

# *STRATEGIC REPORT*

## *FM14-21*

Bulgaria

Reporting period:

01 August 2020 - 31 July 2021

## 1. EXECUTIVE SUMMARY

In the reporting period all programmes have entered active implementation stage characterized by dynamic and complicated internal and external environment. The main challenges, external to the programmes, were the consequences of the Covid-19 crisis and the national elections that have not resulted so far in the establishment of a regular government.

During the reporting period, the world experienced unprecedented economic and health collapse with the outbreak of the pandemic COVID-19. This abruptly stopped several years' robust economic growth of Bulgaria, being among the countries with the lowest unemployment and inflation rates, budget surplus and GDP growth above the average in the EU. In 2020, Bulgarian economy contracted by 4,2% compared to 6,2% for the EU. The unemployment increased by 5,1% against 4,2% in 2019 but remained below the EU average rate (7,7%). Political turbulences dominated the 2<sup>nd</sup> half of the period both globally and in Bulgaria. The cumulative effect from the economic and political developments has brought back relevance of some interventions under the programmes for which the needs seemingly diminished.

Due to the overall delay already accumulated, all Programme Operators focused their efforts to launch as much procedures as possible for outstanding pre-defined projects and open calls/small grant schemes, to organize evaluation, selection and contracting procedures. Pre-defined projects contracted in 2019 and 2020 started to deliver their first outputs and results. In spite of the efforts of POs, NFP and FMO to ensure that all programme components as per the Programme Agreements would be successfully implemented, few calls for proposals/SGSs and pre-defined projects could not start. Following consultations with the Cooperation Committees, the POs requested PA modifications, incl. reallocation of funds within programmes, transformation of projects into calls for proposals or replacement of pre-defined projects. The approved modifications were implemented and prove to be relevant and efficient.

A major obligation of the NFP in the reporting period was to propose and agree with the donors on the re-allocation of the reserve envisaged in the MoUs (1 845 000 EUR for the EEA Grants and 3 170 500 EUR for the Norway Grants). Following the decisions of the Annual Meeting the NFP submitted its mid-term review and proposal to the donors on 26 February 2021. A negotiation meeting was held on 30 March at which a final decision was taken to re-allocate the reserve, as follows:

Under the EEA Financial Mechanism:

- 500,000 Euro to programme "Local Development, Poverty Reduction and Enhanced Inclusion of Vulnerable Groups;
- 800,000 Euro to programme "Cultural Entrepreneurship, Cultural Heritage and Cultural Exchange";
- 545 000 EUR to be allocated to the Active Citizenship Fund

Under the Norwegian Financial Mechanism:

- 3,170,500 EUR to be allocated to programme “Justice”.

Monitoring activities at programme and project level were held by the POs, NFP and FMO. Besides the regular reporting, technical monitoring meetings were held with the participation of POs and project promoters of pre-defined projects. The FMO also commissioned monitoring of programmes to external monitoring agents. Results from all monitoring activities were very helpful to the decision-making and for improved risk management.

In execution of its responsibilities as per *art.* 10.1 of the Regulations the NFP contracted external consultant to perform interim evaluation of the implementation of EEA and Norway Grants in Bulgaria. The evaluator elaborated full reports and summary reports in Bulgarian and English that were published on the web site of the Grants.

Communication activities were intensified as under all programmes there was already information to share with the wider public – activities and outputs of pre-defined projects or information on approved projects from completed calls for proposals. The NFP took pro-active part in the communication events organized by the FMO and on its side organized regular meetings of the network of programmes’ communication officers. This network proved to be a very good tool for exchange of good practices, provision of guidance and tailor-made advise in line with the policy and requirements of the FMO.

Bilateral relations were the field that suffered most from the Covid-19 pandemic related to restrictions on travelling and meetings in-person. Still POs in cooperation with DPPs succeeded to mitigate the risk of under-performance of bilateral objectives through organizing on-line information meetings, matchmaking events and webinars. Currently out of the 96 on-going projects 67 projects are implemented in cooperation with donor country partner. Planned bilateral activities under projects were also re-organised or re-scheduled to better fit into the project action plans.

