Arts in Bergen City Museum:

- visit of representatives of the Bulgarian National History Museum to Bergen City Museum;
- visit of representatives of Bergen City Museum to Bulgaria for discussions with the Ministry of Culture, NFP and NHM on the concept and the future steps related to the organisation of the exhibition of the Thracian cultural heritage in Bergen;
- visit of representatives of NIKU for working meetings with the Ministry of Culture and NHM.

3 REPORTING ON PROGRAMMES

3.1 Overview of Programme status

- a) progress in establishing agreed Programmes, including calls undertaken;

In the reporting period implementation of programmes progressed as follows:

1. Non-extended programmes or programme components

Programmes BG 05 Civil Society Development, BG 11 Capacity Building and Institutional cooperation and BG 14 Judicial Capacity Building and Cooperation did not include extended projects. All 461 projects (2 under BG 11, 5 under BG 14 and 454 under BG 05) were successfully completed by the eligibility deadline of 30 April 2016. There were no activities at risk of non- or partly completion or such that required completion with own funds. Final projects reports were submitted and verification of expenditures was carried out as a result of which final reports were approved and final payments made for all completed projects.

At the cut-off date of this report eligible for implementation under BG 05, BG 11 and BG 14 were initiatives under the bilateral funds at programme level and complementarity actions.

Programme BG 09 Scholarship Fund had a deadline of eligibility for projects 30 September 2016. By that deadline all 156 mobility projects, incl. the 60 mobility projects implemented under the last 5th call and all six institutional cooperation projects have been completed. A call for proposals under the bilateral fund was announced at the amount of 64 000 EUR. 12 applications were submitted, out of which 3 were contracted.

2. Extended programmes – extended eligibility deadline until 30 April 2017 was granted to 204 projects under programmes BG 02, BG 03, BG 04, BG 06, BG 07, BG 08, BG 10, BG 12, BG 13 and BG 15.

- Under these programmes there was a number of projects for which extension has not been requested and the projects were completed by 30 April 2016:
 - 9 projects under programme BG 04 (component BG 04-04);
 - 1 project under programme BG 07;
 - 26 projects under programme BG 10;
 - 1 project under BG 13;
 - 3 projects under BG 15.

Final reports were approved and final payments made for most of the project.

- Completed extended projects at the cut-off date of this report were 85 under 8 programmes. The outstanding projects were at final stage of implementation, as most of them are expected to be finalised successfully by 30 April 2017. Risks for the completion and/or achievement of project results and indicators have been established for the following projects:

- BG 02 – Integrated management of Marine and Inland Waters, project BG 02-001 Updating the Geo-information system for water management and reporting, Budget: 1 199 418 Euro,
- BG 07 – Public Health Initiatives, project BG 07-PDPC04 „Improved quality of prenatal diagnosis and neonatal care in Bulgaria, Budget: 6 531 400 euro and project BG07-0086 „In support of the activities of the day Center to Home for Medical and Social Center for Children “St. Ivan Rilsky”, Budget: 172 748 euro;
- BG 08 – Cultural Heritage and Contemporary Arts, project BG 08-0009 “Provision of public access to cultural heritage building – Turkish Warehouse and Creation of an Epigraphic Centre, Budget: 479 443 Euro

The NFP will consider the cases of greatest strategic importance for national policies and for achievement of programmes’ indicators and will explore the opportunities for exceptional extension of the respective limited list of projects. Under BG 10 – 1 non-extended project will be completed with funding through the reserve referred to art.1.12 of the Regulation on the implementation of under NFM 2014 – 2021.

3. No open calls for proposals were undertaken in the reporting period. Programme Operators analysed financial status of programmes, *incl.* savings from closed calls, saving from public procurements or from cancelled activities under projects and announced or prepared calls for application for additional activities under on-going projects as per art.6.9 of the Regulations on the implementation of EEA FM and NFM 2009 – 2014, as follows:

Table No. 1

Programme	Calls announced as per art.6.9, available budget	
Programme	Applications submitted, amount (EUR)	Applications approved, amount (EUR)
BG 02	Call under preparation to be launched in January 2017 for appr. 550 000 EUR	To be finalised in 2017
BG 03	8 applications at the total amount of 2 100 537 EUR	6 applications at the amount of EUR 1 074 650

BG 04	18 applications at the total amount of 2 202 211 EUR	11 applications at the amount of 1,196,429 EUR
БГ 06	Call under preparation, to be launched in January 2017 for appr. 50 000 EUR	<i>To be finalised in 2017</i>
BG 07	16 applications at the total amount of 1 639 175 EUR	7 applications at the total amount of 614,252 EUR
BG 10	12 applications for the total grant amount of EUR 517 740	8 applications at the total amount of EUR 263 600
BG 12	Call for allocation of savings for additional activities for 63 700 EUR was launched in December 2016	<i>To be finalised in 2017</i>

b) commitments and disbursements made by the Programme; and

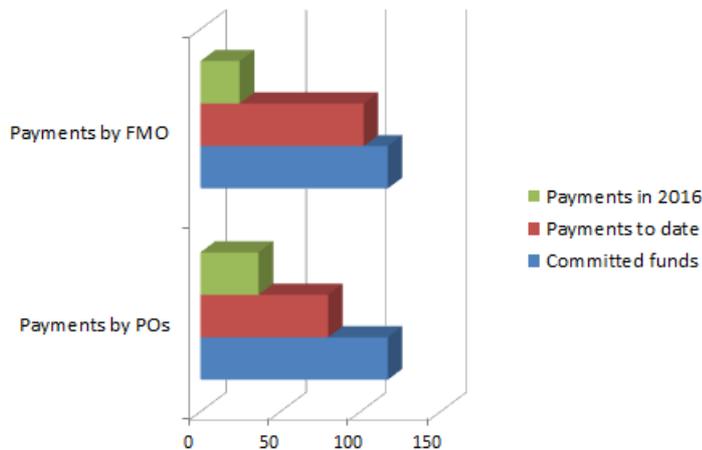
As of the cut-off date of this report the financial implementation in total figures shows that payments/disbursement made by the FMO amount to 90 990 840 EUR, and payments/disbursement made by the programmes (*to projects, management, bilateral and complementary funds*) amount to 77,522,796 EUR.

The status of the financial implementation of the Programmes in the reporting period January-December 2016 is presented in the following table:

<i>Programmes</i>	<i>Budget (incl. nat. co-financing)</i>	<i>Committed funds</i>	<i>Payments made by POs during the reporting period (January-December 2016), EUR</i>	<i>Payments made by POs to date, EUR</i>	<i>Payments made by FMO to NF in the period (January-December 2016), EUR</i>	<i>Payments made by FMO to NF (to FO for BG 05) to date, EUR</i>
BG 01	2 036 600	2 036 600	353 630	830 855	139 545	1 308 843
BG 02	9 411 765	8 116 633	2 784 010	5 538 814	1 203 725	7 202 387
BG 03	9 411 765	6 127 336	1 429 869	3 435 206	1 743 046	7 039 109
BG 04	15 600 288	13 469 274	5 321 400	7 976 776	2 615 661	12 482 573
BG 05	11 790 000	11 464 653	1 451 360	9 387 589	644 720	11 517 930
BG 06	10 153 074	8 807 237	1 501 920	8 750 381	284 750	7 791 394
BG 07	15 782 353	15 536 351	5 141 115	6 659 711	5 282 750	10 071 376
BG 08	16 470 588	14 805 982	3 428 621	6 914 071	116 525	11 325 166
BG 09	1 764 706	829 357	209 249	1 137 971	243 731	1 478 485
BG 10	13 699 000	11 460 767	8 716 543	10 892 924	8 716 543	10 892 924
BG 11	2 371 765	2 371 724	680 453	2 069 731	0	1 976 773
BG 12	2 352 941	2 099 300	599 951	1 067 528	1 016 171	1 746 981
BG 13	7 058 823	6 261 352	2 388 946	4 295 724	1 117 750	5 618 383
BG 14	3 636 471	3 617 213	152 550	3 008 637	15 574	3 068 287
BG 15	10 122 824	9 988 590	2 159 357	7 803 993	1 426 615	8 426 493
TOTAL	131 662 963	116 992 369	36 318 974	79 769 911	24 567 106	101 947 104

Table No. 2

Fig.1:



c) problems related to absorption and/or disbursements, with suggested solutions.

Problems related to absorption:

- Larger savings from unutilised funds (not contracted under open calls or from projects implementation) were identified under programmes BG 03, BG 11 and BG 14:
 - Under BG 03 an amount of 2 052 000 EUR was not contracted in the framework of call BG 03-02 for mapping and assessment of eco-system services. Part of the amount 1,074,650 was allocated for additional activities (*as per art. 6.9 of the Regulation*) but the rest could not be absorbed so far. The PO has plans for bilateral initiatives, but absorption of significant part of the outstanding amount is not expected;
 - Under BG 11 following the completion of the two pre-defined projects savings at the total amount of 474 000 EUR were identified. The funds were allocated to one initiative in support of the forthcoming bilateral initiative organisation of an exhibition of the Bulgarian Thracian cultural heritage in the Bergen Museum with a budget of 314 000 EUR and one initiative of the National Association of Municipalities in Bulgaria with a budget 159 000 EUR;
 - Under programme BG 14 the savings established after completion of projects were at the amount of 456 724 Euro. A reallocation of the funds to the Bilateral Fund at project level and the Complementary Actions was proposed for implementation of a list of initiatives in cooperation with the Council of Europe and Norwegian institutions. However the FMO approved reallocation of just 80 000 EUR.

Savings at smaller amount are also available under other programmes. The main reasons for the large amounts of unabsorbed funds where such are available under the programmes are related to the overall delays in conduct of calls for proposals that did not allow earlier corrective measures concerning savings; unrealistic budgets of projects; public procurement outcome that could not be predicted; too stringent approach applied by the PO at the projects selection and approval process. With the advancement of the interim reporting and verification of expenditures an increase of the amount of financial corrections imposed and reported by POs was observed. It is expected that this amount could be raised further as a result from verification of final reports.

- Unutilised bilateral funds at programme level – in November 2016 POs were requested to provide information on the status of implementation of bilateral funds with regard to absorbed funds and plans for future activities. Analysis of the data provided show that out of the available bilateral funds at programme level at total amount of 3 135 518 Euro the utilized amount was 868 554 EUR. The reasons for slow absorption were the delayed start of projects' implementation and the need for POs to concentrate all their efforts on that, lack of interest on

behalf of either Bulgarian or donor partners, change of rules in the Regulations effected just in 2016. POs have identified future bilateral initiatives to be implemented in 2017 in the framework of the overall available amount of 2 791 000 EUR, incl. the unspent bilateral funds' budget and the planned reallocations of savings from the projects.

Problems related to disbursement in the reporting period were due to:

- slow verification process;
- quality of reporting documentation;
- prolonged process of verification and payments in cases of identified actual or suspected irregularities.

3.2 Individual Programme summaries

BG 01 Technical Assistance and Fund for Bilateral Relations at national level

Budget of the project: 2 036 600 EUR (incl. 1 403 600 Euro TA and 633 000 Euro under the Fund for Bilateral relations)

Under BG 01 project the regular technical assistance activities (expert support, verification of payment claims, organization and participation in Annual and other meetings, incl. CC meetings, attendance of working meetings and seminars organized by the FMO, audit activities, monitoring on-the-spot) continued. Under the Fund for Bilateral Relations at National Level one project (BG01-UF-01 "Strengthening the Capacity of the Bulgarian Ombudsman for Independent Child Rights Monitoring and Child Rights Promotion" was contracted in January 2016 and later extended by 30 June 2017. The implementation of the 10 projects supported under priority 1 and priority 2 was completed, final reporting, verification of payments and final payments for 9 projects took place. Implementation of initiatives under Travel support scheme were on-going. Details on the progress of implementation of the FBRNL are provided above under *p. 2.2 Bilateral relations*.

The Certifying Authority (CA) organized and carried out a visit for exchange of experience to Certifying Authority of Poland. In addition a working seminar for CA certification and control staff was organized. The AA carried out audit activities.

02 Integrated Marine and Inland Water Management

Budget of the programmes: 9 411 765 mln. EUR (incl. grant amount and national co-financing)

Programme Operator: Ministry of Environment and Water (MoEW)

Donor Programme Partner: Norwegian Environment Agency (NEA)

BG 03 Biodiveristy and Eco-system Services

Budget of the programme: 9 411 765 mln. EUR (incl. grant amount and national co-financing)

Programme Operator: Ministry of Environment and Water (MoEW)

Donor Programme Partner: Norwegian Environment Agency (NEA)

In the reporting period all 12 projects funded under the BG 02 programme and all 26 projects funded under BG 03 programme were at the stage of intensive implementation of core project activities. Making use of the available horizontal management tools – extension of projects and reallocation of savings in compliance with art. 6.9 of the Regulation on implementation of the EEA FM, together with identifying appropriate solutions to the specific issues and problems that arose at project level, the PO strived to ensure a supportive environment for delivery of outputs and results in general exceeding the set targets and anticipated to increase overall impact. This wider impact will be due to a larger number and better quality of the portfolio of actions (measurements, monitoring missions, field work, more profound analysis, public consultations, data gathered and uploaded, awareness raising events, etc.).

Problems that influenced to a different extent negatively the performance of three projects (IBBIS, Upgraded geo-information system and IMAMO) and that could not be fully solved despite all efforts of

PO and project promoters, were exclusively related to public procurement and a long series of filed complaints. Still, corrective measures were explored and applied in order to mitigate the risk over the programmes.

The PO carried out promotional and information activities and campaigns (joint for both programmes) targeted at the public at large – regular publications on the programmes’ web site; radio and mass media campaign; organization of an open-air exhibition in the very heart of Sofia city with numerous photos of projects’ activities and results, etc.

