



**Republic of Bulgaria**

***Council of Ministers***

***Monitoring of the EU Funds Directorate***

***National Focal Point***

**STRATEGIC REPORT**

**ON THE IMPLEMENTATION OF**

**THE EEA FINANCIAL MECHANISM AND THE NORWEGIAN FINANCIAL  
MECHANISM 2009-2014**

**IN**

**BULGARIA**

***January – December 2014***



## Glossary of acronyms

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

## 1. EXECUTIVE SUMMARY

During the current reporting period the implementation of the programmes supported under the EEA and Norway Grants in Bulgaria continued in a complicated political, economic and social situation both at national and European level that had a two-fold impact on the overall context – while serious efforts were required by all stakeholders to ensure continuity and focus of the implementation process, the supported measures and the outcomes pursued gained even more importance in the light of the major political, economic and social priority areas in which crucial reforms have been targeted and recognised as a background for consensus among political parties and society.

Key achievements towards the two overall objectives of the grants could be identified taking into consideration the diverse progress witnessed under the programmes. Most evident with regard to decreasing of economic and social disparities have been primarily interventions implemented (already finalised or at concluding stage of implementation) in the fields of justice – reforms of the judiciary, improving the conditions in prisons, facilitating access to justice for vulnerable groups; children and youth at risk; capacity building and institutional cooperation; support to civil society development.

The main deliverables in the period could be summarised as follows:

- One successfully completed programme (BG 22 Global Fund for Decent Work and Tripartite Dialogue) – the four implemented projects contributed to improved social dialogue practices and increased awareness on the mutual benefits of decent work for employers and employees;
- Launch of calls for proposals under 11 programmes – conduct of selection procedures, grant award contracts' signature;
- 321 projects contracted under closed open calls;
- Launched or on-going implementation of individual projects – pre-defined or under calls for proposals, under 10 programmes;
- Performance of management, monitoring and reporting obligations of POs and NFP;
- Financial management, verification and certification of expenditures – increased level of absorption of funds in comparison to the previous reporting period and in line with the average level compared to other beneficiary states;
- System audits and audits of operations – resulting in improved management and control practices and tools;
- Streamlined risk management – with a focus on implementation and taking on board the different point of view of the donors, the NFP and Programme Operators.

Progress towards reaching the bilateral cooperation objective was, on the other hand, noted even for programmes for which programme measures were still under preparation but concrete and very useful bilateral initiatives were identified, performed and the shared good practices and experience disseminated within the relevant line institutions in the fields of energy efficiency and renewable energy, incl. regional cooperation networks, reforms of the judiciary, exposure to green innovation successfully realized projects and initiatives.

Another very essential aspect of bilateral cooperation and also of overall programmes' management was the continued very efficient and fruitful cooperation with the donors, the FMO and the Norwegian Embassy in Sofia. This cooperation in all its forms – informal, formal, on a daily basis or through dedicated meetings and initiatives, provided the necessary background for finding adequate and workable solutions. The FMO team showed understanding with regard to the difficulties and challenges faced by the POs and provided its on-going support.

The main challenges ahead are inherent to the implementation phase and closely related as well to the advancing end of eligibility period:

- Accumulation of a lot of tasks and initiatives that have to be carried out in parallel and might lead to overburden of POs' teams;
- Conduct of public procurement procedures at project level, incl. ex-ante control performed by the POs;
- Rigid management of time schedules of implementation of projects to avoid planning and execution of multiple project activities at the very last moment;
- Administrative and expert capacity of project promoters – focus on the provision of training and advice tools on behalf of the POs;
- Retaining and strengthening of the administrative capacity of the POs and other national bodies.

## 2 ASSESSMENT OF THE EFFECT OF THE GRANTS

### 2.1 Cohesion

The aggregated effect of the EEA and Norway Grants with regard to achieving the main objective of reducing economic and social disparities in Bulgaria in 2014 should be reviewed against a background that includes the following main political, economic and social specificities:

- Change of three Governments (two care-taker and one regular), accompanied by few cases of restructuring with direct effect on the progress of implementation of the programmes supported under grants but without affecting the continuity of policy priority and measures;
- Sensitive and unstable economic and social environment caused by the still not overcome serious consequences of the economic and financial crises, accompanied by newly emerged financial turbulences;
- Growing importance of the funds Bulgaria receives from the EU and under donor programmes against decreasing share of foreign investments,
- Final stage of implementation of the programmes funded under the Structural and Cohesion Funds, intensified communication with the EC on activities undertaken by the Bulgarian authorities to respond to sanctions imposed on certain operational programmes, preparation and negotiating with the EC of programmes under the new programming period 2014 – 2020.

All the above components of the environment have at a different level influenced the effect of the grants by either making more distinct and recognizable their contribution (concerning= in particular soft measures supported) or delaying the implementation of the investment type measures that are expected to bring more direct added value.

The above considerations are applicable as well towards the expected contribution to horizontal issues and concerns, and in particular Roma inclusion, sustainable development through integration of environmental and climate change considerations into sectoral policies, etc. Roma inclusion measures and interventions are under implementation in line with the commitments in the individual Programme Agreements, as concrete outputs could only be reported in the areas of justices, children and youth at risk and the NGO Fund. Under the other programmes that have a Roma objective the main focus was on devising calls for proposals, guidelines for applicants and/or detailed description of pre-defined projects to ensure that Roma inclusion would be adequately and sufficiently addressed by the respective interventions.

Through the development and launch of the call on “Sectoral policies for systematic use of ecosystem services” under BG 03 an important step was taken very much in synergy with the national strategies and obligations to ensure more in-depth and practically oriented integration of the policies on environment and climate change into respective sectoral policies.

Specific effects attained as a result of the implementation of the grants in 2014 could be summarized in the following areas:

- Improved preparedness for provision of efficient support and personal assistance to children and youth at risk based taking stock of their specific needs and of the importance of networking and sharing good practices;
- Increased awareness on European values and attitudes within society – through dissemination of information on “No hate speech” movement of the Council of Europe;
- Contribution to the introduction of European quality standards in the vital areas of higher education and judiciary through enhanced competence of human resources – higher education staff and the judiciary;
- Established basis for better quality of cross-border cooperation and hence decreasing regional disparities of border regions through building the CBC data center and exchange of experience between involved stakeholders;
- contribution to higher level of human rights’ protection and to more efficient judicial system through improved access to justice (advice and counselling) for vulnerable groups, improved conditions in prisons, capacity and competence building within judiciary;
- strengthened bilateral cooperation, particularly at programme level, incl. with identified potential for future joint initiatives ;
- Raised awareness and visibility of the grants on the whole territory of the country as a result of the information days held under different programmes and calls

- **Main social and economic development indicators for Bulgaria compared to the EU 28 member states**

During the third quarter of 2014 the economy grew in 21 out of the 28 EU Member States of the EU but the level of growth is still very weak to have an impact on the real economy. In this context although still slow, the positive trend of economic recovery for Bulgaria has continued in 2014. There is an increase in economic activity of population and of employment (in most regions of the country) although it is far from reaching the pre-crisis levels yet.

- ✓ Bulgaria ranks last in GDP per capita for 2013 – below 10,000 Euro;
- ✓ Growth rate for Q3 of 2014 0.4% (annual GDP growth rate at +1.5%);  
GDP for 2014 (according to preliminary/express data):
  - during the last quarter of 2014 the total GDP (22 557 mln. BGN) increased with 1,2% compared to the last Q of 2013 and with 0,3% compared to the 3<sup>rd</sup> Q of 2014;
  - there is a deflation of -2% for 2014.
- ✓ Bulgaria ranks 21<sup>st</sup> concerning unemployment (11,6%) – at the end of December 2014 the number of employed persons (in total 2 203 127) has decreased with 0,2% compared to the same period of 2013, while the unemployment rate in the last Q of 2014 has decreased with 2.4% compared to the same period of 2013;
- ✓ According to preliminary data FDI inflow for 2014 amounts to 1,181 mln. Euro – highest since 2009, but still far from the pre-crisis period that corresponds to the EU trend showing that overall, investments in the EU have dropped by 20 percent since a peak 2007. Analysis of the level of investments show that Bulgaria has leading positions among EU member states with regard to share of public investments in the GDP about 70% of which come from EU and donor programmes' funds.

The current Bulgarian Government that took office in November 2014 declared amount its main priorities the accomplishment of thorough reforms in the critical sectors of justice, energy, public health and education. Concrete strategic initiatives and measures have been identified in this regard. Implementation of actions and particular outcomes should be visible in 2015, but the interventions supported by the EEA and Norway Grants are fully compliant with and in the direction of these political commitments.

In the context of the above data and development trends and taking stock of the implementation of supported priorities and measures under the EEA and Norway grants, it should be noted that overall the actual and expected effects of the grants are related to their complementarity and targeted approach to support of reforms. The grants contribute to economic and social cohesion in areas that are, on the one hand, of crucial importance for the reform process in Bulgaria, such as justice and home affairs, education, energy market but also where there is insufficient or lack of funding to face challenges of no less importance for society.

## 2.2 Bilateral relations

Enhancing the bilateral relations between Bulgaria and the Donor States (DSs) has been at the core of implementation of programmes within the EEA FM and NFM and the events that were held during the reporting period. Various measures and tools 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. As all the programmes within the EEA FM and NFM are in implementation phase a progress with regard to achieving the bilateral objective is to be noted.

In order to be able to aggregate achieved results on project level to achieved bilateral relations on a Programme level as well as progress towards the achieved overall objective of strengthened bilateral relations, the NFP has made a comprehensive assessment of achievement of the bilateral outcomes:

In 42 out of 352 approved Open Call projects within the EEA FM and NFM, a Bulgarian and a Donor State partner are working together through a formal partnership, which means that the **extent of bilateral cooperation** under the programmes within the EEA FM and the NFM is relatively high. The many meeting places established as a result of the partnership projects brings people from the Donor States and Bulgaria together for networking and exchange of knowledge, experiences and best practises. In some cases the partners knew each other from the previous financial period. The trust, established during their cooperation was an important factor to consolidate and extend of partnership.

In principle, the partnerships are working well; the institutions, NGOs and companies seem to build trust step by step and are motivated to achieve results together.

Increased and strengthened institutional cooperation at higher education level between Bulgaria and Donor States is also noted in 2014. 11 new bilateral agreements at institutional level have been concluded between Bulgarian higher education and research institutions and Donor State institutions. All beneficiaries who participated in EEA FM academic exchange for the first time used the opportunity to establish bilateral contacts with their host institutions and to plan future joint activities, including related to development of joint projects.

*Bilateral funds at programme level* also contribute to increasing the extent of cooperation between the project promoters and the similar organizations in the DSs as well as in sharing experience, knowledge and practices needed for solving the major problems in the priority areas under the EEA FM and NFM. The implementation of the *Search for Partners Measure* varies from programme to programme. During the period under review most POs have launched this measure as a tool to foster and strengthen bilateral relations. Based on that 14 NGOs were supported to develop a partnership project idea (BG05); applications of 6 companies were approved under the BG10 Travel Support Scheme; one application was supported under BG04 and one under BG08; 7 higher education institutions were supported to attend a contact seminar on the EEA Scholarship grants, held on 3-4 February 2014 in Oslo, providing them with the opportunity to establish direct contacts with possible partner institutions from the DSs and to prepare the grounds for fruitful future cooperation under BG09. Some POs whose programmes are at a more advanced stage of implementation have launched Measure B. During 2014 twenty two applications for additional funding of projects in partnership under BG05 and two partnership initiatives supported under Measure C (BG05) have been submitted. A more comprehensive assessment of the achievement of the opportunities provided under Measure B would be possible in the period to come when all programmes go ahead with the implementation as this measure is designed for approved project promoters.