The Joint Committee for the Bilateral Fund (JCBF) held one on-line meeting and discussed the progress in the implementation of the amended work plan for the BF at national level as well as the status of bilateral cooperation at programme level. Three more bilateral initiatives were contracted, two initiatives are under consultation for potential partnerships. Travel support schemes were temporarily cancelled through most of the period, and re-launched in July 2021.

The POs launched application procedures for 3 pre-defined projects and for 11 calls for proposals, incl. 1 re-launched. Following evaluation and, where appropriate selection procedures, grant award contracts were signed for 3 pre-defined projects and for 38 projects approved under open calls/SGS. Evaluation and selection procedures were on-going for 3 open calls, 3 small grant schemes and 2 PDPs. Under 9 of the announced calls for proposals the deadline for submission of project applications has not expired at the cut-off date of the report. Guidelines for applicants are under preparation for 2 PDPs in Energy and Environment and 3 open calls in Culture, Justice and Local development programmes. For two open calls in Energy development of the Guidelines for applicants has not started yet. One open call under the Home Affairs programme will be launched at a later stage (November 2021) that will ensure complementarity with other sources of financing in the field of voluntary return.

The Audit Authority prepared and submitted to the FMO the Annual audit report and Annual audit opinion for 2020 and carried out the following audits:

- - audit of certified expenditures under 4 programmes for accounting year July 2019 - June 2020 (Local Development, Home Affairs, TAF and BF);

- audits of certified expenditures under 6 programmes for accounting year July 2020 – June 2021 (Local Development, Justice, Home Affairs, Energy, TAF and BF);

- system audits for 2 programmes (Justice and Environment)

The CA certified and submitted due forecasts of likely payments and via GRACE interim financial reports 5 and 6 for each programme.

The financial implementation cumulative is as follows:

- Funds transferred from the FMO amount to **37 107 654** Euro;
- Funds transferred to programmes amount to 43 289 947 Euro (incl. national co-financing);
- Certified costs amount to 15 097 380 Euro, of which 12 334 35 Euro for IFR#5 and IFR#6 packages;
- Incurred expenditures under the programmes amount to 19 922 438 Euro.

Compared to the approved time schedules (milestones) there are still delays for most programmes. However the actions taken, incl. launching of calls, contracting of projects and changes to PAs to streamline the programmes' implementation modalities provide grounds to overcome these delays and complete interventions within the eligibility framework.

## 2. POLITICAL, ECONOMIC AND SOCIAL CONTEXT

During the reporting period, the world experienced unprecedented economic and health collapse with the outbreak of the pandemic COVID-19. This abruptly stopped several years' robust economic growth of Bulgaria, being among the countries with the lowest unemployment and inflation rates, budget surplus and GDP growth above the average in the EU. In 2020, Bulgarian economy contracted by 4,2% compared to 6,2% for the EU. The unemployment increased by 5,1% against 4,2% in 2019 but remained below the EU average rate (7,7%). The inflation rate continued to be under the average for the EU. The private investments were hindered by the worsen external environment and the introduced containment measures in Bulgaria and worldwide. The budget surplus went into slight deficit due to the increased share of the public finances of the GDP.

With regard to the public finances the country kept stronger position compared to the rest of the EU. The sound fiscal and financial policy of Bulgaria before the outburst of Covid-19 led to a budget surplus, which together with the funds from the EU allowed the Government to introduce rapid anti-crisis measures in support of the affected businesses, households and health sector. Thus, to some extent, the negative effect of the pandemic over the socio-

economic development of the country was bypassed. As a result of these fiscal and financial stimulus, more than 265 000 working places were kept, 12 000 enterprises supported and private consumption remained sustainable despite the decreasing exports and deliveries' deficiencies. In the first half of 2021 the GDP started to grow and the industry production doubled in most sectors.