Programme BG 02

All 12 projects were extended. Three projects (FISHFARMING, EARBDMINING and “*Increased capacity of the Laboratory of Food Chemistry and Environment at the Medical University - Varna and its development into highly specialized laboratory for marine, freshwater resources and aquaculture investigations*”) were completed in the reporting period. A call for allocation of available savings at approx. amount of 550 000 EUR for additional activities to active projects was prepared by the PO and intended to be launched in January 2017.

Two projects – the predefined “Geo-information system for Monitoring and Reporting” and IMAMO experiences serious difficulties with activities involving large public procurements that could not be realised. The project promoter of IMAMO took a decision to amend the activities, cancel the problematic procedure and allocated the funds for laboratory equipment for analysis of the physical and chemical parameters of the sea waters, that will also contribute to improved monitoring of marine waters.

Concerning the PDP no other type of activity could replace the upgrade of the geo-information system. The only possible solution identified for the short remaining period was the information system to be upgraded by the staff of the ExEA supported by external IT experts to be hired, but this could be only initiated after the issuance of the ruling of the Supreme Administrative Court expected in the beginning of January 2017.

It should be noted that tangible progress has been made towards the achievement of all programme outcomes. With the exception of the output “*updated information system*” that is at high risk, all other outputs have been or are expected to be delivered by the end of eligibility period. There is a very high degree of complementarity of the implemented projects with regard to their contribution to the different outcomes. The accomplished activities contribute directly to the outcomes of the programme through:

- visible improvement of interaction on national and international level;
- feeding of projects’ results directly into the rivers’ basins management plans;
- improved monitoring of marine waters through the successful completion of all monitoring campaigns scheduled in projects IMAMO and ISMEIMP, elaboration of improved monitoring programmes in the context of the MFSD;
- elaborated methodologies for assessment of ecological status, for sampling and laboratory analysis, for classification of river sections, etc.;
- Delivered and put into operation laboratory equipment, decision making centre, modules for ship manoeuvring, for cargo handling and for prediction of the oil spill movement support the integrated management of the Black Sea coastal zone;
- Developed an early warning flood risk information system that enhances significantly monitoring, interaction between stakeholders and decision taking.

Programme BG 03

All 26 projects were extended. The extension of mapping project ensured the extremely necessary second full field season as a prerequisite for comprehensive and reliable deliverables and results.

Completed in the reporting period were 14 projects – 11 under the small grant scheme and 3 policy support projects.

One call for additional *activities* pursuant to Art. 6.9 was launched under BG 03 on May 30. The entire reserve was made available to projects from the open calls and the two predefined projects. A total of eight proposals were received, out of which six eligible. The selection resulted in a PO Decision and the contracting of additional 1 074 650 EUR.

Significant progress has been reported towards the integrated achievement of all outcomes with respective output indicators estimated to be covered for most outputs. The small grant scheme projects achieved noteworthy successes in awareness raising (dissemination of information on biodiversity issues outreached more than 1000 school children, 400 persons trained, incl. 114 volunteers, more than 270 media publications, at least 5 guides and handbooks published.

With regard to the outcome for increased awareness and education, with the exception of the indicator “new module relating to IAS”, the output indicators were over-achieved with 686 persons trained, a greater variety, larger number and more creative awareness raising event held that lead to a better social impact and acceptance. Increased protection of native ecosystems was fostered by strong information sharing and popularisation of network, intensive interaction and collaboration with other international networks and exceeding the planned scope and efficiency of collaboration thus being a significant element of the impact of the programme.

Intensive ecosystem mapping outside Natura 2000 under call BG 03.02 projects was took place as fieldwork resulted in significant amounts of new data. With the end of field season 2016 the data collection was concluded for seven of the nine ecosystem types; their project teams are processing the data and finalizing mapping and assessment. Significant progress is achieved also in the mapping and assessment of the last contracted ecosystems – cropland and marine.

Predefined projects

Under the IBBIS projects the results of the procurement for two key activities – improving the information system and a Module for Invasive Alien Species – was appealed and the proceedings went until September 30, 2016. Nevertheless, the implementation of activities and tasks not affected by procurement progressed well, and the Bulgarian Nature Index is on track to be completed in cooperation with Norwegian partner NINA, fieldwork was performed to verify the IAS risk assessment methodologies. Concerning the main procurement, the project promoter decided to implement a mitigation plan consisting of a mix between procurement and implementation by own personnel’s work. A progress on horizontal concerns related to Roma was also observed although it was not a specific requirement and obligation for the programme. The total number of Roma volunteers involved is now assessed as a total of 25 persons involved in three projects (TLHWN – 6; LBSG - 7; EcoEdu- 12)

Main risks for the Programmes BG02 and BG03 include:

- Significant delays of the public procurements under the projects BG02.PDP 1 and BG03.PDP1 and the very limited time and scope of potential remedial actions still poses a critical risk of failure of implementation of important project activities and reduced absorption rate.
- The PO is currently considering the possibility to transfer part of the savings under both programmes to the bilateral funds. In case there is no sufficiently good and fast coordination and organisation of bilateral activities plan there is a risk with absorption.

On the basis of the unfavourable developments of similar type projects under both programmes a conclusion and lessons learnt could be drawn that complex and specific IT/software systems for which restricted number of severely competing companies exist should be managed and monitored with utmost care and a condition for their approval should be the readiness of the project promoter to launch the tender procedure immediately upon signature of grant award contract, Another valid lesson learnt is the very stringent approach of POs towards strong beneficiary institutions that are

resistant to observe the leading role, responsibilities and decision taking powers of PO in programme management.

Bilateral cooperation

Exchange visits took place between the Medical University in Varna and the Institute MATIS in Iceland; under the BG 03 RIGHTS project was carried out. Under project BG-BG GWB, a Norwegian hydro geologist participated in field activities under the project and an exchange of experience. In the IISSZM project, a study visit to Norway is planned for October.

On June, 24-25 representatives of the PO took part in a complementary event under Programme GR02, presented Programme BG02 and shared best practices with POs from Greece, Lithuania, Estonia, Latvia and Portugal. A similar event, back-to-back with BG03, was scheduled for October 13 and 14 in Sofia, and is expected to bring together Programme operators from PA 01 programmes. All donor partner projects have carried out most or all bilateral activities planned in their respective schedules, and project ESSENIAS-TOOLS was granted additional funding for conducting a training about Invasive Alien Species with Icelandic and Bulgarian lecturers targeted at young scientists.

BG 04 Energy Efficiency and Renewable Energy

Budget of the programme: 15 600 288 EUR (incl. grant amount and national co-financing)

Programme Operator: Ministry of Economy and Energy

Donor Programme Partner: The Norwegian Water Resources and Energy Directorate.

Under implementation in 2016 were 53 projects of which 9 under the small grant scheme with eligibility deadline 30 April 2016 and 44 extended projects under the three open calls under energy efficiency, renewable energy and production of fuels from biomass measures. The reporting period was the most intensive and burdensome, yet the most fruitful for the PO. Resources and organization of work were ensured to guarantee that all projects will be implemented in timely and efficient manner that takes account of all potentials risk factors: procurement process (*incl.* ex-ante control of tender documentation), difficulties with pre-financing by project promoters, dependence on weather conditions or on school year (where applicable).

The key accomplishments for the period include:

- At programme level the PO succeeded to: catch-up with the delays in preparation and submission of interim financial reports; to streamline the internal coordination and secure expedient ex-ante control process; to perform financial management oriented to avoiding liquidity problems of beneficiaries – transfer of second advance payment at the total amount of 2,690,772 EUR to 30 projects under the condition of signed contracts with contractors.
- 22 projects were fully completed in 2016, incl. 9 projects under the capacity building SGS (BG 04-04), 9 projects under BG 04.02 and 4 projects under BG 04.03 component;
- all 9 projects under the small grant scheme (BG 04.04) that were not extended were successfully finalized by 30 April 2016 and managed to perform all planned activities and to over-achieve targets and indicators. As a result 95 trainings were conducted and 2611 civil servants were acquainted with energy efficiency related measures and obligations of administration and their capacity to meet such obligations was increased. Verification of final technical and financial reports took place and final payments were executed to 8 projects;
- The state of play concerning the 44 projects with extended eligibility period is as follows:
 1. Under **BG 04.02 Energy Efficiency and Renewable energy measures** all project promoters except one (with project promoter Lom municipality) - signed contracts for works and actual implementation on-site was on-going. 9 projects were fully completed in the municipalities of Dryanovo, Noco Selo, Primorsko, Straldja, Madan, Svilengrad, Zlatitca and Byala. As a result in 16 buildings energy efficiency and renewable energy measures were

implemented. The building included 2 nurseries, 8 kinder gardens, 4 schools, 3 hospitals, 1 home for elderly people, other public building.

For seven projects construction works were completed by 30 December 2016 but there were outstanding project activities to be implemented (publicity, audits).

The project of Lom municipality (304,534 EUR) is at a high risk of non-execution. As a result of necessary substantial amendment of the investment project the public procurement procedure had to be cancelled and would be re-launched.

As a result of the amendment of the pre-defined project (*as explained in detail below*) and analyzing all savings realized under projects' tender procedures, the PO announced a call for additional activities under this measure. Following a consultation with the FMO the conditions of the call allowed funding to be used for additional activities in the buildings that are already included in the existing projects or in new buildings that could be regarded as complementing the activities and objectives of existing projects. By the deadline for submitting proposals that was 9th September, 18 applications at the total amount of 2,202,211 EUR were submitted, out of which funded were 11 applications at the amount of 1,196,429 EUR. The entire work on evaluation, selection, contracting and launching the approved additional activities by the promoters was accomplished with very tight schedule and high commitment of all parties.

2. Under **BG 04.03 Production of fuels on biomass** out of nine contracted projects six have been extended, three were successfully completed by 30 April 2016 and 1 project more was completed by 31 December 2016. Eight of the projects are implemented in cooperation with Norwegian partners.

From the point of view of contribution of the accomplished measures described above to achievement of related outcomes the analysis shows overachievement of almost all output indicators:

- Trained 2611 people against a target of 95;
- 100 buildings with reduced consumption against target of 13;
- CO2 emissions' reduction of 5655 tones per year against a target of 2800 tones per year;
- Number of installations for production of pallets – 9 against a target of 8;
- Awareness building through information and publicity (public events, web-site visits) has also exceeded the planned outcomes.

It should be noted that given the nature of project activities, target groups and results, the above quantitative surplus has a much stronger dimension in terms of quality because of the social impact, improved environment for children, students, elderly people and direct reduction of expenditures for the municipalities that could allocate the savings realized to more important areas. Furthermore, due to the immediate nature of effects it is an entirely realistic anticipation that the experience would be multiplied with other public buildings in the same municipalities as well as in other municipalities.

3. **The predefined project** "Implementation of Euro Electricity Market in Bulgaria – phase II" was extended by 25 February 2017, its scope of activities was amended and reduced with corresponding reduction of the project budget that amounts to 672 677 EUR. The project promoter and project partner agreed in advance on the amendments, on the new time schedule and distribution of responsibilities under the outstanding project's tasks. A revised cooperation agreement was signed between EWRC and NVE that envisaged involvement of NVE in joint implementation of project activities by September 2016. In addition it was agreed: to cancel activities 5 and 7 as well as to reduce significantly the scope of activity 6; to make internal budget reallocations in order to increase the effectiveness of important sub-activity components. This review and amendment of the scope of project activities was also a consequence of the Cooperation Agreement signed between IBEX EAD and Nord Pool Spot, aimed to prepare and support the implementation of a first competitive day-ahead

electricity market in Bulgaria and the new requirements to the National Regulatory Authorities (NRA) and the operators, related to reporting under Regulation (EC) 1227/2011 (REMIT), to Regulation 543/2013 and the Network Codes,

The progress in the implementation of the PDP in the reporting period was as follows:

Task 1 “Evaluation of the status of the EU internal electricity market development” and task 2 “Evaluation of the status of the Bulgarian electricity market” were completed. Under implementation is Task 3 “Development of market monitoring structure and activities in EWRC”. In February training workshops on REMIT were held in Sofia as part of this task. Training visits to two regulatory agencies were carried out (E-Control, Austria in July and ANRE, Rumania). The Training on market monitoring and supervision in Austria was in the period 03-05 of July. In the end of August there was a visit to NVE by representatives of the Project Promoter who will be engaged in the process of market monitoring.

Bilateral cooperation

The following main cooperation events took place in the period:

- A round table dedicated on water supply and sewerage sector was organized by the PO and took place on the 13-14th of April 2016 with the participation of Norwegian companies and Bulgarian water supply operators (state, municipal and private), municipal and state authorities, the programme donor partner NVE and representative of the Norwegian Embassy.
- Transfer of experience through exposure to leading practices was the result of a field study trip carried out by representatives of PO, the National electricity company, the Ministry of regional development and public works and National Focal Point to Norway – visited were hydro power plants, wind power plant, nearly-zero house;
- In the end of June representatives of PO, the National Electricity Company, the Ministry of regional development and public works and National Focal Point visited Norway for a 3 day field study trip. The delegation visited hydro power plants, wind power plant and a nearly-zero office building in Narvik and Tromso.
- On 05th -09th of September, a team of representatives from PO, NVE and the Royal Norwegian Embassy in Bucharest visited projects in the region of Burgas, Bulgaria.
- The PO has identified a number of measures to promote the bilateral fund among potential beneficiaries and is planning corresponding actions.

The value added of cooperation initiatives realized at programme level as well as in the framework of the 26 projects with donor project partners is high provided the advanced expertise of donor partners in the particular field.

There are no significant risks identified at the current stage that could influence negatively the successful implementation of the projects.

