Annotated[[1]](#footnote-1) Template for Strategic Report

EEA and Norwegian Financial Mechanisms 2009-2014

The National Focal Point shall submit to the FMC an annual Strategic Report according to Article 2.2 of the Regulations on the implementation of the EEA and/or Norwegian Financial Mechanisms 2009-2014.

This annotated template is drafted to encourage and guide the National Focal Points to produce concise, evidence-based strategic national reports that will give an account on the results towards the objectives of the EEA and Norway Grants. As a rule of thumb, Strategic Report should aim to be not longer than 25-45 pages, depending on the number of programmes within a given country.

This template will also help to ensure that the requirements of the Regulation are met. However, please also pay attention to the Regulation Article 2.2 when preparing your Strategic Report.

|  |  |  |
| --- | --- | --- |
| **Checklist questions before submitting the Strategic Report** | **YES** | **NO** |
| Has the Strategic Report template (Regulation, Annex 3) been used? |  |  |
| Have all the sections in the Strategic Report been addressed? |  |  |
| Have all six attachments to the Strategic Report been included? |  |  |
| Has the deadline for submission been respected? |  |  |
| Does the executive summary serve as a stand-alone document? |  |  |
| Note: The Monitoring Committee shall comment on the Strategic Report at the annual meeting. There is no formal requirement to have the report approved by the MC prior to submission. |  |  |

## EXECUTIVE SUMMARY

This section shall provide a summary of the report.

Write this section last once you have written the entire report. It should serve as a stand-alone document that gives a wider audience a clear overview. *Briefly* point to the main results, progress and issues encountered in the reporting period (previous calendar year).

Suggestion for summary

* Main trends that may have affected the context where the programmes are implemented
* Key achievements towards the **two** overall objectives, using concrete examples from a selection of programmes
* Key management issues
* Challenges (risks) and opportunities

##

The past 2013 has had a complex mix of political, economic and social characteristics in Bulgaria constituting the framework in which EEA and Norway grants operated. It began with social turmoil, resignation of Government and two Governments taking office – a care taker one and the current Government as a result of Parliamentary elections. These developments gave rise to a certain level of changes in the economic and social philosophy and approaches, but the general national development priorities and objectives remained stable and consistent with the targets of economic and social cohesion policy at European level. It could be concluded that there has been no shift of the focus in national policies nor any other circumstances that could impact the implementation of the programmes at macro level. It has been a major task of the National Focal Point to monitor the process from the point of view of changes in management to ensure that personal changes will not affect the overall managerial set-up established for the grants and the risks of delays and loss of ownership are eliminated. All necessary actions were taken to secure that the overall management structure at national level and at programme level is in place and efficiently functioning.

Following a fruitful period of negotiating priority programme areas and individual programmes for Bulgaria, implementation of EEA and Norway Grants has effectively started for all programmes in 2013. The process of approval and signatures of programmes that started in September 2012 was finalised successfully with the signature of Programme Agreements for the remaining 8 programmes by the end of December 2013.

More visible progress was achieved under the 6 programmes (BG 05, BG 06, BG 10, BG 11, BG 14 and BG 15) for which implementation started already at the end of 2012. This could be witnessed for the launched 10 pre-defined projects, in the framework of which activities were performed according to agreed schedules, concrete results have already been reported and added value of partnerships could be recognized. In addition, four calls for proposals have been launched in the areas of strengthening NGO sector, children and youth at risk and green industry innovation. A lot of efforts have been made during calls’preparation by Programme Operators, with the support of DPPs, FMO and NFM to ensure that the calls will be designed in a way to ensures selection of projects that are of good quality, relevant to the objectives of the programmes, with good potential for efficiency and sustainability. By the end of the reporting period three of the announced calls for proposals were at the stage of finalisation of the grant award procedure and contract signature.

The main challanges are related to delays that could be experienced at different stages of programmes’ implementation. Opportunities that are expected to contribute to increase the effect of the grants are mainly the large interest promoted in the country towards European funds coming from the EU and bilateral donorship programmes, the synergy and complementarity sought in realisation of more integrated development programmes and initiatives at regional and local level, as well as the experience already gained by all stakeholders involved.

Comprehensive information on the status, results and work plans under the EEA and Norway grants is provided below in the main body of the report.

## ASSESSMENT OF THE EFFECT OF THE GRANTS

2.1 Cohesions

The reporting period covered by the present Strategic Report coincided with developments in a number of political, social and economic processes that had an overall impact on the context in which the actual implementation of EEA and Norway grants takes place:

* Resign of Government and Parliamentary elections – following a resign of Bulgarian Government in February 2013, a Care taker Government was appointed by the President of R Bulgaria. Elections took place on 12 May 2013 and a new Government took office. The changes of Governments was accompanied by personal and structural changes in the structures responsible for managing the grants at national and at programme level;
* Slow recovery from the economic and financial crises has continued, though with uneven pace in the different regions of the country and with varying trends throughout the year, with still low level of national and foreign investments and very slow but stable rise in employment rates. According to preliminary data of National Statistics Institute the GDP growth for 2013 for Bulgaria is expected to be around 0,9 % representing a positive result compared to most of the EU countries and to the average growth rate of 0.1% for the whole EU. At the same time, GDP per capita continues to be the lowest in the EU that is due to low productivity, low level of investments, incl. access to credits, insufficient quality of work force, very low level of R&D investments, etc.;
* With regard to regional disparities the situation remains the same as during the last several years – economic activity and employment are higher and with more visible positive trends in Southern Bulgaria, while the regions with highest unemployment rate and stagnation in economic activity are located in Northern Bulgaria;
* Implementation of Operational Programmes under the EU SCF 2007 – 2014 – the accelerated utilisation of EU funds compensated to a certain extend the decrease in foreign investments and the insufficient investments allocated from national budget
* Preparation of Bulgaria for the new programming period under the European Structural and Investment Funds 2014 – 2020 went on at an accelerated rate with the elaboration of the main documents – Partnership Agreement defining the national strategic priorities, selection and justification of thematic objectives, indicative distribution of funds by thematic objectives, defining operational programmes, mechanism for coordination with other national and European funding instruments, adoption of an integrated approach for territorial development.

The above factors of the socio-economic environment do not influence the relevance of the agreed objectives and outcomes of the programmes supported under the EEA and Norway grants. Identified priority areas of support and related interventions under the programmes correspond fully to national policies and strategies developed in the recent period, incl. the National development Programme Bulgaria 2020, the National strategy for Regional development 2012 – 2022, as well as relevant sectoral analysis and development plans. The programmes and intervention priorities under the EEA and Norway grants address the main development objectives identified for Bulgaria in reducing economic and social disparities and achieving economic growth that takes account of the main elements of quality of life and sustainable development. This concerns areas such as energy efficiency and the use of renewable energy, improving employability and integration potential, through better quality and accessibility of higher education, and through special focus on disadvantaged groups by decreasing the share of early school leave, achieving effective health system through improved quality, efficiency and accessibility of healthcare, supporting cultural heritage preservation and diversity, promoting research and development objectives and initiatives.

The process of ensuring complementarity and lack of overlap between measures funded under the EEA and Norway grants, the ESCF and other bilateral donor programmes (Swiss Programme) has continued.

Generally, in assessing the impact of the grants due account should be taken of the fact that the funds made available to Bulgaria under the EEA and Norway grants are not of such substantial amount as to lead to direct and measurable effects, but it is rather their contribution to achievement of the cohesion objective that will be subject of monitoring and reporting to the donors.

While achievement of the objectives of cohesion policy at national level will be a very complex task to measure and assess, considering also the different financial sources that aim to contribute to that by complementing and upgrading on each other, at this stage the main risks seem to be those valid for all public policies and targeted public funding:

       Possible changes in the economic and social environment that may lead to significant deviation in parameters of the environment – the mitigation actions planned include monitoring of the economic and social environment by NFP (national statistics data, macro-and micro-economic analysis, etc.) and initiation of necessary amendments in programming documents;

       Accumulated delay in the process of programme approval may lead to insufficient time for programme implementation and fully achieving the programme outcomes – mitigation actions include streamlining of time schedules, mobilisation of resources and strong coordination;

       Programme strategies inconsistent with expected outcomes (indicators, relevance of support, etc.) e.g. calls result in an insufficient number/quality of projects – mitigation actions includeClose monitoring on the side of NFP on the progress of the programmes, incl. the level of achievement of programme indicators. Careful and detailed analysis of every single case and proposing corrective measures (change in the action plan, reallocation of expenses, etc.).

## Bilateral relations

Enhancing the bilateral relations between Bulgaria and the Donor states has been at the core of the design of programmes within the EEA FM and NFM and the events that were held during the reporting period. Various measures and tool such as the bilateral funds at national and programme level, donor programme partnership, specific bilateral programmes within the Norway Grants and mechanisms to facilitate donor project partnerships have been put in place to that end.

It should be noted that particular and measurable developments with regard to enhanced cooperation directly linked to the implementation of the mechanisms as well as the visibility and image of donor states in Bulgaria would be witnessed after all programmes have effectively started. Specific level of impact represents the increased visibility and awareness, through the different publicity and information activities carried out at national and programme level that is a prerequisite for acquaintance and better understanding of the programme objectives by a wider range of potential beneficiaries.

During the reporting period the constructive relations established between POs and DPPs continued providing unique opportunity to transfer know-how and expertise from donor states that corresponds to a maximum degree to national needs. In the course of cooperation between POs and their counterpart DPPs (there are 10 programmes with DPPs) or international partnering organisations (the Council of Europe as a DPP under 5 programmes and the WHO under one programme) an intensive exchange of information and consultations took place that allowed to jointly identify those specific experience within the competence and responsibilities of partners that would be most useful and relevant to the needs of beneficiaries and could be utilized and incorporated into national practices in a most efficient and effective manner. In the period under review the bilateral relations at programme level were mainly implemented as intensive cooperation between POs and DPPs, incl. in the framework of Cooperation Committee meetings, on all issues that required joint decisions and approaches - agreeing on details concerning the use of the bilateral funds, incl. scope of activities, criteria for awarding support, the grant rate, and the maximum grant amount, setting up the structure, rules and procedures for its management, preparatory activities and planning of matchmaking events to foster development of partnerships for the forthcoming calls for proposals.

Moreover, the established constructive bilateral relations continued also with fulfilling the pre-payment conditions under the Programme Agreements, preparation of detailed descriptions of predefined projects, elaboration and signature of partnership agreements.

For all programmes opportunities for partner search for potential project promoters and transfer of expertise on key policy issues in the sectors were in the focus of planning future bilateral activities.

During the reporting period some POs have implemented the “seed money instrument” (measure A under the Bilateral Fund at programme level). Support has been provided for travel to the donor states and for project development activities under BG 10 Green Innovation. 27 applications have been approved for travel support for EUR 32 400 of which 11 reports were received and EUR 13 200 disbursed. In the framework of the Project Development Fund 8 applications have been approved at the total amount of EUR 50 000 of which 6 reports received and EUR 41 000 disbursed. Within the First Open Call the NGO Programme Operator has funded 5 applications for seed money at the total amount of 6 512 euro. As a result 5 exchange visits between Bulgarian and Norwegian organizations have been carried out and reported. Under BG06 the Fund for bilateral relations was launched together with the first Call for proposals (part of the Call) but the project promoters did not use the opportunity to search for a partner from a donor country.

For the period under review the bilateral relations between Bulgaria and the Donor states were strengthened through several events organized by the PO and the Donor partners. Under BG04 a Matchmaking meeting was held on 10th of October 2013. Nine Norwegian companies together with more than 200 Bulgarian representatives from different institutions, municipalities and companies participated in the event.

The Second Workshop between NGOs from Bulgaria and organizations from the donor states was held in Sofia on 29.11.2013 (BG05). It was organized within the second annual meeting for exchange of good practices for developing partnerships between Bulgarian non-governmental organizations and organizations from the donor countries. The Second annual meeting started on November 28, 2013 with an international conference on “Hate speech and the role of civil society”. The event has been part of the programme complementary actions plan for 2013 and was attended by more than 150 people, including fellow Fund operators’ representatives from Lithuania, Poland, Romania, representatives from the FMO, the Council of Europe, The Fundamental Rights Agency, Facebook, the Centre for the Analysis of Social Media, London, as well as a number of Bulgarian human rights NGOs, journalists and media.

There is one partnership project supported within the First call among the micro and small projects: *“Creating new mechanisms for self-help for people affected by the Aniridia disease”*. The Norwegian partner is “Aniridi Norge”. Within BG10 there are 5 approved projects with mandatory partnerships agreements within the private sector and 3 within the NGO sector.

Besides programme level cooperation, intensive relations the POs have with the Royal Norwegian Embassy in Sofia. The Embassy was represented on all of the events organized by the POs (launch events, Cooperation Committees, etc.).

