



Republic of Bulgaria

Council of Ministers

Monitoring of the EU Funds Directorate

National Focal Point

**FIFTH SEMI - ANNUAL REPORT
ON THE IMPLEMENTATION OF
EEA FINANCIAL MECHANISM IN THE REPUBLIC OF
BULGARIA**

November 2009 – May 2010



GLOSSARY OF ACRONYMS

AA	Audit Authority
AEUFEA	Audit of the EU Funds Executive Agency
AF	Application Form
CTE	Central Treasury Entity
CoM	Council of Ministers
EEA	European Economic Area
EFTA	European Free Trade Association
EU	European Union
IA	Implementing Agency
FM	Financial Mechanism
FMC	Financial Mechanism Committee
FMO	Financial Mechanism Office
MEET	Ministry of Economy, Energy and Tourism
MEYS	Ministry of Education, Youth and Science
MEUFD	Monitoring of the EU Funds Directorate
MF	Ministry of Finance
MoU	Memorandum of Understanding
MC	Monitoring Committee
NF	National Fund
NFP	National Focal Point
NGO	Non-Governmental Organizations
PIR	Project Interim Report
PIP	Project Implementation Plan
SAR	Semi Annual Report
SFIEP	Structural Funds and International Educational Programmes
TA	Technical Assistance

PREFACE

The purpose of 5th Semi-annual report on the implementation of the EEA Financial Mechanism in Bulgaria is to give comprehensive overview on the implementation of the programme during the period under review.

The present Semi-annual report covers the period from 1st November 2009 to 31th May 2010. The SAR is limited to the following issues:

I. Implementation status

1. Changes in the managerial set-up;
2. Pre-disbursement condition;
3. Disbursement;
4. Risk of non-completion;
5. Project Implementation Reports;
6. Specific forms of grant assistance.

II. Publicity and information measures

1. Performed Activities

III. Indicative implementation plan for the next period

The annual report has been prepared by the Bulgarian National Focal Point for the EEA FM – Monitoring of EU Funds Directorate, Council of Ministers.

The NFP confirms that the data included in the present Semi - Annual Report on implementation of the EEA Financial Mechanism are comprehensive, complete and correct.

I. IMPLEMENTATION STATUS

1. CHANGES IN THE MANAGERIAL SET-UP OF EEA GRANTS IN BULGARIA

Following the decision adopted by the Bulgarian Government to strengthen and centralize at national level the management and coordination of EU funded and bilateral cooperation programmes as of 30 October 2009 the "Management of EU Funds" Directorate at the Ministry of Finance was closed and all its functions, including those of a National Focal Point for the EEA Financial Mechanism were transferred to the Council of Ministers Administration (CoM). In terms of administrative capacity the above said transfer of functions was supported through the transfer of a team of 26 experts.

As a result of the decision taken the functions of the National Focal Point for the EEA Financial Mechanism were taken over by the "Monitoring of EU Funds" Directorate, together with the whole expert staff involved at the different stages of the management of the EEA FM in Bulgaria – negotiation procedures, elaboration of the legal basis for the implementation of the programme in Bulgaria, projects' evaluation and selection, monitoring of projects' implementation, organization of semi-annual meetings, monitoring committees, publicity events, signing of Grant Agreements, elaboration and signing of Implementation Agreements, approval and processing of Project Implementation Plans and Project Interim Reports etc. Currently the functions of a National Focal Point are performed by the Other Instruments and Programmes Department within the Monitoring of EU Funds Directorate that consists of a Head of Department and 5 experts responsible for the management of the programme at horizontal level and for the specific priority areas.

In accordance with the amendments in the Organic Rules of the Council of Ministers and its Administration dated 30.04.2010 a new position of a Minister for EU Funds Management has been introduced in charge of the overall coordination and management of the funds granted to Bulgaria by the EU, incl. the EEA FM. With the aim to strengthen the administrative capacity at national level and enhance the effectiveness and efficiency of absorption of funds amendments in the national legislation have been prepared for official nomination of the Minister for EU Funds Management as a Head of the National Focal Point under the EEA FM. This change does not affect the functions of the NFP that continue to be performed by the "Monitoring of EU Funds" Directorate.

The above institutional changes were formalized by a CoM Decision No 218/16.04.2010 with which the “Monitoring of EU Funds” Directorate at the Council of Ministers Administration was officially designated as a National Focal Point under the EEA FM and the Norwegian Cooperation Programme.

In accordance with Art. 5, p.3 the necessary amendments in Annex A regarding the National Focal Point will be agreed upon during the Semi-Annual Meeting and will be confirmed through an exchange of letters procedure between the EEA Financial Mechanism Committee and the National Focal Point.

With an Order No. P-92/14.06.2010 the Minister of EU Funds Management has authorized the Head of “Other Instruments and Programmes” Department within the “Monitoring of EU Funds” Directorate to sign on behalf of the National Focal Point the following documents: Project Implementation Reports, Project Completion Reports, correspondence related to modification requests and all other official correspondence directly related to the implementation of projects under the EEA FM. The sample signature has been submitted to the FMO with a correspondence dated 14 June 2010.

2. PRE-DISBURSEMENT CONDITION

A major problem that has been identified as hindering the effective and efficient utilization of funds and posing a significant risk for non-completion of project activities was the pre-disbursement condition stipulated in the Grant Offer Letters, requiring a confirmation that the public procurement procedures needed for the project have been successfully completed.