BG 05 – Funds for Non-Governmental Organizations Programme

Budget of the programme: 11 790 000 EUR (grant only)

Programme Operator: Open Society Foundation

Programme Partner: Workshop for Civic Initiatives Foundation

All projects under the programme - a total of 454, including the 39 approved additional activities (amounted to a total of 172 967.95 Euro.), have been implemented and closed until April 30th, 2016.

During the period the Fund Operator has been reviewing and approving incoming interim and final technical and financial reports of project promoters. Up to the end of July 2016 the FO has reviewed and approved the final reports of 300 projects (out of a total of 454).

- **Bilateral fund activities:** 23 bilateral project partnerships were selected through three completed calls. A total of 45 projects have been supported through measures A, B and C. All bilateral initiatives (at total amount of € 153 469) on project level have been closed by 30 November 2016.

For the reported period a total of 8 bilateral initiatives have been approved between eligible NGOs from Bulgaria and organizations from the Donor countries.

- **Complementary actions fund:** In the period 22 April – 13 May 2016, OSI – Sofia conducted the third nationally representative survey on “Public Attitudes towards Hate Speech in Bulgaria in 2016” as part of the Complementary actions fund of the Programme. The survey was officially presented at the Fourth Annual Meeting of the NGO Programme in Bulgaria with a focus on Hate Speech and the Role of Civil Society – Reflections on Achieved Results and Communicating Lessons Learned, which took place on July 12, 2016.

The conference was attended by representatives of NGOs from Bulgaria, Hungary, Poland, Slovenia, representatives of Fund Operators from Greece, Lithuania and Poland, as well as experts, public administration representatives and journalists. The conference was opened by the Bulgarian Deputy Minister of Justice – Krasimira Filipova, H.E. Tove Bruvik Westberg, Norwegian Ambassador to Romania, Bulgaria and Moldova, Maya Manolova, Ombudsman of the Republic of Bulgaria and Georgi Stoytchev, Executive Director, Open Society Institute – Sofia. The Fund Operator translated into Bulgarian language the ECRI recommendations No. 15 on Hate speech and distributed the text among the participants in the forum.

- **Roma measures status:**

A total of 35% of the supported projects contributing to Roma inclusion;

BG06 Children and Youth at risk

Budget of the programme: 10 153 074 EUR (incl. grant amount and national co-financing)

Programme Operator: Ministry of Education and Science

Donor Programme Partner: Council of Europe

Amount of payments: received 9 217 838 euros / reported 8 750 380 euros The programme consists of four components – 2 grant schemes and 3 pre-defined projects:

- Component 1 Care for Youth at Risk includes four projects which are in a process of implementation;
- Component 2 Care for Children at Risk includes eleven projects;
- Component 3 Capacity building
- Component 4 Educational inclusion, health and social development, or Krasna Polyana Model.

The BG06 programme is at a very advanced stage, most of the projects are at final stage of its implementation - 6 out of 17 projects have been already completed. All of the projects (except Project BG06-218 Municipality of Isparih) were extended for ensuring maximum absorption, reaching and widening the indicators and successful completion of all activities.

The main achievements, during the reporting period, concerning the fulfilment of the outputs of the Programme, are:

- One of the main achievements concerning the fulfilment of the outputs of the Programme was opening of the four Youth Centers - in Stara Zagora, Plovdiv, Dobrich and Vratza and awarding the Quality Label of the Council of Europe – International Youth Centre in Stara Zagora and receiving two more confirmation letters from the CoE Youth department for exploratory visits to Plovdiv (2017) and Dobrich (2018). The number of young people directly involved in the projects reaches more than 2500.

- There are five successfully completed projects by the end of December under Component 2 in the Municipalities of Isparih, Pleven, Ruse, Pavlikeni and Municipality of Smyadovo. All projects under Component 2 have finished their renovating/reconstruction work in the kindergartens.

- Component 3 successfully completed its project activities in May 31, 2016. The third round of trainings of pedagogical personnel and management staff in the municipal kindergartens took place - 19 youth workers, 39 Roma educational mediators and 200 kindergarten teachers have been trained by the CoE experts, all of the teachers, mediators and youth workers that took part received their certificates and continue to work.

- The project under Component 4 was extended to April 30th 2017. By 31 December 2016 the implementation of the project was approximately 60 % of the overall budget. All activities regarding the

construction works and equipment are completed. The soft measures within the project have covered the first group of 50 children and with the extension of the project; the plans are that at least another 50 children will benefit from the project activities. The project aim is to establish an effective model for an adequate pre-school education of children ranging from 4 to 6 years of age within the Roma community at the residential quarter "Fakulteta", one of the most densely populated with Roma areas in the capital.

Bilateral Relations

The bilateral component under this programme is strongly emphasized. 6 out of 17 approved projects are implemented in partnership with donor states entities.

During the year 2016 eight study and work visits both in donor and in beneficiary countries were organized and the participants took part in variety of events and activities. The programme has a strong bilateral profile with the CoE acting as Donor Programme Partner on matters of common interest for the Donor States and Bulgaria in a pan-European perspective. Cooperation with Donor State entities is according to plan under the bilateral fund. The project activities which were implemented with a close cooperation with donor partner are as follows: networking amongst youth centres, study visits in Lisbon Youth centre, Portugal, in Youth centre Brezice, Slovenia - exchange of experience, best practices. Training of youth centres staff - CoE youth centre in Budapest. The training was conducted by experts from the Council of Europe. Representatives from all four centres took part in exchange of experience and partnership activities in Lisbon Youth centre, Portugal. The management teams of youth centres, youth workers and Roma mediators from three projects – Municipality of Vratsa, Plovdiv and Dobrich took part in exchange of experience and best practices in Youth centre Mollina, Spain, with the CoE Quality Label. The management team, youth workers and Roma mediators from Interantional Youth Centre in Stara Zagora took part in exchange of experience in Villa Elba, Finland. It was extremely useful for Bulgarian youth centers to learn from centres that hold a Quality Label.

Strengthening the bilateral relations between the donor states (Iceland, Lichtenstein, Norway) and Bulgaria is a main priority of the EEA Financial Mechanism and the Programme operator is continuing to encourage beneficiaries to maintain relationships and exchange experiences and good practices in order to achieve all the indicators set in their project proposals.

Risks and mitigation measures

There was a risk of non-fulfilment of some of the preliminary agreed indicators of the Programme and on project level, but due to the actual state of the implementation and the possibility of extending the projects no significant risks have been determined.

BG07 Public Health Initiatives

Budget of the programme: 15 782 353 EUR (incl. grant amount and national co-financing)

Programme Operator: Ministry of Health

The Supporting Unit – Operational Programme Technical Assistance Directorate was renamed as Good Governance Directorate *by the Council of Ministers Decision No 545 of 23 July 2015.*

The BG07 Programme consists of four measures, implemented as open calls, one small grant scheme and four pre-defined projects.

The Programme Operator's efforts have been focused on overcoming the accumulated delays in the programme implementation and successful implementation of 25 contracted projects under Measures 1, 2, 5 and 6 in September 2015, 4 pre-defined projects, as well as Small Grant Scheme.

24 out of 25 projects under measures 1, 2, 5 and 6 were contracted and extended till 30th April 2017.

In early 2016 the annexes to the grant contracts for extension of the deadline for the projects implementation were signed in order that the achievement of the programme results to be ensured.

In the reported period 5 projects were finalized, 2 under Measure 1, 1 – under Measure 2 and 2 – under Measure 5.

The implemented projects under Measure 1 „Improvement of mental health care system for Bulgarian citizens” achieved the following main results: new forms of care to the patients in the community were introduced; the quality of hospitalization in psychiatric hospitals was improved, raising of qualifications

of hospital and outpatient staff caring for people with mental disorders, as well as reducing discrimination and inequalities by raising public-awareness.

As a result of the completed project under Measure 2 „Improved access to quality sexual and reproductive health services for adolescents (10-19 years of age), with a specific focus on vulnerable groups, in particular Roma and people living in remote areas“ the following was achieved: health services and consultations were provided in coordination and with the participation of family and other stakeholders at the local level - municipal structures, cabinets for anonymous and free counseling and testing for AIDS, NGOs, the system of health mediators and others.

Within the projects implemented under Measure 5 „Improved quality and access to care for children with mental, genetic and onco-haematologic diseases “specialized centres to provide tailored care to the specific needs of children were created, which will contribute to the delivery of more qualified health care and inclusion in social life, as well as training of medical and other specialists and staff taking care of children and family members on provision of specialized care. The most important result is the improved access and the quality of care for children suffering from cerebral palsy (CP); autism; onco-hematological diseases; cardio-vascular diseases; eating disorders.

The centre has a high social relevance and it continues its activities, the financing is provided by the University Hospital of Active Treatment “Sveti Georgi” – Plovdiv.

PDP 1 „Improving control and information systems in risk prevention and healthcare” with a Beneficiary the National Centre of Public Health and Analyses

Under the project health registers for diabetes, rare diseases and sources of electromagnetic fields (EMF) are elaborated and are in process of testing.

Training of specialists to work with these registers is ongoing.

PDP 2 „Improving the surveillance of vaccine-preventable diseases: Development of a model of a web-based immunization registry“with a Beneficiary the National Centre of Infectious and Parasitic Diseases.

The Immunization Registry (IR) model is developed and approved. The User manuals for users and for administrator were developed.

During 2016 the immunisation data from the medical doctors (the two general practitioners) involved in the project was uploaded in the developed IR model and tested. Training for users and for administrators was conducted.

PDP 3 „Improved mental health care services“with a Beneficiary the National Centre of Public Health and Analyses

An information system for suicidal acts in the Republic of Bulgaria was established and it is in operation. It has an imported database consisting of data from the period 2009-2014.

Methodological guidelines and a web portal for online (distance) education and training and conducting two-stage training (online and seminars) for general practitioners, psychologists and social workers for early detection of anxiety and depression in primary care were developed.

The on-line training and seminars were held. Training materials organized in four manuals on prevention of suicidal behavior in schools were prepared and printed. The scientific cooperation with the Norwegian international consultant from the Norwegian Institute of Public Health was performed aimed at evaluation of the impact of the training activities on the suicide rates in the selected regions.

PDP 4 Improved quality of prenatal diagnosis and neonatal care in Bulgaria, with a beneficiary – Ministry of Health

During the reporting period a public procurement procedure for purchasing and delivering of high-technology equipment with 7 lots was announced. For 2 more lots contracting is expected to take place in the beginning of 2017. Thus three outstanding lots turn out to be at greatest risk –2 of them were re-launched and for the 3rd one there are pending proceedings before the Commission for protection of competition and the Supreme Administrative Court.

The specialized high-tech equipment for neonatal care under the two contracts were delivered, installed and put in exploitation (as well as the medical staff of these Units were trained to work with the equipment) at the Neonatal Units in 33 hospitals.

A public procurement procedure for training on fetal morphology of medical specialists in obstetrics and gynaecology was also announced on 16.12.2016 r.

Implementation of Small Grant Scheme

During the reported period the implementation of the Small Grant Scheme: Scholarship Programme for Roma students of health professions under Outcome "Reduced inequalities between user groups" was successfully finalised, the following results have been achieved: 35 students received scholarships for the academic year 2014-2015 and 100 students – for the academic year 2015/2016. A summer camp on training on advocacy was also organised in the reporting period.

Bilateral relations

In the reported period four projects under Measures 1, 2, 5 and 6 and the pre-defined project 3 were implemented in co-operation with partners from the donor states.

The Norwegian best practices in conducting campaigns for tolerance towards people with mental diseases, working methods in a protected and supported employment, media campaigns, school programs, etc. were provided.

Furthermore, very successful and fruitful cooperation with a Norwegian partner has been implemented also in respect of consulting people with eating disorders. A significant transfer of Norwegian know-how and practical experience in terms of practical approaches for work in schools, training volunteers and best practices in consulting people with eating disorders was carried out.

Besides, valuable Norwegian scientific expertise has been provided and supported training activities on the suicide rates under PDP 3.

Problems and risks identified and mitigation measures

During the reported period the most serious risks were related to a significant delay in the announced public procurement procedures under projects and particularly under pdp 4 that includes 7 lots with a very high total budget. The PO monitored the process with increased attention and maintained regular contacts with the project management team as a result of which 2 lots were contracted. .

As an exception remained the delay in conducting of the public procurement procedure "Supply of 1 set of portable broadband isotropic EMF measuring apparatus, 2 pcs. monitoring stations for measuring electric and magnetic field and 1 pc. software for modeling the spatial characteristics of the electrical and magnetic components of EMF - first quarter period" under PDP 1. Considering the shortage of time there is a risk that the procurement will not be implemented.