During the reporting period contribution to developing and strengthening bilateral relations had also the following activities performed under programmes:

* Initiative for good practices exchange in the field of labor relations, social dialogue etc. under the Fund for Decent Work and Tripartite dialogue;
* A visit to Norway carried out under BG 04 “Energy Efficiency and Renewable energy” with the support of DPP – on-the spot visits to a wide range of stakeholders – public institutions, private companies, scientific organizations, municipalities provided the opportunity for the PO to get acquainted with all different actors and aspects of their activities related to environmentally friendly consumption and generation of energy. This allowed the PO to better target of use of the bilateral funds at programme level.
* In April 2013 the Programme manager under BG05 visited Reykjavík and presented the Bulgarian NGO programme before the Icelandic NGO community. This aimed at establishing contacts with local NGOs that might be interested in travelling to Bulgaria and establishing face-to-face contacts during the annual meeting.
* A representative of BG09 attended the EEA Scholarships biannual meeting of the Programme Operators which was held on 16-17 October 2013 in Liechtenstein. The workshop provided a solid ground for mutual learning and exchange of experience in regard to the elaboration of the Annual report, further development of the programme indicators, risk management and risk assessment.
* Under BG14 within the predefined project 4 a study visit to Norway in the period 9-10 September 2013 was held. Experts from the National Legal Aid Bureau, the Supreme Bar Council and Open Society Institute as well the heads of NTHLA and LAC – Vidin were part of the Bulgarian delegation. The main task of the study visit was the participants to get acquainted with the system for legal aid provision in Norway.
* In March 2013 the PO of BG14 has organized a study visit to Strasbourg for all beneficiaries under the Programme with the purpose to provide a solid start of their partnership with the Council of Europe. Working plans till the end of 2013 have been agreed between the project beneficiaries and the partner. Each pre-defined project has been assigned with a Council of Europe (CoE) expert to facilitate those activities in the projects related to the partnership and the CoE institutions in Strasbourg.
* A bilateral seminar entitled *Opportunities and Challenges for Municipalities in Bulgaria, With a Focus on Cross-Border Regions* was held in Sofia under BG11. The event gathered the mayors from the Norwegian municipalities Sør-Varanger and Trysil together with their Bulgarian colleagues from the municipalities of Kyustendil, Krumovgrad and Tran. The initiative provided opportunities for exchange of experience on local self-governance issues. More than 30 participants including representatives of the DPPs - KS and Barents Secretariat, Statistics Norway, Norwegian Embassy, Norwegian Mission to the European Union, National Focal Point, and other stakeholders attended the event. The added value of the seminar was an idea for a study visit to Trysil, Norway of a group of Bulgarian mayors, which initiative was supported under the Fund for Bilateral Relations at National Level.

A more comprehensive assessment of specific risks to the achievement of bilateral indicators under the programmes would be possible in the period to come. The relatively low number of bilateral projects under some of the programmes and the fact that the demand for donor partners by beneficiaries far exceeds supply can be regarded as the most serious risk for achieving the bilateral objective. Strong coordination of efforts and cooperation between NFP, POs, DDPs, FMO and the Norwegian Embassy is required in order to overcome the low interest or lack of interest on the side of donor state institutions to establish partnerships with Bulgarian counterparts. Changes in the bilateral funds mechanisms that would allow for more flexibility in providing funds for bilateral initiatives, if needed, might also be considered.

***Fund for Bilateral Relations at National Level (FBRNL)***

The objective of the Fund for Bilateral Relations at National Level within the EEA FM and NFM 2009-2014 is to promote and strengthen bilateral relations between the Republic of Bulgaria and the Donor states in priority areas of common interest to share knowledge, expertise, good practices and achieve shared results.

With a letter from Ms. Stine Andresen dated 17 April 2013 the NFP was formally notified that the draft Work Plan and Implementation System for the Fund for Bilateral Relations at National Level (FBRNL) were approved by the donors on 10 April 2013 with a condition that the texts of the calls for proposals shall be consulted with the FMO and the donors four weeks before the planned launch of the calls for proposals foreseen in the description of the implementation system.

As a result of a process of coordination and consultation with the donors the approved work plan of the fund for bilateral relations at national level encompasses the following priority areas for support:

* Priority 1: Knowledge exchange in combating drugs and organized crime, children and youth at risk;
* Priority 2: Promotion of European values and in particular history teaching in multicultural society;
* Priority 3: Predefined initiatives in the area of Nuclear Energy Decommissioning;
* Unallocated Funds to support predefined activities that promote research partnerships, encourage regional activities on topics of bilateral importance and strengthen cooperation with intergovernmental organisations within all programme areas under the EEA FM and NFM;
* Travel Support Facility for participation in seminars, workshops, etc., within all programme areas under the EEA FM and NFM 2009-2014.

As a body responsible for the management and implementation of the FBRNL, incl. its management as a specific part of the project BG 01, the NFP has prepared the set of documents necessary for the above priority areas, incl.: draft Calls for proposals, Guidelines for applicants; application forms with corresponding set of Annexes (template for budget breakdown, Declarations, CV templates, etc.), template of Project Implementation Agreement, reporting documentation (interim and final progress reports, request for reimbursement, etc.). All the above mentioned documents have been prepared in compliance with the requirements of the Regulations and the approved Implementation system. 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)*

In line with Article 6.3.4 of the Regulations on the implementation of the EEA FM and NFM 2009-2014, the draft Invitation for Open Call for proposals under the FBRNL within the EEA FM and NFM was submitted to the FMO on 27 August 2013. Comments were received and feedback and further clarifications were provided by the NFP on 10th September 2013. Upon final approval of the Invitation for Open Call for proposals by the FMO the Calls for Proposals were launched in October 2013.

In order to ensure maximum outreach to all potential applicants under the FBRNL, the NFP has used different communication channels to announce the Calls for Proposals and promote the FBRNL as a whole. These include:

Announcement of open calls via online fora - Information about the calls for proposals along with the application package have been disseminated via online fora such as the NFP’s website (<http://www.eeagrants.bg>), Royal Norwegian Embassy’s website ([www.norvegia.bg](http://www.norvegia.bg)), the FMO’s website (<http://www.eeagrants.org> ). Information about the FBRNL has also been promoted via the quarterly newsletter *EEA and Norway Grants in Bulgaria*, issue N 3&4, December 2013; e-weekly of the Foundation for Local Government Reform reaching more than 13000 subscribers countrywide and abroad (information about the Calls for Proposals as well as the application package has been published four times).

The FBRNL has also been promoted at different events such as an information meeting on EEA and NFM 2009-2014 held by the Norwegian Embassy and the National Focal Point on 10 June in Varna. More than 50 representatives of local authorities from the Black Sea region, universities, health and social institutions, NGOs attended the event.

Nevertheless the various communication channels used by the NFP no applications were submitted till the end of 2013. Upon launch of the Calls for Proposals a lot of inquiries were received requesting additional information or clarification regarding the application process. Most potential applicants request support on the side of NFP for identification of donor state entities interested to become project partners under the grant schemes. A potential risk identified by NFP is the lack of donor state partners the availability of which is a must under the open calls.

In order to overcome this risk the NFP plans to organize a matchmaking event in collaboration with the Royal Norwegian Embassy aiming to provide a platform for establishment and development of cooperation between Bulgarian and Donor State entities for joint implementation of activities, exchange of good practices, transfer of expertise and know-how in the thematic areas under the FBRNL.

* **Predefined initiatives in the area of Nuclear Energy Decommissioning (Priority 3)**

A set of documents and rules for implementation of this priority has also been prepared. The documents have been uploaded to NFP’s website [www.eeagrants.bg](http://www.eeagrants.bg).

An official letter was sent to the Bulgarian Nuclear Regulatory Agency (BNRA) as the main target beneficiary under this priority aiming to inform them on the purpose of the support, the rules for its implementation and the application procedure, the partnership that needs to be established with counterpart Norwegian institutions for implementation of mutually agreed initiatives. The BNRA has initiated contacts with the Norwegian Radiation Protection Authority as the NFP expects a joint project proposal to be prepared and consulted. Despite the interest expressed on both sides no application has been submitted during the reporting period.

* **Unallocated Funds for support of predefined activities that promote research partnerships, encourage regional activities on topics of bilateral importance and strengthen cooperation with intergovernmental organizations**

A set of documents and rules for implementation of this priority has also been prepared. The documents are subject to internal discussion before uploading them to [www.eeagrants.bg](http://www.eeagrants.bg) . During the period under review two initiatives have been supported:

1. Project *Support to the Ministry of Justice for the preparation of two key pieces of legislation namely: Bulgarian Penal Code and Judicial System Act, which are the basis for continuing the Judicial Reform in Bulgaria*

The project has been implemented by the Ministry of Justice in partnership with the Council of Europe in the period July 2012 – May 2013. In implementing the recommendations of the EC made under the Cooperation and Verification Mechanism, the Bulgarian Ministry of Justice has identified the following areas that need to be put under comprehensive and systematic analysis and articulated the main three project objectives as follows:

*1. Integration of best EU practices and model in drafting a new Bulgarian Penal Code.*

Experienced international experts from different EU countries have been involved in the elaboration of specific aspects of the new Bulgarian Penal Code by identifying best criminal law practices in the legislation of their countries. The Council of Europe has provided a key assistance to the Bulgarian Ministry of Justice in the identification and the engagement of leading international legal experts.

Outputs delivered:

* Comments and observations on Special Part chapters of the draft Penal Code (5 papers) provided
* Overall EU compatibility analysis of the acting Bulgarian Penal Code performed
* Roundtable with the attendance of the experts from five EU countries held
* New Bulgarian Penal Code drafted

*2. Integration of best EU practices and models in draft amendments to the Bulgarian Judicial* *System Act.* The main goal of this activity was the development of a comparative analysis of the following aspects of the Bulgarian Judicial System Act:

* Management of the workload of the magistrates
* Procedures for appointments, for disciplinary actions, career development, appointment of magistrates to senior positions.

The Council of Europe provided the MoJ with legal experts with relevant experience and additionally secured the contribution of two members of the Consultative Council of European Judges and an Italian researcher.

Outputs delivered:

* Three comparative reviews on judicial recruitment in European civil law systems made
* Roundtable and a seminar held
* Paper with suggested legislative amendments and recommendations to the SJC for drafting a new methodology for caseload assessment elaborated

*3. Improving the investigation, prosecution and trial of cases of high public interest.*

This activity reflects the European Commission recommendation for the development an independent analysis of case failures related to publicly significant crimes. In cooperation with two supreme courts and the Prosecutor’s office the Ministry of Justice team has drafted a methodology and procedure for analysis of failed cases of high public interest. Three significant cases have been identified as appropriate for the purposes of the analysis, and the entire documentation has been translated in English. The Council of Europe has approached two experienced experts - from the German Federal Ministry of Justice and French magistrate.

Outputs delivered:

* Methodology for analysis of weaknesses in the investigation and the trial of cases of high public interest elaborated
* Three independent analysis of cases of high public interest performed
* Magistrates from France and Spain conducted expert mission in Bulgaria during which they have participated in meetings with experts from Bulgarian judicial institutions

Total amount absorbed under the project – 38094,61 euro (verified expenditures).

1. Study visit of representatives of three Bulgarian Municipalities to Trysil, Norway in September 2013

From the 17th to the 21st of September 2013 the Mayors of the municipalities of Karnobat, Malko Tarnovo and Varshets have visited the town of Trysil, situated 250 km north from Oslo. The visit was following an invitation of the Mayor of the Municipality. The study visit objective was to exchange experience and best practices in the field of energy production from local row materials and environmental protection.

The visit began with an introduction to the activities of the Trysil Municipality followed by a presentation of an energy efficiency project implemented by two partners – on the one side the Regional Council of South Osterdal, through which 5 municipalities are represented – Elverum, Engerdal, Stor-Elvdal, Trysil and Amot and the other is the Regional Council of Hedmark. Its main goals are to provide technical assistance for the municipalities and the Regional Council with the aim of reaching 25% of energy efficiency in all municipal buildings till the end of the project in 2015.

As a follow up, the Bulgarian delegation visited the municipal company for treating wood material, where the production waste is used for heating and delivering warm water to the town inhabitants.

The delegation also visited a built in 2011 factory for bio-fuel and for producing central heating and energy for the town of Hamar. The factory can ensure the heating of a city with 1,5 mln. inhabitants.

The result from the exchanged experience and the shared good practices of the Norwegian and Bulgarian municipalities was a common will for joint activities and cooperation for realizing concrete projects.

Total amount absorbed under the initiative – **4354,59 euro** (verification of expenditures is underway).

* **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 the following initiatives were supported.

* Supported under the FBRNL after prior approval of the FMO was participation of a representative of the NFP in the Iceland Geothermal Conference 2013 that took place in Reykjavik in the period 5 – 8 March 2013. The conference has proved to be a very interesting event with innovative and highly efficient solutions presented that were brought to the attention of the relevant national authorities, and in particular to the Programme Operator under BG 04 Energy Efficiency and renewable energy for consideration of future cooperation.
* A team of Bulgarian Ministry of Education and Science, working on the EEA Grants Children and Youth at Risk programme, visited in May 2013 the European Youth Centre in Strasbourg, established by the Council of Europe in 1972. The center serves as an educational laboratory for the development of quality standards for youth work. The programme for the visit included a number of meetings and a tour through the facilities of the center.
* On 13 June two representatives of the Bulgarian Ministry of Culture attended an informal meeting of the Programme Operators of the EEA Grants Cultural Heritage programmes, organized in Oslo by the Arts Council of Norway. Ten countries were represented and shared their experience and good practices in programme management. Specialists in the field of culture gave lectures on topics like cultural diversity, intercultural dialogue in Europe, cultural policy and social inclusion followed by discussions of various points of view.

Guidelines for Applicants as well as the whole application package and reporting documentation have been developed and uploaded to [www.eeagrants.bg](http://www.eeagrants.bg) on 18 July 2013. The absorbed funds under the Travel Support Scheme for 2013 amount at **€ 6907,38** (verification of expenditures is underway).