In particular, the above mentioned condition had a negative effect on the projects implementation with regard to the dependence of the disbursement on the completion of all tender procedures, which for most of the projects were scheduled to take place at a different stage of projects implementation. It should be noted that in most cases there was a sequencing of activities as a given activity could only start after the delivery of outputs of a related activity. Simultaneously the financial crises has had serious negative implications for the 2010 budgets of all public institutions in Bulgaria with heavy restrictions especially on capital expenditures. The same is true for NGOs that in principle have limited free financial resources. Thus the beneficiaries under the projects has experienced serious difficulties to pre-finance project activities and especially to transfer due payments to sub-contractors in case of successfully completed larger tender procedures.

Based on the above considerations the NFP has carried out comprehensive review and analysis of the status of public procurement procedures under all projects for

which the pre-disbursement condition was still applicable (the pre-disbursement condition was waved for the projects – BG0011, BG0023, BG0031 BG0067, BG0035, BG0048, BG0023 and BG0043). As a result of this analysis all projects were distributed in three groups:

- Group A: projects for which all tender procedures have been completed and the pre-disbursement condition is fulfilled;
- Group B: projects for which tender procedures have been successfully completed for 50% or more of the amount to be contracted through public procurement;
- Group C: projects for which tender procedures have been successfully completed for less than 50% of the amount to be contracted through public procurement but the lack of advance blocks the project progress

Following an official request addressed by the NFP to the FMO that encompassed a comprehensive review of the status of implementation of the public procurement procedures, on 25th March 2010 the Financial Mechanism Office took a positive decision and lifted the pre-disbursement condition related to the completion of the public procurement procedures for 24 projects, and modified it for 6 projects.

3. DISBURSEMENT

Through the waved pre-disbursement condition a total of **3,089,288 EUR** have been disbursed under the EEA FM projects in Bulgaria. 1 576 473 EUR of this amount was disbursed towards the NGO Fund, 257 874 EUR - under the Scholarship Fund and 12 998 EUR – under the Technical Assistance Fund. A total 1 241 943 EUR was disbursed from the FMO under the individual projects.

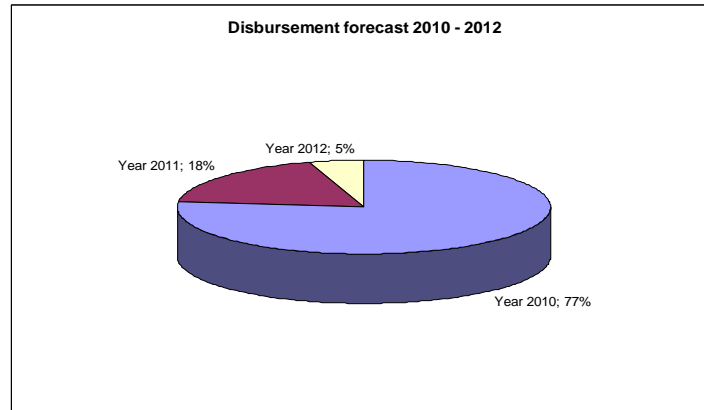
Project number	EEA Grant as per GOL	Actual up to 20.05.2010			
		Transfers received from EEA FM including:		Payments transferred to beneficiaries confirmed by IA	Remaining payment claims
		Advance payments	Interim payments		
BG0011	€413 605,000	€41 360,00	€0,00	€41 360,00	€372 245,00
BG0012	€299 024,000	€29 902,00	€0,00	€0,00	€269 122,00
BG0013	€272 827,000	€0,00	€0,00	€0,00	€272 827,00
BG0014	€275 797,000	€27 580,00	€0,00	€27 580,00	€248 217,00
BG0015	€566 596,000	€56 659,00	€0,00	€56 659,00	€509 937,00
BG0016	€564 596,000	€0,00	€0,00	€0,00	€564 596,00
BG0017	€308 853,000	€30 886,00	€1 593,00	€0,00	€276 374,00
BG0018	€489 548,000	€48 955,00	€3 814,00	€52 769,00	€436 779,00
BG0019	€257 482,000	€0,00	€0,00	€0,00	€257 482,00
BG0020	€265 140,000	€26 514,00	€0,00	€0,00	€238 626,00
* BG0021	€297 885,000	€0,00	€0,00	€0,00	€297 885,00
BG0022	€315 483,000	€31 549,00	€0,00	€31 549,00	€283 934,00
BG0023	€250 032,000	€25 004,00	€12 923,00	€37 927,00	€212 105,00