The progress towards attainment of the bilateral objectives could be summarised as follows:

- **Improved knowledge and mutual understanding** through exchange of good practices and know-how:
  - 18 of the supported organisations under BG05 had partners from Norway and Iceland and implement cooperation projects in the fields of rare diseases like Aniridia, use of geographic information systems, monitoring and advocacy skills, partnerships for environment protection and sustainable development;
  - 5 of the 14 Open Call projects under BG06 have a Donor State partner, providing expertise in resolution of problems of children and young people, encouraging their participation in different initiatives, cultural exchange, exchange of good practices and know-how in ensuring equal access to children at risk to pre-school and intercultural education;
  - 44 beneficiaries have successfully accomplished their mobility and benefitted from the mobility grants (BG09) thus contributing to enhanced knowledge and mutual understanding;
  - Under BG10 the donor project partners are mainly selling their consultancy services to the project promoters. In most cases the service gives relevant contribution to the project like environmental or energy efficiency expertise. Hence it is quite easy to attract such partners when a donor project partner is mandatory (first call under BG10);
  - Progress was achieved towards raising the institutional capacity and human resources development in public institutions, local and regional authorities, shared experience, knowledge and best practices in the field of cross-border and inter-municipal cooperation was achieved.
- **Shared results:**
  - competence and experience sharing based on an acknowledged interest from the donor project partner to learn more about development opportunities in Bulgaria could be identified under BG05 and BG10;
  - 11 bilateral agreements at higher-education institutional level were concluded - 10 of them for inter-institutional cooperation, and one for individual mobility of the Bulgarian doctoral. 3 joint research papers can also be reported as a result of individual research mobility under the 1<sup>st</sup> call of BG09;
  - 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 and achieve shared results. 20 predefined projects with DPPs are contributing to strengthening institutional bilateral partnerships. In the course of cooperation between POs and their counterpart DPPs or international partnering organisations (Council of Europe, WHO, etc.) an intensive exchange of information, consultations and study visits took place allowing for the incorporation of the identified as the most useful and relevant to the needs of beneficiaries specific experience within the competence and responsibilities of partners into national practices in a most efficient and effective manner

In the period under review the bilateral relations at programme level were also strengthened via intensive cooperation between POs and DPPs in the framework of Cooperation Committee meetings (11 held in 2014), on all issues that required joint decisions and approaches. Besides programme level cooperation, the NFP and POs had

intensive relations with the Royal Norwegian Embassy in Sofia. The Embassy was represented on all of the events organized by the NFP and POs (launch events, Cooperation Committees, etc.).

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 and donor project partners.

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

- Study visit to Norway under PDP 1 (BG14) from 26 to 31 May 2014. The programme included a visit to the host institution, the Norwegian Court administration in the City of Trondheim, a visit to a public Centre for Child Witnesses of Crime, meetings at the Supreme Court of Norway, as well as with representatives of the Norwegian Helsinki Committee. Despite the differences between the court systems, the parties discussed and identified common challenges with regard to guaranteeing human rights and continuous upgrading of magistrates' professional qualification.
- Study visit to the Netherlands under PDP 4 (BG14) from 30 June to 04 July 2014 organized in partnership with the CoE. The delegation visited Utrecht, Eindhoven and Hertogenbosch and observed the work at the local LAB and the so-called Legal Counters.
- International high level Conference on Integrity of Judiciary held 1-2 April 2014 in Sofia aiming at sharing experience and knowledge with reference to the integrity of the Judiciary on the grounds of the rule of law. It was attended by representatives of the Norwegian and EU member states Ministries of Justice, members of the Bulgarian Supreme Judicial Council and the European Network of the Supreme Judicial Councils, members of the CoE, representatives of the EC and international bodies.
- Launching conference and information days held jointly for BG02 and BG03 on June 25-27 in Sofia. The event was attended by 4 Icelandic and 7 Norwegian participating organizations as well as from representatives of 30 organizations of the central and local government, scientific community and non-governmental organizations from Bulgaria.
- Work visit by experts from the General Directorate "Execution of Sentences" at the Norwegian Correctional Services in the period 09.02.2014 – 12.02.2014 (BG15).
- Study visit to Stavanger, Norway from 1st to 6th June 2014 (BG04). The agenda included a visit to energy efficient public buildings, the Norwegian companies "Akershus Energi" and "Lyse Energi", the wind farm "Høg-Jæren" and the Norwegian Museum of oil.
- Study visit to the Youth Centre in Strasbourg for the management teams of the projects under Component 1 and 3 (BG06). The visit took place from 1<sup>st</sup> to 4<sup>th</sup> April, 2014 and its main objective was to get acquainted with the requirements for obtaining the Quality Label of CoE, as well as to exchange knowledge, experience and good practices.
- 5th Forum on Cross-Border Cooperation in Nikel (Russia) and Kirkenes (Norway) 6th and 7th of November 2014 organised by the Barents Secretariat in cooperation with the Institute of Stability and Development. The Forum provided a unique opportunity for establishment and development of firm links between programme bodies and institutions involved in the cross-border cooperation in a wider Europe.

The NFP can conclude that during the reporting period a substantial progress towards achieving the objective of strengthening bilateral relations between the Donor States and Bulgaria has been made. At this stage of implementation of the Mechanisms in Bulgaria it seems that the contribution of programmes/projects to Improved Knowledge and Mutual Understanding and Shared Results outcomes prevail. 2015 will be crucial for programme/project implementation and only then we will get the real proofs on the donor partnership projects ability to cooperate successfully and hopefully report on achieved wider-effects.

Regarding the identified risks of achieving the overall bilateral objective, the performance in this area improved significantly in 2014 as a result of the NFP and POs' mitigation plans. NFP has closely monitored the progress of the programmes, including the level of achieving bilateral indicators. Strong coordination of efforts and cooperation between NFP, POs, DDPs, FMO and the Norwegian Embassy was accomplished in order to overcome to some extent the low interest or lack of interest on the side of donor state institutions to establish partnerships with Bulgarian counterparts. As a result of the regular risk assessment carried out, changes in the bilateral funds mechanisms allowing for more flexibility in providing funds for bilateral initiatives were considered by some POs. For instance, the FO of BG05 introduced an additional on-going funding measure under the bilateral fund (the so called "measure C") and increased the maximum eligible amounts for funding of bilateral initiatives. The close monitoring of achieving the bilateral targets set under the programmes will continue in 2015, which is a crucial year for the successful implementation of EEA FM and NFM in Bulgaria.

### ***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.

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)*

The Calls for Proposals under both priorities 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 5&6, July 2014; e-weekly of the Foundation for Local Government Reform reaching more than 14000 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 various events such as information meetings on EEA and NFM 2009-2014 held by different POs.

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 requested 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 in the beginning of 2014 was the lack of donor state partners the availability of which is a must under the Open Calls. In order to overcome this risk a matchmaking event, aiming to facilitate the establishment of partnerships between Bulgarian and Donor State organisations for joint implementation of activities, exchange of good practices, transfer of expertise and know-how in the thematic areas under the FBRNL was held in Sofia on 12 May 2014. The event was organized jointly by the NFP in collaboration with the Royal Norwegian Embassy. Representatives of 37 organisations from Bulgaria and 9 entities from Norway and Iceland participated. During the matchmaking event in May, the NFP made a detailed presentation of the Fund's priorities and the application process. Additionally, donor states participants had bilateral meetings with potential Bulgarian partners and discussed different project ideas.

The Calls for Proposals were of the type "rolling calls" which means that the NFP has reviewed and assessed the submitted proposals on a quarterly basis. According to the Guidelines for Applicants the selection of projects is carried out in three stages: all submitted applications are reviewed for compliance with the administrative and eligibility criteria by the experts of NFP, qualitative assessment by external evaluators and final decision making. In line with the approved System for the Implementation of FBRNL and the Internal Rules for implementation of BG01 *Technical Assistance and FBRNL*, the NFP has approved a pool of external assessors selected on a competitive basis.

The first Selection Committee (SC) under the FBRNL was held in May 2014. The objective of the SC meeting was to review the first project proposal submitted under Priority 2 of the announced Calls for Proposals. It was highly scored by the external evaluators and the project was approved for funding by the SC members. The project promoter University of Economics – Varna was awarded grant to the amount of 29168,73 euro for the implementation of the *Strengthening Students' Adaptation in Multicultural Environment in the Context of International Educational Mobilities in Europe Project*. A project partner is the University Centre of the Westfjords, Iceland. The overall project objective is reducing socio-cultural disparities between European students through improvement of opportunities for a better adaptation and integration in multicultural environment of international educational mobility. Project activities include elaboration of a research methodology; research on socio-cultural obstacles faced by students during their international mobilities; research on best practices in the area of cultural integration; modular pilot training of students; study visit to the Donor State Partner; international seminar on socio-cultural integration of students during their international mobilities in Bulgaria; elaboration of a guidebook for students' integration and a scientific article on the project results. Grant agreement has been concluded with the project promoter and the project is under implementation.

By the end of October 2014 three more projects have been submitted under Priority 1 of the FBRNL. These have been assessed by the external evaluators.

The interest towards the announced Calls was greater than expected. As a consequence of the wide information campaign ten more projects have been submitted under both priorities within the deadline, i.e. 15th December



2014. The total amount requested under both priorities is to the amount at 382399,06 euro. The projects are subject to external evaluation.

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

Following exchange of official correspondence and a decision taken at the Annual meeting held in October 2014 for setting a deadline(15 December 2014) for submission of project proposal, the project promoter Bulgarian Nuclear Regulatory Agency (BNRA) and the project partner Norwegian Radiation Protection Authority prepared and submitted a project proposal targetted to improve the competence of the BNRA in the area of regulatory control and safe management of large quantities of radioactive waste including those generated from decommissioning, from accidents and legacy sites. The project has been reviewed for administrative and eligibility compliance by the NFP experts. The Selection Committee is planned for the beginning of 2015.

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

In mid-December 2014 one project proposal has been submitted under the Unallocated Fund. It has been screened for administrative and eligibility compliance by the NFP experts additional information and clarifications were requested in line with the procedure but the project promoter failed to respond within the deadline. According to the selection procedure the project proposal would have to be rejected as the beneficiary would be provided with the opportunity to appeal the decision before the Head of the NFP within 15 working days from the date of receipt of the notice of refusal. As per 31 December 2014 the available budget under the Unallocated Fund is to the amount of 107550,80 euro.

***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.

- In February 2014 participation of a legal expert, representative of NFP team, in a working meeting in Oslo under programme BG15 with representatives of the donors and the PO to discuss partnership relations and initiatives.
- Incurred expenditures for participation of representatives of the donor states (two participants from Iceland and one participant from Norway) in the matchmaking seminar held in Sofia in May 2014. It was organized jointly by the NFP and the Norwegian Embassy. The support provided included travel and accommodation costs at the total amount of 4983,72 euro. The absorbed funds under the Travel Support Scheme for 2014 amount at **€ 5929,40**.

### **2.3 Roma concerns**

Social inclusion and the Roma horizontal priority have been at the high ranks of the EEA and Norway Grants agenda in 2014 for Bulgaria. With the change of three governments in the past year an important role for the NFP has been to ensure continuity in the messages of the importance of the Roma targets within the programmes. The NFP had a very good meeting with the representatives of Pitija who are looking at the implementation of the Roma priority on national level. We are looking forward to the round table where the analysis made will be discussed and hope to receive practical feedback for the future.

A meeting on Roma inclusion was organised by the NFP and the Norwegian Embassy on the 7<sup>th</sup> of October aiming to present the current state of the implementation of the Roma horizontal priority in the relevant programmes. The POs had the opportunity to present the level of advancement in their programmes as well as some good practices were shared by project promoters under the NGO Fund.

Our overall evaluation of the situation is good with only one major problem – the delay of the Public Health Initiatives programme which has a strong Roma focus. Currently the PO has announced calls for proposals under 4 measures and we hope that there will be enough time for implementation. We also rely on the Cultural Heritage programme, where the Roma target is an important contribution and the project contracts are about to be signed. Currently the programmes with the highest Roma input are the NGO Fund, Children and Youth at Risk and the programmes in the Justice sector. For the Justice programmes there is a dedicated working group within the Ministry of Interior to monitor the Roma activities and discuss possible upgrades and synergies. As the two programmes of the Ministry of Interior are still in the early phase of project implementation the outcomes are yet to be seen, but so far there is a strong commitment and dedicated projects and measures targeting the Roma.

### 3 REPORTING ON PROGRAMMES

#### 3.1 Overview of Programme status

In the reporting period all agreed programmes were at different stages of effective implementation – from launch of programmes with the newly signed Programme Agreements (in the second half of 2013) through implementation of calls and projects under more advanced programmes to successful completion of a number of pre-defined projects.

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

Assessment of the progress in established programmes should take into account that for 6 programmes Programme Agreements and Programme Implementation Agreements were signed during the second half of 2012, for 7 programmes – during the second half of 2013 and for one programme – in January 2014.