BG 08: Cultural Heritage and Contemporary Arts

Budget of the programme: 16 470 588 EUR (incl. national co-financing)

Programme Operator: Ministry of Culture

During the reporting period out of 32 projects 14 projects have been successfully completed (one under Measure 1, one under measure 2, one under Measure 3 and 11 under the Small Grant Scheme), as follows:

- **Measure 1 Cultural Heritage Restored, Renovated and Protected** – 9 projects contracted at the amount of 7 406 977,97 euro. One project – of the Sozopol Municipality was completed by 30 June 2016 as a result of which an Ethnographic Museum in Sozopol was created that will present and preserve the rich cultural heritage for the future generations. The remaining projects are under implementation – under seven 7 projects (Svoge Municipality, Veliko Tarnovo Municipality, Pavlikeni, Kazanlak, Svilengrad, Sofia Municipality and Maritza Municipality) the tender procedures have been successfully completed and the reconstruction activities are on-going. One project should be completed by 31.12.2016 and the remaining 7 projects by 30.04.2017. For one project – "Perperikon" the tender procedures was substantially delayed as a result of appeals before the Commission for Protection of Competition and the Supreme Administrative Court. The contract was signed and it is expected that the reconstruction could be successfully completed within the deadline of 30 April 2017.
- **Measure 2 Cultural History Documented** – 9 projects contracted at the amount of 2 839 352,11 euro. One project of the Gabrovo Municipality was successfully completed and the project of the Varna University is at very advanced stage of implementation. Under the project of the Gabrovo

Municipality 2 digital centres have been created and special collections of manuscripts and ancient books digitalized. Under the project of the Varna Municipality one digital centre has been created and the rich archive of the University Library has been digitalized. The remaining 7 projects are under implementation with the most important tender procedures completed and no substantial risks for achievement of projects' results at this stage;

- Measure 3 Cultural Heritage Made Accessible to the Public – 3 projects contracted at the amount of 1 330 238,03 euro. One of the projects of the Pomorie Municipality was successfully completed during the period. As a result of the project an existing building was reconstructed and transformed into a City Gallery. The project of the Dimitrovgrad Municipality is at a very advanced stage of implementation. As a result of the project a Complex Museum – Library was created. There are problems with the main public procurement under the project of the Vidin Municipality – the Decision has been appealed before the Commission for Protection of Competition and was cancelled with a Decision of 19.08.2016 and returned for continuation of the procedure for examination of documents (part of the experts of the winning company do not correspond to the requirements of the Contractor and additional clarification should be requested). The new decision of the Contracting Authority is appealed again and repealed by the Commission for Protection of Competition and returned at the stage of examination of documents due to expired certificates. The decision of the CPC has been appealed, the session of the SAC is scheduled for 28th March 2017 and the decision of the Supreme Administrative Court is expected not earlier than April 2017. The project could not be implemented within the deadline of 30 April 2017 due to judicial procedures with suspensory effect. One possible option would be to request exceptional extension in line with Art. 7.14.5 of the Regulation due to importance of the project for the Donor States.
- Small Grant Scheme “Contemporary Art and Culture Presented and Reaching a Broader Audience” – 11 projects contracted at the amount of 740 857,63 euro. All projects were completed by 31 August 2016. The main achievements are 10 new exhibitions of contemporary art, incl. arts and culture of the cultural minorities as well as 51 new contemporary events developed.

Regarding the PDP (Sofia Arsenal Museum) the contract for Engineering of Sofia Arsenal Museum of Contemporary Arts – SAMCA – Phase II was signed on 26 September 2016 with the winning company – EKSA AD. According to the signed contract the basic construction and reconstruction works should be fulfilled not later than the final term of the grant contract №24-10-МП-3/23.04.2015, which is 30.04.2017. The architectural design was prepared but due to problems with administrative procedures for issuance of visa the reconstruction could not be launched. The project could not be finalized by 30 April 2017 and alternative solutions will be sought.

Regarding the **Bilateral Fund under BG08** a programme modification was approved by the FMO, entering into force on 12 October 2016, to reallocate all available savings at programme level to the Bilateral Fund and the total amount of 408 340 Euro will be used for a project for Exhibition in Bergen, the Kingdom of Norway dedicated to the Thracian arts (the remaining part of the programme will be financed by the Bilateral Fund of programme BG 11 with additional 314 787).

The Agreement between the POs of programmes BG 08, BG 11 and the partners – the Ministry of Culture (Leading Partner) and the National Museum of History and Bergen City Museum was signed in November 2017 and the implementation of activities started with a visit of Bulgarian experts to Bergen to finally agree on the concept and technical details related to the exhibition. The exhibition will be officially launched on 1 September 2017 to mid-December 2017.

BG 09 Scholarship Fund

Budget of the programme: 1 764 706 mln. EUR (incl. grant amount and national co-financing)

Programme Operator: Ministry of Education and Science

Donor Programme Partner: Icelandic Centre for Research (RANNIS), Iceland, National Agency for International Education Affairs (AIBA), Liechtenstein, Norwegian Centre for International Cooperation in Education (SIU), Norway

Mobility Projects in Higher Education measure

All 60 projects selected in 2016 under call #5 of the measure were successfully implemented.

All beneficiaries under Student Mobility component reported that they have acquired a lot of new knowledge and have improved their skills and competences thus raising their competitiveness and employability, especially those who attended summer schools in Entrepreneurship and Management, and intensive courses in Norwegian. Ph. D. students also reported their great satisfaction of the research job done using all the facilities and equipment provided by the donor host institutions, and the very useful guidance they received from their research supervisors. Regarding the number of beneficiaries under this component it could be noted that it is still below the target. 5 out of 17 beneficiaries in total were Ph. D. students (no ECTS credits awarded). 2 of the students attended language courses in Norwegian provided by Alfaskulen. Alfaskulen is not a higher education institution, but it provides specialized language training of equivalent quality and thus it was considered eligible (according to the Norwegian DPP). However these 2 students didn't receive ECTS credits and didn't contribute towards this indicator. The remaining 10 students who attended summer schools did receive ECTS credits and thus the total number of mobile students received ECTS credits participating in BG09 programme grew up to 16 (target 40). 95 ECTS credits in total were awarded under call #5.

29 Bulgarian beneficiaries in total (academic, research and administrative staff members) participated in call #5 under the staff component of the measure and thus improved their competitiveness and productivity. All of them learned new things in their professional areas and thus raised the value of the number of staff with improved skills and competences after mobility by 29 in 2016. 15 new research publications were reported by beneficiaries under this component. 4 out of them were joint publications with their donor state partners. Thus the total number of publications produced in result of mobility under BG09 programme increased to 53 and over-performed the target value of 42.

Inter-institutional Cooperation projects: The inter-institutional cooperation projects (6 in total) were successfully implemented on 30 September 2016. All of them were with donor project partners from Norway. 4 out of 6 projects in total were aimed to joint research, 1 - both to research and training including development of joint Ph. D. programme, and 1 – to joint training and information awareness.

- **Bilateral call for proposals:** 12 proposals for funding under the bilateral fund of BG09 programme were submitted in 2016. Call budget: 64 000 €. The first 3 contracts were concluded. The participation of 1 member of the BG09-0001 project team in the outreach event of the EEA FM Scholarships programmes held on 9-10 June 2016 in Brussels was funded under the BG09 bilateral fund.

All beneficiaries with mobility projects and all inter-institutional cooperation projects implemented in 2016 reported their great extent of satisfaction from their participation in the programme and the degree of bilateral cooperation with their donor partners. All bilateral indicators of the projects funded under the Inter-institutional Cooperation measure were met. Knowledge transfers were implemented under each one of the projects under the both reported measures.

- **Complementary action:** The participation of 1 member of the PO team in the outreach event of the EEA FM Scholarships programmes held on 9-10 June 2016 in Brussels was funded under the BG09 complementary action. The participation of the head of PO and of 1 member of the PO team in the meeting of programme operators held on 19-20 September 2016 in Bergen and in BG09 Cooperation Committee meeting held on 20 September 2016 also in Bergen were funded under the BG09 complementary action.
- **Roma measures status:** 1 mobility project under Mobility of Students component funded under the 5th call is in Roma priority field. The beneficiary is a Ph. D. student who performed training and research was aimed to expanding knowledge in the field of sociology, inter-ethnic and inter-race relations and integration of minority groups. The beneficiary completed a doctoral training under the supervision of Prof. Mette Anderson in relation to the applicant's doctoral thesis, namely

“Geospatial segregation and educational problems of Roma in Municipality of Samokov” and made consultations with experts in the field of integration of Roma.

BG 10: Green Industry Innovation

Budget of the programme: 13 699 000 EUR (100 % Programme grant rate)

Programme Operator: Innovation Norway

Technical implementation

The project portfolio consists of 32 projects. Total project value: approx. EUR 25 million, grant value: 11,5 million.

24 projects have been successfully finalised by 30.04.2016. 2 projects have been finalised with a reduced scope (one project with two components – 1) research& development and 2) investment), but the two partners decided not to proceed with the investment part due to difficulty in ensuring the co-financing; the other project – due to the difficult financial situation of the company/holding).

1 project was not finalised before the deadline due to the long and bureaucratic procedures for obtaining all necessary permits from the different Bulgarian authorities. It was included for implementation as a part of the Memorandum of Understanding for the Norwegian Financial Mechanism 2014-2021.

5 projects were extended until April 2017.

Pre-defined project (Advisory services for “young” enterprises and start-ups) has been successfully finalised by end of April 2016. Total budget: EUR 200 000. More than 200 people participated in the regional training sessions focusing on green issues. A team of Bulgarian and Norwegian experts conducted the training. A competition for the best green business ideas (Green Demo Day) was organised in April 2016. Finally, six winning companies were awarded EUR 5 000 each as a prize. These funds shall be used to further development of their business ideas, to prepare Business plans etc. The report/Business plans shall be submitted to Innovation Norway by the end of April 2017.

The feedback from all participants, partners and the media, is that more projects similar to this one should be repeated in the future.

Financial Implementation

As per 31 December 2016 the grand total disbursement to projects (re-granting including the pre-defined project) is EUR 8 716 543. This represents an absorption rate of approx. 74 %.

Status of targeted indicators

For all finalized projects, it could be reported that outputs have contributed to the optimization of the usage of resources inside the complete production circle – turning the low cost waste to high cost production. On the other hand, the cash flow of the companies rose significantly by the new green products’ sales and decreased production costs. Raising awareness on production and technology environmental aspects as well as on green products’ added value was of crucial importance to develop sustainable entrepreneurship and business culture.

Activities supported under the Fund for bilateral relations on programme level

- Occupational Health and Safety workshop (21 January 2016 in Sofia), for project promoters and partners, with a Norwegian trainer;
- Norwegian participation in a round table “Green Innovation Business Opportunities” (6 April 2016), in the frame of the Exhibitions & Forum for South-East Europe 2016, Sofia, Bulgaria. It had a specific focus on clusters and Programme Horizon 2020;
- Experience exchange workshop for the PO and NFPs from Bulgaria, Poland and Romania (6-8 June 2016 in Varna), focusing on lessons learned from the implementation of the current Green Industry Programmes and issues related to sustainability and positive effects of the Programmes in the 3 countries;
- Participation of Norwegian experts in the Global Entrepreneurship Monitor (GEM) Bulgaria Conference (3-4 October 2016). During the event the first GEM report for Bulgaria ever was presented and that assesses independent, primary, comparable and reliable data for Bulgaria on entrepreneurship activities and factors that influence it;

- Norway Grants Bilateral Experience Sharing workshop (21-25 November 2016 in Oslo) in the period with a focus on Waste Management, Clean Energy and Social Enterprises. Matchmaking event was organized for half a day between the above companies and Norwegian companies.

In December 2016, a Call for Proposals for Seed Money (small projects) and Travel Support has been launched. The available funds are amounting to EUR 100 000 and the objective is to support activities for facilitating networking, exchange, transfer and sharing of knowledge, technology experience and good practices.

Special focus on bilateral activities will be made in 2017. At the end of 2016 a request was sent to FMO for transferring of EUR 700 000 from project funds to the Bilateral Fund, since beside the already allocated funds for Seed Money and Travel Support, the PO has planned several bilateral activities, including complementary actions.

BG11 Capacity building and institutional co-operation

Budget of the programme: 2 371 765 EUR (incl. grant amount and national co-financing)

Programme Operator: OP Technical Assistance Directorate, Council of Ministers

Donor Programme Partner: Norwegian Barents Secretariat (NBS) and Norwegian Association of Local and Regional Authorities (KS)

The programme BG11 is implemented by two pre-defined projects that have been developed jointly with the DPPs (project partners) no extensions of projects were requested under this programme.

During the reporting period, main outputs and outcomes at project level were achieved and the trend is ascending.

Under the predefined **project of MRDPW** the following outcomes and outputs are achieved:

- Experience and best practices shared between organizations dealing with territorial cooperation
- Enhanced public awareness of the state of cross-border communities relations
- A network of national statistic institutes established
- Cross-border data journalism courses developed and implemented - 2
- The data on CBC and borderland developments made more accessible with the establishment of a Data Centre and making it more compelling applying of modern approaches for data visualizations;
- Developed data portal – website with regional statistics - demographic and business statistics, environment statistics for Serbia, Turkey, Macedonia and partially for Bulgaria. The portal is available at www.patchworkbalkan.org.

Under the predefined **project of NAMRB** the following outputs are achieved:

- Pro-active initiatives to improve legislation and to safeguard the prerogatives of local authorities. NAMRB has prepared comprehensive position papers on some 54 legal acts. As a result, 54 amendments were introduced in 21 acts (laws, government decisions, and ministry ordinances);
- Preparing: proposal for introduction of a municipal income tax for individuals, concept for a new Local Tax Law, methodology for calculation of municipal waste collection charges. Modification in the method for calculation of the membership fee, collected from municipalities, and introduction of a 5% reduction for those, which have paid their dues by April 30th. Owing to these measures, the membership fee collection rate has increased by over 10%;
- Creating an opportunity for associated membership by municipality-owned companies. NAMRB already has 11 associated members, including municipal hospitals, water supply and other utility companies;
- Preparation of useful hands-on manuals for newly-elected mayors and councillors, including one on inter-municipal cooperation; Conducting a training for newly elected mayors and councilors with speakers from the Norwegian Association of Municipalities, methodological support for the creation of an investment fund;
- New buildings and equipment at the Center for training of local authorities;
- Construction of the Internet basing platform for local finance;
- The Project activity on inter-municipal cooperation was augmented by the establishment of a new form of collaboration - a Fund for municipal solidarity. The core purpose of the Fund is to

accumulate reserves through voluntary contributions from each municipality, which then can be used to the benefit of local authorities beset by calamities.