BG0024	€263 223,000	€26 322,00	€0,00	€26 322,00	€236 901,00
BG0025	€564 932,000	€56 493,00	€0,00	€0,00	€508 439,00
BG0026	€437 220,000	€15 533,00	€0,00	€15 533,00	€421 687,00
BG0027	€353 311,000	€35 331,00	€0,00	€35 331,00	€317 980,00
BG0028	€389 990,000	€0,00	€0,00	€0,00	€389 990,00
BG0029	€298 242,000	€29 824,00	€352,00	€30 176,00	€268 066,00
BG0030	€320 646,000	€0,00	€0,00	€0,00	€320 646,00
BG0031	€257 584,000	€25 758,00	€10 343,00	€36 101,00	€221 483,00
* BG0033	€517 863,000	€51 786,00	€0,00	€0,00	€466 077,00
BG0034	€493 436,000	€49 343,00	€5 830,00	€49 343,00	€438 263,00
* BG0035	€945 878,000	€94 588,00	€1 974,00	€94 588,00	€849 316,00
BG0036	€455 739,000	€45 574,00	€0,00	€45 574,00	€410 165,00
BG0039	€256 597,000	€3 567,00	€0,00	€3 567,00	€253 030,00
BG0040	€369 467,000	€0,00	€0,00	€0,00	€369 467,00
BG0041	€748 939,000	€74 893,00	€0,00	€74 893,00	€674 046,00
BG0042	€245 523,000	€0,00	€0,00	€0,00	€245 523,00
BG0043	€233 984,000	€23 399,00	€0,00	€23 399,00	€210 585,00
BG0045	€339 436,000	€0,00	€0,00	€0,00	€339 436,00
* BG0046	€508 235,000	€50 823,00	€0,00	€50 823,00	€457 412,00
BG0047	€293 968,000	€29 396,00	€0,00	€29 396,00	€264 572,00
BG0048	€340 529,000	€34 053,00	€0,00	€34 053,00	€306 476,00
BG0050	€314 186,000	€0,00	€0,00	€0,00	€314 186,00
BG0051	€1 060 621,000	€106 062,00	€0,00	€106 062,00	€954 559,00
BG0052	€317 851,000	€31 785,00	€0,00	€31 785,00	€286 066,00
BG0054	€323 844,000	€32 384,00	€0,00	€32 384,00	€291 460,00
BG0061	€461 045,000	€0,00	€0,00	€0,00	€461 045,00
BG0065	€584 028,000	€0,00	€0,00	€0,00	€584 028,00
BG0067	€243 938,000	€24 394,00	€14 822,00	€39 216,00	€204 722,00
BG0068	€305 747,000	€30 575,00	€0,00	€30 575,00	€275 172,00
BG0057	€596 766,000	€10 184,00	€247 690,00	€257 874,00	€338 892,00
BG0008	€537 164,000	€0,00	€12 998,00	€0,00	€524 166,00
Total	€17 956 800,00	€1 512 815,00		€1 294 839,00	€16 443 985,00
NGO Fund	€2 064 000,00	€1 576 473,00		€1 576 473,00	€487 527,00
Gran total	€20 020 800,00	€3 089 288,00		€2 871 312,00	€16 931 512,00

According to the disbursement schedule, developed on the basis of the PIPs the planned disbursement for 2010 amounts to 12 308 513 EUR, for 2011 - to 2 922 572 EUR and for 2012 to 744 942. Due to the delay in the launch of the implementation of part of the project the NFP assessment is that most probably the amounts disbursed in 2010 will be less than the initially foreseen amount. A more precise disbursement forecast based on analysis of the delays in the projects' implementation, requests for extension of implementation periods and other factors that could have impact on the projects' progress will be developed in September 2010.

The low level of disbursement achieved so far – 15 % is mainly due to the enforcement of the pre-disbursement condition that resulted in a lack of advance payments and at the same time the deteriorated financial situation in the country as a

result of which the Project Promoters had no available funds for pre-financing the planned activities



under the projects. Another reason for the low amount of reported and certified expenditures was the slow processing of first PIRs submitted by Project Promoters that referred to the initial stages of projects' implementation. Currently with the overcoming of the described obstacles and the advancement of the projects a tangible increase in the incurred expenditures can be witnessed.

4. RISK OF NON-COMPLETION

Based on a review of the progress in implementation of the portfolio of projects financed through the EEA FM and taking account of the information provided in the submitted PIRs and the PIR status overview regularly provided by the NFP, the Financial Mechanism Office drew up and submitted to the NFP on 22nd March 2010 a list of 25 projects assessed to be at risk of non-completion by the final date of eligibility of 30 April 2011.

Taking into consideration the assessment made by the FMO as well as the results of its own risk analysis the NFP team extended the list with additional four projects and divided the 29 projects considered to be at risk of non-completion into three groups:

1. The risk for non completion of the projects is minimal – 9 projects;
2. Moderate risk for non-completion of the activities within the deadlines – 14 projects;
3. Projects at higher risk – 6 projects.

The risk analysis carried out by the NFP was based on consideration of the following factors with potential impact on the implementation of the projects in line with the approved time schedules:

- delay in launching of project activities;
- sequencing and dependence of activities;
- number and type of forthcoming tender procedures;
- accumulated delays in processing of PIRs;
- the delay in transfer of advance payments to Project Promoters.

In order to mitigate the risk related to the above factors and to overcome the accumulated delays the NFP initiated discussions on the possible measures in order to address the risk of non-completion:

- A meeting was held with the participation of Mr. Tomislav Donchev, Minister of EU Funds Management and Head of the NFP and Mrs. Petya Evtimova - Deputy-Minister of Education, Youth and Science and IA management team for discussion of the possible measures for strengthening the IA administrative capacity as well as for accelerating the processing of tender documentation and PIRs;
- Separate meetings were held with the participation of the NFP team and Project Promoters under some of the projects at which project specific problematic issues were addressed (BG0011, BG0017, BG0067, BG0013, BG0041, BG0051, BG0061 etc.);
- in order to raise the effectiveness of the process of verification and approval of PIRs and minimize delays due to the duration of the formal procedure, the NFP required from the Project Promoters to submit the technical part of the PIRs by e-mail for preliminary check in advance of formal submission to the IA.

5. PROJECT IMPLEMENTATION REPORTS

Following detailed verification and certification of the incurred costs and certification of the projects' progress on national level a total of 43 PIRs have been submitted to the FMO for further check and approval. As a result 33 reports for the First reporting period and 10 Reports under the Second Reporting Period have been approved by the FMO. Currently 42 PIRs are under review by the respective national authorities responsible for the EEA FM projects management.

A short review of the status of implementation of planned activities, actually incurred costs as per PIRs as well as assessment of the accumulated delays under each project is annexed to the report (Annex A).