In the reporting period progress could be reviewed in:

- launch and/or implementation of calls for proposals
  - finalised were 4 calls for proposals under BG 05, BG 06, BG 09 and BG 10 launched in 2013 – as a result 10 projects were approved and contracted under BG 06, 50 mobility projects were approved under BG 09, 16 projects – under BG 10 and 36 medium-sized and 17 large projects were contracted under BG 05;
  - launched in the course of 2014 were overall 29 calls for proposals under 11 programmes. Submitted were overall 1985 projects. Contracted were 242 projects. For 21 calls the selection process was ongoing, 4 calls were with deadline for application in February 2015;
  - under preparation were 4 calls for proposals under BG 07 with targeted launch in early 2015.
- predefined projects – out of 27 predefined projects under the programmes 22 have been launched (12 in the course of 2014) after satisfying all relevant conditions from the Programme Agreements and are currently under implementation. For 5 predefined projects assessment was undertaken but not finalised by the end of 2014.

It should be pointed out that in compliance with the provisions of art.5.5 *Selection of predefined projects* all Programme Operators performed assessment of the pre-defined project by applying the same strict procedure of review of administrative compliance and qualitative (technical and financial) evaluation as the one applicable to the projects submitted under the open calls. This was done to ensure that, apart from compliance with the Regulations and all applicable rules, project promoters and partners have made all efforts to streamline activities and time schedules so that project results, indicators and objectives are accomplished within the shortened implementation period.

- bilateral relations (*at programme level*) - in parallel with the launch of calls for proposals under the Programme components, calls were also launched under the bilateral funds of the respective programmes. Based on the results it could be pointed out that there was almost not interest towards measure A (which could also be explained with the limited time for establishing partnerships), while measure B proves to be a useful tool for covering initiatives that complement project activities and expand the scope of transfer of know-how and expertise within the programme areas.

Status of the calls undertaken (launched in 2014)\*:

	Number of open calls	Current status of the calls	Submitted project applications	Contracts signed	Committed funds
BG01	2	Closed (under assessment)	15	1	29168,73
BG02	3	Closed (under assessment)	13	0	0

BG03	4	3 calls closed under assessment	22	0	0
BG04	2	Open			
BG05	2 (3 in total)	Closed (the applications submitted under the third call are still under assessment)	1266	191	4226187
BG06	2 in total (launched in 2013)	Closed (under the 2 <sup>nd</sup> call projects approved and contracted in 2014)	-	10	6959887
BG07	4	Not launched by 31 December			
BG08	4	Closed (pending signature of the contracts)	372	0	0
BG09	3 (4 in total)	Closed (the applications under the third call are still under assessment)	61	44	96 127
BG10	2 (3 in total)	Closed (the applications submitted under the third call are still under assessment)	33	22	9130600
BG11	The programme consists of pre-defined projects				
BG12	5	Closed (under assessment)	56	0	0
BG13	1	Closed (under assessment)	1	0	0
BG14	The programme consists of pre-defined projects				
BG15	1	Closed (pending signature of the contracts)	27	0	0

\* the data in the table above includes figures of calls launched, projects submitted and contracts signed (incl. for calls launched in 2013) in 2014, with no direct correspondence between calls, submitted projects and signed contracts

b) commitments and disbursements made by the Programme; and

*The status of certified expenditures/payments/tranches/limits in the reporting period 1<sup>st</sup> January- 31<sup>st</sup> December 2014 is presented in the following table:*

Programmes ID	Certified expenditures	Tranches EUR	Limits (BGN)		
			Grant	National co-financing	Total
BG01	106 353,00	98 818	328 132,40	0,00	328 132,40
BG02	20 846,00	2 668 275	5 218 612,24	920 931,57	6 139 543,81
BG03	40 983,00	1 579 084	3 088 372,49	545 007,14	3 633 379,63

BG04	0,00	611 150	1 195 287,17	210 933,03	1 406 220,20
BG06	1 782 727,00	1 960 525	4 812 294,80	844 813,45	5 657 108,25
BG07	46 751,00	2 043 657	3 996 984,36	705 350,18	4 702 334,54
BG08	0,00	2 811 102	5 497 953,29	970 227,40	6 468 180,69
BG09	136 305,00	137 111	1 595 213,05	281 508,19	1 876 721,24
BG11	902 261,00	1 162 205	1 961 501,15	346 147,27	2 307 648,42
BG12	16 822,00	46 750	773 049,51	136 420,96	909 470,47
BG13	6 517,00	4 470 633	3 163 504,54	558 265,51	3 721 770,05
BG14	695 445,00	1 496 284	3 767 197,42	662 143,57	4 429 340,99
BG15	351 571,00	3 079 721	4 661 914,24	818 998,96	5 480 913,20
<b>TOTAL:</b>	<b>4 106 581,00</b>	<b>22 165 315</b>	<b>40 060 016,66</b>	<b>7 000 747,23</b>	<b>47 060 763,89</b>

## 2. Certification of expenditure in the period 1<sup>st</sup> January 2014 – 31<sup>st</sup> December 2014:

Within the reporting period 36 Interim Financial Reports were proceeded through DoRIS under the following programmes:

- BG01 – IFR#5; IFR#6; IFR#7; IFR#8;
- BG02 – IFR#1; IFR#2;
- BG03 – IFR#1;
- BG04 – IFR#1;
- BG06 – IFR#4; IFR#5; IFR#6;
- BG07 – IFR#1; IFR#2;
- BG08 – IFR#1; IFR#2;
- BG09 – IFR#2; IFR#3; IFR#4;
- BG11 – IFR#3; IFR#4; IFR#5; IFR#6;
- BG12 – IFR#1; IFR#2; IFR#3;
- BG13 – IFR#2; IFR#3; IFR#4;
- BG14 – IFR#3; IFR#4; IFR#5; IFR#6;
- BG15 – IFR#3; IFR#4; IFR#5; IFR#6;

### 1. Commitments and disbursements made under the individual programmes:

In order to have a general view of the financial progress under programmes, the data below show the programme budget committed to the programmes, the full amounts of payments made by the POs and of certified expenditures so far (since the start of implementation):

Programme	Funding committed to the programme	Payments made(as at 31.12.2014) by the PO to the PP/beneficiaries (incl. national co-financing)	Incurred expenditures (as at 31.12.2014) reported by PO in Part A of IFRs and submitted to FMO
BG01	€ 2 036 600	€ 296 364	€ 351 767**
BG02	€ 9 411 765	€ 126 848	€ 126 848
BG 03	€ 9 411 765	€ 246 986	€ 40 983*
BG 04	€ 15 600 288	€ 288 247	€ 199 349*
BG 05	€ 11 790 000	€ 4 273 265	-
BG 06	€ 10 153 074	€ 3 203 367	€ 3 262 755*
BG 07	€ 15 782 353	€ 365 197	€ 365 198
BG 08	€ 16 470 588	€ 0	€ 0
BG 09	€ 1 764 706	€ 133 502	€ 145 128**
BG 10	€ 13 699 000	€ 1 158 138	-
BG 11	€ 2 371 765	€ 1 124 381	€ 1 057 740*

BG 12	€ 2 352 941	€ 17 186	€ 17 188
BG 13	€ 7 058 823	€ 312 264	€ 312 264
BG 14	€ 3 636 471	€ 1 678 106	€ 1 916 674**
BG 15	€ 10 122 824	€ 2 191 372	€ 668 258*
Total	€ 131 662 963	€ 15 415 223	€ 8 464 152

**Disclaimer:**

*The differences between the data in the column of payments made and incurred expenditure are due to the following:*

*\* Total Incurred expenditure are less than the amount of total payments paid by PO due to the advances that are not included by PO's in the Incurred expenditure of the IFR's (Part A);*

*\*\* Total Incurred expenditure exceeds the amount of total payments paid by PO as the PO including the costs for programme activities, which are paid with own resources of PO and beneficiaries;*

**Problems identified in the certification process**

There are no problems related to absorption or disbursement reported by the Programme Operators so far. As long as a different, more rigid approach was required from the Programme Operators on reporting only verified costs, a discrepancy was found out in the reported financial data provided by POs in Interim Financial Reports. With a revision of provisions of the Management and Control System at national level the basis for this discrepancy has been overcome.

In order to avoid as much as possible loss of funds NFP and PO coordinated the availability of savings and agreed on reallocation of funds between or within programmes (between calls) to be done/requested accordingly. In this context and in compliance with the provisions of art.5.9 Modification of programmes, a request for reallocation of funds between programmes was formally submitted to the FMO on 2 September 2014. The request envisaged reallocation of estimated savings under BG 01 "Technical assistance" to the following programmes: BG 06 Children and youth at risk; BG 14 Judicial Capacity Building and Co-operation and BG 15 Correctional Services incl. non-custodial sanctions".

The request was considered by the NFP not only as a tool for better absorption, but also as a measure that would increase the effectiveness, added value and sustainability of projects that are successfully implemented and have already proven, tangible results.

Preparation and submission of IFRs

In spite of the efforts of the POs and the certifying Authority to make for the delays in preparation and submission of interim financial reports in line with the deadlines set in art. 8.3 *Interim payments*, there are still interim reports lagging behind schedule. This is due to several factors – the delays in programme launch and implementation, that lead to a period of accumulation of great number of urgent tasks and overburden for the PO teams. Due to the lack of experience in working with DoRIS at the initial stage not all POs were aware that the already submitted IFRs are returned for corrections and are pending revision and re-submission. The certification process depended on the fulfilment of a number of additional information required by the CA.

As long as any such delays in reporting and submission of payment requests creates certain disturbances in the smooth cash-flow process, the training delivered by the FMO, the experience acquired by the POs and the coordination of status of reports between FMO and NFP will help to get on track for all programmes. The same goes for the quality of reports.

**3.2 Individual Programme summaries**

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

**Budget of the project:** 2 036 600 EUR (incl.1 899 000 Euro TA and 633 000 Euro under the Fund for Bilateral relations)

The project continued to be the main source of funding of activities and events in support of operational and financial management of the grants, transfer of experience, participation in events organised by the FMO,

information and publicity activities and capacity building at the level of the national authorities responsible for management and implementation of the grants.

Details on the initiatives supported under the bilateral fund at national level are 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 following main developments took place in the reporting period:

- The draft text of the three calls for proposals, incl. selection criteria (*in line with art. 2.3 of Annex I to the PA*) were approved by the FMO, the full application packages (incl. electronic versions) were prepared in consultation with the DPP and the calls were formally launched on 21 July 2014 with a deadline for application 20 October 2014;
- The calls resulted in:
  - Under BG 02.01 (available budget of 680 000 EUR) - 8 submitted project proposals at the total amount of EUR 6 356 397;
  - Under BG 02.02 (available budget of 2 800 000 EUR) - 2 submitted project proposals at the total amount of 3 218 963 EUR;
  - Under BG 02.03 (available budget of 1 400 000 EUR) - 3 submitted project proposals at the total amount of EUR 1 237 686
- Evaluation Committees were established with an Order of the Head of PO and assessment of the administrative compliance and eligibility was launched;
- The PO received the filled-in by the project promoter and donor project partner application package for the pre-defined project and started its assessment in accordance with art.5.5 of the Regulation;

Activities common to both BG 02 and BG 03 are listed below.

#### **BG 03 Biodiversity 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 following main developments took place in the reporting period:

- The draft text of all four calls for proposals, incl. selection criteria (*in line with art. 2.3 of Annex I to the PA*) were approved by the FMO, the full application packages (incl. electronic versions) were prepared in consultation with the DPP and the calls were formally launched on 21 July 2014 (03.01, 03.03 and 03.04 SGS) and on 23 December (03.02) with a deadline for application 20 October 2014 and 25 February 2015 respectively;
- The calls expiring in 2014 resulted in:
  - Under BG 03.01 (available budget of 2 800 000 EUR) - 2 submitted project proposals at the total amount of EUR 985 677;
  - Under BG 03.03 (available budget of 900 000 EUR) - 4 submitted project proposals at the total amount of EUR 902 139;
  - Under BG 03.SGS (available budget of 600 000 EUR) - 16 submitted project proposals at the total amount of EUR 381 303.
- Evaluation Committees were established with an Order of the Head of PO and assessment of the administrative compliance and eligibility was launched;
- The application packages for the pre-defined projects were filled-in and submitted for assessment in accordance with art.5.5 of the Regulation;
- Public procurement procedure was launched for the selection of external, independent verifier in order to satisfy the requirements of the pre-eligibility conditions under the programme.