Bilateral relations

The BG11 programme has strong bilateral focus as both programme and projects are implemented in cooperation with the Norwegian partners. After submission of final reports of both Beneficiaries of the predefined projects accounts indicate saving of 474 00 euro from budget heading “Enhanced institutional capacity and human resources development in public institutions, local and regional authorities in the Beneficiary States” of the Programme. The funds were allocated to activities related to organizing the Thracian exhibition in Bergen and for a joint initiative of NAMRB and KS.

Problems and risks identified and mitigation measures

All planned programme outputs and outcomes have been fully achieved. The only outstanding risk is related to successful utilisation of bilateral funds under the two on-going bilateral cooperation projects.

BG 12 Domestic and Gender-based Violence

Budget of the programme: 2 352 941 mln. EUR (incl. grant amount and national co-financing)

Programme Operator: Ministry of Interior (Mol)

Donor Programme Partner: Council of Europe

The programme is implemented through 17 grant contracts and one pre-defined project. Currently 12 grant projects are already completed and 6 projects (5 grants and the pre-defined project) are still on-going. All funded project have achieved their objectives, some of them even overachieved the project indicators.

Measure 1 – Support services for victims of domestic and gender-based violence – two on-going projects at advanced stage of implementation.

Regarding the first project of the Aksakovo Municipality the crisis centre has already been refurbished and support services are provided to victims of domestic violence. The centre provides accommodation and human protection, information services for (Roma) women, psychological and legal support, support during the process of finding a job, consultations, social reintegration, social mediation and advocacy, developing of social abilities. In the covered period 6 persons (children and parents) were accommodated in the crisis centre, 25 persons benefitted from the provided psychological and legal support, 75 women received information and consultations on domestic violence and the opportunities to receive help and support.

Regarding the second project for a Crisis Centre on the territory of the Ruse Municipality the renovation of the premises of the crisis centre has been completed as well as the corresponding supply of equipment, clothes, appliances and medicines. Currently are implemented activities related to recruitment of staff and improvement of the quality of the Roma communities.

Measure 2 – Awareness raising activities with a special focus on Roma

Four of the projects were completed (“Home without violence”, “Life without violence – information campaigns for the reduction of domestic violence through increasing the awareness and the knowledge among Roma population and other vulnerable communities”, “No one is safe from domestic violence – information campaign” and “Together in community service – aid for Roma women against domestic violence”. One project (“Save the Dignity - Campaigns for Increasing the Awareness and the Knowledge about Domestic Violence in Three Big Roma Communities in Sofia and Kyustendil”) is extended by 30 April 2017.

The following main results have been achieved so far: eight video clips dealing with different cases of domestic violence, health mediators held more than 260 events at different locations, involving more

than 2100 people of Roma origin, a radio information campaign – two radio clips speaking on intolerance to domestic violence were recorded; a photo session with a popular faces from the Roma community who also had at a later stage three concerts in three different cities so as to further promote the campaign; a door-to-door campaign implemented by the volunteers; six information campaigns raising the awareness and the knowledge of the victims of domestic violence on their rights, prevention and support; ten short films that deal with the main types of gender based violence in the Roma community created and broadcasted in the regional TV; 3 meetings were held with thirty Roma leaders in order to raise awareness in the community on the acts of domestic violence and promote zero tolerance.

Measure 3 – Research and data collection

There is only one project implemented under this measure: “National study on domestic and gender based violence and elaboration of victims support model” that was completed on 30th of September 2016. Under the project a National Study on domestic and gender-based violence has been developed and presented that provides detailed, reliable and nationally representative data on incidence rates of different forms of domestic and gender-based violence, reports to the Police and victims’ ways of coping. This is the first National study in Bulgaria and can be used by professionals and policy makers to improve the victims’ situation and services.

Additional activities that were carried out include 3 events in Vratza, Haskovo and Dupnitsa, a three-day workshop for 43 professionals held in Sofia with participation of the Norwegian partner, victims support model consulted in 3 regions with 75 relevant stakeholders, incl. communities with mixed population, etc.

Measure 4 – Support services for victims of domestic violence

All six grant contracts have already been completed.

The support services provided include on-line platform for consultations representing a new approach to assisting victims; mobile teams that work with Roma community and distant places; specialized telephone line for victims of domestic violence; psychological and legal consultations, professional support and protection services for victims of DV; an existing crisis centre for accommodation and assistance to women and children victims of domestic violence has been supported in Dimitrovgrad, where a total of 25 victims of DV were accommodated; trainings for experts in order to increase their capacity to deal with domestic violence cases, establishment of three reception rooms - two in the town of Kardjali and one in town Dimitrovgrad for domestic violence victims; distribution of information materials among the target groups, conduction of meetings, lectures and discussions with the target groups, etc.

Measure 5 – Awareness and sensibility raising campaigns

Three grant contracts were signed two of which have been completed and one is still on-going.

As a result of the projects three information campaigns for prevention of violence have been carried out. The implemented activities under the projects include information days in 10 Bulgarian cities, flash mobs, TV and radio campaign for intolerance against domestic violence (DV) and gender based violence(GBV), art-exhibition and campaign "Break the Silence", TV and radio reportages, publications in local and national medias, transfer of leading Norwegian experience for establishing and conducting campaigns against DV and GBV, strengthening of the inter-institutional cooperation, creation of internet sites and a youtube channel.

The pre-defined project *“Improvement of the national legal framework to bring it in line with Council of Europe standards and strengthening the capacity of competent institutions involved in cases of GBV (gender based violence) including DV (domestic violence)”* was extended by the end of March. The implemented activities include an Analysis on Bulgarian legislation made by a CoE expert as well as a Strategy on reducing DV and GBV that shall be used as a basis for the development of a draft proposal for legislative amendments to the current Bulgarian legislation in the field; trainings held for trainers,

police officers, and social workers (509 officials trained). Two specialized handbooks were developed for the purposes of the trainings.

During the period a procedure under Art. 6.9 of the Regulation was launched with a deadline 12 January that will allow the absorption of the savings made under the completed projects.

Bilateral relations: Three projects within the programme are implemented in partnership - two grant scheme contracts under Measure 3 and Measure 5 with organizations from Norway and the pre-defined project in cooperation with the Council of Europe. The cooperation with Norway Academy on Human Rights in legal, institutional and policy analysis give possibility to use the Norwegian experience in the field. The call for proposals under the Fund for Bilateral relations was relaunched during the period and two proposals were received by 23 December 2016.

A preparatory visit was held in November related to the organisation of a two-days conference on domestic and gender based violence in multiethnic regions with the Equality and Anti-discrimination Ombud in Norway, entities in Bulgaria and Norway, NGOs and Bulgarian Ombudsman, etc.).

There are no risks identified at the current stage that could influence negatively the successful implementation of the projects.

BG 13 Schengen cooperation and Combating Cross-border and Organised Crime, incl. Trafficking and Itinerant Criminal groups

Budget of the programme: 7 058 823 mln. EUR (incl. grant amount and national cofinancing)

Programme Operator: Ministry of Interior (Mol),

Donor Programme Partner: Norwegian Police Directorate, Council of Europe

Out of the seven grant contracts signed under Programme BG 13 one has been completed and six are on-going.

The project *“Multidisciplinary Approach for Combating Trafficking in Human Beings by Transferring Knowledge and Good Practices from Schengen Member States, More Specifically from Norwegian Experience”* under the Small Grant Scheme was completed by 30th April 2016. The output indicator was achieved – 208 law enforcement officers were trained (targeted 200).

All pre-defined projects are on-going as follows:

- Project *“Human rights protection and further development of necessary skills and knowledge of police officers, especially those working in multi-ethnic environment, including Roma communities”* with a Project Promoter - the Academy of Mol and project partner - the Council of Europe. All project activities have been completed. The project duration is extended by the end of April 2017 in order to utilize savings amounting to 90 000 Euros. A programme modification was proposed through the introduction of a new activity aimed at creating better conditions for multi-ethnic dialogue and better understanding of Roma cultural values (renovation and equipment of training premises in the Regional Police Directorates in Sofia, Plovdiv, Pazardjik and Montana). The following main activities have been implemented: train-the-trainers’ course conducted where 41 officials were trained on working in a multi-ethnic environment, with special focus on Roma population. The trainers were conducted trainings in total to 2 459 police officers; 7 organized workshops to increase the knowledge of police officers for Roma values and culture; renovation and supply of equipment for six training auditorium rooms;

- Project *“Extending the communication infrastructure of Mol”* with Project Promoter “Information and Communication” Directorate – Mol.

The project is at final stage of implementation with all supply contracts successfully completed.

The delivered equipment (570 TETRA radio terminals, 600 HRL licenses for Tetra radio terminals, 15 TETRA base stations and 19 radio relay links) ensures the extension of the TETRA network along the border with Greece and the further development of communication infrastructure of Mol.

- Project *“Improvement of cooperation methods and structures for the effective implementation of the Schengen acquis”* with Project Promoter *“International Operative Cooperation”* Directorate – Mol and project partners: National Police Directorate together with the National Criminal Investigation Service of the Kingdom of Norway (NCIS).

The project was extended by 30 April 2017. Regarding the main procurement procedure for the construction/renovation of a Training Centre the offers of the applicants are under evaluation and signing of the contract is expected. In addition six trainings have been organised, purchase and delivery of specialized vehicle with technical equipment for exchange of information and supply of equipment for the training centre.

- Project *“Joint efforts for combating cross-border organized crime”* with Project Promoter: General Directorate Combating Organised Crime – Mol and Project partners: National Museum of History; General Inspectorate of Romanian Police; Criminal Police and Investigation Service, Czech Republic; Ministry of Interior, Republic of Serbia.

Under the project study visits were carried out in Serbia, Poland and Czech Republic on smuggling cultural goods, combatting counterfeiting (esp. skimming) and cybercrime as well as delivery of equipment (tools of surveillance, hidden penetration and protection of undercover units, tactical helmets and hand held metal detectors, digital cameras and vehicles).

- Project *“Increasing the effectiveness of referral, support, protection and reintegration of victims of THB through the practical application of the Transnational mechanism”* with Project Promoter: General Directorate Combating Organized Crime – Mol and Project partners: Foundation *“Association Animus”* and National Commission for Combatting Traffic in Human Beings.

Under the project short to mid-term reintegration of 52 victims of trafficking and Crisis accommodation were provided; empowerment program for the short to mid-term reintegration, depending on specificity of the case and delivery of equipment – vehicle and specialized equipment for police operations.

- Project *“Improving the Asset Recovery system in Bulgaria”* with Project Promoter: Commission for Illegal Assets Forfeiture and the project partner the Council of Europe.

The project was extended until 30 April 2017. As a result of the project a Comprehensive Assessment/Study on institutional and legal framework, covering all aspects concerning the efficiency of the AR system in Bulgaria have been elaborated, 14 specialized trainings on different topics; foreign language training and delivery of IT equipment.

Bilateral relations: Four projects within the programme are implemented in close partnership with organizations from the Donor Programme Partner and the Council of Europe – three pre-defined projects and the project under the small grant scheme. During the period the call for proposals under the Bilateral fund was relaunched and two proposals received by 23 December 2016 and approved for financing as follows:

- Applicant: The Chief Directorate Combating Organized Crime at the Ministry of interior with a partner: the National Police Directorate – Kingdom of Norway. The estimated budget is 20 041 euro.

- Applicant: Centre for the Study of Democracy with a partner Norwegian police university college; the proposal is supported also by The Chief Directorate Combating Organized Crime within the Ministry of Interior, General Directorate Border Police within the Ministry of Interior, Internal security directorate within the Ministry of interior and General Directorate National Police within the Ministry of Interior. The estimated budget is 82 251 euro.

The grant awarding contracts will be signed in January 2017.

There are no risks identified at the current stage that could influence negatively the successful implementation of the projects.

BG 14: Judicial Capacity-building and Cooperation/Improvement of the Efficiency of Justice/ A fairer and more efficient judicial system

Budget of the programme: 3 636 471 EUR (incl. grant amount and national co-financing)
Programme operator: Ministry of Justice

Donor Programme Partner: Council of Europe

During the period a new Programme Leader was appointed but there are no other changes in the staff of the Programme Operator. A meeting of the Cooperation Committee was held in July 2016.

The last three pre-defined projects have been completed during the reporting period by the end of April 2016, all final reports have been reviewed and approved by the PO.

The following main results have been achieved:

Pre-defined project 1 *“Increasing the capacity of the judiciary and training on the European Convention for the Protection of Human Rights and Fundamental Freedoms at the National Institute of Justice”*

During the period four centralised trainings were organised attended by 188 professionals – judges, prosecutors, investigators, judicial assistants, experts from the Ministry of Interior, State Agency for National Security and others. Technical support was provided for development of accessible and user-friendly database in the field of human rights protection and publications of new materials for the human rights portal.

Pre-defined project 2 *“Support to the Supreme Judicial Council related to capacity building and improving the efficiency of the judiciary”*

As a result of the project an e-summoning system has been introduced, incl. proposals for amendments in the procedural legislation and delivery and installation of hardware and basic software to upgrade the existing case file management system; training for 40 representatives of the Bulgarian judiciary was held at the European Court of Human Rights in Strasbourg and a web-based forum for magistrates to share practical experience concerning the functioning and the case law of the ECtHR

Pre-defined project 3: *“Strengthening of domestic remedies to alleged violations of the Convention on Human Rights and Fundamental Freedoms of the Council of Europe and the capacity for the execution of judgements of the European Court of Human Rights”*

As a result of the project a mechanism for preliminary review of all legal acts for compliance with ECHR was developed and the respective amendments in the legislation adopted by the Parliament; focal points at different ministries trained in the field of human rights; e-Portal on human rights become functional; more than 300 judgements were translated; trainings and working visits for the Ministry of Justice experts carried out; two national judges completed their 5-month secondment to the Registrar of the Court and 1 Government agent completed 4-month secondment to the Department of Execution of Judgments of the Council of Europe.