5. MONITORING OF PROJECTS' IMPLEMENTATION

At national level the programme and projects' implementation is subject to regular monitoring by the NFP with regard to physical and financial progress, compliance of project activities with Project Implementation Plans and with envisaged results and objectives, status of processing of PIRs, fulfillment of project specific conditions as stipulated in the GOLs.

During the reporting period the monitoring functions of the NFP were carried out through:

- review and processing of PIRs;

- submission by the Project Promoters on a regular/monthly basis of updated information on progress of project activities – this information provides the NFP with an overview of the actual status of projects in the period between the submission of PIRs and provides the possibility for early identification of potential problems/deviations and delays that may require intervention at the level of the NFP;
- maintenance of day-to-day communication with Project Promoters especially in cases when project modifications are under consideration and a good level of knowledge on the project developments is necessary in order to define the scope of eligible changes;
- on-the-spot monitoring visits (OSM) – the NFP prepared an Annual Plan for OSM that was coordinated with the monitoring plan of the Implementing Agency. The OSM of the NFP is in its initial phase of implementation as the monitoring visits have been planned to take place at a more advanced stage of project implementation when actual delivery of activities and results could be witnessed. In the reporting period the expert from the NFP in charge of the different priority areas took part in OSM visits for the following projects (BG 0014, BG 0035, BG 0041, BG 0047, BG 0015, BG 0020, BG 0024, BG 0029)

6. SPECIFIC FORMS OF GRANT ASSISTANCE

6.1 NGO Fund

Project Management Training of financed organizations under the second call

A training of all funded organizations was conducted on 6 November 2009 in Sofia at *Siti* Hotel. It was attended by 52 representatives from 31 funded NGOs under the three NGO Fund priority areas. The coordinators of the financed projects together with the financial managers of the organizations participated in the training. The training was led and the discussions were moderated by representatives of FLGR and BEPF.

In the first part of the training the conditions and clauses of the grant agreement as well as the annexes were thoroughly presented to the participants. The major articles of the contracts were explained in detail such as the percentage of EEA financing and eligibility of expenditures; visual identification of the project; property rights on the results and equipment purchased; monitoring and evaluation of the project.

In the second part of the training the reporting requirements were presented, including narrative and financial reporting, financial payments, reporting documents and forms such as quarterly narrative report, quarterly financial report, final narrative and financial reports, and final statistical report on the project results and outcomes.

The training was a good basis for the future successful project implementation, as it clarified many issues and questions of organizations funded under the NGO Fund (second call).

Contracting of Financed Organizations

The contracting process took place in November and December following receipt of confirmations for no double funding cases by all state institutions and donor organizations in the country.

The Operator developed user friendly documentation. All documents needed were signed and collected prior to contracting.

The first advance payments according to the scheme in the contracts (30% of the financing for large projects amounting to more than 50,000 EUR and 40% for smaller projects amounting to less than 50,000 EUR) were transferred to the financed organizations in the beginning of December and the project implementation launched.

The amount of EEA funding contracted under the second call is as follows:

Priority Area 1 – 334 447 EUR (8 NGO projects supported)

Priority Area 2 – 315 174 EUR (13 NGO projects supported)

Priority Area 3 – 231 685 EUR (12 NGO projects supported)

Notification of rejected applicants under the second call for proposals

Applicants whose projects were rejected by the SC were informed by regular mail. 288 letters containing detailed assessment of the application and concrete assessors' comments have been prepared and distributed throughout the country.

Dissemination of information on the financed projects

Information on the financed projects under the second call for proposals was prepared and published on the internet site of the Fund. A list of the projects with geographical area of implementation, project title, partners and approved EEA funding was published in Bulgarian and English. Summaries of all financed projects in both Bulgarian and English were also published.

Information on the financed projects was disseminated through the FLGR's e-weekly newspaper and communication channels of partner organizations and institutions. The list of projects funded under the NGO Fund was also published on www.eufunds.bg.

Implementation of Projects

During the reporting period the Operator put its utmost efforts to ensure smooth project implementation. Sub-grantees submitted their narrative and financial reports on a quarterly basis. These were thoroughly scrutinized by FLGR and BEPFs' staff. Advance payments were transferred to sub-grantees according to the scheme in the contracts (30 % of the financing for large projects amounting to more than 50,000 EUR and 40 % for smaller projects amounting to less than 50,000 EUR) on a regular basis. Constant support in view of reporting and project implementation was provided to implementing NGOs. Assistance was also rendered as regards the implementation of conditions and contract award procedures under the Council of Ministers' Decree No 55 dated March 12th, 2007. During the reporting period FLGR and BEPF mainly focused on project monitoring. The Operator accomplished desk monitoring of all projects as per the agreement. Site visits were accomplished to almost 90% of projects implemented under the first call for proposals. This was suggested to and agreed by the Fund Operator team as a means to collect as much as possible first-hand information to assist future evaluation of the Fund and help suggesting Fund improvements when needed. As a result of the monitoring visits it turned out that funded organizations are to a large extent satisfied with the project management flexibility they may receive in order to adjust timeline and budget to ever-changing circumstances in a way to produce desired outcomes. Currently, no other funding program allows this. Irregularities were not found out during the reporting period. At all events visited FLGR and BEPFs' representatives have been active in getting feedback on project outcomes from the partners and participants present to evaluate the impact of the projects and to provide also recommendations to the implementing organisations and its partners as relevant.

Priority area 1: Protection of the environment and promotion of sustainable development

In the beginning of November 2009 eight new projects were approved for funding officially under the EEA Grants programme, Priority Area 1 (Environment & Sustainable Development Promotion). All projects approved under the 2nd call fall in the first focus area, i.e. decreasing the loss of biodiversity, protection and management of habitats and protected areas. The extension in time of the period needed for double-funding verification of the approved projects (with the Ministry of Environment and Waters), resulted in some delays in the startup of the projects, however without any changes to the end date of project implementation and the scope of activities and outcomes.