Common to both programmes BG 02 and BG 03 were the following activities carried out:

- The draft description of the Management and Control System together with a positive compliance assessment report issued by the Audit Authority was submitted to the FMO (in Bulgarian). The translated English version of the MCS is to be submitted as well;
- Dedicated web site for the programmes was developed and promoted;

The reporting period was very intensive and required enormous efforts by the PO team to manage and accomplish all its tasks and ensure the operational start of the interventions together with all on-going administrative and management issues that had to be addressed. The results of the calls for proposals show that the programmes' priorities were well targeted and correspond to the needs and commitments Bulgaria has in the field of integrated marine and inland waters management as well as in the field of biodiversity and eco-system services.

The efforts and mobilization of the PO team should be duly acknowledged. In spite of the restructuring that took place in the beginning of 2014, with a limited part of the team transferred to a new Directorate, having to re-organise management and working processes, the PO team succeeded to overcome the problems and put both programmes on track.

Bilateral relations under both programmes encompassed mostly cooperation between PO and the NEA acting as DPP on all issues related to the programme implementation, matchmaking event, promoting partnership opportunities, drafting partnership agreement, etc.

The main risks for the programmes remain the same as identified earlier:

- Limited time for projects' implementation that raises concerns on the full completion of activities and achievement of indicators and outcomes, particularly valid for BG 03,02;
- Additional delays that might occur as a result of the public procurement procedures and administrative capacity of project promoters.

#### **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 following main developments took place in the reporting period:

- Preparation of the draft calls for proposals under component 2 Energy Efficiency and Renewable Energy and component 3 Production of fuels on biomass, approval by the FMO, preparation of the full application package and formal launch of the calls on 7 October 2014 (*with a deadline for submission of project proposals 9 February 2015*);
- Finalisation, submission to the FMO and approval of the call for proposals under component 4 Raising the Administrative capacity and Awareness Building on energy efficiency and renewable energy. The need to finalise the full application package and supporting documents did not allow to launch the call by the end of 2014;
- Assessment of the application filled-in for the pre-defined project in accordance with art.5.5 of the Regulation – as a result the grant award contract with the project promoter (State Commission on Energy and Water Resources) was signed on 18 December 2014;
- Very fruitful and useful bilateral initiatives were organised by the DPP in Norway and attended by representatives of the Ministry of Economy and Energy. The programme of the visits allowed the Bulgarian participants to get directly acquainted with unique policies and projects implemented by their Norwegian counterparts in the field of energy efficiency and renewable energy, as well as with beneficial models of partnerships between public and private entities.

The programme was among those most seriously affected by the numerous changes of Governments and particularly with the last restructuring initiated in the last quarter of 2014 (separation of the former Ministry of Economy and Energy into Ministry of Energy, Ministry of Economy and Ministry of Tourism)– given the crucial strategic importance of energy policy and the large scale energy projects that are on the agenda during the recent years, it turned out that management focus on essential administrative and organisational details was not always a top priority. The PO did not get the necessary support and assistance by the general administration (financial,

legal, etc.) that lead to delays in the preparation of those documents subject to internal consultation, coordination and approval.

In addition, inconsistencies in the approach towards the design and contents of component 1 Utilisation of the hydro-energy potential resulted in the critical delay of finalisation of the draft call text for the component (*not ready and submitted to the NFP and FMO by the end of 2014*).

As all risks identified during the previous reporting period remain valid and are furthermore raised by the delays accumulated in 2014, the programme turned out to be among the most risky ones. Being aware and sharing great concerns on the lack of adequate developments, the NFP initiated meetings at top management level with the participation of Heads of PO from different Governments that resulted in preparation of action plans of corrective measures. Those coordinated actions influenced the process to a great extent but could not overcome all existing internal communication and coordination problems within the PO.

The main future risks are related to further delays in the project selection procedure, public procurement and potentially in financial flows management. The risk of non-implementation of component 1 is also an issue of consideration that will have to be decided upon before the completion of the selection procedures under component 2 and 3.

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

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

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

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

The objective of the programme is to strengthen civil society development and to enhance contribution to social justice, democracy and sustainable development through financing of projects 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”**
- Thematic area **“Capacity building for NGOs”**

In 2014 the Fund Operator (FO) prepared and launched the Second and the Third Call for proposals (January 28 - March 31 2014; September 18 – November 18 2014). A total of 36 medium sized and 17 large projects were contracted under the first call for proposals during the reporting period and 190 projects (35 micro, 101 small, 45 medium and 9 large projects) were contracted under the second call. The number of projects received under the Third Call exceeds those in previous calls, which indicates that the NGO Programme under the EEA FM is still one of the most significant sources for funding of the Bulgarian NGO sector.

In relation to the engagement of the EEA FM to the NO HATE SPEECH movement of the Council of Europe in 2014 the FO organized a workshop for young bloggers on tackling hate speech on-line (17<sup>th</sup> of November) and carried out a survey on public attitudes towards hate speech in Bulgaria, the results of which were presented at a round table discussion in December. The blogger’s training was attended by key speakers and trainers from the Council of Europe, OSI-Sofia, the Bulgarian Helsinki Committee, the Ministry of youth and sports and well known bloggers. The report was published on-line in Bulgarian and English language.

#### **Bilateral fund activities**

As a result of the regular risk assessment carried out, the FO introduced an additional ongoing funding measure under the bilateral fund and increased the maximum eligible amounts for funding of bilateral initiatives.

During the period under review, under measure “Seed money facility” the FO supported 14 NGOs (out of 16 applications received) to develop a partnership project idea. The number of received applications for additional funding of projects in partnership with entities from the Donor states within the Second and the Third Call is 22, while a total of 50 project proposals received included donor partners (40 – Norway, 10 - Iceland). Out of the 195 project proposals selected for funding within the Second Call, one project has an Icelandic partner and 8 projects have Norwegian partners.

#### **Risk assessment and risk mitigation measures planned**

Operational risks have been continuously monitored and mitigated. Given the big number of project applications received under the Third call for proposals, the quality check coinciding with the Christmas and New Year’s holidays and the limited number of evaluators working for BG05, there is a risk of delay of the contracting for the last call. The latter might be an issue in terms of the deadline for expenditures under the Programme – April 2016.



The mitigation plan of the FO includes recruitment of additional evaluators carried out in December 2014 and planning of two Grand Selection Committees in the first quarter of 2015 to deal with the numerous projects.

#### BG06 Children and Youth at risk

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

*Programme Operator:* Ministry of Education and Science

*Donor Programme Partner:* Council of Europe

#### Component 1: Care for Youth at risk

The four projects approved under Component 1 are in the process of implementation as the contracts were signed in January 2014. The construction and renovation works have started according to the projects implementation plans. Youth workers and Roma mediators passed the first round of trainings. They worked actively within the range of their responsibilities and provided community maps and other relevant documents.

#### Component 2: Care for Children at Risk

The evaluation of the project proposals submitted under *Component 2* took place during the reporting period. Based on the recommendations of the Selection Committee the PO approved for financing a total of 10 projects. The contracts were signed in July 2014 and all the projects are currently under implementation.

In order to ensure smooth implementation of the projects under Component 2, the PO has organized training for the projects' management teams aiming to establish a network and to create opportunities for exchange of experience, best practices and joint activities.

Based on the internal assessment made by the NFP, some savings have been identified under the BG01 Technical assistance and Fund for bilateral relations Programme. In September 2014, the NFP has proposed 200 000 Euro to be reallocated to the Component 2 of the Programme BG06 for the financing of one more project. The reallocation was approved by the donors in January 2015.

#### Component 3 "Capacity Building"

The implementation of the pre-defined project Component 3 has started during the reporting period as the contract was signed on 4<sup>th</sup> March, 2014. The following activities have been implemented so far:

- September, 2014 – Joint training of youth workers and Roma mediators, working under Component 1;
- November, 2014 – Training of Roma mediators (Component 1 and 2);
- October – December, 2014 – Training of educational personnel under Component 2.

#### Component 4 „Educational inclusion, health and social development“

As regards to the new pre-defined project – **Component 4** additional pre-eligibility condition was included in the Programme Agreement requesting submission of a revised budget of the project, incl. costs for preliminary construction design, bill of quantity, construction supervision as well as a confirmation by the NFP that all necessary permits have been obtained. The condition was fulfilled in December 2014 and the FMO confirmed the maximum grant to the project, i.e. 359,240 Euro. The project contract was signed in January 2015.

#### Bilateral Relations

The bilateral component is strongly emphasized under this programme. Two projects under component 1 and three projects under component 2 have partners from the donor countries.

In addition component 3 is implemented in close co-operation with the DPP – Council of Europe.

As regards to the Bilateral fund on Programme level, the PO and the DPP has agreed to prepare a list with options that the beneficiaries could apply for in order to facilitate the process. The list will consist of proposals made by the CoE, PO and the Norwegian embassy.

#### Risks and mitigation measures

Risk of insufficient information and low activity among the target groups, risk of non-fulfilment of preliminary agreed indicators on Programme and project level and risk of non-compliance with public procurement rules on individual project level are among the risks, most likely to happen with regard to the operational issues. The mitigation measures, which have been established are as follows: development and implementation of detailed publicity and information plans; active provision of outreach services for children and youth from Roma ethnicity and underprivileged children; active work with parents and management staff of the local schools and

kindergartens; proposition of corrective measure for changes in the projects; organization of training events for beneficiaries; ex-ante and ex-post control implemented strictly at the PO's level. In addition, the PO closely monitors the implementation of the PDP 2, which has been approved at the end of 2014. Due to the limited time for the implementation of the activities, strict monitoring and timely supporting measures are required.

#### **BG07 Public Health Initiatives**

*Budget of the programme:* 15 782 353 EUR (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 BG07 Programme consists of six measures to be implemented by way of open calls, one small grant scheme and three pre-defined projects.

The Programme implementation is at its initial stage and no tangible results and outputs were achieved in 2014. Results can be mentioned in terms of accomplished activities under the **three predefined projects**, where initial activities have already started, and smooth implementation of the project is registered within PDP 1.

As regards to the **measures 1, 2, 5 and 6**, the draft call texts were developed and sent to the FMO and NFP for comments in the end of 2014. The respective recommendations and remarks have been provided accordingly.

In respects to the **measures 3 and 4**, in implementation of a pre-eligibility condition stipulated in annex 1 to the PA a need assessment was carried out by the World Health Organization. The initial version of the assessment analysis was provided by the WHO experts on December 17, 2014.

**An Operator of the Small Grant Scheme (SGS)** was selected through public procurement procedure and a contract was signed on 8 October 2014. Activities are in their initial stage and a draft version of Management and Control System (MCS) of the SGS was submitted in November 2014 to the PO by the contractor. PO provided its comments and is expected to approve the final version by 20<sup>th</sup> of January, 2015.

In compliance with the Regulation, the MCS was of prime concern and a contractor, in line with the Public Procurement Act in Bulgaria, was selected. A contract was signed on 05.11.2014 and the final version of the MCS is expected to be approved by mid of February 2015.

#### Bilateral relations

As per the revised indicators, one bilateral match making event under art. 3.6.1 (a) of the Regulations on the implementation of the EEA FM and the NFM 2009-2014 is to be organized by the PO for potential project promoters and partners from Donor states after the launch of the open calls for measures 1-6 of the Programme in first quarter of 2015.

As regards to the funding under art. 3.6.1 (b) of the Regulations on the implementation of the EEA FM and the NFM 2009-2014, guidelines will be developed and Call for proposals will be launched later in 2015, after the selection of projects under calls for proposals of measures 1-6.

#### Risks identified and mitigation measures

The considerable delay in Programme implementation, especially regarding the launch of the Calls for Proposals has been identified as the main challenge and risk to timely completion of all projects in regards to the deadline of eligibility of expenditures.

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

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

*Programme Operator:* Ministry of Culture

The main development in the programme areas in 2014 were laid down in the Government Programme for Stable Development of the Republic of Bulgaria 2014-2018 where were set priorities and goals relevant and linked to the respective measures under the Programme BG08 "Cultural Heritage and Contemporary Arts". The existence of political will and purposeful and targeted cultural policy will ensure sustainability of the results to be accomplished by means of the EEA Financial Mechanism. The key accomplishments of the Programme BG08 for the reporting period are related to the launching of four open calls for proposals under four measures and a call under the Bilateral Fund, Measure A:

- Measure 1 Cultural Heritage Restored, Renovated and Protected
- Measure 2 Cultural History Documented
- Measure 3 Cultural Heritage Made Accessible to the Public

- Small Grant Scheme “Contemporary Art and Culture Presented and Reaching a Broader Audience”

There was wide information and media campaign about the Programme countrywide and the calls for proposals in accordance with the Communication plan, as well as the information was uploaded on the dedicated web site: [www.Culture-EEA-BG.org](http://www.Culture-EEA-BG.org).