Part of the savings realised under the projects were transferred to the Bilateral fund at programme level (80 000 Euro) for implementation of three initiatives in partnership with the Norwegian Courts Administration.

Bilateral relations:

In the reported period two new BF initiatives were approved and 1 of them completed, which contributed to improvement of professional capacity and expertise in the field of human rights as well as fostered the bilateral relations with the Donor State, Donor Programme Partner and other EU countries.

As a result of the projects approved under the Bilateral Fund 2 Bulgarian representatives participated in a Fundamental Rights Forum, Vienna, 20-23 June 2016; HELT distance learning course on anti-discrimination was piloted, including trainings of magistrates and judicial assistants in discrimination legal protection basic standards and their application in Bulgarian case law including minorities and persons from vulnerable groups and one-day roundtable in Sofia with the participation of relevant stakeholders as a debate on relevant human rights standards and good practices.

There are no risks identified at the current stage that could influence negatively the successful implementation of the projects.

BG 15: Correctional services, including non-custodial measures

Budget of the programme: 10 122 824 EUR (incl. grant amount and national co-financing).

Programme operator: Ministry of Justice

Donor Programme Partner: Council of Europe

During the period the Programme manager of the Programme was changed. A meeting of the Cooperation Committee was held in July 2016.

Two out of the three pre-defined projects under the programme were completed during the reporting period as well as all 19 projects under the small grant scheme.

The following main results have been achieved under the pre-defined projects:

Pre-defined Project 2: Increasing the application of probation measures in compliance with European standards and programme for electronic monitoring - draft law amending the Execution of Sentences Act was elaborated, accompanied by two financial assessments proofing the efficiency of the electronic monitoring. The bill was adopted by the National Assembly in April 2016. The indicator of 180 electronic was fulfilled.

Pre-defined Project 3 "Improving the competences of staff in psychological selection and counselling": The training activities for prison staff to work with offenders with special needs have been successfully completed.

Pre-defined Project 1 "Improve standards in prisons and IDFs by refurbishment of infrastructure to ensure respect for human rights ":

The project was extended to 28 February 2017. During the period 3 activities were completed: reconstruction of Razdelna hostel to the prison in Varna, reconstruction of the kitchen in Burgas prison and refurbishment of Stara Zagora prison. As of 31 December 2016 the reconstruction of the Debelt hostel was finalised and respective certificates issued. The opening of the this most significant object with a capacity of 450 inmates is expected in February 2017.

The 19 projects funded under the Small Grant Scheme of Programme BG15 have been completed. The PO has reviewed and approved the final reports and is currently proceeding the final payments. The activities include preparation of specialized training programmes, piloting of models of after-care services for released ex-offenders, analyses and surveys, vocational and educational training, etc. The addressed target groups were prison staff, prison inmates with a particular focus on vulnerable groups, and ex-offenders. The projects` results affected each of the vulnerable groups of prisoners in Bulgaria, minorities, foreigners, women, mothers of small children, juveniles, drug addicts, disabled persons, persons with mental health problems, persons with low intellectual level. All the indicators set in the Programme Agreement BG15 were met, as some of them even exceeded. For example, two integrated after-care services were provided (initially it was intended to develop and pilot one after-care services for ex-offenders), as one of them was active at three sites, the cities Shumen, Vidin, and Sofia. Similarly, the target values of indicators related to number of involved prisoners, in training activities or in interactive rehabilitation exercises, were all exceeded due to the great interest they showed in project activities.

The successful implementation of the projects of the small grant scheme already has a visible impact on the Bulgarian Penitentiary. The treatment of vulnerable groups in prison has gained a new scope and intensity. A new and integrated approach was introduced in educating and consulting recently released prisoners by piloting after-care services and inter-institutional support networks at local level.

It worth mentioning the public impact of the small grant scheme too, since it, precisely matching the inputs of the pre-defined projects, contributed to provoking interest of the general public in the situation in Bulgarian prisons, adding to the political agenda an item on introduction of a strategic approach in capacity building of the prison administration, and also recognition by the authorities of the importance of a vast rehabilitation programme for imprisoned persons.

There are no risks identified at the current stage that could influence negatively the successful implementation of the projects.

Bilateral Relations:

A very good cooperation has been established between the PO, the General Directorate “Execution of Penalties” and the Norwegian Correctional Service (KPI).

The Project Promoter of PdP1 has prepared and is about to submit a bilateral initiative aimed at strengthening the relations between the General Directorate “Execution of Sentences” and the Norwegian Correctional Service in the field of the prison management.

The bilateral initiative in partnership with the Norwegian Correctional Service “Increasing the capacity for strategic planning and management in General Directorate ‘Execution of Sentences’ has been finalised by the Project Promoter of PdP2.

One bilateral initiative has been successfully completed by a project promoter of the small grant scheme, with a Norwegian partner the International Organization for Democracy and Human Rights (IODHR). The initiative achieved its goal to develop and present a model of a post-penitentiary centre at local level for recently released ex-prisoners.

Out of the two project promoters of the small grant scheme, who had Norwegian partners, one has extended its partnership with the Tyrili Foundation onto a bilateral initiative, which was submitted to the PO and is currently undergoing evaluation. Another project promoter is also finalizing a proposal on bilateral initiative to apply with for funding by the Fund for bilateral relations, with a topic innovative ways for conflict resolution in penitentiary environment.

The PO is looking into the possibility of partially reallocating the savings under Programme BG15 to the Fund for bilateral relations at programme level.

4 MANAGEMENT AND IMPLEMENTATION

4.1 Management and control systems

Since 8th February 2016, based on the Council of Ministers’ Decree № 384/30.12.2015 the amendment of the structure of the Council of Ministers Administration has entered into force.

A new Directorate “Central Coordination Unit” (CCU) has been created on the basis of the existing directorates: “Programming of EU Funds”, “Monitoring of EU Funds” and “Systems Management of EU Funds” aiming at optimization of the processes of coordination and management of the EU funds and bilateral donor programmes. This Directorate assists the Deputy Prime-Minister for EU Funds and Economic Policy in his responsibilities for overall organization and management of the system for coordination in the management of EU funds for Bulgaria and performs the functions of the National Focal Point of the EEA and Norway Grants. As agreed during the Extraordinary Annual Meeting held on 22 February 2016 and in line with the amendments in the Memoranda of Understanding the Head of the National Focal Point is Ms. Malina Kroumova – Acting Director of CCU Directorate.

Following the amendment of the structure of the National Focal Point on 11 of July 2016 the Head of the NFP approved the revised Management and Control System for the implementation of the EEA and Norwegian Financial Mechanisms 2009-2014.

Efficiency and effectiveness of the national management and control systems

NFP and POs strictly follow provisions of the MCS at national and programme level that provide a sound framework for all stages of technical and financial implementation of the programmes and projects, ensure coherence in the implementation and distribution of tasks and responsibilities. A system audit of the national MCS and of programme level MCS (BG 02 and 03) was carried out in October – November 2016. Draft report from the audit is expected in the beginning of 2017 but review of preliminary findings of the auditors show the findings would address monitoring and evaluation activities and reporting.

In the course of implementation of programmes and projects, as well as of the functions of national structures certain provisions and procedures have proved to be inefficient or creating unnecessary obstacle and limitations to implementation (*e.g.* payment schemes, procedures and deadlines for amending contracts, introducing additional restrictions in grant contracts, etc.). NFP and POs have

coordinated amendments to MCS in cases where this has been crucial, but the complicated procedure of approving any changes to legally binding documents within administration does not always allow timely reaction.

4.2 Compliance with EU legislation, national legislation and the MoU

- A new Public Procurement Act came into force as of 15 April 2016 which introduces new European Directives in the field of public procurement.
In case a tender procedure is launched under the former Public Procurement Act it shall be finalised based on its provisions. The Project Promoters managed to launch most of the public procurement procedures before 15 April 2016.
- The Law on EU Funds Management was adopted on 22 December 2015 and amended on 7th June 2016;
- There are also changes in the secondary legislation relevant for the implementation of the EEA FM and NFM. The CoM Decree 118 on the conditions and contract award procedures conducted by beneficiaries of agreed grant under the EEA Financial Mechanism, Norwegian Financial Mechanism, Asylum, Migration and Integration Fund and Internal Security Fund was amended on 8th July 2016.

Problems encountered in the reporting period were related to public procurement and regulatory requirements towards investment/infrastructure projects. In both cases the solution would be training of project promoters and POs in public procurement in order to mitigate the risk of appeals, timely preparation and launching of tender procedures, closer monitoring by the PO of all administrative procedures against a tight time-schedule.

4.3 Irregularities

The NFP prepared and submitted to the FMO 4 quarterly Irregularity reports (on 26th March 2016, 31st May, 30th August and 30th November 2016).

In total 20 irregularities have been reported and processed through DoRIS during the period at the total amount of 87 146.19 Euro, as follows:

- One financial correction under the programme BG 09 – Scholarship Fund (at the amount of 278.45 Euro). The irregularity case was closed by the FMO on 30/05/2016;
- One financial correction under programme BG13 – Schengen Cooperation (at the amount of 12.15 Euro). The irregularity case was closed by the FMO on 15/11/2016;
- Five financial corrections under the programme BG 06 – Children and Youth at Risk (one at programme level and four at project level), at the total amount of 22 137,59 Euro;
- Five financial corrections under the programme BG 07 – Healthcare (at project level), at the total amount of 56 316 Euro (for some of the financial corrections the procedure for imposing financial corrections have not been finalized yet);
- Three financial corrections under the programme BG 01 – Technical Assistance and Bilateral Fund at the total amount of 1 110 Euro;
- Two financial corrections under the programme BG 02 (one at programme and one at project level), at the total amount of 3 201 Euro;
- One financial correction under the programme BG 03 (at programme level), at the amount of 3 351 Euro.

Two irregularities were reported as immediate:

- One irregularity under the programme BG 07, project: “In support of activity of Day centre, part of DMSGD “St. Ivan Rilski” through expanding and improvement of specialized therapeutic work

for children's aged 0 - 7 years" concerning possible conflict of interest of the Director of the centre and

- One irregularity under the programme BG 11, project: "Bulgarian cross border dialogue. Development of regional database for cross-border cooperation", at the amount of 740 Euro.

Seven of the irregularities reported are detected as a result of the Audit Reports of the "Audit of EU Funds" Executive Agency for the expenditures in 2013 and 2014. Thirteen irregularities reported at project level are detected by the Programme Operators as a result of the ex-post control performed on the public procurement. One irregularity was reported based on anonymous signals received by the NFP and the PO.

The irregularities are related mainly to the following types: deadline for delivery of offers and for purchasing the documentation for participation not in line with the Bulgarian legislation, not clear requirements, artificial split of contracts, requirements that restrict unreasonably the participation of people on the procedure and vague requirements to the participants, substantial modification of the contract's elements set out in the contract notice or tender specifications, etc.

There are several complaints against decisions of the POs for imposing financial corrections (under BG 06 and BG 08) before the administrative courts (regional and Supreme Administrative Court). The possibility to appeal financial corrections before the court is regulated in the new Law on EU Funds Management that is not directly applicable for the EEA Grants. Despite this there are already of the court's decision considering that the appeals are admissible and the decision of the POs are cancelled. This might create problems in the face of closing of programmes in case there are still pending procedures regarding irregularities before the courts.

4.4 Audit, monitoring, review and evaluation

Monitoring

NFP monitors closely the overall implementation process through regular monitoring meetings, technical meetings and day-to-day communication with POs and if necessary, with project promoters of larger projects. NFP provides guidance on all critical issues detected in the course of the monitoring (second advance payment, distribution of savings, reporting, verification of expenditures, etc.).

In addition to the regular horizontal and programme level monitoring, NFP representatives were involved in project level monitoring through on-the spot visits to projects, participation in working meetings with POs and project promoters, in workshops, round tables and conferences organised under the programmes.

With the focus of monitoring gradually shifting from monitoring of the critical stages of procurement and contracting to monitoring of results, the on-the-spot monitoring is to be given a priority in 2017.

The following more important monitoring actions took place in 2017:

1. Monthly monitoring meetings – a series of about 30 monthly monitoring meetings was held in 2016 under all programmes, except for the NGO Fund. The purpose of the meetings was to review progress, identify problematic issues and agree on corrective actions. The POs were required to fill in a monthly monitoring template with horizontal information on progress under the programme and detailed information on each project.

The horizontal information included financial progress (contracted and disbursed amount), status of implementation of bilateral and complementarity funds, estimated amount and intended use of savings, irregularities detected, recommendations from audits and external monitoring missions and follow-up. The project level information included financial and technical progress, identified problems, amendments to grant award contracts, risks and

mitigation measures taken/planned by the PO. The monitoring reports were submitted by the POs in advance so that a meaningful discussion of problematic issues could take place.

During the meeting mainly problematic areas and projects were discussed with a focus on possible solutions or scenarios for further action. The POs requested and received advices on specific issues related to programmes' and projects' modification, processing of payments, technical and financial verification, incl. of documentation provided by donor project partners, irregularities, etc.

2. Technical meetings - participation in ad-hoc working meetings with PO and project promoters to discuss and identify solutions and approaches for solving problems at project level (BG 02 and BG 03, BG 04, BG 07, BG 08).

These meetings were held at request of the POs or NFP in order to discuss matters of urgency related to the implementation of projects and with the purpose to review the issues from the perspective of all involved parties, incl. project promoters. The subject of discussions included: restrictive terms of the grant award contracts; contradictory texts in the grant contracts/budgets and guidelines for applicants; excessive delays in verification of expenditures; problems arising as a result of audits carried out by national audit bodies; problems with issuance of permits, etc. After such meetings the NFP submitted written opinion or advice, in certain cases after consultation with FMO, on the possible corrective actions and then followed-up the developments.