The international investment position of Bulgaria improved. The economy started to slowly recover and it is expected to return to its pre-pandemic levels of macroeconomic indicators in 2022. The re-opening of the economy with the lifting of the limitations since March 2021 should create renewed strength in household demand and business investment, which will replace government spending as the main engine of growth. Other main prerequisite for the socio-economic recovery of Bulgaria will be the speeding-up of the vaccination against Covid-19 which is, currently, the lowest among the EU.

In political aspect regular and snap elections were held in April and July 2021 due to lack of Parliamentary majority to form a new government by the parties. Up to date, political consultations for setting-up a new Cabinet are undergone but the process might be challenging, given the fragmented result of the poll. The new Government is expected to continue the strong fiscal support and the initiated reforms in the vulnerable sectors in order to tackle the income and competitiveness convergence of the country with the average EU levels so as to address the main challenges such as the regional disparities, poverty, rapidly aging population and high energy-intensive industry.

The EU and other donors' funds will remain the main financial source for overcoming the Covid-19 deteriorating effects and facing the challenges in the country. Within the EU "Next Generation" Instrument Bulgaria has the chance to strengthen its competitiveness by introducing measures for "green" economy and digitalisation under its Recovery and Resilience Plan which is to be presented for approval by the European Commission. Other positive impact is expected to come from the Exchange Rate Mechanism II (ERM) that Bulgaria joined in October 2020

### 3. EFFECTS OF THE GRANTS

In general, actual effects from the implementations of the programmes is still too early to identify and analyze, but there are areas in which the contribution of the grants to reducing social and economic disparities and the benefits it brings to the communities is becoming more evident. The following particular effects achieved under the programmes could be reported at this stage:

Under Local Development programme with regard to social inclusion of vulnerable groups of people:

- Vital support was provided for elderly people with chronic disabilities and/or living in remote areas and villages through the network of the 7 Home Care Centers established – 706 persons benefited from integrated socio-medical services, 232 of them living in 33 remote settlements with no access to medical or emergency service. Conducted were more than 18 000 visits of nurses and more than 20 000 visits of Home Assistants. These Home Care Centers have had a crucial role especially in the Covid-19 emergency as they succeeded to

provide in addition to the targeted project support also preventive care to the most vulnerable group of population in the respective municipalities. Job creation was supported as 72 people were hired to perform the integrated social and medical services;

- Vital support was provided to 19 families of children with oncohematologic disease that received specialized care and guidance to help them re-gain better psychological status and confidence and as much as possible get back to their normal ways of live.

Under the Justice programme more than 500 consultations (legal advice) was provided in small and remote settlements with special attention to women, children at risk and citizens of minority origin, including “mobile” consultations.

Under Energy programme – implementation of all projects approved and contracted under “Rehabilitation and modernisation of Municipal Infrastructure” have started. Due to the high relevance of the call and project activities the municipalities carried out the necessary preparatory activities and were ready to launch tender procedures. As a result there are already installed new street lightening facilities in several municipalities and reports on high satisfaction from the improved quality and safety of the external environment in streets are already available.

Under the Environment programme, SGS “Measures to reduce Marine Litter” the first initiatives for collection of marine litter have already started and raised interest among the citizens and volunteers.

Although the measures included in the National Plan on Roma Inclusion and Empowerment are at a stage where significant results and effects for the final beneficiaries cannot yet be observed, the NFP continues with the coordination initiatives in this area. On 11 February 2021, an online event was organized with the teams of the eight youth centers. Four prominent activists and experts in the field of Roma inclusion and empowerment were invited to share ideas, sample approaches, successful models from their daily practice. The aim was to encourage the YCs teams to work for more active involvement of young people from marginalized Roma communities in the daily activities of the youth centers. Topics such as approaches for reporting the participation of vulnerable groups in the YCs activities; Roma focus in the YCs as part of the municipality policy towards marginalized communities; effective practices for youth work within the deprived neighborhoods, were discussed as well on the three-day seminar for the YCs organized by the PO in July 2021.