The deadline for submission of project proposals was 30th April 2014 for the Small Grant Scheme (it was prolonged from 19th April until 30th April) and 19th May 2014 for Measures 1, 2 and 3 and the Bilateral Fund. The total number of the submitted project proposals for all Measures is 372. Under the Bilateral Fund Measure A - 10 proposals were submitted of which 9 were eligible. One project proposal was approved.

After closure of the application process Selection Committees for each measure were appointed. At the end of the year the Selection Committees were still working for the final ranking and the taking of the last decision for project proposals to be funded is pending.

The main challenges that the PO faced in 2014 were political – three governments changed which led to change of several management teams of the programme and changes in the members of the Selection Committees and inconsistency in their work. Therefore it caused delay in the evaluation process of the project proposals and delay in the implementation of the programme itself. Nevertheless, the PO has a pronounced will for succession and successful programme implementation by strengthening of the administrative capacity of the PO – on 23rd December 2014 a new Statute of the Ministry of Culture was promulgated which envisages enlarging the unit responsible for management of the programme by assigning to it a status of a directorate with more human resources expertise.

During 2014 the PO elaborated the MCS. The pre-defined Project *Second Stage of the Development of the Museum of Contemporary Art (Arsenal Museum)* has been developed and assessed by an external evaluator which laid down the foundations for lifting the pre-payment and pre-eligibility conditions set in the Programme Agreement.

There were a number of meetings held within 2014 with participation of representatives of the Kingdom of Norway. The representatives of the Royal Norwegian Embassy were regularly invited to take part as observers in the meetings of the Selection Committees.

A programme modification took place in 2014, in compliance with Article 5.9.2 (e) of the Regulation. The proposed amendment concerned the adoption of verification process which to be carried out by external independent auditors (in compliance with the relevant regulations) who will be selected following public procurement procedure. The new versions of Annex I and Annex II to the Programme Agreement entered into force on the 10<sup>th</sup> June 2014.

The PO fully respects the cross-cutting issues under the EEA Financial Mechanism 2009-2014. The key good governance principles for participatory and inclusive, accountable, transparent, responsive, effective, efficient management and the rule of law are duly followed within the implementation of the BG08 programme.

#### **BG 09 Scholarship Fund**

**Budget of the programme:** 1 764 706 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

With certain accumulated delays in the implementation of the programme, 2014 marked serious advancements with a total of 3 calls for proposals announced in the reporting period under the Scholarship Fund: 1 for mobility, 1 for preparatory visits and 1 for interinstitutional cooperation. This was done with the support of the three DPPs and the Cooperation Committee meetings held in February in Oslo and in October in Sofia.

Information on all open and upcoming calls was disseminated via regional information seminars in 6 big Bulgarian cities. The NFP has attended the one held in Sofia and the interest was very high. The Q&A part was dominated by very specific application questions which mean that all participants are acquainted with the programme and are planning to submit applications. What we are not aware is to what extent the coordinators working nominated in the respective universities are fulfilling their tasks in promoting the programme and we will urge the PO to request information on that. This remark is even more valid when we consider the low number of applications by students – currently one 1 has applied and is financed. A reason for this could also be found at the lack of partnership agreements between the universities as well as the huge interest from other beneficiary countries and the obvious limitations of the overall number of interns in the Donor States. Nevertheless, with the last call 7 more students have applied and have been approved by the Selection Committee which is a significant advancement towards the target of 28.

A good point for the future of the implementation of the programme is that there were no changes of the key personnel within the PO, even though three governments were changed in 2014. This and the recent successful meeting of the selection committee for the projects for inter-institutional cooperation pave the way for a serious increase of the absorption rate in 2015 and good projects with partners from the Donor States. For that measure the Selection Committee has agreed to finance the first 6 projects ranked by the external evaluators which is a significantly more than the target in the Programme Agreement for 3 projects and within the target for 6 bilateral partnership agreements.

#### **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.

According to innovation.bg report for 2014 half of the funds spent on R&D in Bulgaria (48 %) originate from abroad – an extremely high share which is a precondition for dependence in the implementation of research and development (an activity of huge public importance for the creation of new national knowledge and technologies) on access to and on the conditions for use of external financing.

Even if the direct impact of the funds allocated to Green Industry Innovation Programme remains limited in terms of return on investment or of overcoming the low innovativeness and productivity of the Bulgarian economy, the positive spillover effects of their existence are invaluable for the accelerated development of the innovation and entrepreneurial ecosystems in the country.

#### **Technical implementation**

22 project contracts have been signed so far, out of which 19 are donor partnership projects. The total grant value of the approved projects is EUR 9 130 600, which is approx. 78 % of the available budget for re-granting to projects. The remaining funds are expected to be allocated to projects in the frame of the 3<sup>rd</sup> Call (deadline February 2015).

A pre-defined project and a small grant scheme will be implemented under the Programme with the aim of increasing the capacity and competitiveness of Bulgarian SMEs. This part is planned to start in March 2015.

#### **Financial Implementation**

<b>Budget heading</b>	<b>Total budget (in EUR)</b>	<b>Disbursed in 2014 (in EUR)</b>
<b>Individual Project Scheme</b>	11 578 100	400 918
<b>Bilateral Fund</b>	205 485	62 000
<b>Complementary actions</b>	251 000	0
<b>Small Grant Scheme (pre-defined project)</b>	200 000	0

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

Travel Support (as part of the Bilateral Fund at Programme level) has been used as a tool to foster and strengthen bilateral partnerships. A budget of EUR 40 800 was set aside for the 2<sup>nd</sup> Call and EUR 12 000 for the 3<sup>rd</sup> Call.

8 applications for Travel Support were received under the 2<sup>nd</sup> Call, out of which 6 were approved by Innovation Norway.

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

The main communication channel towards potential applicants, Project Promoters and partners, as well as to the public at large, has been the dedicated Programme website <http://www.norwaygrants-greeninnovation.no>.

Information about Calls, approved projects after the two calls, as well as practical information related to the projects' implementation, is published on the web-site. Innovation Norway is also publishing links to Project Promoters' web-sites in relation to the tender procedures organized in the frame of the projects. Not that many publicity activities on project level took place in 2014, and they were related to opening of projects (press-conferences and events with the Norwegian partners) and some projects have promoted their respective projects during their participation in exhibitions and fairs.

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

During the reported period none of the Programme and bilateral outcome-related risks has been identified.

Assessment and verification of the financial situation of the applicant entities have been a major concern for the PO. In most cases it was not possible to verify the co-financing capabilities based on the audited accounts attached to the application, and the level of credit worthiness were in general low. One of the biggest challenges for the applicants/Project Promoters in this Programme seems to be lack of long term financing – for their operations as

well as for the project. This is really a drawback for the Programme since bank loans are the most transparent source of co-financing.

#### **BG11 Capacity building and institutional co-operation**

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

**Programme Operator:** OP Technical Assistance Directorate, Council of Ministers

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

The programme BG11 is implemented by two pre-defined projects that have been developed jointly with the DPPs (project partners).

During 2014 both predefined projects are in their implementation stage and some outputs and outcomes at project level are achieved and the trend is ascending. According to the projects timeframes and envisaged activities, the main and tangible results will be achieved in 2015.

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

1. Data on borderland developments and cross-border cooperation is assembled and made available in CBC data centre – partially achieved, 61 out of 100 envisaged indicators were collected;
2. Experience and best practices shared between organizations dealing with territorial cooperation – fully implemented through statistical meetings and study trips, which led to exchange of experience and good practices with 10 organizations involved in joint activities

The achieved outputs contribute to the achievement of outcomes envisaged in the project and its objective: Enhanced level of knowledge and understanding of cross-border processes between Bulgaria and its neighbouring countries.

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

1. Physical improvement of NAMRB's Training Centre for Local Authorities to ensure universal access in line with established Bulgarian legal requirements – the reconstruction of the training center is completed and there are 15 premises accessible for disabled people;
2. Increased institutional capacity of NAMRB's team in providing services to its members – the Strategic plan is developed and adopted; 6 regional offices are established and operational; training management manual is developed; Methodology to provide better services to members of the Association is elaborated
3. Good practices for inter-municipal cooperation collected and analysed and distributed – partially achieved: 5-day study visit in Norway for 18 persons, Analysis of the regulatory framework for inter-municipal cooperation in Norway and Bulgaria, 3 regional 2-day seminars for 40 persons each.

#### **Bilateral Initiatives**

Two bilateral initiatives of both Project Promoters were implemented in 2014 and the results achieved are Shared experience, knowledge, know-how and best practices in the field of cross-border cooperation and inter municipal cooperation.

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

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. The PO has not identified any serious risk for the smooth Programme implementation and completion of the project.

#### **BG 12 Domestic and Gender-based Violence**

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

**Programme Operator:** Ministry of Interior (Moi)

**Donor Programme Partner:** Council of Europe

Significant advancements in the programme implementation have been made in 2014. Following a CC meeting held in February 2014 and the joint position of the PO and the DPP on the next steps to be taken, a number of processes were carried out simultaneously in order to move toward project implementation in a timely manner. These were namely: elaboration of the MCS, selection and contracting of external evaluators for the project proposals, external evaluation of the predefined project, simultaneous announcement of the calls for proposals under all measures and start of the evaluation process and concluded with the signature of the contract for the

implementation of the predefined project in November 2014. A total of project proposals were received, divided as follows:

- Measure 1: Support services for victims of domestic violence and GBV - 7
- Measure 2: Awareness raising activities with a special focus on Roma and other vulnerable communities - 24
- Measure 3: Research and data collection - 1
- Measure 4: Support services for victims of domestic violence - 13
- Measure 5: Awareness and sensibility raising campaigns- 13

Even though the application process ended on the 1<sup>st</sup> of September 2014, the evaluation is still on the way with Selection Committee meetings held only under 2 of the 5 measures. The PO is looking to finalise the process under the remaining measures by the end of April but we still consider that the whole process took too much time. The reason for that is that additional documents had to be requested for all applications. We are especially worried about the timely implementation of the project/s under Measure 1 where the establishment of a crisis centre could take more time.

There is also a delay in the start of the predefined project where there were certain clarification on the method of implementation and the responsibilities of the involved parties were made during a meeting organised by the NFP. Nevertheless, the Ministry of Justice undertook its role as project promoter and currently the project is under implementation.

With regards to the remaining time for implementation, since all measures except 1 are dedicated to soft measures (information campaigns, research activities, trainings etc.) we consider that the risk of implementation should remain medium.

On the bilateral level, calls for proposals under the fund at programme level were launched under both measures. Only two applications were submitted for the measure for search for partners. The deadline for the second measure for exchange of experience is the 1<sup>st</sup> of December 2015 and in order to stimulate applications the PO has decided to simplify the procedures under the call.

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

**Budget of the programme:** 7 058 823 EUR (incl. grant amount and national co-financing)

**Programme Operator:** Ministry of Interior (Moi)

Donor Programme Partner: Council of Europe

The main developments under the programme, consisting 6 pre-defined projects and one small grant scheme, encompassed:

- Preparation of application packages to be used for the small grant scheme as well as by the 5 pre-defined projects under the programme;
- Elaboration, coconsultation with the DPP and approval by the FMO of the detailed description and budget of pre-defined project 6: Training of the police in the legitimate use of force, human rights protection and (further) development of skills necessary for working in a multi-ethnic environment;
- Conduct of external assessment of the pre-defined projects, signature of grant award contracts and launch of implementation of the projects;
- Elaboration by the PO and approval by the FMO of the draft call for proposals and formal launch of the call under the small grant scheme – the call resulted in the submission of 1 project proposal that was subject to assessment of the administrative compliance and eligibility;
- Simultaneous launch of the calls under the bilateral funds at programme level – no applications under measure 1 were submitted by the expiry of the main calls. As the available budget of the call would not be exhausted the PO will re-launch it in the beginning of 2015;
- Elaboration of the detailed description of the Management and Control System (common for BG 12 and BG 13) and submission of the MCS together with a positive compliance assessment report issued by the Audit Authority to the FMO (*the English version of the document is still to be submitted*).

The main risks for the implementation of the programme are related with:

- the conduct of public procurement procedures under the projects and the rigid management of time schedules required so that accomplishment of activities and outputs would not be compromised;
- the lack of initiatives identified by the project promoters to be implemented under the bilateral fun.