3. On-the-spot monitoring visits to projects (BG 04, BG 02, BG 06, BG 08, BG 10, BG 01);
4. Participation in workshops, seminar and round tables organised in the framework of supported projects (BG 01, BG 03, BG 06, BG 12, BG 13) – about 15 such events took place to which NFP representatives were invited. The purpose and result of attending these events was to have a closer look into the practical dimensions of projects and how the outputs and outcomes would feed into the targeted policies, interaction with stakeholders and target groups, how the activities are perceived by the wider public and in what ways they could bring more added value.
5. Reporting from POs – NFP requested on a regular basis information from POs on follow-up to agreed remedial actions, on open issues, on use of bilateral funds at programme level, on issues raised (signals submitted) by project promoters with regard to allegedly wrong decisions taken by PO.
6. Cooperation Committee meetings – NFP representatives took part as observers in 18 CC meetings held in Bulgaria or in donor states.

Certification, financial management and control

The main activities carried out by the Certifying Authority in the period 1st January 2016 – 31st December 2016 encompass:

1. The National Fund Directorate certified the expenditure under the programmes and processed the Interim Financial Reports (IFR) to the FMO. Within the reporting period (1st January- 31th December 2016) 40 Interim Financial Reports (IFRs) were proceeded through DoRIS.
2. CA approved limits for payments to the Programme Operators for the tranches received from the FMO;
3. CA submitted the forecasts for the likely payments under the programmes in due time, namely as of 20 February 2016, 20 May 2016, 20 September 2016 and 20 December 2016, in line with Article 4.5 (b) and Article 8.5 of the Regulations on the implementation of the European Economic Area (EEA) Financial Mechanism 2009-2014 and the Norwegian Financial Mechanism 2009-2014.
4. *On-the-spot checks*: During the reporting period on-the-spot checks have been implemented by the CA in line with the procedure manual under the following programmes: Programme BG02 "Integrated Marine and inland Water Management" and Programme BG03 "Biodiversity and Ecosystem Services" managed by the Ministry of Environment and Water. The scope of checking includes checks of

supporting documents for payments of fees and procedures for public procurement, verification of documents enclosed, control procedures regarding requests for payment, schedules for reporting hours, reports on the performance of assigned tasks and other related accounting records confirming expenses incurred on program level, review the checklists for preliminary and follow-up of the PO to conduct the procedures for public procurement. Based on the information obtained during on-the-spot checks, the CA team had findings concerning non-compliance with rules for public procurement and recommended PO to verify once again the procurement procedures and if necessary, to impose a financial correction; as well PO to observe the requirement for reconciliation of the information on expenditure at the program level in IFRs with the information from the accounting documents presented by the beneficiaries. CA also recommended PO to strengthen its controls on programme implementation, management of financial resources and their subsequent inclusion in the IFRs. The report was sent to the attention of PO and an official answer with its position is expected. CA will conduct follow-up checks in connection to fulfillment of recommendations.

5. CA representatives took part in meetings with regard to the programme's implementation;
6. CA ensured constant methodological support to different Programme Operators for better implementation of the reporting process;
7. CA took part in working meetings and provided methodological support regarding management and spending of funds under the two mechanisms;

2. Certification of expenditure in the period 1st January 2016 – 31th December 2016:

Within the reporting period (1st January- 31th December 2016) **40 Interim Financial Reports (IFRs)** were proceeded through DoRIS under the following programmes:

- BG01 – IFR#12; IFR#13; IFR#14 ; BG02 – IFR#7; IFR#8; IFR#9; BG03 – IFR#7; IFR#8; IFR#9;
- BG04 – IFR#6; IFR#7; IFR#8; IFR#9; BG06 – IFR#10; IFR#11; IFR#12; BG07 – IFR#7; IFR#8; IFR#9;
- BG08 – IFR#7; IFR#8; IFR#9; BG09 – IFR#8; IFR#9; IFR#10; BG11– IFR#10; IFR#11; IFR#12;
- BG12 – IFR#7; IFR#8; IFR#9; BG13 – IFR#9; IFR#10; IFR#11; BG14 – IFR#10; IFR#11; IFR#12;
- BG15 – IFR#10; IFR#11; IFR#12;

3. The status of Certified expenditure/Tranches/Limits in the reporting period 1st January - 31th December 2016 is presented in the following table:

Programmes ID	Certified expenditure	Tranches EUR	Limits (EUR)		
			Grant	National co-financing	Total
BG01	257 997	256 220	256 220	0	256 220
BG02	1 536 064	1 203 725	1 203 725	212 422	1 416 147
BG03	1 839 756	2 716 989	2 716 989	479 469	3 196 458
BG04	5 389 350	6 966 164	6 966 164	1 229 323	8 195 487
BG06	2 968 424	733 550	733 550	129 450	863 000
BG07	2 230 751	6 073 613	6 073 613	1 071 814	7 145 427
BG08	1 891 110	2 259 108	2 259 108	398 666	2 657 774
BG09	892 778	243 731	243 860	43 034	286 894
BG11	393 109	11 475	11 475	2 025	13 500
BG12	734 930	1 016 171	1 009 198	186 297	1 195 495
BG13	3 016 572	1 117 750	1 117 750	197 250	1 315 000
BG14	272 134	15 574	15 574	2 748	18 322
BG15	3 381 087	1 426 615	1 426 615	251 756	1 678 371
TOTAL:	24 804 062	24 040 685	24 033 841	4 204 254	28 238 095

The status of Certified expenditure/Tranches/Limits from the beginning of the programme up to 31th December 2016 is presented in the table:

Programmes ID	Certified expenditure	Tranches EUR	Limits (EUR)		
			Grant	National co-financing	Total
BG01	760 292	1 308 843	1 308 843	0	1 308 843
BG02	4 132 391	7 202 387	7 202 387	1 271 009	8 473 396
BG03	2 698 506	9 654 770	7 039 109	1 242 196	8 281 305
BG04	5 915 477	10 151 662	12 482 573	2 202 807	14 685 380
BG06	8 498 411	7 506 644	7 791 394	1 374 952	9 166 346
BG07	2 635 710	10 071 376	10 071 376	1 777 302	11 848 678
BG08	4 950 363	11 325 166	11 325 166	1 998 559	13 323 725
BG09	1 085 597	1 485 985	1 485 985	262 233	1 748 218
BG11	1 664 217	1 976 773	1 976 773	348 842	2 325 615
BG12	867 982	1 746 981	1 740 008	315 264	2 055 272
BG13	3 883 684	5 618 383	5 618 383	991 480	6 609 863
BG14	3 039 676	3 068 287	3 068 287	541 462	3 609 749
BG15	7 627 123	8 426 493	8 426 493	1 487 028	9 913 521
TOTAL:	47 759 429	79 543 750	79 536 777	13 813 134	93 349 911

4. Problems identified in the certification process

During the reporting period the different POs have been at different stages of project implementation, the e-mail communication between the POs and CA and CA and FMO was carried-out with regard to clarify/specify expenditure included, brief description of activities incurred as well as the necessary supporting IFRs documentation.

6. Irregularity recovered amounts acc. to irregularities reported:

BG01 – All irregularity amounts are recovered and deducted from reported eligible expenditure
 BG06 – All irregularity amounts are recovered and deducted from reported eligible expenditure;
 BG09 – All irregularity amounts are recovered and deducted from reported eligible expenditure;
 BG11 - All irregularity amounts are recovered and deducted from reported eligible expenditure;
 BG13 - All irregularity amounts are recovered and deducted from reported eligible expenditure;
 BG14 - All irregularity amounts are recovered and deducted from reported eligible expenditure;
 BG15 - All irregularity amounts are recovered and deducted from reported eligible expenditure;

Audits

Audit activities performed in the period January – December 2016

In the period January – December 2016 Audit of EU Funds Executive Agency finalized audit checks and audit reports from audit of operations under European Economic Area Financial Mechanism 2009 – 2014 (EEA FM 2009 – 2014) and Norwegian Financial Mechanism 2009 – 2014 (NFM 2009 – 2014) for the expenditure certified in the period 01.01.2014 - 31.12.2014 on Programmes financed under EEA FM and NFM 2004-2009, incl. Project BG01 and Programmes BG02, BG03, BG06, BG 07, BG09, BG11, BG12, BG13, BG14 and BG15.

The objective of the audit was to express assurance that the declared expenditure to the Office of the FM in the period 01.01.2014 - 31.12.2014 are correct and the underlying transactions are legal and regular.

The audit was completed and the final audit reports were issued on 30 September, 2016.

The findings comprise the following types: non-compliance with rules on public procurement, ineligible expenditure (travel expenses) and other financial corrections (concerning accounting).

II. Other activities carried out by the Audit Authority under the EEA FM and NFM 2009-2014

- Planning of audit activities for the EEA FM and NFM 2009-2014 in accordance with the provisions set out in Article 4.6 of the Regulations.

- Participation in the annual meeting on the EEA FM and NFM 2009 – 2014, held in Sofia on 22 January, 2016.
- Participation in the Third Monitoring Committee meeting on the EEA FM and NFM 2009 – 2014, held in Sofia on 28 March, 2016.
- Elaboration of tender documentation for the public procurement procedure for selection of external auditor for the EEA FM and NFM 2009-2014.
Due to the limited audit resources “Audit of EU Funds” Executive Agency considers the option for outsourcing of systems audits and audits of operations.
- Preparation for the audit mission ‘Audit of Management and Control Systems (MCS) at the Beneficiary State and the selected Programmes level (BG02 and BG03) – Bulgaria’, assigned by the Financial Mechanism Office (FMO) to external auditor.
- Participation in the Sixth Annual Meeting under the EEA Financial Mechanism and the Norwegian Financial Mechanism 2009-2014 held on 24 November 2016.
- Participation in a workshop for the Audit Authorities, organized by Financial Mechanism Office and held at Brussels on 24 November 2016.
- Preparation of the annual audit report and opinion for the EEA FM and NFM 2009-2014 in accordance with the provisions set out in Article 4.6, para 1 (e) of the Regulations. The annual audit report and opinion was sent on 12 December 2016 to the NFP.

4.5 Information and publicity.

With the administrative reform in the first months of 2016 the communication activities for the NFP were undertaken by the newly formed Information and Communication Department while keeping the staff that has worked in the field ever since the start of the programming period.

Having in mind the final step of implementation of the projects in Bulgaria we decided to focus more on two key aspects of communication:

1. Provide support to the POs and encouraging them to be active in terms of sharing results through various information channels;

2. Dissemination of results by the NFP using social media and through the power of storytelling.

1. The NFP has encouraged all POs to keep a proactive policy in communicating the results and effects of the implemented projects as well as to use the support of the experts in the Information and Communication Department when planning events and future steps. The effect of this varies from PO to PO while we can say for certain that the joint collaboration of the sectoral expert and communication officer at the NFP with their counterparts from the POs has given very good results with a number of events implemented by the POs.

In order to keep a better track for the upcoming events at project level, the NFP has requested that all POs fill a table with detailed information on what and where is planned. This will allow better planning of our participation in events and identify priorities as many of the events require extensive travels.

Following an agreement made during the Annual Meeting in 2015 a Communication Workshop was organised together with the FMO on the 14th of June 2016. The event provided the communication officers from the POs with valuable know-how on storytelling and reporting on results – crucial points with regards to the completion of projects and programmes and the dissemination of results. The project visits that preceded and followed the workshop allowed better overall visibility of the effects of the grants in Bulgaria on international level and serve as examples for good practices that we share with the POs.

2. In 2016 a [facebook page](#) for the EEA and Norway Grants in Bulgaria was launched. It has currently 750 followers (up from 550 in November 2016). We are using the page as a focal point for pages of POs and project promoters which share our posts and help with the dissemination. Currently the weekly reach is between 1000 and 5000 depending on the posts’ popularity. The most popular are those with information on the new programming period. The page is regularly updated and strives to reach the

general public with a more informal approach and visual representation. No funding has been used to boost the page so we rely on generic reach.

Inspired by the storytelling fundamentals and the examples we were presented during the Communication Workshops, as well as after the project visits with the FMO in June the NFP decided to launch a similar [section](#) with stories on our website. When brainstorming where to start we decided to go for some of the projects funded under the Bilateral Fund at National Level. These are projects that cover socially important topics and have visibility activities only within their own funding. Being a sort of a PO for those projects we felt it as our task to provide them with support.

It is worth noting that in general the communication activities of the NFP were implemented in constant discussion and cooperation with the Norwegian Embassy in Sofia. Following its closure we are happy to continue the process with the Embassy in Bucharest and the appointed expert to work on Bulgaria. We already had the opportunity to discuss our activities for 2017 and mark some of our goals.

We have marked the end of the year with the signature of the MoU for the new programming period. Although the event itself was a closed one the public outreach was very big and we feel that expectations are high for the new funding opportunities. The firm commitment of the Donors and the Bulgarian side, as well as the increased amount of funding and the clear priorities have already generated interest among entities in the respective sectors. We have made public all available documents on the new period on the dedicated section of our website for 2014 – 2021.

A summary of the information and publicity activities under the programmes is attached as Annex 8.

4.6 Roma concerns

Programmes that secure achievement of the target are BG 05, BG 06, BG 07, BG 08, BG 09, BG 12, BG 13, BG 14, BG 15. Estimations of the commitments under all relevant programs identified in the NFP Working Paper show that a total of 27 779 697 Euro or 21,94% of the total grants were allocated and 218 projects of relevance to vulnerable groups, incl. Roma contribute for improving the conditions of the Roma population in Bulgaria.