Currently the grantee organizations are in the most active phase of project implementation. Some of them have already managed to accomplish their project objectives.

Action Group Vitosha Association, for example, conducted an afforestation initiative, partially with the participation of volunteers, restoring 350 decares of damaged forest habitats in 3 pilot NATURA 2000 sites – on the territory of Vitosha Nature Park and Western Rhodope region (Hvoina, Dospat and Vitosha). They also completed an online interactive database map with detailed information on Bulgarian forests damaged by natural disasters and the need for their restoration.

Green School Village Association is another grantee with an ambitious objective at national level, i.e. creating a network of Demonstration Education Centers in Bulgaria that provide information and know-how on use of alternative energy sources; ecological and energy-effective building techniques; bio-farming. In meeting their objectives – elaboration of a concept for legitimizing natural building and insulation materials in Bulgaria – the organisation has met great support from the respective institutions responsible for conducting a laboratory research on construction materials and insulation. The purpose of the laboratory research on straw as a building material is to produce data that would either prove or refute the qualities of straw as a construction material for outer walls for houses by Bulgarian State Standards.

Bikearea Association in very dynamic field work, design and preparation of an open-air forestry in the vicinity of Golyam Beglik Lake).

The project of *Information and Nature Conservation Foundation (INCF)* also struck a serious challenge at its startup. Regretfully, as a result of an incident with a person killed by a bear in the region of Smolyan, the project's start faced the challenge of quickly getting the public and institutional attention to the problem of communities and their knowledge and co-habitation practices with the bears. *INCF* hosted a press-conference that brought the Minister Nona Karadjova and Deputy Minister Evdokiya Maneva of the Ministry of Environment and Water to discuss Bulgaria's priorities in the field of biodiversity conservation (also with regard to the International Biodiversity Day & 2010 - Year of Biodiversity). The informal event was attended by more than 25 journalists of all national media and also presented an opportunity for the First Secretary of the Embassy of Norway to attend herself and witness the progress and interaction of the NGOs with the state institutions on the issue.

INCF has also proactively brought together into stakeholder meetings more than 30 representatives of NGOs, institutions and experts to discuss the main threats and man-predator conflict points. The material losses and damage on people's livestock and beehives, as well as the lack of information on compensation mechanisms have proved the main problems that all stakeholders need to resolve.

First call organizations are in their final stage of project implementation. In the course of project implementation some no-cost extensions have been justified and approved. In spring, the *Regional Environmental Centre Bulgaria* hosted a very successful green school for young people. The objective was to increase the pupils' knowledge about the meaning and the range of the NATURA 2000 network and the importance of the network for the local communities, through introduction of special practices for extracurricular education. Both students and teachers expressed great interest in the educational event and participants turned out to be almost twice as planned. Furthermore, inspired by the green school the students decided to initiate their own environmental school clubs and coordinate their work with the rest of the student clubs in Bulgaria.

The Information Center at Dragoman reconstructed as part of the project of *Balkani Wildlife Society* was completed in this period. The centre has creative exterior design with local (mainly bird) species. At Dragoman Lake the winter was spent researching and experimenting with the process of the production of biomass from the marsh as biofuel.

Priority area 2: Provision and development of social services, such as in health and childcare

In November 2009, as a result of the second call for proposals announced in April 2009, 13 new NGOs were contracted under priority area 2 with total EEA funding amounted to 315 174 euro. Thematically, the funded projects cover areas such as: provision of social services for vulnerable groups (people with disabilities, children at risks, needy people), development of new social services (for patients with oncological diseases in terms of follow-up care), prevention of child abandonment and foster care. Geographically, the implementation of the projects takes place in all 6 planning regions in the country. For the first quarter of their implementation some projects have already produced important qualitative and quantitative results - 350 participants/direct beneficiaries took part in project activities, above 50 professionals delivered nearly 450 project services in corresponding project areas, 25 trainings and informational events were organized.

In February 2010 FLGR organized in-situ monitoring visits to all 11 NGOs funded under the first call of proposals. The aim was to collect as much as possible first-hand information from beneficiaries to assist future evaluation of the Fund and help suggesting Fund improvements when needed. Individual monitoring reports are available upon request. The monitoring visits revealed great satisfaction among beneficiaries regarding the project management flexibility that the Fund allows in terms and funding and timeline. When it is justified, NGOs are permitted to adjust timeline and budget to changing circumstances in a way to produce desired outcomes. During visits some recommendations on improving project performance were made mostly in the areas of publicity ensuring and channeling stakeholders. Another important conclusion is that regardless of the provided flexibility in project management which for particular activities prior consultation with FLGR is not needed, most of the NGOs do not make use of the given flexibility and consult each project step with the Fund operator to make sure they keep on the safe side.

Regarding the projects funded under the first call for proposals the following 3 out of 11 were successfully completed: *HIV positive people provide psycho-social help to recently diagnosed HIV- infected patients and other people affected by that* of Kaspar Hauser Foundation, *Social reintegration of children with cardiovascular diseases through delivery of social complex services* of Child's Heart Association, and *All today for our children tomorrow* of Knowledge Association Lovech. Upon completion each beneficiary presents a narrative good practice in Bulgarian and English and they can be provided upon request. The project results of the Child's Heart Association and Knowledge Association Lovech went above the expected in terms of number of direct beneficiaries, and number and variety of activities. The project progress of the rest goes as planned.