**2.3 Roma concerns**

Following an agreement between the NFP and the Donor States, the NFP developed in 2013 a strategic document regarding the fulfillment of the requirement for 10% target allocation for Roma. The document has been revised and got an approval by the FMO. The aim is to provide an important overview on the horizontal level of the grants and the possible synergy of the measures within different programme areas. It covers common strategies for various instruments in Bulgaria, as well as the specific approach and measures within the programmes under the EEA and Norway Grants, incl. a summary of achievement of indicators. Additionally the Roma focus has been and still is discussed on programme level as a part of the dialogue between the FMO, NFP and PO.

With the effective approval of all programmes as of the beginning of October 2013 even more opportunities for targeted support for the Roma have been identified. This includes a new predefined project under the Children and Youth at Risk programme that target specifically the Roma by securing new and renovated facilities for a school in a district inhabited predominantly by Roma. Such initiatives allow us to better identify the target group which sometimes is very difficult having in mind that the Roma need to self-identity as such within their community and they often would not prefer to do so.

For Bulgaria the Roma integration in a long-term perspective is an important issue tackled at horizontal level, for which a high level political will and commitment exists and is demonstrated through a number of initiatives such as adoption of a Strategy for Integration of Roma, encompassing a set of concrete integration measures with identified financial resources for their implementation. – from the state budget, EU funds and funds from other donors, incl. the EEA and Norway Grants, the Swiss cooperation programme, etc. was finalized by the working group (created with an Order from the Prime Minister) which is already chaired by the Secretary of the National Council on Ethnic and Integration Issues. The Working Group is now functioning under the authority of the Commission for implementation of the National Strategy for Roma Integration and its main task will be to support the Municipalities in planning and implementation of measures for Roma integration with EU and other donors’ financial instruments. The Commission itself is a special body to the National Council with representatives from the state administration and non-governmental sector.

By 20 March 2014 should be completed the work on the 2013 Report on the implementation of the National Strategy for Roma integration which will be submitted for approval by the National Assembly. Important conclusions and recommendations are expected from the Report in order to further streamline the integration process and various donors’ support.

At the same time, a number of challenges at national level for the successful integration should be noted. Among them is the overall economic situation in Bulgaria, the general public perception as well as the different level of recognition and acceptance of the integration objectives within the community.

At this early stage of implementation we can say that the POs have demonstrated a strong determination to work for the fulfilment of the 10% requirement. The proposed initiatives in this field have been a subject of an independent analysis by a company hired by the FMO called Creda Consult and the report is generally positive. On programme level the Roma issue is often discussed when drafting texts for calls as well as during Cooperation Committee meetings. With regards to the programmes in the justice sector, the participants in the CC meeting came to the conclusion that the Roma aspects in the projects of the two programmes are very difficult to be quantified because the Roma issues are very controversial topic. However the Programme Operator presented to the members of the Cooperation Committee newly developed indicators for the implementation of Programme BG 15, which will measure the total allocation of funds for Roma minority groups. The indicators are presented for approval to the FMO by including them in a proposal for an annex to the Programme Agreement for the implementation of Programme BG 15. The abovementioned determination was also supported by the development of specific plans for better targeting the Roma and fulfilling the 10% target under various programmes.

We believe we’ll be able to provide more detailed information and analysis on the implemented measures targeting the Roma once all programmes have reached project implementation phase.

## REPORTING ON PROGRAMMES

## Overview of Programme status

The programmes’ status in 2013 represented a mix of different stages of the individual programmes with regard to approval, signature of Programme Agreements and Programme Implementation Agreements and effective launch of implementation of interventions. While most of the programmes were approved either in the second half of 2012 or in the first quarter of 2013, implementation of concrete projects and calls for proposals were launched only in the framework of the 5 programmes for which PA and PIA were signed on 12 September 2012. The different speed at which the process was advancing had negative effects in terms of limited timeframe, but at the same time allowed to have some lessons learnt from the first launched programmes that could be taken on board.

1. progress in establishing agreed Programmes, including calls undertaken;

Approval of programmes

Eight of all 16 programmes (incl. Technical Assistance) agreed for Bulgaria as per the Memoranda of Understanding were approved by the FMC or the NMFA either in the very end of 2012 (*BG 02 Intagerated Water Management, BG 04 Energy Efficiency and Renewable Energy and BG 09 Schjolarship Fund*) or in the course of 2013 (2 programmes in the first half of the year – *BG BG 98 Cultural Heritage and BG 13 Schengen Cooperation*, and three programmes in the second half of the year – *BG 03 Bio-diversity and Eco-system Services, BG 07 Public Health Initiatives and BG 12 Domestic and Gender based Violence*).

In the framework of the approval the parties agreed on and introduced changes and improvements in the programme proposals. This prolonged the process but is aimed to ensure more targeted approaches and means for achieving the stated objectives.

Signature of PA and PIA

Except for the Technical Assistance and the five programmes signed in September 2012, PA and PIA for all remaining 8 programmes were signed in 2013 (*last PIA for BG 03 signed on 6 January 2014*). The signatures experienced delay due to the lengthy process of consultation on the draft texts and the personal and structural changes that took place following the change of Governments.

There is a common concern shared by all parties – Programme Operators and the NFP, that the reduced duration (up to 12 months in some cases) for programmes and projects’ implementation will influence negatively the effectiveness and the achievement of planned indicators. The NFP is following closely the adjustment of the time frame under the programmes as all project promoters have been asked to streamline resources and activities in a way that will help to overcome the delay without affecting the scope and quality of implementation.

|  |  |  |  |
| --- | --- | --- | --- |
| **Programme**  | **Grant decision**  | **Signature PA** | **Signature PIA** |
| **BG01** |  |  |  |
| **BG02** | **13/11/2012** | **02/10/2013** | **18/11/2013** |
| **BG03** | **01/10/2013** | **06/01/2014** | **18/02/2014** |
| **BG04** | **20/12/2012** | **27/05/2013** | **23/08/2013** |
| **BG06** | **-** | **12/09/2012** | **26/11/2012** |
| **BG07** | **20/08/2013** | **29/11/2013** | **13/12/2013** |
| **BG08** | **21/05/2013** | **14/10/2013** | **15/10/2013** |
| **BG09** | **23/11/2012** | **27/05/2013** | **26/08/2013** |
| **BG10** | **10/09/2012** | **12/09/2012** | **25/10/2012** |
| **BG11** | **27/09/2012** | **12/09/2012** | **17/10/2012** |
| **BG12** | **14/08/2012** | **24/09/2013** | **7/10/2013** |
| **BG13** | **13/02/2013** | **23/05/2013** | **16/09/2013** |
| **BG14** | **07/09/2012** | **12/09/2012** | **11/10/2012** |
| **BG15** | **17/09/2012** | **12/09/2012** | **11/10/2012** |

Launch of programmes implementation, incl, calls for proposals

Out of the 15 approved programmes implementation in 2013 was at a relatively more advanced stage under those for which PAs were signed in September 2012: BG 05 *NGO Fund*, BG 06 *Children and Youth at Risk*, BG 10 *Green Innovati*on, BG 11 *Capacity Building* *and Institutional Cooperation*, BG 14 *Judicial Capacity Building and Cooperation* and BG 15*Correctional services, including non-custodial measures*. Under these programmes calls for proposals have either been launched or are under preparation, assessment of predefined projects took place (BG 11, BG 14 and BG 15), grant implementation contracts have been signed.

The programmes that were approved in the reporting period or for which PAs and PIAs were signed were in the process of preparation for effective launch of activities – launching conferences were held, preparation of draft Calls for proposals, guidelines for applicants and other accompanying documents has started. In accordance with the conditions stipulated in the Regulations and PA, consultation on the draft calls for proposals with FMO was initiated (for programmes *BG 02, BG 04, BG 08 and BG 09*). Details on the steps taken by the POs are provided under p. 3.2 *Individual Programme Summaries*.

1. commitments and disbursements made by the Programme;
2. *The status of certified expenditures/payments/tranches/limits in the reporting period 1st January- 31st December 2013 is presented in the following table \* (according to information provided by the Certifying Authority):*

|  |  |  |  |
| --- | --- | --- | --- |
| **Programmes****ID** | Certified expenditures | **Tranches \*****EUR** | Limits (BGN)\* |
| *Grant* | *National co-financing* | *Total* |
| BG01 | 154 539 | 327 874 | 1 077 589,98 | 0,00 | 1 077 589,98 |
| BG02 | - | - | 0,00 | 0,00 | 0,00 |
| BG03 | - | - | 0,00 | 0,00 | 0,00 |
| BG04 | - | - | 0,00 | 0,00 | 0,00 |
| BG06 | 93 695 | 1 811 869 | 3 543 652,21 | 643 328,22 | 4 186 980,43 |
| BG07 | - | - | 0,00 | 0,00 | 0,00 |
| BG08 | - | - | 0,00 | 0,00 | 0,00 |
| BG09 | 8 823 | 966 436 | 1 890 155,53 | 335 185,72 | 2 225 342,35 |
| BG11 | 8 994 | 224 067 | 457 944,70 | 81 488,52 | 539 433,22 |
| BG12 | - | 395 260 | 773 049,50 | 136 420,96 | 909 470,46 |
| BG13 | 10 321 | - | 0,00 | 0,00 | 0,00 |
| BG14 | 487 176 | 1 357 180 | 2 654 372,19 | 472 357,48 | 3 126 729,67 |
| BG15 | 316 692 | 2 197 346 | 4 297 568,25 | 765 416,18 | 5 062 984,43 |
| TOTAL: | 1 080 240 | 7 280 032 | 14 694 332,36 | 2 434 197,08 | 17 128 530,54 |

*\*Some tranches have been received in December 2013, but limits have been approved on 03th January 2014.*

1. Commitments and disbursements made under the individual programmes:

The data below show the programme budget committed to the programmesand the full amounts of payments made by the POs so far:

BG 02

Funding committed to the programme: € 9 411 765

Payments made by the PO: € 20 846

BG 03

Funding committed to the programme: € 9 411 765

Payments made by the PO: € 42 581

BG 04

Funding committed to the programme: € 15 600 288

Payments made by the PO: € 70 769

BG 05

Funding received by the PO: € 11 800 000

Payments made by the PO: € 726 548

BG 06

Funding received by the PO: € 9 917 780

Payments made by the PO: € 74 290

BG 07

Funding received: € 15 782 353

Payments made: € 1 966

BG 08

Funding received by the PO: € 16 470 588

Payments made by the PO: € 4 043

BG 09

Funding received by the PO: € 1 764 706

Payments made by the PO: € 13 649

BG 10

Funding received by the PO: € 13 699 000

Payments made by the PO: € 362 961

BG 11

Funding committed to the programme: € 2 371 765

Payments made by the PO: € 233 096,00

BG 12

Funding received by the PO: € 2 352 941

Payments made by the PO: € 3 777

BG 13

Funding received by the PO: € 7 058 823

Payments made by the PO: € 20 585

BG 14

Funding received by the PO: € 3 529 412

Payments made by the PO: € 502 026

BG 15

Funding received by the PO: € 8 264 139 \*

Payments made by the PO: € 310 709

\*Financial figures are in accordance with the request for revision of programme’s budget, submitted to FMO for approval.

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

There have been no problems so far reported by POs or detected by the NFP with regard to disbursements and absorption.

## Individual Programme summaries

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

***Budget of the project***: 2 532 000 EUR (incl.1 899 000 Euro TA and 633 000 Euro under the Fund for Bilateral relations)

The expert staff hired within NFP under  budget line I. Additional management systems – in charge of coordination of horizontal issues (incl. communication and publicity, implementation of the TA and Bilateral Fund activities, state aid and public procurement issues) and back-up under programme areas carried out their activities in line with the responsibilities and tasks of the NFP The expert performing accounting and financial management of the project carried out all neeessary activities related to bookkeeping, archiving of documentation, transfer of payments, etc.

A dedicated web site: [**www.eeagrants.bg**](http://www.eeagrants.bg) **and** [**www.norwaygrants.bg**](http://www.norwaygrants.bg)became fully operational – it is updated on a daily basis and is accessible for the wider public and contains information in Bulgarian and in English

Launched were three public procurement procedures for services:

* Open procedure for Logistics services: for organization of events under TA – conferences, annual meetings, monitoring committees etc. - finalised;
* Open procedure for promotional materials: brochures, notebooks, calendars etc. – to be relaunched;
* Open procedure for selection of external verificators in order to respect the principle for separation of duties – appealed, position of Supreme Administrative Court pending.

Representatives of the NFP took part in: - working meetings at the fMO held under different programmes with the participation of PO and FMO staff to discuss detailes on programmes’ contents and finalisation of the the programmes’ appraisal process; - communication seminar held in Warsaw.

An internal training seminar was organized by the Certifying Authority with the participation of 24 representatives of CA aimimg to strengthen expert capacity for performance of tasks on certification.

The Audit Authority carried out audit of certified expenditure for the period 01.01 -31.12.2011 on a sample basis for 2010 under EEA FM 2004 – 2009. During the audit 15 payment claims under 13 proj ects were checked through desk reviews and on-the-spot checks . The activity is in line with ar ticle 7.12.2 (h) of the Regulations – “Implementation of the FM 2004-2009”.

Detailed information on the actions supported under the Fund for bilateral relations at national level is provided under p.2.2 above.