Consistent actions to fulfillment of the Roma targets under the relevant programmes could be witnessed in the reporting period. The programme specific activities complemented the scope of achievements already reported and encompass the following:

Under programme BG 06

- Completion of trainings for youth workers and Roma educational mediators that in the closing event of Component 3 were granted training certificates for the completed trainings. Launching in July 2016 creation of a National network for youth centers at the initiative of a group of youth workers and Roma mediators;
- In February 2016, the Norwegian Minister of EEA and EU Affairs attended an opening ceremony of the renovated and equipped kitchen, dining room and two new classrooms for early pre-school training of 50 children – under the project “Educational Integration, Health, and Social Development” at 75 Primary School “Todor Kableshkov” in Fakulteta residential quarter. The soft measures envisaged covered the first group of 50 children as thanks to the extension of the project at least another 50 children will benefit from the activities within the extended project deadline.

Under BG 07 SGS

Contracts with 100 students and 34 mentors for the academic year were signed and completed. In the period 8-16 May 2016 within a summer camp for students and mentors, training for advocacy was conducted with the participation of 86 students. The result of the training was development of skills for defending and promoting Roma identity and for acting as models and promoters of change in their communities.

Under BG 08

Representatives of the Roma population participated actively in activities under the projects – they were trained on digitalization and participated in the process of digitalization of documents or were trained for “construction workers” and subsequently included in activities under the construction works of cultural heritage sites. A catalogue “History and Customs of the Roma population” was prepared and adopted. 10 workshops for work with 30 Roma children from 2nd through 4th grade have been organised to promote the literary heritage and aesthetic qualities of Bulgarian literature among the representatives of the Roma minority that has raised the interest in education and integration in the Bulgarian national culture and the local community.

Under programme BG 09

- Roma measures status: 1 mobility project under Mobility of Students component funded under the 5th call is in Roma priority field. The beneficiary is a Ph. D. student who performed training and research was aimed to expanding knowledge in the field of sociology, inter-ethnic and inter-race relations and integration of minority groups. The beneficiary completed a doctoral training under the supervision of Prof. Mette Anderson in relation to the applicant’s doctoral thesis, namely “Geospatial segregation and educational problems of Roma in Municipality of Samokov” and made consultations with experts in the field of integration of Roma.

Under BG 12

- Activities under contracts include specialized training for police officers on trafficking and domestic violence with special focus on Roma, information campaigns carried out in areas predominantly populated by Roma population, specialized rehabilitation programmes for adequate treatment of specific target groups in line with the established EU practices.

Members of Roma communities predominantly benefitted from the given services and the organized campaigns under contracts under outputs 1, 2, 4 and 5. Meetings were held with Roma leaders, reception rooms were opened in several cities, popular Roma faces took part in the campaigns, mobile teams provided on-site support, video clips on DV and GBV were shot by Roma youngsters and further shown in the campaigns, etc. Not only did the diversity of services and activities contributed but also some of the project promoters or partnership organizations are Roma organizations (NGOs) which guaranteed the immediate influence and widespread effect from the implemented activities. Those NGOs involved people from Roma communities at regional level who actively participated in the implementation of the project activities. On the one hand some of them were volunteers as in the case of project “*Save dignity – campaigns for increasing the awareness and the knowledge about domestic violence in three big Roma communities in Sofia and Kyustendil*” while on the other participants under project “*Nobody is safe from domestic violence*” were health mediators who are employed at the municipalities.

Under BG 13

- Progress on horizontal/Roma issues that may be reported concerns predominantly the results under the project for human rights protection and further development of necessary skills and knowledge of police officers, especially those working in multi-ethnic environment, including Roma communities, were achieved in close cooperation with the experts of Council of Europe. Under the project activities are implemented related to prevention and reduction of the incidents of violation of human rights by the police while acting in a multi-ethnic environment, with special focus on the Roma population - to enhance the police services skills to adhere to human rights while using force, auxiliary means, and firearms. This was achieved through acquainting the police officers (including high ranking police officers) with knowledge about Roma community (e.g. on Roma history, culture, values etc.) and preventing the stereotypes against Roma and through special trainings.

Under the project “Increasing the effectiveness of referral, support, protection and reintegration of victims of THB, through the practical application of the Transnational mechanism” implemented by the

General Directorate for combatting organised crime in partnership with Animus Foundation and the National Commission for Combatting Trafficking in Human Beings trainings of representatives of relevant authorities was held for raising awareness among Roma population about the threats of THB through tailored events, providing of psychological, physical, social and humanitarian support in crisis centers (both short and mid-term assistance).

Under BG 14

In the period activities and results to Roma Issues and vulnerable groups were implemented under Bilateral Fund:

- Under the BF initiative *“Piloting HELP distance learning course on Anti-discrimination”* of National Institute of Justice trainings of magistrates and judicial assistants were held in discrimination legal protection basic standards and their application in Bulgarian case law including minorities and persons from vulnerable groups. Anti-discrimination training and the pilot Right of asylum training were of great interest among the target group, which used training materials and held profound forum discussions.

Under BF initiative *“Supporting the execution of judgments of the European Court of Human Rights regarding vulnerable groups”* of Government Agent activities target national authorities indicated in the ECtHR’s judgment *Yordanova and others v. Bulgaria* and responsible for undertaking the general measures therein. Prospective changes in the relevant legislation and case-law will result in lifting the monitoring on the execution of the said judgment against Bulgaria exercised by the Committee of Ministers. Indirectly this will ultimately benefit the most vulnerable groups by ensuring effective safeguards of the right to respect for their private and family life and their home of socially disadvantaged groups in society (such as, in particular, economically disadvantaged Roma).

Under BG 15

- About 41% of the prison inmates benefiting of the reconstruction of the prison facilities under the programme belong to the Roma community. This shall be regarded as a conditional estimation, since the adopted approach in providing correctional services in Bulgaria avoids ethnically determined separation of the prison population.

The rehabilitation programmes and the tailor-made models for treatment in the prisons will also be beneficial for the Roma inmates.

For strengthening the Roma aspect there is a special activity on *“Prevention of ethnic violence in Bulgarian prisons, promoting tolerance towards difference and Roma integration”* realized in partnership with an expert proposed by the Council of Europe. The realization and application of this programme aims to cultivate attitudes for integration, socialization of Roma population and tolerance towards ethnic differences.

The accomplishments during the period lead to the following conclusions:

- All components, projects and activities under the programmes that are expected to deliver concrete outputs in support of the Roma inclusion are either complete or progressing in a satisfactory manner
 - Roma target – both in quantitative and in qualitative terms - is expected to be achieved;
 - Results are already widening and multiplying
 - The interventions in education, healthcare, justice and home affairs and the NGO sector prove to be most beneficial. Integrated efforts of all stakeholders towards a common goal have greater effects, a summary of which is provided below
- National efforts for social inclusion and integration of Roma children and youth are strongly supported by the activities and results of programme BG 06, namely through the numerous initiatives for social inclusion, healthy lifestyles and prevention of deviant behaviours of children and young people especially of Roma ethnic origin, but also those at risk and representatives of disadvantaged groups. The different treatment of people with disabilities or people from the

disadvantaged groups from the society was targeted and dealt with in the activities in the funded projects and the final results and achievements are equalisation of their opportunities, acceptance of the different and promoting their inclusion in the community;

- improved access for children to quality education in kindergartens and increased attendance at kindergartens and pre-school groups, enhanced socialisation through participation in events at the Youth Centres etc. contributed to creation and promotion of empathy, multicultural and ethnic acceptance with respect for the human rights of the participants;
- the measures supported in the field of cultural heritage complement the scope of integration practices and allow to promote a spirit and awareness on the unique yet globally valuable cultural heritage;
- The campaign "*No hate speech movement*" is useful tool to combat intolerance. The youth that are involved in the campaign are motivated to attract people to participate in various activities, to discuss, act against hate speech online and share the campaign history with methods of informal learning;
- Respect for human rights and provision of varied opportunities for re-socialisation is among the main outcomes of the projects with Roma focus in the justice and home affairs sector. In each penitentiary facility in Bulgaria there is an extensive number of Roma citizens that already benefit from the infrastructural changes provided by pre-defined project No 1 with a Project Promoter the General Directorate "Execution of sentences". The reduction in overcrowding in specific prisons in Bulgaria will lead to a better protection of human rights of the inmates and a decrease in the tension among the prison population;
- A very important aspect of the policy aiming to cultivate attitudes for integration, socialization of Roma population and tolerance towards ethnic differences was at the core of a joint training carried out in partnership with COE expert under project The training under the project corresponds to a pertinent need of the target group – inmates of various ethnicities. In this way an opportunity was created to introduce effective approaches for their treatment, applying the principle of normalization and getting the most of their sentence. The service of offenders will improve, while the interests of security of the society will be guaranteed;
- Representatives of the Roma community are also directly targeted by the eight projects selected for funding by the Small grant scheme under the Outcome 3: Increased focus on vulnerable groups in prison. Taking into consideration the sound share of individuals of Roma origin among vulnerable groups in prison, it is obvious that the rehabilitation programmes and the tailor-made models for treatment were beneficial for the Roma inmates.

4.6 Work plan

The Work plan for the activities planned for implementation by national structures and POs is attached as *Annex 9*.

5 SUMMARY LIST OF ISSUES AND RECOMMENDATIONS

Progress under most programmes has been sufficiently well monitored and managed by POs. The actual technical and financial progress achieved during 2016 was satisfactory and results oriented across all programmes. To a large extent it corresponds to and reflects the cumulative effect experienced by the programmes' during the previous period from the main realised risk factors: the overall delayed start of programmes, the numerous changes of Government and PO's top level management in a critical period of establishment of operational PO structures, taking important decisions, etc., unjustified prolonged evaluation and selection process, the lack of experience of some POs and the general difficulties created by tough administrative and bureaucratic procedures and approaches.

The major problems and risks for implementation of projects or of their key activities during the reporting period have been related to public procurement. This is a persistent problem since pre-accession programmes and no adequate decision has been identified. Very good organisation and readiness of the project promoters to follow tight schedules of launching tenders is not always a solution in fields where there is limited number of potential contractors that demonstrate destructive behaviour.

As long as other problematic issues arose under programmes, it should be noted that POs managed through a daily contacts and interaction with promoters and partners, pro-active support, brainstorming and flexible approach, and after communicating on a regular basis, *incl.* holding technical meetings with FMO and NFP to find solutions and enable the implementation of the projects. As a weakness remained the lack of mechanism for influencing management decisions especially of beneficiaries that didn't report regularly or upon request to the PO on the projects' progress or were unwilling to take on board recommendations and proposed solutions to the benefit of the entire programme. This issue should be addressed with particular attention during the new programming period.

At this point the possibility to tackle problematic issues and risks related to implementation of projects and delivery of outputs, outcomes, indicators is limited. Within the remaining 4 months of implementation the focus should be on:

- Projects for which implementation/eligibility period as per contracts expires on 30 April – daily monitoring by POs, strong flexibility and urgent reaction in case management decisions are required;
- Approach to projects for which not all activities have been completed – how will the degree of acceptable implementation be determined;
- Possibility for exceptional extension in line with Art. 7.14.5 of the Regulation;
- Joint efforts coordinated with FMO to foster implementation of bilateral funds;
- Measures to minimise the risk of the political turbulences related to change of Government to influence negatively the completion of projects and of programmes;
- Overload of staff of POs as a result of the overlap of programming periods – advance payments may be a solution to hire additional staff to support the process of preparation of the Concept Notes;
- Bilateral funds – promptly dissemination of success stories from other beneficiary countries and maximum flexibility as regards the eligibility of applicants and eligible activities. Timely submission of requests for reallocation of savings from projects to the Bilateral Funds with justification on the bilateral aspect of the proposed initiatives;
- Final reporting, verification of expenditures and disbursement at project level – what can be done for acceleration of the process without compromising control;
- Final reporting at programme level – risk for the POs compliance with the recommended deadline for elaboration of final reports;
- The approach followed by almost all POs to grant limited extension to projects and led to unnecessary administrative work (to extend the extensions) and to impossibility of some projects to make potential use of savings (through a procedure *under art.6.9 of the Regulation*);
- Complex and specific IT/software systems for which restricted number of severely competing companies exist should be managed and monitored with utmost care and a condition for their approval should be the readiness of the project promoter to launch the tender procedure immediately upon signature of grant award contract;
- Very stringent approach with top management involvement should be applied by POs towards beneficiary institutions that are resistant to observe the leading role, responsibilities and decision taking powers of PO in programme management.

5 ATTACHMENTS TO THE STRATEGIC REPORT

The Strategic Report shall also include a number of attachments. DoRIS reports are available for extraction to be used for attachments 1-5. The reports can be accessed from the folder called: *Strategic Report Attachments* which is located under the *Country report* folder. Please follow the following link in the reports section of DoRIS (<https://doris.eeagrants.org/MapReports/>).

1. For each Programme, a table [DoRIS report to be extracted] showing the breakdown in respect of applications received and projects selected / contracted, as well as the types of intervention supported.
2. For each Programme, a table providing information in respect of donor partnership projects (names of Donor State entities, number and proportion of partnership projects). [DoRIS report to be extracted]
3. A summary table on Donor partnership projects on the Beneficiary State level. [DoRIS report to be extracted]
4. A list of irregularities detected at the Beneficiary State level and at Programme level during the reporting period and financial corrections made. Provide an update on previously reported irregularities. [DoRIS report to be extracted]
5. For each Programme, a list of irregularities detected at project level during the reporting period and financial corrections made. Provide an update on previously reported irregularities. [DoRIS report to be extracted]
6. A plan setting out the monitoring and audit activities in the Beneficiary State for the coming reporting period. (This is a non-public attachment)
7. A risk assessment at the national and programme levels (This is a non-public attachment. See suggested structure in Annex).
8. Information and Publicity Activities at programme level;
9. Work Plan of future activities at national and programme level.