In the period May-June 2021 series of meetings were initiated and organized by the NFP in coordination with the POs in sectors Home affairs and Justice with the participation of all the PPs of the projects included in the National Plan on Roma Inclusion and Empowerment. The aim of the meetings was following up the actual implementation of the Roma related activities as well as to pay special attention on issues as avoiding superficial reporting of the indicators concerning the implementation of the Roma focus; conducting consultative events with the participation of organizations working in this field; performing an analysis of the needs of vulnerable groups; Identification of the needs for improvement of the capacity of the PPs for work with vulnerable groups, etc. Establishing close contacts among the PPs and encouraging them seeking for coordination and synergies between the implemented activities was another effect sought by the NFP. As a result, the stakeholders are already in a close communication

and are exchanging good practices and ideas in their day-to-day work. As a follow-up, an additional meeting was held between the Agency for social assistance and the National Legal Aid Bureau. Given the fact that the services of the two institutions are more or less focused on one and the same target group, opportunities for cooperation between the local structures of the Social Assistance Agency and the mobile legal aid teams under the PDP 7 have been discussed in order to reach out as much as possible people in need.

## 4. STATUS OF PROGRAMMES

### BG-JUSTICE Justice

*Programme Operator:* Ministry of Justice  
*Donor Programme Partners:* Norwegian Ministry of Justice and Public Security; Directorate of Norwegian Correctional Services (KDI), Norwegian Court Administration (DA)  
*IPO:* Council of Europe  
*Budget:* 39 024 118 Euro (incl. 33 170 500 Euro grant and 5 853 618 national co-financing) – after approved MoU modification

Eight out of nine grant contracts under pre-defined projects were signed at the total amount of € 29,755,000.

Only the grant agreement under PDP 4 with Project Promoter: GD National Police has not been signed due to lack of agreement between the PO and the Project Promoter on the approach to delegating powers and conducting procedures for selection of contracts not by the main Project Promoter but by 28 regional directorates of the Ministry of Interior. Following an explicit refusal by the Project Promoter to conclude a contract, the Head of the PO has issued a decision to terminate the procedure and to refuse funding.

**Correctional Services (PA 19):** The three contracts with Project Promoter: General Directorate “Execution of Penalties” are under implementation.

Under *PDP 1 (Reconstruction of six prison sites)* the sub-activity “Reconstruction and change of the purpose of an existing production workshop to the prison of Pazardzik into a training center to support social inclusion of the imprisoned after their release” has already been completed, officially opened on 23<sup>rd</sup> June 2021 and put into exploitation as of 7<sup>th</sup> July 2021. For the second site in Vratza (“Reconstruction and change of the purpose of a building intended for relocation of an open-type prison hostel Ceramic Factory to the prison of Vratza”) a public procurement was announced for the selection of a contractor for reconstruction works, four offers were received and the signing of the contract is expected in August 2021. As regards the remaining four sites – in Plovdiv, Bobov Dol, Petrich and Burgas, contractors have been selected for preparation of conceptual designs for reconstruction works and the designs are accepted at the end of June 2021. The documentation for launching a public procurement for reconstruction works is in the process of preparation. The deadline for launching is September- October 2021.

Following the modification of the Programme Agreement related to allocation of the reserve under the NFM, the Programme Operator and the Project Promoter have made the relevant amendments in the project activities, schedule and budget and will conclude an additional agreement to the grant contract under *PDP 2 (Pilot Prison)* after the approval of the PA modification. The Terms of Reference of the forthcoming public procurement for reconstruction and installation works will include the approved new activities that are part of the conceptual and investment designs prepared as of June 2021. By September 2021 the documentation for the launching of a public

tender for construction and installation works will be developed, including the additional activities. The expected signature of the contract is in December 2021 that will allow the construction activities to be completed by January-February 2024.