### BG 02 Integrated Marine and Inland Water Management

***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)

The objective of the programme is to contribute to the achievement of good environmental status in marine and inland waters on the whole territory of Bulgaria, as in integral part of European marine and inland waters, through establishment of more integrated management of marine and inland water resources, improved monitoring of marine waters and Increased capacity for assessing and predicting environmental status in marine and inland waters.

The above objective will be achieved through the implementation of 3 calls for proposals, corresponding to each of the expected outcomes and 1 pre-defined project aiming to upgrade the existing information system for water permits and monitoring that was developed with the financial support of the Norwegian cooperation programme 2004-2009 and complement it with all necessary functionalities, incl. sub-system for floods risk management.

The programme was approved on 13 November 2012, PA was signed on 02 October 2013 and PIA – on 18 November 2013. During the reporting period implementation activities were focused on:

* Consultation and agreement on the draft PA – the finalisation of the text took considerable time but the PO initiated a number of preparatory actions in order to be ready to launch programme activities immediately upon their signature;
* A consultant was selected to support the PO in preparation of the calls for proposals – in line with the commitment of the PO to avoid overlap of funding and interventions, special attention was paid to eligible activities that have already been covered by other sources during the period between the programme’s approval and PA signature. A number of internal consultations were held to that end (with Water Management Directorate of MoEW and the Black Sea Basin Directorate, as well as the personnel within MoEW in charge for programming OP Environment 2014-2020), resulting in the calls’ orientation towards mainly covering MSFD implementation and only some key WFD related eligible activities, related to monitoring and integration between inland and marine water management;
* The draft text of the three calls for proposals, incl. selection criteria (in line with art. 2.3 of Annex I to the PA) was sent to the FMO on 03 December 2013, the FMO comments were received on December 20, 2013, revision of the calls was initiated;
* A draft application package to be used for the pre-defined project description as well as for the calls for proposals was prepared and consulted with the DPP;
* The PO has started the preparation of internal Programme Implementation Manual that will incorporate all elements of the management and control system. The overall manual structure was defined and drafting of single procedures started;
* Tender documentations was prepared for public procurement on two procedures concerning both BG02 and BG03: programme website and recruiting project evaluators;
* Bilateral relation activities at programme level were limited to the extensive cooperation with the DPP. CC meeting was held on May 14, 2013 jointly for both programmes and preceded by a discussion about the programme launch/horizontal issues;
* Under the pre-defined project consultations were held between project partners with the purpose to specify roles, responsibilities and other relevant arrangements. They also started preparing the procurement in order to launch it immediately after the formal assessment of the application form by the PO. The donor project partner, NVE, took the initiative to draft a project partnership agreement which is known to the PO and considered when drafting the project partnership agreement template for the programme. The project promoter (Executive Environment Agency) performed consultations with potential partner institutions from Bulgaria, in line with the intents declared during the programme’s appraisal phase.

All activities and initiatives undertaken in the period have been guided by the commitment of all parties to ensure that the interventions will achieve their outcomes and objectives. As no calls have been launched by the end of 2013, nor the pre-defined project has started, concrete results could not be reported at this stage.

There are two main risks that could be identified at this stage at programme level that could influence negatively the implementation of the programme and/or the achievement of all planned outcomes and indicators. These are related to:

- the accumulated overall delay in the effective launch of the programme;

- the restructuring undertaken within the Ministry of Environment and Waters that could result in closing down the European and International Projects Directorate, performing the functions of PO. The possibility that the PO team, involved closely in the programming and implementation since the beginning, well equipped and familiar with the contents, rules and procedures, legal basis, etc. of the EEA grants, might not be preserved represents a major concern. The process is followed y the NFP and any developments will be immediately reported to the FMO.

### 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)

The objective of the programme is to contribute to a better quality of life and status of the environment through targeting achievement of the following main outcomes:

* Increased awareness of and education in biodiversity and ecosystem services, including awareness of and education in the linkage between biodiversity and climate change, and economic valuation of ecosystems.
* Increased protection of native ecosystems against invasive alien species (IAS);
* Improved integration of biodiversity considerations in sectoral policies and legislation.

The programme will be implemented by three calls for proposals, one small grant scheme and two pre-defined projects – one dedicated to updating of the information system for national biodiversity monitoring, and the mechanism for the assessment of the status of species, natural habitats and the ecosystem in Bulgaria and second pre-defined project for methodological support for ecosystem service assessment and biophysical valuation of ecosystems and ecosystem services

**Programme status**

The programme was approved on 1 October 2013, with PA signed by the FMO on 21 December 2013, by the NFP on 6 January 2014 and PIA – on 18 February 2014.

During the entire reporting period the programme was at programming and appraisal stage. In 2013, the programme was re-submitted with a new direction and set of outcomes. During the appraisal it was subject to intensive exchange resulting in a significant modification of the initially submitted version, incl. the introduction of a new predefined project. The scope of activities was therefore limited mainly to programme preparation:

* Elaboration of a significantly revised programme proposal and its re-submission to the FMO, followed by extensive communication with FMO and DPP that led to incorporation of the comments and mutually agreed proposals of all parties;
* Drafting of a description of a second pre-defined project and identification of donor project partners; PO prepared a draft ToR for external support to the second predefined project and identified possible bodies to perform independent evaluation and monitoring of PDP2;
* Co-operation Committee meeting under the Programmes was carried out on 14 May 2013 in Sofia;
* Consultation process on the draft programme agreement;
* A planning workshop of the PO staff attended by representatives of the NCU and Ministry of Finance was carried out on 11-14 July 2013 in Ribaritza, Bulgaria and outlined current and upcoming programme management tasks;
* The management and control systems were drafted to be essentially the same for both BG02 and the current programme. However, this process was not finalized due to the impending restructuring of the Programme Operator (which is expected to be finalized in March 2014) that requires a number of internal issues in the new organizational structure to be clarified and formalized. Accordingly, it is likely that the management systems will be ready towards the end of the four months following the first IFR under the programme;
* Taking advantage of the work performed in cooperation with DPP under the more advanced BG 02, the PO succeeded to implement some preparation activities on the parts in the calls for proposals that are to be common with BG02 and to reuse some of the consultants' inputs provided. This trend is likely to continue also in 2014 since DN and KLIF were merged during the reporting period, and as a consequence both programmes now have a single DPP.

The same risks as those identified for BG 02 are valied also for BG 03 programme.

### 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.

The objective of the programme is to contribute to the reduction of emission of greenhouse gasses and air pollutants and increase the share of renewable sources in energy use thereby contributing to higher competitiveness, better quality of the social environment and less damages on the environment based on the logic “sustainable economy – growth – energy intensity decrease – employment”. Sharing best practices through partnership with the donor states organisations is expected to bring added value in all priority areas under the programme.

The programme will be implemented through the following type of interventions that in 2013 have been at preparatory stage:

* 4 calls for proposals, incl. utilisation of hydropower potential, promotion of EE&RES measures in municipal and state buildings and local district heating, production of fuel on biomass and increasing the administrative capacity in EE&RES;
* 1 predefined project “Implementation of Euro Electricity Market in Bulgaria – II pghase” that aims to contribute to liberalization of the power market in compliance with ACER and ENTSO–E requirements, integration of RES to the market and further integration with neighbour markets and regions.

The programme was approved on 20 December 2012, PA was signed on 27 May 2013 and PIA – 23 August 2013. During the reporting period implementation activities were focused on:

* Discussion and reaching principle agreement by the programme partners on the use of complementary and bilateral funds at programme level, on the predefined project scope and practical arrangements, as well as on general programme implementation issues;
* The core team of experts for implementation of the Programme has been set up, the Representation of the Cooperation Committee has been updated. Contracts with approved short-term external experts are pending signature.
* A formal launching event was held to announce to the wide public and potential interested parties the start of the programme, the interventions planned and the timeframe of their implementation. The forum was attended by 9 Norwegian companies with background, expertise and extensive experience in the programme area and more than 200 Bulgarian representatives from different institutions, municipalities and companies. It included a match-making event with possibilities for direct meetings between Norwegian and Bulgarian companies and organisations interested in establishing partnerships;
* Detailed selection criteria were elaborated by the PO in cooperation with the DPP and submitted for approval to the FMO in line with the requirements of art. 2.3.1) Prepayment conditions of Annex I to the PA. The selection criteria were approved on 20 December 2013 and the pre-payment condition for the programme was lifted;
* A revised timeframe for the implementation of the programme has been discussed and drawn up to reflect the accumulated delay in the programme’ start  and to ensure adequate planning of time and resources that will allow achievement of all expected outputs and results;
* Discussions on the elaboration of draft Calls for proposals and full application packages under the 4 grant schemes were initiated;
* Preparation of an application package and detailed description of the pre-defined project with activities, outputs and budget started in line with the requirements of art. 2.3.1 of Annex I to the PA. The initial set-up for the project was changed in order to avoid potential conflict of interest as the project promoter was part of the structure of the PO. In addition new actors came on the market with assigned responsibilities in the specific area of the project and this had to be reflected in the overall project strategy. Designated as project promoter was the State Energy and Water Regulatory Commission (SEWRC), while the other – Bulgarian energy holding, Transmission system operator, etc. will be part of the target group and beneficiaries. The project partners (SEWRC and NVE) held a number of working meetings to discuss management and operational issues concerning project’s activities and outcomes;
* Bilateral relations at programme level were strengthened through several events organized jointly by the PO and DPP (as pointed out inp.2.2 above).

As no calls have been launched by the end of 2013, nor the pre-defined project has started, concrete results could not be reported at this stage.

Currently the main risk is related to the experienced delay as a result of which all activities have to be launched simultaneously and with very tough time schedules for implementation. Any potential future delays should not be admitted as such would threaten the achievement of the objectives, taking also in account the complex nature of the actors and interrelations in the energy policy and market. Another potential risk is related to possible future changes in the legal framework relevant to the Programme as well as changes in the public institutional structure.

### BG 05 – Funds for Non-Governmental Organizations Programme

***Budget of the programme*:** 11,8 mln. Euro (grant only)

***Programme Operator***: Open Society Foundation

***Programme Partner***: Workshop for Civic Initiatives Foundation

The objective of the programme is to strengthen civil society development and enhanced contribution to social justice, democracy and sustainable development. For the achievement of this objective the programme has been focused on the following outcomes: active citizenship fostered; increased involvement of NGOs in policy and decision-making process with local, regional and national governments; promotion of democratic values, incl. human rights; developed networks of NGOs working in partnerships; increased contribution of NGOs to sustainable development; empowerment of vulnerable groups and increased provision of social services to defined target groups. The outcomes are organised in four thematic areas:

* Thematic area **“Democracy, human rights and good governance”**
* Thematic area **“Social inclusion and empowerment of vulnerable groups”**
* Thematic area **“Sustainable development and protection of the environment”**
* The thematic area **“Capacity building for NGOs”**

During the reporting period widespread civil activism coincided with the announcement of the First Call for project proposal of the NGO Programme (1 February – 1 April 2014). Although in the very beginning of their implementation phase, supported micro and small projects within the Programme have started to deliver. NGOs already provide, for instance, free legal counselling on cases filed by vulnerable people; carry out strategic litigations; organize computer classes for people with disabilities; file recommendations for amendments in the new Election Code; organize mass voluntary campaigns to save the chestnut trees in Sofia.

Applicants submitting projects in one of the other three programme thematic areas have had the possibility to submit an application for a capacity building project as well. The review of the First Call results suggests the following observations: less interest in suggesting measures that might impact the sector as a whole; the concepts of networking and development of cross-sectoral partnerships seem not to be very popular with the NGO community; the results-based management approach seems to be a challenge for applicants; financial sustainability is still being perceived as major challenges to the majority of NGOs. 46% of the contracted NGOs with micro and small projects in the first call declare themselves as a “small organization whose employees do not have a contract” (according to the self-assessment tool applied by the FO).

**Outputs achieved**

For the period under review no projects have been completed, therefore no services or deliverable can be reported yet. A total of 559 applications were received under the first call The micro and small projects contracted till December 31, 2013 are expected to contribute to the programme outputs and indicators to achieving the outcome targets till the end of programme implementation. More information will be available at the project implementation phase.

Information on main bilateral initiatives is presented under p.2.2 above.

**Risk management**

With reference to the achievement of the programme goal, any risks that might be associated with the external environment could be regarded as opportunities for the programme. A more comprehensive assessment of specific risks to the achievement of outcome and output indicators would be possible in the period to come, at the implementation and completion phase of supported projects. The relatively low number of successful bilateral projects during the First Call might be regarded as a risk towards achieving the target indicators in relation to the bilateral outcomes. To this end the FO has initiated an amendment in the Programme implementation agreement (PIA) that allows for a greater flexibility in providing support to bilateral initiatives.

Operational risks have been continuously monitored and mitigated in 2013.

### BG06 Children and Youth at risk

*Budget of the programme*: 9 917 780 EUR (incl. grant amount and national co-financing)

*Programme Operator*: Ministry of Education and Science

*Donor Programme Partner*: Council of Europe

The programme consists of three components - Component 1: Care for Youth at risk, Component 2: Care for Children at Risk and Component 3: Capacity building (pre-defined project).

In accordance with the provisions of the Art. 1.10 and Art. 5.9, para 8 of the Regulations, the NFP requested savings made under the reserve fund for the completion of 2004 – 2009 projects on the amount of 264 767 Euro to be allocated for the purposes of Component 2 Care for Children at Risk. The reallocation was approved by the Donors on 17th April 2013.