Priority area 3: Development of civil society and protection of human rights

By the end of May 9 of 10 projects funded under the first call were successfully implemented. One project is still ongoing. Through project implementation NGOs strongly contributed to supporting the economic and social development of Bulgaria as a member of the EEA by generating social capital and social mobilization, representing alternative views and sources of information in public debates, by functioning as advocacy groups, by contributing to innovation and democratization, and by providing key accessible and affordable services, particularly to those most excluded from the society.

Highlights of some first call projects implemented are given below:

Open Society Institute Foundation has implemented an ambitious project whose main objective was to ensure effective engagement of citizens in the procedure of making

decisions from the State Energy and Water Regulatory Commission. Needed to be settled for that purpose were conditions for clear, transparent and effective dialogue between the regulator and the users, as well as monitoring over the activity of the regulatory agency to be implemented and the civil knowledge about the existing mechanisms for engagement of citizens in the activity of the regulator to be increased. Coalition for civil monitoring on the Commission activity was formed and a training of the members in the monitoring teams was held. The monitors held physical monitoring on the activity of the Commission and in the mean time media monitoring as well. As a result of the observation a monitoring report was written and published, containing recommendations for enhancing the interaction between the Commission and the citizens. The results from the monitoring were presented on a round table with the participation of each of the interested parties. The SEWRC officially assumed the commitment to implement the civil recommendations in its activity.

”Future friendly – third generation human rights, new generation of citizens” implemented by *Narodno Chitalishte Future Now* was quite successful in addressing the need for a platform, a space for developing and implementing young people’s ideas in the context of the future of their world and the collective human rights. Project objective was reached with a lot of work and the active participation of youth from all over the country. They could not be successful without their willingness for a social change. The implementing organization managed to activate the young people in Bulgaria by involving them in face to face and distant education in the sphere of the third generation human rights and civil participation. Through the web site www.futurefriendly.bg, young people keep on learning every day how to be more responsible to their community and the people around them. They learned how to put words into practice and how to attract proselytes and resources to make their ideas reality. The importance of the project for local communities would grow in the following years. All the youth initiatives implemented under the project were facing real needs of the community in the context of the project for new generation of citizens (like online TV for deaf-mute people; campaigns for AIDS prevention; donation of blood; web sites for children with disabilities and special educational needs; donation of smiles to elderly people, etc).

Centre for European Initiatives Foundation has implemented a Social Theatre for Empowerment, Support, Activeness and Legislative Innovations Project. Its main objective was to apply social theatre as an innovative approach for inclusion of marginalized groups through raising the capacity of civil society for participation in the formation of local policies aiming to overcome social discrimination. Team of 16 experts trained to use the forum theatre methodology has been formed. Based on studying, defining and prioritizing the problems of the local communities, the volunteers developed and presented before citizens 4 forum plays addressing the

following issues: problems of administrative services, animal waste pollution, abuse prevention, problems of communication between generations. Manual about the forum theatre approach implementation has been printed for the first time in Bulgaria. Documentary about the project results has also been developed. Total of 620 participants have been involved in the activities.

The Center for Independent Living's project is still under way but some of project results have already been achieved. Based on the analysis of political documents, reports of Bulgarian institutions and interviews with disabled people four reports on the current assistance services provision have been developed. The summarized report on the assistance service provision was published on the organization's web site (<http://www.cil.bg/> and project's web site (<http://www.lichna-pomosht.org> – only in Bulgarian). The Center for Independent Living put its utmost efforts to disseminate the report recommendations at different forums aiming at organizing a campaign for personal assistance and human rights of disabled people. The report recommendations were discussed at a meeting between different organizations of disabled people at national level, representatives of the Ministry of Labor and Social Policy and MPs.

Representatives of organizations of disabled people attended the Walk of Freedom march 2009 in Sofia. Based on the report recommendations a draft Personal Assistance Act has been developed and proposed to the National Assembly of the Republic of Bulgaria for discussion.

For the period January – May 2010 the following advance payments were transferred to the financed organizations:

Priority area 1 – 183 148 EUR;

Priority area 2 – 170 836 EUR;

Priority area 3 – 77 992 EUR

Other activities implemented during the reporting period

In February 2010 FLGR and BEPFs' representatives attended a meeting with Monica Christova, an expert engaged by PITIJA Consulting Ltd. from Slovenia to carry out an evaluation of the NGO Fund Bulgaria 2004-2009. The purpose of the evaluation was to assess the effectiveness and impact of the EEA assistance 2004-2009 to the NGO sector in Bulgaria. Through lessons learnt at strategic and operational levels we provided recommendations for improvement of the implementation system and identified sector's future needs that might be a subject of EEA NGO support in the next programming period.

6.2 Fund for Support of Co-operation among Schools/Scholarships

As a result of the structural changes within the Ministry of Education, Youth and Science and the new structural regulations, the European Integration and International Cooperation Directorate which was appointed to act as a Scholarship Fund Intermediary has been renamed to the International and European Cooperation Directorate. An official letter has been submitted to the FMO by the Deputy-Minister of Education, Youth and Sciences in charge of the Scholarship Fund Intermediary on 27.04.2010.