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

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

**Programme operator:** Ministry of Justice

**Donor Programme Partner:** Council of Europe

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 donor project partner for all of them.

All projects are contributing to the achievement of the objectives of Updated Strategy to continue the Reform of the Judicial System which was approved by the Council of Ministers on 18.12.2014:

- To ensure good governance of the judicial authorities and their highly effective functioning (this objective corresponds to Programme Outcome 2 “Improved efficiency of the court system, incl. the development of systems for case handling”);
- To unfold the potential of human resources in the judiciary and guarantee the high motivation, competence and social responsibility of judges, prosecutors and investigating magistrates (this objective corresponds to Programme Outcome 3 “Increased competence within judiciary”);
- To ensure a full-fledged right to a fair trial to each citizen and effective protection of human rights (this objective corresponds to Programme Outcome 1 “Improved access to justice, incl. for vulnerable persons”).

#### **Technical implementation**

Visible progress as regards the achievement of the programme indicators has been made under Outcome 1 and Outcome 3. As regards Outcome 1 “Improved access to justice, including the vulnerable groups (e.g. victims, minors, minorities)”, the planned indicators under pre-defined project № 4 for provision of legal aid services through the National Telephone Hotline for Legal Aid and regional Legal Aid Centres in Vidin and Sliven have been successfully achieved. The other pre-defined projects № 1, 2, 3 and 5 aimed to increase the competence within judiciary, namely a number of study visits, internships, secondments, seminars and trainings have been almost completed. Project № 5 was successfully completed in August 2014.

As regards the Programme Agreement two amendments have been initiated by the PO and approved by FMO in order to be achieved effective distribution of funds between Outcomes and sustainability of project results, including allocation of additional 91 000 Euro for the extension of project № 4.

In the reported period Condition No. 2.3.2. of Annex I of the Programme Agreement has been implemented. A company for external verification of payment claims, monitoring and control functions of the predefined project (PdP) № 3 has been selected and contract signed.

Two Cooperation Committee meetings, with the participation of stakeholders under the Programme – representatives of the Donor Programme Partner – CoE, Norwegian Embassy, National Focal Point, guests from Norway and Project promoters, took place in January (Sofia ) and in June 2014 (Oslo).

PO has performed risk assessment under the programme and approved plan with relevant mitigation actions. Significant risks for the implementation of the programme have not been identified during the reported period.

#### **Bilateral Fund**

PO opened a call under the Bilateral Fund of BG14 for selection of initiatives. The Call for proposals is of the type “rolling call” which means that the PO will review and assess the submitted proposals and the selected initiatives will be proposed to the Cooperation Committee for approval.

Operational Rules for Selection Committee, including criteria for assessment, approved by the PO and the Selection Committee was set up. Submission of proposals by the Project Promoters is forthcoming.

However, in the framework of the predefined project activities PPs have conducted a number of study visits and joint activities in the donor country and EU countries and have established contacts with representatives of similar institutions.

#### **Roma inclusion**

In June’s session Cooperation Committee decided to be appointed a Working group at Programme level with the task to discuss issues related to the provision of 10 % of programme funds for activities related to the Roma society and vulnerable groups. Representatives of the Donor, Council of Europe, Programme Operator, National Focal Point, Project Promoters, the National Council for Cooperation on the Ethnical and Integration Issues and NGOs have been appointed to participate. The working group already conducted two meetings.

#### **Information and publicity activities**

Information meeting with beneficiaries for discussion on the MCS of Programmes BG14 and BG 15 was held in Pravetz, 6-7 February 2014.

Under the Complimentary action fund an International high level Conference on Integrity of Judiciary was held on 1-2 April 2014 in Sofia. The main purpose of the Conference was to share qualitative experience and knowledge with reference to the integrity of the Judiciary on the grounds of the Rule of law.

In September the Final conference of project № 5 “Capacity building of General Directorate Security staff in line with international standards to achieve a more effective judicial system” was widely covered in the media.

A number of news and information materials were published on the website of the Programme and on the Facebook page.

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

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

*Programme operator:* Ministry of Justice

*Donor Programme Partner:* Council of Europe

The Programme aims to improve the Bulgarian system of correctional services in compliance with the relevant international and European human rights instruments and will be implemented through 3 pre-defined projects and 1 small grant scheme.

#### *Key achievements*

After the successful start of the Programme in 2013 in 2014 the PO continues its implementation in line with the approved MCS. The 3 PDPs are under implementation. Some of the activities of are slightly delayed due to the public procurement procedures.

In 2014 the selection process of the projects submitted under the SGS took place. A total of 19 projects have been approved for financing.

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

The first two outputs: “Refurbished prison estates in line with CPT standards” and “Refurbished IDF in Shumen” are fully covered by PDP 1 which is in an operational phase and the construction activities are undergoing.

The refurbishment of the medical center and nursery to the Sliven Prison was successfully completed, furnished and equipped. Approximately 260 women in juveniles have access to better medical services and treatment in accordance with accepted European standards. As a follow-up activity, in the period 30 September - 2 October, Council of Europe’s experts in prison healthcare organized training on ethics in prison healthcare and psychiatric treatment for inmates. Medical and custodial staff from Sliven prison took part in the event.

The refurbishment of the Lovech prison’s hospital, GDES training centre in Pleven, as well as for the Shumen Investigation Detention Facilities (IDF) has been contracted. The completion of the Shumen construction site is scheduled for the beginning of 2015, thus the new IDF facility will be fully operational in several months. Moreover GDES has initiated a public procurement procedure for the delivery of equipment for Shumen facility. The public procurements procedure for the construction activities in Debelt, Razdelna and Stara Zagora prisons should start at the beginning of 2015.

In 2014 the Council of Europe has conducted an expert mission of the prison in order to guarantee that they are constructed under the CPT standards.

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

The outputs in the field of electronic monitoring are covered by the PDP 2 as well as by the projects under the SGS. Following the implemented training courses on electronic monitoring among the stakeholders under the PDP 2, the awareness on the application of alternatives to prisons has been increased. As a result, the number of offenders monitored electronically increased substantially and by the end of 2014, it was 51.

During the reporting period, all 35 psychologists from the system of GDES have been trained in psycho-diagnostic instruments for recruitment of staff, resulted in new competencies of psychological staff, improved methods of prediction of risk behaviour of prisoners and further developed skills for counselling on risk behaviour in staff and prisoners and conducting groups with offenders.

#### *Project 3 “Improving the competences of staff in psychological selection and counselling”*



The outputs “Trained staff in prison and pre-detention centers” as well as “Knowledge exchange with the Norwegian Correctional Services related to prevention and management of suicidal behaviour and professional stress” and “Prevention of ethnic violence in Bulgarian prisons, promoting tolerance towards difference and Roma integration” are covered by a PDP 3. Three analyses for the preparation and implementation of techniques for the consultation of inmates and staff have been prepared under the project. Two new outputs which were included in the Programme Agreement will be covered by the additional activities at the PDP 3 as follows:

- Elaborated and adopted strategies and methodologies for diagnostics and prevention of suicidal behaviour among inmates and prison staff and for managing the stress among inmates and prison staff incl. IDF staff and probation officers;
- Training of 35 psychologists/GDES employees and trainers on applying the strategy and the methodology;
- Developing a programme and a manual programme for the prevention of ethnic violence and promoting tolerance towards difference;
- Training and piloting the developed programme.

#### Small grant schemes.

The open call for proposals under the SGS was launched on 11 July with deadline for submission of applications - 30 September 2014. A total of 27 applications have been submitted and 19 projects have been approved for funding.

All the programme outputs have been covered by the submitted project applications. The preliminary analysis shows that the target values of the output indicators will be achieved through the selected projects` implementation. Some of the set target values of the indicators could be exceeded.

#### Challenges (risks)

As a risk for the implementation of the Programme there has been identified the following:

- Delay of the tenders due to the complex and prolonged procedures, appeal procedures;
- Delay of the implementation of the contracts.

#### Bilateral relations

In accordance with the established Rules for the administration of Funds for Bilateral Relations at programme level after the approval of the Cooperation Committee held on June 2014 the PO has assessed five bilateral initiatives.

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

*Budget of the programme:* 480 000 EUR (grant only)

*Programme operator:* Innovation Norway.

Four projects were successfully completed in Bulgaria by the eligibility deadline 31 December 2014 within the following two main areas/priorities:

- Improved social dialogue and tripartite dialogue structures and practices
- Enhanced understanding of the benefits of decent work

Two of the projects were implemented with the involvement of the Norwegian partners which added value through shared expertise and experience to the activities implemented. The co-operation of the Confederation of Independent trade Unions in Bulgaria and the Norwegian Confederation of Trade Unions (LO) has started under the Norwegian Co-operation Programme 2004-2009, which shows a sustainable co-operation, established under the Norway grants.

## **4 MANAGEMENT AND IMPLEMENTATION**

### **4.1 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 05 October 2014 a new government structure was put in place. The responsibilities for coordination of EU funds at national level currently rest with the Deputy Prime Minister for EU funds and economic policy. The Head of the National Focal Point remains the same.

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). 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

Lessons learnt from the initial stage of implementation of programmes and the decisions taken at operational and management level in response to issues that have arisen lead to the necessity to amend some provisions and description procedures in the MCS at national level. In June 2014 NFP initiated changes in the description of the MCS at national level. The proposed revisions were related mainly to:

- Updating the description of the management structure, following the changes in Annex A to the MoUs;
- Updating the procedure for processing IFRs on DoRIS;
- Reflecting the arrangements agreed with the FMO on reporting and payments for projects with the involvement of the Council of Europe as partner;
- Inclusion of a procedure for review and processing at the NFP level of complaints and potential cases of suspected irregularities (incl. submitted through the Report Irregularities facility on [www.eegrants.bg](http://www.eegrants.bg)).

Following the FMO comments on the modified texts, the description of the MCS was further developed in terms of incurred expenditures, reported in the IFRs. The final version of updated MCS at national level was submitted to the FMO on 07 January 2015.

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.

In the reporting period the POs of programmes under implementation have started the elaboration of the detailed descriptions of MCS 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.

The current status of preparation and approval of descriptions of MCS at programme level is as follows:

- MCS of the PO for implementation of the Programmes BG06, BG11, BG14 and BG15 were submitted to the FMO. In 2014 the POs have received FMO comments on the MCS and have provided additional information and clarifications to the FMO.
- MCS of the PO for implementation of the Programmes BG02, BG03, BG08, BG09, BG12 and BG13 were submitted to the FMO in Bulgarian. POs are in process of elaborating the English version.
- Draft MCS of the PO for implementation of the Programme BG07 were submitted for review to the AA;
- Development of the MCS of the PO for implementation of the Programme BG04 is on-going. There is a significant delay due to restructuring of the PO.

In 2014 an external audit of the MCS of the Fund Operator under BG05 was commissioned by the EEA FM. The final results of the audit are to be discussed with the FMO in January 2015.

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

Provide information on compliance with the regulatory environment of the financial mechanism in the Beneficiary State (the MoU and the Regulation, as well as compliance with Community Policy, i.a. on matters such as state aid, the environmental directives, and public procurement). This section should provide detail on problems encountered and proposed solutions.

Observing compliance with the regulatory environment of the EEA and Norway Grants in the reporting period was carried out in accordance with the stages of implementation for the different programmes and encompassed one or all of the elements mentioned below:

- Preparation of Calls for proposals and Guidelines for applicants – particular attention was paid, apart from the general compliance with the Regulations and Programme Agreements, to the detailed description of the project selection procedures, the way state aid issues are reflected towards different type of beneficiaries, the availability of all necessary annexes, etc.;
- Elaboration of detailed descriptions of Management and Control Systems at national and programme level – the major objective of the review of MCS's and the compliance assessment audits being to ensure that all applicable legislative requirements and rules are taken into account;
- Conduct of selection procedures – proper treatment of issues such as conflict of interest cases, rightful and lawful application of the opportunities provided for in art.6.5 (8) of the Regulations;

- Contracting of projects – contents and provisions of the contracts that adequately and exhaustively reflect the rights and obligations of the parties.

Accomplishment of amendments to the Memoranda of Understanding:

- Annexes A – amendments were proposed, discussed at the Annual Meeting held in 2013 and proceeded through Exchange of Letters in 2014 in order to reflect the organisation changes that have taken place in the Bulgarian Public Administration and in particular with regard to the position of the official that performs the functions of Head of NFP and the reporting hierarchy;
- Annexes B - amendments were introduced with regard to financial parameters of the implementation framework, organisational changes in the Programme Operators and Donor Programme Partners, objectives and outcomes that have been subject to further clarifications and agreements between partners.