In addition, on 3th June 2013, the NFP also proposed additional savings made under the reserve fund, at the amount of €305 346, to be allocated to the BG06 programme for financing of a new pre-defined project „Educational inclusion, health and social development”. The Project will be implemented in one of the districts of Sofia Municipality with substantial concentration of Roma population - Krasna Polyana.

A draft project proposal was elaborated and was submitted to the FMO for further assessment and approval. In February 2014, the NFP and the PO were informed that the external and internal appraisal of the proposed 2nd pre-defined project under BG06 was finalized. The conclusion of the appraisal is that the FMO will recommend the funding of the project to the Donors.

**Component 1: Care for Youth at Risk**

The first Call for proposal under Component 1 was launched on 1st March 2013 and the deadline for submission of applications was April 30, 2013. Out of 28 eligible applicants (municipalities that are administrative centers of the districts of the Republic of Bulgaria), 10 municipalities submitted project proposals.

The seven project proposals that met the administrative and eligibility criteria were reviewed by two independent external experts – one selected by the PO and one by the Council of Europe. Two of the projects, which had 30% difference between the scores given, were assessed by a third expert. As a result of the external evaluation made, the projects were ranked, as follows: Municipality of Stara Zagora (135 points out of 160), Municipality of Dobritch (130 p.), Municipality of Vratsa (127 p.), Municipality of Plovdiv (123 p.) and Municipality of Sliven (121 p.), Municipality of Blagoevgrad (119 p.) and Municipality of Yambol (116 p.)

A Selection Committee was appointed in July 2013 consisting of one representative of the DPP, one expert from the PO and one independent external expert. Based on the work of the SC, held on 30 and 31 July, four projects were recommended for financing to the PO (the projects of Municipalities of Stara Zagora, Dobrich, Vratsa and Plovdiv). The project of Yambol Municipality was included in the reserve list for financing in case of available financial resources.

The Minister of Education and Science took a decision to approve 5 projects (of the municipalities of Stara Zagora, Dobrich, Vratsa, Plovdiv and Sliven).

Following  the issues raised by the CoE member in the Selection Committee regarding the evaluation of the project proposals under component 1 of the BG06, the NFP made an analyses and identified the following measures, which were formally proposed to the Programme Operator: to cancel the open call procedure under component 1 and to re-launch it, or the Head of the Programme Operator to review its decision and to take into consideration the decision of the Selection Committee.

The final decision of the PO was to take into consideration the decision of the Selection Committee and finally approved for financing the projects of Municipalities of Stara Zagora, Dobrich, Vratsa and Plovdiv. The projects’ contracts were signed on 28.01.2014.

**Component 2 Care for children at risk**

The second Call for proposal under Component 2 was launched on June 10, 2013 with a deadline for submission of applications - October 4, 2013. The selection process of the submitted 47 project proposals started on 17th October 2013. The applications were reviewed for administrative and eligibility compliance by the PO and five projects were dismissed due to ineligibility of the applicant and/or partner. Additional documents and information were requested from 42 applicants and 20 project proposals were dismissed due to missing documents. 22 project proposals will be assessed by external experts.

**Component 3 Capacity Building**

The assessment of the PDP – “Capacity Building” (revision of the budget, partnership agreement, timeline of activities, distribution of responsibilities between the Project promoter and the Council of Europe, etc.) was completed. The Project contract was signed in 4.03.2014.

**Bilateral Relations**

The following activities were implemented during the reporting period:

 The Fund for bilateral relations was launched together with the first Call for proposals (part of the Call), but no applications were received within the deadline. Following this, the Programme operator in co-operation with the Council of Europe plans to organize a working visit to the Youth Centre in Strasbourg for the management teams of the approved projects under Component 1. 50% of the projects, approved under Component 1 will be implemented in partnership with the donor states’ organizations.

A CC meeting was held on 26th November 2013. Representatives of the PO, Council of Europe and the FMO took part in the event. Representatives of the Norwegian Embassy and NFP were also present as observers.

Joint efforts of the PP, DPP and the PO led to the preparation of the third Component - Capacity Building, which will provide trainings for Roma school mediators, youth workers and pedagogical personnel. The DPP was also involved in the external evaluation of the projects, as well as in the selection committee.

**Information and Publicity**

A launching event was held in January 2013. Representatives of the Norwegian embassy, NFP, media, different stakeholders and general public, took part in the event.

As a part of the promotional campaign under the first and second calls for proposals 12 cities were visited by the PO – 2 cities under Component 1 and 10 cities under Component 2.

In 2013 the PO established pages of the Programme BG06 in the biggest social networks – Facebook, Twitter and YouTube. Dedicated Programme’s web-site <http://www.bg06eeagrants.bg/> was also established.

### BG07 Public Health Initiatives

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

*Programme Operator*: Ministry of Health

Supporting unit: Operational Programme Technical Assistance Directorate, Council of Ministers Administration

*Programme Partner*: World Health Organization

The objective of the BG07 programme is to contribute for the improvement of public health and reduction of health inequalities with **focus on 5 areas**:

• Improvement of governance in healthcare;

• Reproductive health;

• Child health protection;

• Mental health;

• Specific health challenges for the Roma.

The consultations on the Programme appraisal were held in the period: 25 January – 10 April 2013. Two requests for additional information have been submitted by the FMO; several conference calls for clarification of outstanding issues was also held between the representatives of the FMO, PO, Supporting unit (SU) and the NFP. On March 13, 2013 the FMO sent a draft of the Annex II – Operational rules to the Programme Agreement, as a ground for informal discussion.

On 29 March 2013 the FMO was formally submitted to the PO the draft Annex I and Annex II to the Programme Agreement for comments. The deadline for its submission was 10 April 2013. Due to the changes in the Political cabinet of the Ministry of Health, the Programme operator requested an extension of the deadline, which was not granted by the FMO.

The BG07 Public Health Initiatives Programme was approved on 20th August 2013. The Programme Agreements were signed on 29th November 2013. The PIA between the NFP and the Ministry of Health was signed on 13 December 2013.

The following steps have been taken since the signing of the PIA:

1. Preparation of a request for modification of Programme BG 07, including description of a new pre-defined Project entitled “Improved mental health services” and revision of outcomes, outputs and indicators
2. Fulfillment of the conditions specified in Annex I of the Programme agreements between the FMC / NMFA with the CoM of the Republic of Bulgaria for the financing of the Programme BG 07, as described below:
	* 1. In line with the general condition set in Art. 2.1, point 3 and Art. 2.3, point 1 of Annex I of the Programme Agreements, the programme indicators have been reviewed and fully revised in order to achieve a clearer, more structured and realistic framework for the implementation of the programme.
		2. Regarding the general condition set in Art. 2.1, point 6 & 7 of Annex I, the PO and the SU have developed a Plan for the contribution of the Programme to the improvement of the situation of Roma population.
		3. The PO and the SU have elaborated and provided to the Project promoters a template (Project Appraisal Form) for submission of the predefined projects, including detailed budget and breakdown of administrative costs. In line with the condition, specified in Art. 2.2, point 1 of Annex I, the PO will send more information about the content and detailed budgets of the pre-defined projects to the FMO. The PO foresees to complete the appraisal process within the first quarter of 2014.
		4. In line with the condition, specified in Art. 2.2, point 2 of Annex I, the PO is in the final stage of the negotiations with WHO for signing of an Agreement for their contribution to the Programme implementation, including need assessment under Measures 3 and 4.
		5. As regards to the condition, specified in Art. 2.3, point 2 of Annex I, the PO has decided to apply the method pointed out in Art. 7.4.1. (a), i.e. the indirect costs shall be identified and calculated based on actual indirect costs, evident from analytical accounting systems of Project promoters and Project partners. The decision of the PO is driven by the fact that, given the variety of eligible applicants /potential project promoters/, applying a flat rate and uniform methodology for calculating the indirect costs is not feasible.

Furthermore, the preparation of Programme implementation has started in terms of:

1. Establishment of working groups of experts designated to develop Guidelines for applicants for the forthcoming open call for all programme components and full tender documentation for the calls for proposals.
2. Establishment of a Programme Steering Committee with representatives of all relevant stakeholders, including NGOs.
3. Programme website development (to be completed by early March 2014).

The Request for Programme modification, as well as documents in evidence of fulfillment of the conditions specified in the Annex І to the Programme Agreements was sent to the FMO on 4 March 2014.

**BG 08: Cultural Heritage and Contemporary Arts**

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

Programme Operator: Ministry of Culture

The Programme BG08 Cultural Heritage and Contemporary Arts covers two priority areas PA16 “Conservation and Revitalisation of Cultural and Natural Heritage” and PA17 “Promotion of Diversity of Culture and Arts within European Cultural Heritage”. The overall objective of the Programme is to achieve larger institutional and public participation of Bulgarian cultural heritage in the European context of cultural exchange as well as to contribute for protecting and preserving the cultural heritage of Bulgaria for future generations. The Programme is in compliance with the overall objectives of the EEA FM and will have contribution to the improvement of economic and social status through support of projects that result in cost-effective sustainable usage of already existing cultural heritage infrastructure and assets, and building upon it through application of modern technologies for preservation, research and promotion, based on best practices and donor state experience too. In order to create largely accessible cultural products with high social value, the program also focuses on cutting edge technologies for digitization and creation of new content in electronic format, thus providing maximum exposure to cultural diversity.

The BG08 programme was officially approved by the EEA FMC on 21 May 2013 and the Programme Agreement concluded on 14th October 2013. On the 15th of October 2013 at the National Art Gallery the Programme Implementation Agreement for BG08 was signed. The official ceremony was attended by Ms. Zinaida Zlatanova, Deputy Prime Minister and Minister of Justice, H.E. Ms. Guro Katharina Vikor, Ambassador of the Kingdom of Norway to Bulgaria, representatives of cultural institutions as well as the media. The signing event was closed with a live performance of pieces by Edvard Grieg on the occasion of the 170th anniversary of the birth of the composer.

In view of the political context in 2013 Bulgaria has had three different governments. In terms of programme management this has resulted in the restructuring of the PO. Since October 2013 a new Head of the PO with sound experience in management of EU funded programmes has been appointed.

The enhancement of bilateral relations is of key importance for the PO of BG08 programme. Financed from the Fund for Bilateral Relations at National Level in June 2013 two representatives of the PO have visited Oslo, Norway for an informal meeting of all POs for Programme Area 17 at the invitation of the Arts Council of Norway. The workshop objective was to exchange experience and best practices for the smooth implementation of programmes within PA 17.

During the period under review there is no data to be reported regarding the outputs as no calls for proposals have been announced yet and no projects contracted under BG08 programme.

A potential risk that may threaten the achievement of the objectives set out in the Programme is the delay in Calls launch and start of the real activities related to the four calls which may lead to shortage of the time for the implementation of the projects. In order to overcome this risk the PO is doing its utmost to compensate the delay as a result of which external consultants have been engaged in Calls documentation preparation. The preparation of Calls application package was initiated in November 2013 and on 3rd of December 2013, the draft Calls for Proposals under the four measures within the programme as well as the Bilateral Fund were submitted to the FMO for review and approval. The condition of 10% of the Programme allocation to target the improvement of the situation of and the involvement of the Roma population is strictly followed in the design of the Calls documentation.

Another potential risk identified by the PO is related to the process of verification of programme expenditures in case the system maintained by the DG *Territorial Cooperation Management* with the Ministry of Regional Development (initially designated as supporting unit under the programme) is used. In order to avoid this risk the PO underlined the necessity to adopt verification process which to be carried out by the external independent auditors selected following a public procurement procedure. The proposed modification will not lead to any financial implications and will not affect the programme objective, outcomes and outputs. The National Focal Point supports the PO in its efforts to minimize the risks and to assure smooth programme implementation and based on this will submit an official request for programme modification to the FMO.

The development of the pre-defined project proposal in relation to the second stage of renovation and establishment of the Sofia Arsenal Museum of Contemporary Arts aiming to support the cooperation between artists from Bulgaria and the Donor States is at hand.

In order to follow good practices and to maintain a reliable monitoring and control systems the PO envisages the establishment of specialized working groups in charge for the 2014 monitoring plan and the risk assessment issues.

Looking forward, the most crucial challenge for the Programme BG08 in 2014 is to launch all planned open calls in time and start pre-defined project implementation in order to be able to achieve the programme objectives, outcomes and outputs.

**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

The objective of the programme is to increase higher education student and staff mobility between Bulgaria and the Donor States, to improve cooperation on study programme and study module development, and to strengthen the competence of Bulgarian higher education sector academic, research and administrative staff. The above will be achieved via a number of calls aiming at students, staff and teacher exchange as well as at interinstitutional cooperation and partnership establishment.

The current stage of the programme includes one closed call for proposals for scholarships in the higher education and science while calls for the other measures are being discussed with the DPPs and the FMO. In addition, we expect the PO through the NFP to request an amendment of the PA in order to update the schedule for call announcement and as it has been decided during the CC meeting – to merge the two prescribed calls for the measure for Interinstitutional Cooperation into one. Part of the Bilateral Fund has been used for the participation of representatives from Bulgarian higher education institutions in a contact seminar organised by the Norwegian DPP in Oslo in February 2014. The rest of the BF will be made available via an open call for creation of partnerships with entities from the Donor States. This phase is very important since partnerships are essential for the implementation of the programme.