There is also progress in the implementation of soft measures – preparation of analysis of contemporary practices in the building of pilot prisons and centres for training of staff, questionnaires and initial needs analyses and studies as a basis for drafting specialised programmes for rehabilitation of prisoners, a report-analysis of the training needs of the staff in the structures of GDES, etc. With the assistance of the Programme Operator, a film was shot and broadcasted on leading national media about the construction of the pilot prison and a new training center for the staff in the penitentiary system.

A Training Needs Analysis, including a review of current training programmes and a Concept for training of probation officers and new training programmes for initial and continuous training were prepared under *PDP 3*. A public procurement for e-learning platform is under preparation.

Within the framework of pre-defined projects 2 and 3, the development of tools for risk assessment of the imprisoned and those sentenced to probation is envisaged. Given the fact that the Project promoter of both projects is GDES, the possibility of developing a common approach in the implementation of these activities is currently being considered and will be discussed with the project partners.

**Judicial System (PA 21):** A Memorandum of Understanding was signed with the New Bulgarian University for the introduction of human rights education in higher education under *PDP 5*. Two Bulletins on ECtHR's case law against Bulgaria for 2020 and the first quarter of 2021 was prepared and published as well as identification of educational materials on Human Rights Law in cooperation with the Norwegian Centre for Human Rights started.

Training needs of Bulgarian magistrates in the field of rule of law and the protection of human rights have been analysed under *PDP 6*, on-line study visit between the National Institute of Justice and the Norwegian Court Administration carried out as well as the first online trainings in the field of fundamental rights. Two one-month e-learning courses on issues related to Domestic and Gender-Based Violence were developed and held during the period under *PDP 7*. The public procurements under both projects have been prepared and submitted to the PO for ex-ante control.

A Methodology for selection and evaluation of candidates for internships at the Registry of the European Court of Human Rights and the Department for the Execution of judgements at the ECtHR has been approved by the Supreme Judicial Council under *PDP 8*. As a result of the selection only one candidate was approved and the internship started on April 1<sup>st</sup>, 2021 for a period of 12 months and is currently successfully implemented. The only candidate who was selected for internship in the Department for the Execution of Judgements at the ECtHR at the Council of Europe has taken a decision not to participate in the traineeship. On 12<sup>th</sup> of July the Supreme Judicial Council published two notices for submission of new applications for the Registry of the ECtHR and the Department of Execution of Judgements at the ECtHR with a deadline – 26<sup>th</sup> July 2021 and planned start of internships – 1<sup>st</sup> September 2021.

Lawyers, Roma mediators and coordinators of Pilot Centres for the three districts in Varna, Veliko Tarnovo and Stara Zagora have been selected under *PDP 9*. The provision of legal aid in small and

remote settlements with special focus on women, children at risk and citizens of minority origin in Roma districts and neighbourhoods have started with more than 500 consultations provided. The Roma mediators provided support for the identification of representatives of the target groups among the residents of the Roma neighbourhoods; conducting individual and group meetings to motivate for consultations and use of the services of the pilot centres; organisation of on-site provision of consultations, etc. In June 2021 a two-days campaign to promote the provision of legal aid to people from vulnerable groups were organised, including through mobile teams of lawyers and Roma mediators that received wide media coverage. The pilot implementation and the establishment of a Coordination Mechanism at the local level with the participation of the interested institutions is underway.

The draft Guidelines for Applicants under the *Small Grant Scheme on child-friendly justice and domestic and gender-based violence* were presented to the members of the Cooperation Committee in November 2020. The National Focal Point has confirmed the compliance of the Guidelines with the legal framework of the NFM. An external contractor has been selected to perform an administrative and technical evaluation of the project proposals independently of the Programme Operator. The expected launching of the call is in August-September 2021. The evaluation process and the conclusion of contracts with the approved projects will be completed in the first quarter of 2022.