Problems identified:

- Contradictory rules related to financial reporting – as a result of the more stricter national requirements in place with regard to the verification and certification processes under operational programmes the principles of reporting expenditures in the interim financial reports turned out to differ from the reporting modalities of the EEA and Norway Grants. This did not correspond to the requirements of the FMO but also the overall picture of commitments and disbursements did not allow comparative analysis with other beneficiary states. The issue was cleared out with the revision of the corresponding texts in the Management and Control System at national level;
- Applicability of state aid rules – during the review of draft calls for proposals by the FMO it has on several occasions occurred that the state aid regimes envisaged by the PO in the programme proposal did not correspond to the requirements of the donors and were found to be restrictive and unjustified. The problem was sorted out by revising the texts in accordance with recommendations of the FMO;
- Lack of clarity on the supporting documents to be requested in case of donor partnership projects - difference in the type and nature of documents proving particular circumstances that are required as part of the criteria for administrative compliance and eligibility. A decision was sought by requesting the assistance of the FMO and the donors in understanding the legal norms and practices in donor countries.

It should be noted that in few cases the NFP and POs have been advised to implement with a degree of flexibility the requirements of the Regulation that could only be regarded as a positive approach if applied to all programmes, project promoters and project partners to ensure equal treatment and to avoid varying practices on one and the same matter.

### 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 28th February, 28th May, 25th August and 21st November 2014) 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.

During the reporting period NFP has clarified in the communication with the OFM two complaints under the Programme BG 06 and BG 14. Considering the decisions of all bodies involved in reviewing the cases and after analysis of the received documents and results NFP can conclude that no irregularities have been detected (*respective reports are generated in DoRIS and are attached in Annex although these cases are not treated as irregularities in the context of art.11.5 and art. 11.4*).

### 4.3 Audit, monitoring, review and evaluation

In execution of its monitoring obligations and responsibilities, the NFP has catered to keep track on all on-going 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' meetings held in the reporting period;
- 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 MCS, information on fulfillment of pre-disbursement conditions in Pas, etc.;
- participation in selection committee meetings, held under programmes BG02, BG03, BG05, BG06, BG08, BG09, BG13, ;
- 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***

##### **▪ Compliance assessment audits**

Four compliance assessment audits of the MCS descriptions for the implementation of the Programmes BG02 and BG03, BG09, BG11, BG12 and BG13, financed under EEA FM and NFM 2009 – 2014 were performed:

- Compliance assessment audit on MCS established at Operational programme Technical assistance Directorate within the Council of Ministers Administration, acting as PO for implementation of Programme BG11 Capacity-building and Institutional Cooperation under the NFM 2009 – 2014. The audit started on 4 December, 2013 and was completed on 7 February, 2014.
- Compliance assessment audit on MCS established at the Ministry of Education and Science, acting as PO for implementation of Programme BG09 Scholarships Fund under the EEA FM 2009 – 2014. The audit was completed on 10 May, 2014.
- Compliance assessment audit on MCS established at the Ministry of Interior, acting as PO for implementation of Programmes BG12 Domestic and Gender Based Violence and BG13 Schengen Cooperation and Combating Cross-Border and Organized Crime, incl. Trafficking and Itinerant Criminal groups under the NFM 2009 – 2014. The audit was completed on 5 June, 2014.
- Compliance assessment audit on MCS established at the Ministry of environment and waters, acting as PO for implementation of Programmes BG02 Integrated Marine and Inland Water Management and BG03 Biodiversity and Ecosystem Services under the EEA FM2009 – 2014. The audit was completed on 12 September 2014.
- The scope of the compliance assessments comprises an assessment of the adequacy of the design of the MCS established at the POs in the respective ministries for managing of Programmes BG02, BG03, BG09, BG11, BG12 and BG13 under the EEA FM and the NFM 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 MCS established for the implementation of Programmes BG02, BG03, BG09, BG11, BG12 and BG13 under the EEA FM and the NFM 2009 – 2014, comply with the EEA FM Regulation and the NFM Regulation and generally accepted accounting principles and that the proportionality of the MCS' 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 AA's opinion.

##### **▪ Audit of operations**

In October-November 2014 the AA carried out audit of operations for the expenditure certified in the period 01.01.2013 - 31.12.2013 on Programmes financed under EEA FM and NFM 2004-2009, incl. Project BG01 and Programmes BG06, BG09, BG11, BG13, BG14 and BG15.

The objectives of the audit was to express assurance that the declared expenditure to the FMO in the period 01.01.2013 - 31.12.2013 are correct and the underlying transactions are legal and regular, as well as the follow-up of the implementation of the recommendations given by the AA previous compliance assessment audits for Programmes BG06, BG09, BG11, BG13, BG14 and BG15.

All audit checks were completed. The audit report is under elaboration. The delay is due to limited audit resources (see p.4 below). The preliminary results indicate that there are no serious deficiencies found.

#### 4.4 Information and publicity

In accordance with NFP plan for 2014, a communication event was organised together with the Norwegian Embassy in early May in order to promote the partnership opportunities under the Bilateral Fund at national level. The event was attended by 34 Bulgarian organisations and 9 from the Donor States – 8 from Norway and 1 from Iceland. The overall result was an increased interest towards the Bilateral Fund with 15 project proposals submitted in 2014 versus 1. Our assessment is that the crucial part is the matchmaking part that served as a basis for creating partnerships and we think that such events have the biggest impact on the interest towards the grants.

The political changes that followed with 3 governments shift in one year led to some setback of other public events and the NFP is looking forward to make them happen in 2015. So far the journalist seminar is scheduled for the end of April. An annual public event should take place in late autumn. All events will be coordinated with the Norwegian Embassy as we believe that our joint efforts will lead to much better results and outreach.

Following the recommendations from the Annual Meeting in 2014 the NFP web site was expanded with a dedicated section on all DPPs. In addition, we continue publishing new and relevant information on calls, projects and good practices. One issue of the electronic bulletin has also been published.

With regards to the communication activities implemented by the POs, the assessment of the NFP is that more steps could be made to promote the calls for proposals, the overall information on the programmes and the results from the implementation. Social media are rarely used and when they are activity is scarce (with the exception of the NGO Fund and the Children and Youth at Risk programmes). The NFP very much relies on the POs to support the overall communication of the EEA and Norway Grants in terms of interesting projects with stories and messages. To this end the POs were asked to provide relevant information as such projects will be presented on the website and in the electronic bulletin. This will also help to identify the projects to be presented to the journalists.

##### *Main publicity and information events held at programme level*

As a part of its dissemination campaign, the Ministry of Interior organised an event for announcing the launch of pre-defined projects under the Schengen Cooperation Programme on the 20<sup>th</sup> of November 2014. The concept for the event included presentation of each predefined project and the forthcoming steps followed by questions and answers by the attending journalists. The event was kindly opened by H.E. Ms. Vikor, the Ambassador of Norway and Mr. Gunev, Deputy Minister of Interior and Head of the Programme Operator. Information days have been held also under the Energy Efficiency Programme, organised by the Ministry of Economy and Energy. The campaign was held in 6 main Bulgarian cities – Sofia, Plovdiv, Burgas, Varna, Veliko Turnovo and Montana. The overall effect of such event is the ever needed dissemination of information among potential applicants and answering specific questions for those already acquainted with the programme.

Launching events combined with match-making seminars were organized by the Ministry of Environment and Waters (PO for programmes BG 02 and BG 03) in cooperation with the Norwegian Environment Agency as DPP under the programmes. The events coincided with the launching of 6 calls for proposals under the programmes and facilitated the establishment of partnerships.

#### 4.5 Work plan

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

- Implementation of all programmes in accordance with time schedules;
- Organisation and conduct of the Monitoring Committee under the EEA FM and NFM in March 2015;
- Organisation and conduct of the Annual meeting under the EEA FM and NFM in October 2015;
- Implementation of the activities under the TA and the Fund for bilateral relations at national level;
- Preparation of Terms of Reference and conduct of a tender procedure for interim evaluation of the grants;

- Participation in Cooperation Committees, Steering Committee meetings and other working meetings organised under the separate programmes;
- Site visits to projects;
- Organizing a seminar for Bulgarian journalists – April 2015;
- Conducting a workshop for NFPs – June 2015;
- Organizing an Annual public event – October 2015.

**Work plan for the activities to be performed under the programmes:**

***BG 02: Integrated Marine and Inland Water Management and BG 03: Biodiversity and ecosystem services***

- Contracting under BG02 (all calls) and BG03 (calls BG03.SGS, BG03.01, BG03.03) - March-April 2015;
- Contracting of PDPs: BG02 March 2015, BG03: immediately after confirmation for meeting pre-eligibility conditions for PDP1 and 2;
- Selection for call BG03.03: March-April 2015 with a view to contracting in May;
- Bilateral relations: BG02 - one CC meeting, indicative date - Sept. 2015; BG03 - Bulgarian participation in a conference organized by NEA - May, 2015. One CC meeting possibly accompanied by other bilateral activities (planning underway) - in autumn 2015.

***BG 04: Energy Efficiency and Renewable Energy and BG 07: Public Health Initiatives***

- Selection of project proposals under 3 calls for proposals under components 2, 3 and 4 of the programmes;
- Submission to the FMO of draft call for proposals under component 1 – launch of the call upon approval or alternative actions (reallocation of funds) in case the FMO would not approve the draft call text;
- Contracting of selected projects and launch of implementation;
- Implementation of the pre-defined project;
- Monitoring activities of the PO;
- Submission of the draft description of the Management and Control System to the Audit Authority for compliance assessment;
- Conduct of joint initiatives with the DPP under the bilateral relations and complementary actions at programme level.

***BG 06: Children and Youth at Risk***

- 7 study visits (2 in Budapest, 2 in Strasbourg, 1 in Iceland, 1 in UK and 1 in Ireland);
- International visit to Bulgaria on 25-30 May 2015 with participants from the International Youth Centre – Tallinn, members of European Economic Area and Norwegian Programme Unit (International Programme Management Department) – Lithuania;
- Training for the management teams of the projects under Component 1 and 2 – May 2015;
- Monitoring/site visits – Component 1, 3 and 4 (April-June 2015); Component 2 (July-September and October-December 2015).

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

- Concluding grant contracts with Project Promoters under Measures 1, 2, 3 and the Small Grant Scheme – April 2015;
- Under the Bilateral Fund Measure A one project proposal was approved and signing of grant contract is pending;
- Launching of Call for proposals under the Bilateral Fund Measure B – after contracting the approved projects;
- The PO is planning to organize an event relevant to sharing and exchanging of best practices between Programme Operators under PA16 and PA17;
- The PO is planning to organize an event on Roma issues;
- Monitoring activities – second half of 2015.

***BG 09: EEA Scholarship Programme***

- Ceremony for official delivery of contracts under “Preparatory visits”, “Mobility Projects in Higher Education” (3rd call) and “Inter-institutional Cooperation Projects” – 23.04.2015;
- Organization of 2 information seminars in Sofia and Plovdiv with participants Bulgarian higher educational and research institutions concerning the 4th call for proposals of “Mobility Projects in Higher Education” measure – by mid-May 2015 and the last 5th call for proposals to be opened in April 2015;

- 1-day training with target group the beneficiaries under “Inter-institutional cooperation projects” measure – end of April-beginning of May 2015;
- Implementation of project activities under Mobility Projects in Higher Education (3rd call), measuring the progress and verification of results – March-August 2015;
- Agreement on the text and publishing 5th call for Mobility Projects in Higher Education – April 2015;
- Implementation of 2 preparatory visits total under Preparatory Visits measure – April 2015;
- Implementation of project activities under Inter-institutional Cooperation Projects measure – April 2015-September 2016;
- Submission of project proposals under 4th call for Mobility Projects in Higher Education at the home institutions, project selection at institutional level and submission to the PO – May 2015;
- Receiving project proposals under 4th call for Mobility Projects in Higher Education at the PO, implementation of project selection procedures – June 2015;
- Implementation of project activities under Mobility Projects in Higher Education (4th call), measuring the progress and verification of results – August-December 2015;
- On-the-spot check-ups of inter-institutional projects – September-November 2015;
- Project selection under 5th call for Mobility Projects in Higher Education – September-October 2015.