With the approval of the programme and the signing of the PA and BIA a decisive step forward has been made in 2013 in the implementation of the Scholarship Fund. At the same time it should be noted that the whole process didn’t advance as it was planned with only one call announced in 2013 instead of the planned 4. This would require doubling the efforts and work as well as some call merging in order to get back in track in 2014. During the meeting of the Cooperation Committee the PO has expressed its will to actively implement the programme and some of the experts in the newly assembled team are very much involved in the whole process of the EEA and Norway Grants from the start. In this regard we see the necessary continuity, while the appointment of the Deputy-Minister of Education as Head of the PO shows high political will for the success of the programme.

Following a requirement set in the PA a plan for the contribution of the programme to the 10% targeted towards improvement of the situation of the Roma population was developed by the Programme Operator. The plan encompasses the measures available to the PO to secure a certain amount of funding to target the Roma directly and indirectly. The concept of the PO has been presented to a number of Bulgarian NGOs working in that field which led to a discussion on the outputs and indicators in that field.

### BG 10: Green Industry Innovation

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

***Programme Operator:*** Innovation Norway

The overall objective of the Programme is increased competitiveness of green enterprises, including greening of existing industries, green innovation and green entrepreneurship.

The programme proposal encompasses 1 call for proposals, a small grant scheme and 1 pre-defined project aiming to increase the capacity and competitiveness of Bulgarian companies.

***Technical implementation***

Activity 1.1 Investments, training, research and development in companies – 12 projects were approved, 3 shortlisted projects are pending due to need for additional information.

The appraisal process is still on-going and is planned to be finalized in early March 2014.

Activity 1.2 Capacity building – the assessment has been finalised in October; 3 projects were approved and EUR 600 000 grant has been allocated.

Activity 1.3 Remote monitoring – 1 project is approved, but only the first phase, approval of phase 2 depends on approval of additional information.

The complementary actions and pre-defined project have been postponed for 2014 due to important workload in relation to the project applications’ assessment.

The results of the first call indicate that there is available amount of MEUR 4.4 for a second call. The call was launched on 7 February 2014, with an information and matchmaking seminar in Sofia on 11 February 2014. This call will not have mandatory partnership, but partnership projects will still have priority.

***Financial Implementation***

|  |  |  |
| --- | --- | --- |
| **Budget heading** | **Total budget (in EUR)** | **Disbursed in 2013 (in EUR)** |
| **Programme management** | 1 107 673 | 308 761 |
| **Realisation of business opportunities of greening of the European economy** | 11 778 100 | 0 |
| **Fund for bilateral relations** | 205 485 | 54 200 |
| **Complementary actions** | 251 000 | 0 |
| **Reserve for exchange rate losses** | 136 990 | 0 |
| **Preparation of programme proposal** | 219 752 | 0 |
| **TOTAL** | **13 699 000** | **362 961** |

***Activities supported under the Fund for bilateral relations on programme level***

8 applications for the total amount of EUR 50 000 have been approved under the Project Development Fund. 6 reports were received and approved and EUR 41 000 disbursed.

27 applications have been approved for Travel support for EUR 32 400. 11 reports were received and EUR 13 200 disbursed.

***Implementation of the information and publicity measures***

Programme’s website [www.norwaygrants-greeninnovation.no](http://www.norwaygrants-greeninnovation.no) was established.

Launching event on 6.12.2012 and 4 regional seminars were held in relation to the first call. Articles in Norwegian Press (Teknisk Ukeblad), mentioned in Norwegian newsletter with 700 subscribers. Participation with information on GII programme in relevant Norwegian events.

***Problems and risks identified and mitigation measures***

The government has taken a decision not to support anymore the fixed tariff re: renewable energy. The reason is that Bulgaria has reached the target of 10 % energy generated from renewable sources. Actually the above mentioned energy is at about 16 %. This decision will have a negative impact on some projects approved. It will influence the cash flow of the companies and the investment payback period will increase significantly. It may have an impact on mobilising external finance too.

## 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 and Norwegian Association of Local and Regional Authorities(KS)

The programme is implemented by two pre-defined projects that have been developed jointly with the DPPs (project partners) after careful consideration of the needs for capacity building and identification of most relevant activities.

In 2013 both predefined projects were appraised in line with art. 5.5.3. of the Regulation by the Programme Operator, and the project contracts were signed as follows:

* **Project:** „Improving the capacity of NAMRB and Bulgarian municipalities through cooperation with Norwegian local authorities“; **Project Promoter:** National Association of Municipalities in the Republic of Bulgaria (NAMRB); **Project** **Partner:** Norwegian Association of Local and Regional Authorities(KS); **Project contract:** Signed on 21st of May 2013.
* **Project:** „Bulgarian Border Dialogue. Developing a Regional CBC Data Center"; **Project Promoter:** Ministry of Regional Development, Directorate General “Territorial cooperation management” (MRD (PW)); **Project** **Partner:** Barents Secretariat; **Project contract:** Signed on 3th of June 2013.

**Key achievements**

At the current stage of the programme, considering that it’s in actual implementation since the second half of 2013, as might be expected were not achieved tangible results. Activities under both projects have started, some outputs at project level are achieved and the trend is ascending.

Under the predefined project of MRD the following first outputs are achieved: initial data sets were received from National Statistical Institute – 3 on tourism issues, 1 on unemployment rate and 2 on demography issues; experience end good practices were exchanged with four organizations; two Bulgarian journalists were involved in project.

Under the predefined project of NAMRB the following first outputs are achieved: Strategic Development Plan (2013 – 2020) is elaborated; the first 6 municipalities to host the regional offices were selected; the study trip for members of the MB and CB of NAMRB in Norway was made; the Annual Meeting of the Bulgarian municipalities was attended by representative of KS; NAMRB prepared and presented four proposals on the preparation of new municipal legislation.

**Bilateral relations**

During 2013 one bilateral initiative has been approved and financed under the programme. On February 27, 2013, in Sofia was held the First Bilateral Joint seminar **"Opportunities and challenges for Municipalities in Bulgaria, with a focus on cross-border regions"** under the programme BG 11. The seminar was attended by the mayors from the Norwegian municipalities Sør-Varanger and Trysil together with their Bulgarian colleagues from the municipalities Kyustendil, Krumovgrad and Tran. They exchanged experiences on local authorities work, organization, problems and solutions and presented their municipalities in front of the guests of the seminar.

The Project promoters (MRDPW and the NAMRB) participated in the seminar, representing respectively the Bulgarian regional development, with a special emphasis on the center-periphery relations and Balkan border relations and the opportunities and challenges which the Bulgarian local authorities are facing. The two predefined projects were presented as well.

There were all together 30 participants including representatives of the DPPs - KS and Barents Secretariat, Statistics Norway, Norwegian Embassy, Norwegian Mission to the European Union, National Focal Point, and other stakeholders.

The Opening event under the programme was combined with the Annual meeting of the National Assembly of the Municipalities of Republic of Bulgaria, with more than 400 high level representatives of Bulgarian municipalities. This was a wonderful opportunity for the DPPs and the Norwegian mayors to get acquainted with the challenges that the municipalities in Bulgaria are facing, as well as for meeting their Bulgarian counterparts and networking.

There were two CC meetings held in 2013 (in February and in October). The focus of discussions was on the use of the bilateral fund, the progress under both predefined projects, potential risks at project level.

**Challenges (risks)**

The specifics of the programme and the fact that the PPs and their Norwegian partners are public bodies with extensive experience both in the relevant areas and in project management, determines the lack of significant risks for the implementation of the projects and hence – the programme. In addition, taking into account that the Programme implementation is in the initial phase, the PO has not identified any serious risk for the smooth Programme implementation.

**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 (MoI)

Donor Programme Partner: Council of Europe

The programme shall contribute to the improvement of the Bulgarian legal framework ensuring the protection of victims of domestic and gender-based violence and to enhancing the capacity of professionals and relevant institutions in dealing with cases of such violence through the implementation of three calls for proposals, two small grant schemes and one predefined project.

The programme got its approval and signing of the PA and PIA fairly late in 2013 which resulted in announcing no calls for 2013. At the same time, communication between all involved parties – the PO, the DPP, NFP and FMO has been quite active and the draft text for one of the calls as well as for the call under the Bilateral Fund have been finalised. A proposal for amendments of the PA has already been communicated with the NFP and has been sent to the FMO. It gives a reasonable timetable for implementation that will bring the programme back on track if processed timely by the FMO.

Although within the same Directorate, experts from two different sectors were responsible for the programme preparation and the subsequent implementation. This has led to a certain delay since the new team had to get familiar with the whole system of work.

The predefined project under the programme is with Project Promoter the Ministry of Justice and project partners from the MoI, the Ministry of Labour and Social Policy and the Council of Europe. Up until now the components of the project have been independently developed by the respective institutions while the responsibility of the Project Promoter to coordinate the whole work is still yet to be done. The timely development of the final project is essential for its implementation and the NFP has continuously urged the Ministry of Justice to perform its duties as project promoter.

The use of the Fund for Bilateral Relations has been discussed during the Cooperation Committee where it has been decided that the CC will act on the final approval of the submitted applications since the total funding is relatively small.

While a strong will to follow the requirement for 10% funding allocation towards the Roma has been express by the PO, the objective of proving this allocation as rightfully targeted is still to be made. Having said that, the NFP considers that the programme’s objectives naturally link with the specific situation of domestic and gender-based violence in Bulgaria where women of Roma origin are among the main victims of such actions.

**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)

The objective of the programme is to increase citizen’s security through the achievement of a number of outcomes that include improved implementation of the Schengen acquis, enhanced cooperation between law enforcement authorities in the Schengen Member States in fighting organised crime, assisting victims of trafficking, improving asset recovery system, increased awareness and competences in the legitimate use of force in a multi-ethnic environment.

The above objective and outcomes will be pursued through the implementation of 6 pre-defined projects and one small grant scheme.:

The programme was approved on 13 February 2013, PA was signed on 23 May 2013 and PIA – on 16 September 2013. During the reporting period actual implementation activities started after the signature of PIA and were focused on:

* Setting up of the programme management team that took over responsibility for the implementation stage of the programme;
* Conduct of launching event with the purpose to announce to the wider public the start of the programme, its objectives and the measures supported and the expected benefits for the target groups and society in general;
* Preparatory activities for fulfilment of the general and pre-payment conditions under Annex I to the PA – drawing up of tender documentation for selection of external verificator and for external evaluator to carry out appraisal of pre-defined projects (as per art. 5.5 of the Regulation), drafting of application package for detailed description of the pre-defined projects for the purposes of their appraisal;
* Activities undertaken by the project promoters – consultations between the partners and clarification of the contents and budget of predefined project No. 6 (as per Annex II to PA) with project promoter Academy of the Ministry of Interior and project partner the Council of Europe; start of the preparation of draft technical specifications and Terms of reference in order to be in a position to launch public procurement procedures immediately after projects’ appraisal, etc.;
* Start of the preparation of draft descripton of the management and control system at programme level.

No actions have been carried out under the bilateral fund at programme level, since the rules and procedures for the use of bilateral fund and complementary actions are to be agreed between PO and DPP and submitted to approval by the Cooperation Committees.

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

**Budget of the programme:** 3 529 412 EUR (incl. grant amount and national co-financing)
**Programme operator:** Ministry of Justice

**Donor Programme Partner:** Council of Europe

The objective of the programme is a fairer and more efficient judicial system as well as to enhance the competency of the Bulgarian judiciary with respect of the implementation of the provisions of the ECHR and of the European Court of Human Rights case law. The programme is implemented through 5 pre-defined projects with the CoE acting as door project partner for all of them.

***Technical implementation***

The pre-defined projects started in the end of February 2013.

A detailed description of MCS of the PO, Compliance assessment report and opinion were submitted to the FMO in January 2014.

An Independent assessment of the Strategy to Continue the Judicial Reform in the Conditions of Full European Union Membership has been carried out. Experts from four NGOs drafted a text to update the priorities, sub priorities and strategic objectives.

***Status of the pre-defined projects***

***Project № 1 –*** The first seminar of the train-the-trainers cycle, held in December 2013, was attended by 22 magistrates. Twenty magistrates and NIJ staff members visited the Grand Chamber at the ECtHR, met with partners of the CoE, judges and experts and discussed questions concerning the practical application of the ECHR.

A working group, composed of magistrates and experts working in the field of human rights protection, including a representative of the PRRBECtHR Directorate at the Ministry of Justice, was formed. The group should specify the approach to the selection of the judgments, the form of their summarizing and processing by the magistrates participating in the group.

***Project № 2 –*** Selection of judges for secondment to the European Court of Human Rights in Strasbourg has been made and the first three judges have been seconded on an internship at the ECHR Registry in Strasbourg. A procedure for the selection of the other 6 Bulgarian judges was opened.

Methodology to Select and Evaluate Candidates for Internships at the Registry of the European Court of Human Rights in Strasbourg was drawn up and approved.

***Project № 3 –*** In April 2013 two national experts have been seconded to the ECtHR’s Registry Office for a one-year term with the mission to facilitate the work of the Single judge on manifestly ill-founded individual applications.

Within the project activities a national legal expert participated in the 95th Plenary Session of the Venice Commission (in Venice, June 2013).

***Project № 4 –*** The progress of the project during the reporting period includes two newly introduced services which are actually functioning and facilitating the access to justice for members of the target group – National telephone hotline for legal aid (NTHLA) and legal aid centres (LAC) in Vidin and Sliven.

***Project № 5 –*** In October 2013 two three-day roundtables with international participation were held in Sofia: “Compulsory Brining of Persons to Judicial Authorities” with a total of 22 participants and “Protection of Magistrates” with a total of 26 participants.