On-line Cooperation Committee meetings was held in November 2020 and June 2021. The agenda of the CC Meetings covered various topics related to the programme and projects implementation, modification of Programme Agreement, additional activities under PDP 2, Small Grant Scheme as well as the bilateral cooperation.

Following the approved amendments in the MoU on the allocation of the reserve under the Norwegian Financial Mechanism that entered into force on 11<sup>th</sup> May 2021, a request for a PA modification was submitted to the FMO on 14<sup>th</sup> July 2021. The main changes are related to increase of the available resource under Outcome 1 (Improved Correctional Services) with the amount of 3 730 000 (including national co-financing) and respective increase of the amount of PDP 2; introduction of new activities under PDP 2; inclusion of Norwegian Court Administration (DA) as a new DPP under the programme as well as amendments related to the Small Grant Scheme to mitigate the effects of the pandemic situation: provision of the possibility for 100% grant for NGOs and increase of the advance payments from 20% to 30%.

**Fulfillment of the conditions from the PA (relevant for the reporting period)**

- The maximum level of funding available from the total eligible expenditure of the programme for infrastructure (hard measures) will remain up to 70% of the increased amount under the programme;
- Adequate segregation of duties is ensured by providing external independent verification of Project Promoters' costs and payment claims and monitoring of projects' outputs through a contractor selected in line with the Public Procurement Act;
- The programme includes measures to increase the use of alternative sanctions to imprisonment;
- The Programme Operators under the Justice and Home Affairs Programme participate in CC Meeting and key events jointly in order to strengthen the justice chain, inter alia, regarding access to justice, good governance, gender-based violence and trafficking in human beings;

- The measures related to Roma at project level are discussed at meetings organised by the NFP, PO and PPs.

**Threats facing the programme:**

- Registered delay compared to the initial schedule of all pre-defined projects. The epidemic situation affected directly the implementation of both “soft” and “hard” measures;
- The main risk under the programme remains the construction of a Pilot Prison, Halfway House and Training Centre due the possible delays/appeals of the main public procurement and possible delays in the construction activities, including the additional activities after the PA modification;
- There are also delays in the activities involving personal meetings, incl. the secondment of judges to the European Court of Human Rights under PDP 8. If judges are seconded in a groups of no more than 3 magistrates and for a period of minimum 12 months in line with the requirements of the Council of Europe, the secondment of the last group cannot be completed by 30 April 2024 (the end day would be 1 September 2024 that is beyond the deadline for projects implementation – 30<sup>th</sup> April 2024). In this regards a request was sent to the PO to change the project that is considered inadmissible. As a result of meetings between the PO, the Council of Europe, the Norwegian Court Administration and the Supreme Judicial Council, the Project Promoter has proposed several options, including: reducing the duration of the secondment; secondment of magistrates in groups of more than 3 judges or conducting a mixed form of traineeship – remotely online and in person;
- After the decision to terminate the procedure under PDP 4 the PO should find a solution for alternative project/open call in the field of Child-Friendly Justice. The NFP and PO have started consultations with the State Agency for Child Protection, the Ombudsman of the Republic of Bulgaria and with UNICEF-Bulgaria and possible options were discussed. This would require an additional amendment in the Programme Agreement that should be completed by the end of the second quarter of 2022 to ensure a sufficient implementation period.

***Future steps***

Taking a decision on the replacement of PDP 4;

Launch of the call for proposals under the SGS;

Monitoring of projects.

***Financial implementation***

The total amount of funds transferred to the programme is 6 228 374 EUR. Incurred expenditures amount to 2 621 360 EUR.