**BG 11: Capacity Building and Institutional cooperation**

- 2 Cooperation Committee meetings – second half of 2015.

**BG 12: Domestic and Gender Based Violence**

- Concluding grant contracts in April 2015;
- Cooperation Committee meeting – end of April 2015;
- Performing monitoring activities under the projects in accordance with Annual monitoring plan for 2015;
- One training seminar financed by the fund for Complementary actions is envisaged to be organized in May 2015.

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

- Signing of the grant contract under the small grant scheme – by the end of March 2015;
- Launching the second call for proposals – April 2015;
- Performing monitoring activities under the 6 pre-defined projects in accordance with Annual monitoring plan for 2015;
- One training seminar financed by the fund for Complementary actions is envisaged to be organized in the middle of the year.

**BG 14: Judicial Capacity-building and Cooperation**

1st Quarter 2015

- Organizing the fifth Cooperation Committee meeting in Strasbourg;
- Conducting a procedure under the Public Procurement Act for information and publicity for both programmes;
- Signing Agreements and start implementation of the approved initiatives under the Bilateral funds for both programmes;
- Conducting on-the-spot checks of the projects in compliance with the approved Annual monitoring plan and the performed risk assessment of the projects for both programmes;
- Submitting the next Interim financial report through DoRIS of both programmes;
- Preparing Complimentary Action plans under BG 14 and BG 15;
- Executing assessment of the management budget under Programme BG14 in view of internal reallocations;
- Assessing the implementation of the indicators under programme BG14 in view of potential amendments.

2nd Quarter 2015

- Organizing the sixth Cooperation Committee meeting in Bulgaria;
- Submitting the next Interim financial report through DoRIS for both programmes;
- Conducting on-the-spot checks in compliance with the approved Annual monitoring plan and the implemented risk assessment of the projects for both programmes.

3rd Quarter 2015

- Organizing and conducting event under the Complimentary fund of Programme BG14 ;
- Submitting the next Interim financial report through DoRIS for both programmes;
- Finalizing all PdPs under BG 14;

- Conducting on-the-spot checks in compliance with the approved Annual monitoring plan and the implemented risk assessment of the projects under both programmes, including for the completed PdPs under BG 14.

**BG 15 “Correctional Services Including Non-Custodial Measures”**

Pre-defined project No 1 “Improving standards in prisons and investigative detention facilities by refurbishment of infrastructure to ensure respect for human rights”:

- Reconstruction and refurbishment of a prison hostels near Razdelna, Debelt and Trojan in order to increase their capacity;
- Opening of a new detention facility in Shumen in line with the European standards;
- Refurbishment of the kitchen facilities at the prison hospital in Lovech and the prison facility in Burgas;
- Refurbishment of the training center of the General Directorate “Execution of sentences” in Pleven;
- Reconstruction of the penitentiary facility in Stara Zagora.

Pre-defined project No 2 "Increasing the application of probation measures in compliance with European Standards and programme for electronic monitoring":

- Revision of the current legislative framework for the execution of penalties for the implementation of electronic monitoring;
- Application of the system for electronic monitoring on inmates;
- Implementation of a bilateral initiative for the organization of a conference on alternatives to prison.

Pre-defined project No 3 "Improving the competences of staff in psychological selection and counseling":

- Implementation of the of psycho-diagnostic tools for recruitment and psycho-diagnostic tools for inmates;
- Implementation of bilateral initiatives focused on the Roma aspects in the Bulgarian penitentiary system, crisis management in the prisons.

Small grant scheme of Programme BG 15:

The PO will accordingly implement information and publicity activities; conduct on-the-spot checks and monitor the planned public procurement procedures under the projects.

Funds for bilateral relations under Programme BG 15:

- Assessment of needs concerning material conditions of detention in 4 penitentiary establishments in Bulgaria. Site visits and assessment of the material conditions – March 2015 – end date of Project 1;
- Expanding the scope of alternative sanctions and measures by the exchange of good practices with Norwegian correctional service – February 2015 – end date of Project 2.

**Programmes operated by the FMO or donor state entity**

**BG 05 - NGO Programme in Bulgaria “BG 05 – Funds for Non-Governmental Organizations” operated by the Open Society Institute- Sofia in partnership with Foundation Workshop for Civic Initiatives**

- Third Annual Conference to promote cooperation and exchange of good practices within the NGO Programme in Bulgaria with focus on civic engagement in Democracy (postponed from 2014) – 14 May 2015;
- Sociological survey on the state of society with a focus on public attitudes towards hate speech in 2015 in Bulgaria – May/June 2015;
- Fourth Annual Conference for exchange of good practices within the NGO Programme in Bulgaria – October-December 2015;
- Publication of the annual report on Hate speech and State of Society in Bulgaria 2015 – October-December 2015;
- Bilateral Workshop with focus on refugees – 15 May 2015;
- Bilateral Workshop with focus on Roma – October-December 2015.

**BG 10: Green Industry Innovation**

- Monitoring of approved projects – January-December 2015;
- Practical workshop for project promoters 2<sup>nd</sup> Call – February 2015;
- Appraisal and decision making 2<sup>nd</sup> Call – January-February 2015;
- 6<sup>th</sup> CoCom meeting and study trip in Norway – February 2015;
- Assessment, appraisal and decision making 3<sup>rd</sup> Call – March-May 2015;
- Launch tender for legal and audit services – March-April 2015;
- Media event, announcing results of Calls – June 2015;
- Practical workshop, inc. CSR and Cross-cultural communication, for Project Promoters and partners – June 2015;



- 7<sup>th</sup> CoCom meeting – June-July 2015;
- Pre-defined project and Small Grant Scheme: Launch of tender procedure (March 2015); Selection of organization/consultant (April 2015); 1<sup>st</sup> phase – Regional training modules (May-June 2015); 2<sup>nd</sup> phase – Competition for business ideas (August-October 2015).

## 5 SUMMARY LIST OF ISSUES AND RECOMMENDATIONS

2.2.2(j)

The standpoint of the NFP based on its role and functions of a central coordination body as well as on the day-to-day communication with the donors, FMO and Programme Operators is that the progress achieved during the second year of actual implementation is a reflection of the overall performance since approval of programmes. Gaining experience and knowledge in the specifics of EEA and Norway grants management enabled the POs to better focus and target their objectives, to distribute responsibilities, plan human and financial resources, enhance internal procedures and working flows in line with the management and control systems provisions, etc. While these developments were to one extent or the other valid for all POs, the concrete outputs in terms of progress in individual programme components, projects or horizontal issues differed.

The main reasons for this could be sought in:

- the fact that programmes launched in the beginning of 2013 proceed with more balanced rate while programmes launched at the end of 2013 or the beginning of 2014 had already a lot of commitments to handle simultaneously and urgently that in itself had a negative effect on efficiency;
- changes of 3 Governments took place during 2014 – even when this did not lead to any serious structural and organisational changes, this also affected the progress of those programmes under which measures and documents were pending approval and launching.

Being fully aware of this potential or actual consequence the NFP monitored the individual programmes closely and intervened as much as possible, given its competencies and mechanisms of influence, to keep the level of high management commitment and ensure continuity.

There was one area that could be pointed as enjoying entirely positive developments – the cooperation and communication with the donors, the FMO and the Norwegian Embassy in Sofia. The support and assistance provided on a daily basis by the whole FMO team continues to be the main pillar of finding solutions to problems encountered, identifying the most appropriate decisions on concrete issues, obtaining legal and financial advice.

Implementation during the reporting period went at varying speed for the different programmes. The delays accumulated since the beginning, although partially overcome, continue to be the most serious risk threatening achievement of results, indicators and objectives. Except for the programmes for which effective implementation has started during 2013 (BG 05, BG 06, BG 10, BG 11, BG 14 and BG 15) the efforts of POs under BG 02, BG 03, BG 04, BG 08, BG 09, BG 12 and BG 13 were directed towards preparing and launching all interventions under the programmes. This was done in most cases with very good level of mobilisation of resources, but further delays at the stages of drafting and approval of calls, evaluation and selection of applications, signature of grant award contracts could not be avoided to the extent required and planned. Further delays may be anticipated in the public procurement process that is still ahead for these programmes.

The main risks and mitigation measures that could impact the implementation of the grants and need to be addressed at this stage include:

- ✓ Very limited implementation periods that threaten finalisation of activities and quality of outputs and outcomes -
- ✓ Administrative capacity at all levels, overburden of staff – measures to avoid leaving of experienced staff as well as for hiring of additional experts;
- ✓ Insufficient contribution of selected projects (already completed or forthcoming) with regard to achievement of indicators at programme level – analysis by the POs of the selected projects, communication with the project promoters, provision of information and justification to NFP and FMO;
- ✓ The late commencement of projects would not allow to identify important bilateral initiatives at programme level and to establish partnerships – the NFP will request updated bilateral plans by mid-2015;

- ✓ Sustainability risk - unwillingness of top management to take on board achieved outputs and outcomes, loss of relevance of certain outputs, insufficient resources and commitment of project promoters to maintain delivered outputs/assets – communicating between NFP and PO management, preparation of plans for monitoring sustainability at programme and at national level.

***Summary list of issues and recommendations to be considered jointly by the NFP and the donors***

- Based on the above, delays in implementation remain most critical, especially for those programmes and measures that include infrastructure measures and/or are dependent on vegetation periods. Although the NFP has clearly conveyed to the POs the position of the donors that general programme extensions would not be allowed and extensions of individual projects could not be discussed at this stage, this is still considered by POs as the measure that could guarantee successful projects' completion. It should be underlined that the POs are fully aware of the need to have in place resources and tools to proceed at high speed with implementation and act accordingly. However, the concentration of public procurement procedures with a duration that could not be predicted raises serious concerns.

Moreover, the delay in negotiations for the next programming period makes the possibility for agreeing on completion of projects with allocations from the 2014 – 2020 budget to a great extent uncertain. That is why the NFP would like to keep the issue on the agenda and to insist that there is a common understanding for future discussions on a case-by-case basis.

- Administrative and expert capacity. of POs to implement their tasks and obligations with regard to ex-ante control of public procurement, monitoring and verification, incl. internal organisation and coordination with other responsible units (within POs institutions) – following the advice of the FMO, the NFP will request POs to report on their capacity once grant award contracts are signed with a particular attention will be paid on the availability of legal and financial expertise in public procurement and verification of payment claims accordingly;
- Promotion and exchange of good monitoring practices – all POs have put in place monitoring mechanisms described in detail in their management and control system and already performed under the more advanced programmes. Taking into account that monitoring is the main tool for early identification of problems and taking of corrective actions, it will be of vital importance to ensure transfer of good monitoring practices among Pos as well as, with the support of FMO, from other beneficiary states. Concrete initiatives in this regard will be proposed by the NFP.
- There have been instances in which POs and NFP were advised to apply a flexible approach to issues under concrete programmes and concerning concrete partnerships (such as eligibility of costs under bilateral relations, etc.). The position of the NFP is that there should be principle and equal treatment to all programmes, project promoters and project partners;
- Formalisation of all documents constituting the contents of the programmes – although the Programme Agreements stipulate the conditions and rules for implementation of the programmes, the components, outcomes, financial parameters, etc. the NFP supports the need, for the next programming period, to have one programme document, reflecting all final agreements on the different programme aspects and showing how this agreement was reached. All informal communication facilitates the process but leaves no sufficient trail on the decision making process. Such approach might create difficulties, especially in a situation in which Bulgaria occurred of having 5 Governments changing over a period of 2 years.

## **ATTACHMENTS TO THE STRATEGIC REPORT**

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

1. *Annex 1:* Breakdown in respect of applications received and projects selected / contracted, as well as the types of intervention supported per programme /extracted from DoRIS/.
2. *Annex 2:* A table providing information in respect of donor partnership projects (names of Donor State entities, number and proportion of partnership projects) /extracted from DoRIS/
3. *Annex 3:* A summary table on Donor partnership projects on the Beneficiary State level. /extracted from DoRIS/
4. *Annex 4:* A list of irregularities detected at the Beneficiary State level and at Programme level during the reporting period and financial corrections made. Provide an update on previously reported irregularities. /extracted from DoRIS/
5. *Annex 5:* A list of irregularities detected at project level during the reporting period and financial corrections made (per programmes). /extracted from DoRIS/
6. *Annex 6:* A plan setting out the monitoring and audit activities in the Beneficiary State for the coming reporting period.
7. *Annex 7.1:* Risk assessment at national level and *Annex 7.2* Risk Assessment at programme levels