***Bilateral Fund***

The Rules for the administration of Funds for Bilateral Relations at programme level were adopted by the FMO in late September 2013. Launching call for proposals for Bilateral Relations fund is forthcoming.

A study visit to Norway was held in September 2013 under project № 4. The main task of the participants was to familiarize in detail with the system for legal aid provision in Norway.

***Roma inclusion***

The Programme Operator submitted to the FMO a newly developed indicator that will measure the total allocation of funds for Roma minority groups under Programme BG 14. The indicator was included in the proposal for revision of Annex I to the Programme Agreement.

***Information and publicity activities***

In February 2013 the Programme Operator organized an official press conference for the start of the Programme, and project agreements were signed with the project promoters.

During the reported period all pre-defined project have also conducted opening conferences for the start of the implementation process.

Programme Operator held in the period 28 February – 2 March 2013 information seminar for presentation and discussion of the Monitoring and Control Systems of the PO.

### BG 15: Correctional services, including non-custodial measures

***Budget of the programme***: 8 235 294 EUR (incl. grant amount and national co-financing).

Programme operator: Ministry of Justice

Donor Programme Partner: Council of Europe

The main objective of the Programme is to improve the Bulgarian system of correctional services in compliance with the relevant international and European human rights instruments. It will be implemented through 3 pre-defined projects and 1 small grant scheme, covering the following outcomes:

1. To overcome the challenges of growing prison population and prison overcrowding;

2. Increased application of alternatives to prisons;

3. Increased focus on vulnerable groups in prison;

4. Improved competences of both inmates and prison staff.

The Programme prepares the ground for implementing policies for effective and result-oriented management of the execution of sentences and remand in custody.

*Overall progress as regards implementation of the Programme. Progress towards expected outcomes and outputs achieved.*

In February 2013 the Programme Operator organized an official press conference for the start of the programme. Project agreements were signed with the project promoters following a process of formal appraisal. The programme management unit was set up.

A description of the Management and Control System at programme level together with Compliance assessment Report issued by the Audit Authority was submitted to the FMO in December 2013. In March PO organized study visit to Strasbourg for all beneficiaries under the programme. Cooperation Committee meeting was held in July 2013 jointly for BG 14 and BG 15.

*Progress of the pre-defined projects*

*Project 1:**Improve standards in prisons and IDFs by refurbishment of infrastructure to ensure respect for human rights.*

The project promoter has already managed to complete one of the facilities – Sliven prison by renovating premises and procurement of new equipment and consumables for the medical centre and the nursery at the Sliven female correctional facility. All the other activities are being implemented according to schedule.

Public procurement procedures for the design and construction supervision of the five facilities under the project - Bourgas, Varna, Sliven, Lovech and Pleven prisons were launched with deadline for presenting offers 23.09.2013. The procedure has not been finalised yet as an appeal was filed.

The public procurement procedure was initiated also for construction of new IDF and probation service on the basis of reconstruction of an ex-military building in Shumen. The deadline for the procedure of selection of contractor is not expired in reported period.

*Project 2: Increasing the application of probation measures in compliance with European standards and programme for electronic monitoring***.**

Analysis of the legislative framework as well as the programme for training of magistrates for the implementation of alternatives to prison have been accomplished.

*Project 3: Improving the competences of staff in psychological selection and counselling*

Three analysis for the preparation and implementation of techniques for the consultation of inmates as well as prison staff - analysis of the applicable practices from EU countries in terms of the penitentiary psychology, analysis of the need to introduce new methods of psychological selection, analysis and assessment of the training needs of psychologists in this area have been elaborated. A survey and evaluation of practices related to application of the present methods of psychological selection. Was carried out

*Risks and risk mitigation*

In December permanent working group on Programme level with the participation of all the beneficiaries was assigned with the task to define the risks and to elaborate a monitoring plan for the year 2014. A list of the high level risks was identified and a mitigation measures were prepared.

The Programme Operator has identified the main following challenges related with the timely implementation of the Programme:

• Finalizing the procedure for the transfer of € 1.4 million € to the Programme - based on the reallocation of € 1.4 million, the Annex 1 to the PA was changed and sent to the FMO for approval on 11th of October 2013. The approval of the donors is still pending.

• Management of the Small Grant Scheme by the Programme Operator - the management of the Small Grant Scheme was planned for externalizing to an independent public entity outside the PO. The last developments in programme management lined out the enhanced capacity of the programme management team. The analysis of the current situation showed potential significant delay of launching the call for proposals under SGS having in mind the heavy open call procedures under the Public Procurement act. For that reason PO proposed to manage the SMG. Approval of the donors is pending.

***Bilateral Fund***

The Rules for the administration of Funds for Bilateral Relations at programme level have been approved by the OFM at the middle of October 2013. PO elaborated a Template for Proposal for Initiatives under the Fund. The template includes detailed description, justification, relevance, objectives, expected results, indicative budget and indicators.

**BG22 Fund For Decent work and Tripartite Dialogue**

The Fund aims to promote the decent work agenda and foster the tripartite dialogue. The programmes also increase the bilateral cooperation with Norwegian partners.
The Fund for Decent Work and Tripartite Dialogue was launched October 20th 2011 within the following two main areas/priorities:

- Improved social dialogue and tripartite dialogue structures and practices

- Enhanced understanding of the benefits of decent work

Four projects under the Fund for Decent work and tripartide Dialogue were approved in Bulgaria, as follows:

* Project “TRUST - TRansparency for sUSTainable Social Policy” with Project promoter: Bulgarian Chamber of Commerce and Industry in partnership with Confederation of Norwegian Enterprise (NHO). The total budget of the project amounts: € 96 330.
* Project “Capacity for partnerships with stakeholders” with Project Promoter: PODKREPA Labour Confederation. Total budget: € 79 975.
* Project “Decent work and dialogue – good practices exchange” with Project Promoter: Confederation of Independent trade Unions in Bulgaria and two Norwegian partners: Norwegian Confederation of Trade Unions (LO) and Confederation of Norwegian Enterprise (NHO). The total project budget amounts: € 220 920.
* Project: “Decent work greatest challenge: occupational stress” with Project Promoter: Trade Union Federation of the employees of the Ministry of Interior. Total budget: € 78 175.

***Current status:***Four pprojects  are currently under implementation, two projects - in a partnership with Norwegian organizations (LO and NHO). Both Bulgarian and Norwegian organizations are satisfied with the cooperation and opportunity to exchange experience and good practice, and to learn from each other.

The projects are developing according to the agreed implementation plans. The eligibility date for activities is 31 December 2014.

## MANAGEMENT AND IMPLEMENTATION

## Management and control systems

*Changes in the institutional framework (as per Chapter 2 of the description of the Management and Control System at national level)*

Following the Parliamentary elections from 12 May 2013 and the taking office of the new Bulgarian Government as of 29 May 2013 a new government structure was put in place that no longer encompasses the post of Minister on EU Funds Management. The responsibilities for coordination on EU funds at national level currently rest with the Deputy Prime Minister and Minister of Justice.

The Deputy Prime Minister notified through an official letter the donors on the changes and proposed the functions and responsibilities of a Head of the NFP to be assigned to the Director of Monitoring of EU Funds Directorate, acting as National Focal Point for the grants. Upon confirmation of the agreement of donors for respective change of Annex A to the MoU (art.8 of the MoU), the Council of Ministers of R Bulgaria adopted its Decision No463/2 August 2013 nominating Ms. Mariana Kordova in her position of a Director of the Monitoring of EU Funds Directorarte as Head of the National focal Point. The change of Annex A was confirmed and formalized with a decision taken at the Annual Meeting held on 9 October 2013.

The above circumstances of change of Government resulted in having for a number of programmes designated new Heads of Programme Operators and changes in the institutional set-up (changes in the names of some units implementing the functions of POs). By the end of 2013 the process of administrative and institutional set-up for all Programme Operators has been finalized, orders for programme management teams have been issued and internal organization and distribution of responsibilities has been completed.

*Efficiency and effectiveness of the national management and control systems*

Elaboration of the management and control system at national level, issuance of compliance assessment report by the Audit Authority, submission of both documents to the FMO and provision of the FMO feedback and final approval took place in 2012. No changes in the functioning of the management and control system at national level have occurred in 2013. It has provided the necessary framework for implementation of the EEA and Norway grants in compliance with all applicable legal basis. The NFP has monitored closely the different stages of preparation and implementation of programmes with a view to providing guidance and assistance or consultation with the FMO on issues that require more precise tackling from a legal point of view.

Concerning financial management and reporting, the Certifying Authority elaborated and provided a set of internal rules, procedures and documentation to support the process of certification of interim financial reports and to ensure reasonable assurance that the financial and accounting systems of the POs are effective and sound, the expenditures incurred are in compliance with all applicable rules at programme and project level and with good financial and management practices.

In the reporting period the POs of programmes under implementation have started the elaboration of the detailed descriptions of management and control systems at programme level in accordance with art. 4.8.2 of the Regulations, art.5.1.5 of the Programme Implementation Agreements and guidelines provided by the AA on the contents and scope of the descriptions of MCS so that a unified approach is followed.

At the end of 2013 the status of preparation and approval of descriptions of management and control systems at programme level is as follows:

* Draft management and control systems of the PO for implementation of the Programmes BG06, BG14, BG15 and BG11 were submitted for review to the Audit Authority;
* Compliance assessment audit on management and control systems for implementation of Programmes BG06, BG14 and BG15 was completed in December, 2013. The audit of the BG11 Programme started on 4 December, 2013 and was completed on 7 February, 2014.

On the basis of the examinations, the Audit authority issued an opinion that the management and control systems established for the implementation of Programmes BG06, BG14, BG15 and BG11 under the EEA FM and the NFM 2009 – 2014, comply with the Regulations and generally accepted accounting principles and that the proportionality of the management and control systems` requirements, in relation to the effectiveness of achieving the objectives of the Programmes, is met.

## Compliance with EU legislation, national legislation and the MoU

The legal basis for the implementation of the EEA and Norway Grants in Bulgaria encompasses the following main documents:

* The Regulations on the implementation of the EEA FM and the NFM 2009 – 2014;
* The MoU on the implementation of the EEA FM 2009 – 2014 between the Republic of Bulgaria and the Iceland, Liechtenstein, the Kingdom of Norway and MoU on the implementation of the NFM between the Republic of Bulgaria and the Kingdom of Norway;
* The Programme Agreements under all approved programmes;
* Management and Control System (MCS) at national level and MCS at programme level;
* Guidance issued by the Certifying and Audit Authority;
* Applicable national legislation in the field of public finance (related to public procurement, state aidetc.), incl. Decrees and Decisions of the Council of Ministers adopted especially with the purpose to regulate and coordinate management of EU and other donor programmes.

Compliance with the regulatory environment of the EEA FM and the NFM as well as the national and Community legislation has been observed throughout the process of implementation of the grants, incl. in the:

* preparation of programmes – envisaging clear procedures for public procurement, state aid, avoidance of conflict of interest has been monitored by the NFP and the FMO;
* operation of management structures - distribution of functions and responsibilities at programme and at national level;
* issuance of guidance on financial management by the Certifying Authority;
* implementation of programmes –assessments of predefined projects, preparation and announcement of calls for proposals under launched programmes.

Particular attention during programmes’ and calls for proposals’ preparation was paid to compliance with the requirements of the state aid legislation. In accordance with the applicability of the issue (type of interventions and eligible applicants) the POs consulted the NFP/ the Ministry of Finance (the national body in charge of state aid) or specialized external expertise to draw procedures compliant to these requirements.

Problems encountered during the period were related to the involvement of the Council of Europe as project partner in predefined projects and in particular the requirement of the CoE to be excluded from a number of provisions of the Regulations and the applicable national legislation, and namely the texts in the project agreements stipulating that audit, control and public procurement shall be subject to the applicable rules and procedures of the Council of Europe.  Programme Operators, project partners and the NFP were concerned with the discrepancy between the obligations as per the Regulations and the above mentioned requirement of the CoE in view of their legality and justification for the purposes of ex-ante control of public procurement, that is an obligation of POs, stipulated in the Programme Implementation Agreements, verification and certifications of expenditures, future audits and financial controls.

Communication was held with the FMO to find an acceptable for all concerned parties solution of the identified problem.  As a result the following steps were taken:

* the NFP submitted an official letter to the Public Procurement Agency with a request for opinion on the applicability of art. 12, para 1, p.14 of the Public Procurement Law that introduces into national legislation the exception as per art.15, a) of Directive 2004/18/EO. The PPA confirmed the applicability of the above said provision towards the case of the Council of Europe acting as donor project partner under the EEA and Norway grants;
* Following extensive discussions between the NFP, POs, Project Promoters and FMO, incl. at the Annual meeting held in 2013, a formal position of the FMO was issued in a letter from Ms. Stine Andresen. The letter confirmed that the system for verification of expenditure proposed by the CoE is considered by the donors appropriate and compatible with the requirements of art. 7.13.3 of the Regulations and is sufficient for the purposes of verification and/or for any audits carried out by the Audit Authority or any other audit body.

In spite of the above, there are still concerns related to the exceptions and specific conditions requested by the Council of Europe with regard to financial issues (the 20% retention of final payment until final project report approval v/s the requirement of the CoE to receive its total allocation in two installments – advance and final payment, during project implementation). Based on communication of the issue with the FMO, it is expected that the provisions of p.4.1 Payment flows of Annex II to the PA (and art 8.4 of the Regulations) would be tackled taking into consideration this discrepancy in the obligations of project partners and in a way that does not create unreasonable cash flow restriction and financial burden on project promoters.