Status of implementation

Following the results of the First Call for Proposals where 18 candidates were approved under Measure B and none under Measure A the Scholarship Fund Intermediary put a lot of efforts to increase the interest of the Higher Education and Research Institutions to the EEA Financial Mechanism Scholarship Fund and second call for proposals, as follows:

- The national network of institutional coordinators was further developed by the Intermediary. As a result all higher schools and research institutions (except the Technical University – Sofia) appointed institutional coordinators and now they are 51.
- The Intermediary sent official letters to the rectors of all higher schools and presidents of research institutions regarding the results of the first call, aiming further improvement of the students' mobility under the Fund.
- After a conversation related to the low level of students' mobility in the frames of the Fund Her Excellency Ms. Tove Skarstein expressed her readiness to participate in a meeting of the Council of Rectors and to explain the opportunities given by this initiative. The Intermediary asked by a letter the Chairman of the Council of Rectors Ms. Tove Skarstein to participate in the First meeting of the Council of Rectors for 2010.
- Two meetings with representatives of the National Students Council related to the students' mobility were held; for its purpose, a list of contacts and dissemination of information were provided.
- The Intermediary sent letters to the foreign partners regarding concerns of several of the institutional coordinators in Bulgaria that some of the higher schools in Iceland, Norway and Liechtenstein have no interest in the initiative.
- In order to monitor the approved activities under the Fund, especially financial issues, a database was developed.
- Promotional materials (brochures and posters) were prepared in December 2009.

First call for proposal was completed in May 2010 when individual contracts between the Minister of Education, Youth and Science and 18 approved candidates were signed. 16 of the candidates have confirmed their visits. For the two of the visits the Intermediary still expects confirmation following postponed visits due to the volcanic activities in Iceland. The Fund Intermediary expects first reports from the visits by the end of May 2010.

Second Information Seminar was organized on 22nd January 2010. More than 40 institutional coordinator and representatives of the National Students Council participated in the seminar as well as representatives of the Intermediary, donor states, the Embassy of the Kingdom of Norway in Bulgaria and Financial Mechanism Office.

For the purpose of the Second Call for proposals the Intermediary also updated information regarding the Scholarship Fund published on the official web site of the Ministry of Education, Youth and Science – www.mon.bg.

Second call for proposals was announced for 2 months period and was closed on 20 May 2010. A total of 66 applications were received under the 2 measures. Currently the Intermediary is carrying out the check of the administrative compliance and eligibility of the applications. The second meeting of the Selection Committee is scheduled for the end of June/ beginning of July 2010. Within the Committee the representatives of the high schools and scientific organizations will be presented. Meanwhile the Intermediary provided additional information on the questions posed by the institutional coordinators, students, administrative staff and professors (lecturers). Given consultations are more than 300.

It should be pointed out that as a result of the measures taken the submitted application under the Second call for proposal are, as follows: 20 applicants under Measure A and 46 applicants under Measure B.

6.3 Technical Assistance

For the purposes of BG0008 Technical Assistance Project an annex to the Modalities of the Implementation and Control Systems of the EEA Financial Mechanism has been developed by the respective authorities. Its main purpose is the establishment of the terms and rules for elaboration of the PIRs as well as procedures for verification and certification of expenses and progress under the project.

In accordance with the FMO requirements the revised detailed budget of the TA project for 2010 was submitted to the FMO on 6th January 2010, based on the information provided by the PA, AA and IA.

The first certified PIR under the TA project was submitted to the FMO for approval on 16.01.2010. Nevertheless due to the missing irregularities report for the 2009 the payments under the project have been blocked. After submission and approval of the

Irregularity report, the payments under the projects have been unblocked and the FMO information system elaborated template of the second PIR which is under preparation. The FMO made the first payment under the project on 06.05.2010. In accordance with the received amount the Central Treasury Entity has granted a limit for payments to the Implementing Agency at the amount of 15 292 Euro.

7. CROSS CUTTING ISSUES

7.1. Sustainable Development - Environmental

The projects financed under the FM EEA have no negative impact on environment. Within the construction projects, the NFP strictly enforces the environmentally sound disposal of waste or any other extracted material. The waste from construction works and other relevant project activities is disposed in accordance with national legislation, which is in line with the EU requirements. Some project especially those under priority area 1 “Protection of the environment”, contributing to better quality of certain environmental issues – such as monitoring of the quality of air, increasing the level of fire safety of forest areas, preserving biodiversity and sustainable development of the eco-system, improving of the system for forecasting of potential pollution of the environment.

7.2. Sustainable Development – Economic

The projects selected under the EEA FM are in general non-revenue generating. Minimum revenues shall be dedicated to the maintenance and operational costs of the project outcomes, ensuring thus partially economic sustainability of project results. Furthermore, all Project Promoters are committed to invest sufficient funds to further development and even enhancement of project results.

7.3. Sustainable Development – Social

Sustainable development in social sphere of the project is reflected in most of the projects financed under the EEA FM.

The sustainable social development is focused predominantly on contribution to health and childcare in terms supporting children at risk, Rehabilitating buildings, modernisation of equipment and managerial systems; Implementing preventive measures to reduce drug and alcohol abuse and promote a healthy lifestyle as well as preventing and improving treatment of communicable diseases (HIV/AIDS and TB).

The exchange of experience approach proved to be very valued for its expert as well as social dimension.

7.4. Good Governance

The implemented projects respect relevant Bulgarian legislation and EU regulations.

Implementation of most of the project proceeds according to planned schedules of activities; financial means are drawn according to the financial plan. The projects are managed by qualified staff and publicity of the projects is ensured in accordance with Publicity Guidelines. Contractors of construction works/services/supply of equipment are selected transparently in line with the Bulgarian legislation.

7.5 Gender equality

The gender equality aspects are observed in all relevant projects financed from EEA FM. The selection of suppliers and creation of the project teams for administration of the projects proceed in compliance with equal opportunities rules. All stakeholders of the projects are selected without any prejudice to their sex/nationality/race/religion and they have equal rights for participation on the activities and utilization of outputs. The construction projects or sub-projects take into account needs of handicapped people (an access to buildings for people with lower ability of orientation and movement).