There are no problematic issues identified so far with regard to the other fields of application of the Regulation, national and Community legislation.

##  Irregularities

As an entity responsible for reporting irregularities and in line with *art.11.5 Regular reporting on irregularities* of the Regulations, during the reporting period the NFP prepared and submitted to the FMO 4 quarterly Irregularity reports (on 19th February, 10th May, 9th August and 27th November 2013) stating the lack of suspected or actual irregularities to be reported on.

No irregularities have been detected and reported in line with *art. 11.4 Immediate reporting on irregularities* either.

## Audit, monitoring, review and evaluation

In execution of its monitoring obligations and responsibilities, the NFP has catered to keep track on all ongoing activities performed by Programme Operators in accordance with the specific stage of respective programmes’ implementation. The focus of monitoring was to ensure that the activities implemented under the programmes are in line with the objectives of the EEA FM and NFM, that the necessary administrative, expert and financial resources are in place or properly planned and that time schedules are planned or updated, where circumstances require so.

The scope of monitoring activities performed by the NFP encompassed the following:

* Participation in Cooperation Committees held in the period;
* review and provision of comments on information submitted to the FMO in the framework of appraisal of programmes and consultation on Programme Agreements, taking actions and provision of information to the FMO on fulfillment of pre-disbursement conditions in PAs;
* following the process of evaluation of predefined projects for the launched programmes – with the purpose of assurance that all requirements of the Regulations are met. The POs have been asked to provide to the NFP information on the progress and results of the evaluation process, the draft contracts with the project promoters, etc.;
* review and provision of comments to the POs on the first IFRs under launched programmes;
* review and provision of comments on the following documents prepared by the POs: draft Calls for proposals – before their formal submission to the FMO, draft Guidelines for applicants, draft description of the Management and Control Systems, etc.
* day to day communication of the NFP experts with the POs.

Due to the initial stage of implementation of launched programmes, no reviews and evaluations at national level have taken place in the reporting period. Summary information on audit activities is provided below.

***Audit work performed during the reporting period***

In 2013 the Audit Authority carried out three compliance assessment audits of the management and control system descriptions for the implementation of the Programmes BG06, BG14, BG15 and BG11, financed under EEA FM and Norwegian Financial mechanism 2009 – 2014, as follows:

1.1 Compliance assessment audit on management and control systems established at the Ministry of Education and Science, acting as programme operator for implementation of Programme BG06 “Children and youth at risk” under the European Economic Area Financial Mechanism 2009 – 2014. The audit was completed on 21 December, 2013.

1.2. Compliance assessment audit on management and control systems established at the Ministry of Justice, acting as programme operator for implementation of Programmes BG14 “Capacity building and cooperation in the area of justice” and BG15 “Correctional Services including Non-custodial Sanctions” under the Norwegian Financial Mechanism 2009 – 2014. The audit was completed on 27 December, 2013.

1.3. Compliance assessment audit on management and control systems established at Operational Programme Technical assistance Directorate within the Council of Ministers Administration, acting as Programme operator for implementation of Programme BG11 „Capacity-building and Institutional Cooperation” under the Norwegian Financial Mechanism 2009 – 2014. The audit started on 4 December, 2013 and was completed on 7 February, 2014.

The scope of the compliance assessments comprises an assessment of the adequacy of the design of the management and control systems established at the Programme operators in the respective ministries for managing of Programmes BG06, BG14, BG15 and BG11 under the European Economic Area Financial Mechanism and the Norwegian Financial Mechanism 2009 – 2014.

On the basis of the examinations referred to above, the Executive Director of the Audit of EU Funds Executive Agency (Audit authority) issued an opinion that the management and control systems established for the implementation of Programmes BG06, BG14, BG15 and BG11 under the EEA FM and the NFM 2009 – 2014, comply with the Regulations and generally accepted accounting principles and that the proportionality of the management and control systems` requirements, in relation to the effectiveness of achieving the objectives of the Programmes, is met.

Some minor shortcomings have been identified, as described in the compliance assessment reports. These shortcomings are assessed, as not serious enough to qualify the Audit Authority’ opinion.

The annual audit report and the opinion were submitted to the NFP on 27 December, 2013. The same were sent to the FMO in January 2014.

## Information and publicity

In 2013 communication activities at programme level encompassed formal launching events under most of the programmes and information canpaigns under announced calls for proposals. 2013 proved to be an early stage for communication activities that allowed the NFP to focus more on activities at national level and setting up a strong base for the future. In this regard, the new website and an electronic bulletin as important milestones for the future were launched. The initial concept for the bulletin included active involvement of the Programme Operators with the NFP and the Embassy acting in the role of editors and conceptual designers. The bulletin has been presented during a communication workshop for NFPs and Embassies in Warsaw in 2013 where it got a very positive response from all parties.

The new website of the NFP ([www.eeagrants.bg](http://www.eeagrants.bg) [www.norwaygrants.bg](http://www.norwaygrants.bg)) proved to be a good platform for information on the EEA and Norway Grants. The step forward from the EU web portal where the site was previously hosted allowed us to have more functionalities and a better order of the presented data. It also gave the Grants a more unique look in conjunction with the adopted guidelines which previously wasn’t possible. Having said that, the NFP also plans to link the new site to the eufunds.bg domain because this is the place where many people grew accustomed to find information for the EEA and Norway Grants as well.

The NFP has also given full support, where needed, to the Programme Operators with regards to the organisation of the opening events and information days for the programmes that have been launched. For example the information days organised under the Green Industry Innovation (7-12 December 2012) have been held in four Bulgarian cities – Gabrovo, Stara Zagora, Vratsa and Burgas in cooperation with the local municipalities and the regional information centers. The same approach has been followed for all programme operators where the NFP has been consulted with regards to visualization and communication tools.

The overall communication activities of the POs for 2013 were mainly oriented towards organising opening events and information days for the programmes and calls. The NFP has urged the PO to be more active on the web by developing their websites, but currently just few POs are in compliance with these requirements. Most of the POs have chosen the option to develop webpages within the ones of their ministries. This often leads to technical difficulties in making available the information required in Annex 4 to the Regulation. The social media still remains not very popular with the most activity in that field by the NGO Fund. What is expected from the POs in addition to the listed requirements is help in identifying good projects that can be used as stories for the website as well as for the media. We also think that the involvement of the POs could be better. Since communication officers within the POs are usually regular experts within the government administration, they need to be encouraged to be more proactive and think more on how to contribute to such an important factor as communicating the results from the programmes/projects. In this regard, two meetings have been organised by the NFP and the Norwegian Embassy where communication priorities have been discussed and guidance has been given in order to fulfill the Annex 4 requirements.

As of this stage, we do not see necessary to update the Communication Strategy.

**Implemented activities for 2013:**

* January: “Business Breakfast” by the Minister of EU Funds Management and the Ambassador of Norway for 9 Bulgarian journalists from TV, radio and print media;
* March: start of a quarterly online bulletin together with the Norwegian Embassy;
* June: public event in Varna together with the Embassy aiming to promote the Grants;
* July 2013: launch of a new website for the EEA and Norway Grants in Bulgaria;
* December 2013: signing a contract after a public procurement for the organisation of events for the EEA and Norway Grants

**Planned activities for 2014:**

* Organisation of a public event to support the Fund for bilateral relations at national level (10.04.2014);
* Organisation of a seminar for journalists (end of April)
* Further improvement of the website with information on the partners, more pictures from the data bank created by the FMO as well as an update with key predefined projects;
* Signing of a contract after a public procurement (to be announced) for the production of information materials;
* Publishing of issues of the bulletin;
* Annual event promoting achievements so far;
* Fetching any other opportunity to present the Grants.

## Work plan

***Work plan for the activities to be performed at national level for the grants***

* Elaboration and submission to the FMO by 31 March 2014 of a Strategic Report on the implementation of the EEA and Norway grants;
* Coordination of the implementation of all programmes in accordance with time schedules;
* Organisation and conduct of the Annual meeting under the EEA FM and NFM in October 2014;
* Organisations and conduct of a meeting of the Monitoring Committee;
* Implementation of the activities under the TA and the FBRNL;
* Organisation of trainings for the PO at their request or at the initiative of the FMO/CA/NFP;
* Participation in trainings and meetings organised by the FMO;
* Participation in Cooperation Committees, Steering Committee meetings and other working meetings organised under the separate programmes;
* Assistance to the POs for development of detailed descriptions of the management and control systems and encouraging their timely development by the POs;
* Performance of compliance audits by the AA for the POs that have submitted detailed descriptions of the management and control systems;
* Preparation and announcement of Calls for Proposals under all programmes;
* Implementation of the information and publicity plan of the NFP, incl. regular update of the web site of the grants, issuance of the information bulletin, organisation of publicity events;
* Coordination of the organisation of information and publicity activities under all programmes, information days with potential beneficiaries etc.;
* Preparation and submission of Interim Financial Reports to the FMO;
* Conduct of activities of the CA related to certification of expenditures, processing of Interim financial reports and other actions in the field of responsibilities of CA, incl. under BG 01;

*Work plan for the activities to be performed at programme level* ***–*** attached as Annex 5 to the Strategic Report.

## SUMMARY LIST OF ISSUES AND RECOMMENDATIONS

In general, progress with appraisal, approval of programmes and signature of Programme Agreements and Programme Implementation Agreements went slowlier than expected and planned. This was due to the cumulative effect of different factors, encompassing: a comprehensive process of consultations between stakeholders on the contents of the programmes; lengthy internal procedures for approval of discussed/proposed revisions; changes in staff responsible for coordination of programmes on behalf of different stakeholders; insufficient communication between parties, etc. The incurred delays require revisions in time schedules under individual programmes as well as with regard to the overall schedule of implementation of the EEA and Norway grants.

Particularly under the current reporting period the achieved progress corresponds to the planned with regard to approval of programmes and signature of PAs and PIAs. It should be underlined, that once programmes are launched their implementation is advancing well on track and there are no delays registered so far that could put at risk the achievement of programmes‘ outcomes. Project promoters demonstrate adequate capacity for projects‘ management, although there is room for improvement particularly with regard to coordination with respective PO (in cases of project changes etc.). The NFP will continue to insist that PO follow closely the compliance of all actions undertaken by project promoters and their partners with the rules and procedures of the EEA and Norway Grants.

Identified as outstanding issues were the exceptions related to the involvement of the Councuil of Europe as donor project partner in pre-defined projects - with regard to the contents of the partnership agreements and the potential or actual consequences the provisions of these agreements have on programmes\ implementation and on the obligations of project promoters. Following the discussions held and the decisions taken at the Annual Meeting (held on 9 October 2013), an official statement of the donors was issued in a leeter  from Ms. Stine Andresen tackling the amount of advance payments and the verifications procedures applicable towards the expenditures to be incurred by the CoE. In addition, at the request of the NFP a positive opinion was provided by the Public Procurement Agency in Bulgaria on the possibility for the CoE, as an internatioanl organisation, to follow their own public procurement rules.

However, concerns remained with regard to:

* the excpetional treatment required by the CoE in relation to timimg of the advance payments due by the project promoters to the CoE, reporting, auditing, retention clause. The NFP has communicated these with the FMO and a consultation procedure with the participation of the FMO, NFP, Certifying and Audit Authorities has been undertaken to reach acceptable and legally justified solutions;
* Unrealistic or not well considered budget planning under partnership projects with the participaton of CoE as a result of which during project implementation it has turned out that the involvement of CoE expertise required additional funding – a solution has been found to use, as an exception, bilateral funds at programme level, but this is not in line neither with the objectives of the bilateral funds nor with the provisions of the Regulations and all other documents, regulation the implementation of the programmes. An option suggested by the FMO was to reallocate the necessary funds from budget heading „*Reserve for exchange rate losses*“. The NFP considers that any such cases should be avoided in the future by sound planning of resources, incl, through the preparation of clear distribution of tasks and activities between partner to be attached to the project partnership agreements (as is practices in all other donor partnership projects).

Currently there are no other outstanding issues to be addressed.

The NFP considers as generally problemtaic the issue with delay in the launch of the implementation of all programmes for which PA and PIA were signed in the course of 2013. Inquiries for possible extensions have already been addressed to the NFP by project promoters and PO. Being aware of the position of donors at this stage, the NFP urged all stake holders to mobilise their efforts and resources, to streamline time schedules of activities, to initiate preparatory actions (drafting technical specifications, terms of reference, to make all necessary preliminary analysis needed) so that further delays are avoided as much as possible.

However, taking into account that duration of public procurement procedures and of calls for proposalscould not always be subject to precise planning, the NFP will put in place a monitoring and coordination mechanism to allow an early identification of such possible delays and of appropriate corrective actions.

For some programmes the PAs contain as pre-payment condition the externalising to independant evaluators or verificators the functions for projects‘ evaluation and/or verificitaion of expenditures. This requires the conduct of public procurement procedures for selection of independent contractor to perform the above mentioned functions. Tender procedures might take significant time which will further delay the implementation. A solution has been proposed by the NFP with regard to verification of expenditures for the purposes of financial reporting and namely, the PO to conduct verification that would be confirmed by the independent verificator once selected. On the basis of informal discussions held it is expected that such approach would be acceptable for the FMO.

1. Annotations, in green text, accompany the structure and description outlined in the Strategic Report template in Annex 3 to the Regulation. [↑](#footnote-ref-1)