7.6 Bilateral Relations

Bilateral co-operation with partners from Iceland/Liechtenstein/Norway in the projects or sub-projects financed under the EEA FM is at a very good level. Within the Open Calls there were 13 projects financed from EEA FM with a partner from the donor states. Development and strengthening of bilateral relations in the priorities' fields is one of the main aims of the Programme.

<u>Nº</u>	<u>Title of the project</u>	<u>Name of the applicant</u>	<u>Name of the Partner</u>
<u>BG0011</u>	Listen to child - improvement of preventive measures and increasing the accesibility of services for children and adolescents experimenting and abusing drugs	National Center of addiction	Competence Centre of the City of Oslo - Agency of Alcohol and Drug Addiction Services (CC-ADDAS)
<u>BG0012</u>	Reconstruction and rehabilitation in theraupethic community "Phoenix" in Brakiovtsi, Godets region	Institute for ecology of cognition	Phoenix Haga
<u>BG0026</u>	Strengthening the capacity of the local authorities of the North-West planning region of Bulgaria for attracting foreign investors, institutional support	Bulgarian Economic Forum	Nordic Innovation Centre;

	for investments and IT solutions for administrative services		
<u>BG0029</u>	IT technologies, a prerequisite for enlargement of the European Economic Area - Antonovo Municipality	Antonovo Municipality	1. One Systems; 2. Bykle og Hovden Vekst AS
<u>BG0030</u>	Installation of a mobile laboratory for integrated air quality monitoring and management in Bourgas, Bulgaria: improving municipal capacity of monitoring	Burgas Municipality	Norwegian Institute for Air Research (NILU)
<u>BG0031</u>	State and prospects of the Castanea sativa population in Belasitsa mountain: climate change adaptation; maintenance of biodiversity and sustainable ecosystem management	Institute for the Study of forests to BAS	Icelandic Forest Research
<u>BG0033</u>	Sustainable forest management and protection of the environment through creation of fire-protection system and informational centre in National park "Pirin", Bulgaria	Directorate "National Park "Pirin"	Norwegian Forestry Group
<u>BG0034</u>	Conservation of biodiversity in hot-spots of glacial relict plants in Bulgaria	Institute of Botany	University of Bergen - Department of Biology - Ecological and Environmental Change Research Group (EECRG)
<u>BG0041</u>	The ancient stadium of Philippopolis - preservation, rehabilitation and renewal	District administration Plovdiv	Norwegian Directorate for Cultural Heritage
<u>BG0042</u>	Revival and preservation of traditional building techniques and skills used in Bulgaria	Nature Park "Vitosha"	Norwegian Crafts Development (NHU)
<u>BG0043</u>	Reconstruction of the Onbashieva house as part of the	Karlovo Municipality	Bulgarian-Norwegian

	Vassil Levski National museum in Karlovo and popularization of the life and deed of the Bulgarian national hero Vassil Levski as part of the European cultural heritage		Association
BG0061	Collaboration for biodiversity conservation and sustainable local development in Strandja mountain in Bulgaria	Foundation "Bulgarian Biodiversity Foundation"	Directorate for Nature Management
BG0067	"Protected home Together", village of Gurmazovo, Municipality of Bojurishte	Foundation "Protected Home Together"	1. Norwegian Institute for Adult Learning (VOX); 2. Polyclinic of Child and Adolescent Psychiatry in Porsgrunn

II. PUBLICITY AND INFORMATION MEASURES

1.PERFORMED ACTIVITIES

General measures

During the reporting period the Information on the EEA Financial Mechanism was regularly updated on the dedicated web-page www.eeagrants.bg. In addition, the information on the programme has been published on the IA specialized website - <http://sf.mon.bg/>

The Scholarship Fund operator web-page <http://www.mon.bg/below/eeagrants> was also regularly updated.

III. INDICATIVE IMPLEMENTATION PLAN FOR THE NEXT PERIOD

June 2010

- Participation in the Seminar organized by the FMO (29.06.2010);
- Participation in joint on-the-spot monitoring visits with the Implementing Agency. Regular monitoring of projects implementation;
- Verification of the progress of the projects implementation, check and approval of the Interim Reports;

- Comments on the monitoring reports prepared by external consultants hired by the FMO.

July 2010

- Technical Meeting between the FMO, NFP, Implementing Agency, Central Treasury Entity and Audit Authority (13.07.2010);
- Participation in joint on-the-spot monitoring visits with the Implementing Agency. Regular monitoring of projects implementation;
- Participation of NFP representative in the evaluation committees for the Scholarship Fund;
- Comments on the monitoring reports prepared by external consultants hired by the FMO.

August 2010

- Verification of the progress of the projects implementation, check and approval of the Project Interim reports.
- Regular monitoring of projects implementation.
- On-the-spot monitoring.

September 2010

- Verification of the progress of the projects implementation, check and approval of the Interim reports.
- Regular monitoring of projects implementation.
- Organisation of the Semi-Annual Meeting. Finalisation of the amendments in Annex A of the Memorandum of Understanding regarding the replacement of the National Focal Point – exchange of letters procedure.
- On-the-spot monitoring.
- Identification of risky projects that are could not to be finalized by the deadline – 30.04.2011.

October 2010

- Verification of the progress of the projects implementation, check and approval of the Interim reports.
- Regular monitoring of projects implementation.
- On-the-spot monitoring.
- Elaboration of justified requests for extension of the implementation period for particular projects based on the criteria agreed between the FMO and the donor states.

November 2010

- Verification of the progress of the projects implementation, check and approval of the Interim reports.
- Regular monitoring of projects implementation.
- On-the-spot monitoring.