**BG-HOMEAFFAIRS Home Affairs**

*programme Operator:* Ministry of Interior

*Donor Programme Partners:* National Police Directorate (POD); Norwegian Ministry of Justice and Public Security; Norwegian Directorate of Immigration (UDI)

*IPO:* Council of Europe

*Budget:* 25 294 118 Euro (incl. 21 500 000 Euro grant and 3 794 118 national co-financing)

Project contracts are signed between the Programme Operator and the Project Promoters for 12 out of the foreseen 13 projects, as follows: PDP 2, PDP 3, PDP 4, PDP 5, PDP 6, PDP 7, PDP 9, PDP 10, PDP 11, PDP 12, PDP 13 and PDP 14 at the total amount of 18 044 622 Euro.

In the period of August 2020 – July 2021 two pre-defined project were appraised and project contracts were concluded:

- Pre-defined project 9 “Capacity building of the police officers working in multi-ethnic environment, including Roma communities and prevention of ill-treatment by the police”, Project Promoter: the Academy of Ministry of Interior. The total contract amount is 1 232 154,00 BGN/630 000 EUR;

- Pre-defined project 2 “Increasing the administrative capacity of the national authorities in the asylum and migration area”, Project Promoter: the State Agency for Refugees. The total contract amount is 2 813 306.84 BGN /1 409 613.61 EUR.

On 31 May 2021 procedure for evaluation of the project proposal for pre-defined project 8 „Development of the cooperation within the Schengen area” was launched. The total amount of the pre-defined project is 2 346 960 BGN/1 200 000 EUR. The eligible project promoter is General Directorate Border Police at the Ministry of Interior. The expected period for signing of the contract is August 2021.

On 18 June 2021 the Programme Operator of the Home Affairs Programme announced a call for proposals entitled “Improving the national asylum and migration capacities, especially as regards provision of conditions for vulnerable migrants and in particular for unaccompanied minors”. The total amount of the call for proposals is 7 823 200 BGN (4 000 000 EUR). In accordance with the conditions in the Programme Agreement, the call is launched with a budget of 3 000 000 EUR and the remaining 1 MEUR will be kept for projects on the reserve list. The deadline for submission of project proposals is 18<sup>th</sup> August 2021, with expected date for signature of contracts by December 2021.

The call for proposals “Support for voluntary return of third-country nationals, with a focus on vulnerable groups and reintegration assistance provided” will be launched by November 2021.

All projects are at initial stage of implementation with preparation of public procurements, trainings and events on-going. The first activities that have already started are: seminar on trafficking of human beings (PDP 3); delivery and installation of new TETRA base stations to extend the digital radio coverage of the Ministry of Interior at the Bulgarian-Greece border (PDP 4); signed contracts for delivery of vehicles, equipment and 3D scanners for dealing with material evidence in pre-trial investigation phase (PDP 6); signed supply contract for equipment for fingerprints detection (PDP 7); development of an algorithm for risk assessment

on recognition of DGBV cases (PDP 10); development of an in-depth analysis/assessment of the situation of the Roma population with regard to issues related to migration (PDP 12); delivery of specialised equipment related to investigation of corruption in the MoI (PDP 13); preparation of specialised trainings on recovery and management of criminal assets (PDP 14), etc.

Two Cooperation Committee meetings were carried out on 1 September 2020 and 10 June 2021 through online videoconferencing platforms. PO also consults programme-related documents with the Cooperation Committee members via email.

Two amendments of the Programme Agreement have been approved by the FMO in the reporting period:

- On 21.02.2021 FMO approved the inclusion of a new open call on “Improving the national asylum and migration capacities, especially as regards vulnerable migrants” and the inclusion of a new pre-defined project (PDP) 8 “Development of the cooperation in the Schengen area”. PDP 1 “Establishing an interim care facility for unaccompanied minors (UAM)” was excluded from the programme at the request of the project promoter and partners;

- On 25.05.2021 project level co-financing requirement for NGOs was waived, allowing for a grant rate up to 100% in case of support to NGOs in order to free up resources for NGOs, and remove pressure to raise funds during the Covid-19.

**Fulfillment of the conditions from the PA (relevant for the reporting period)**

- The condition in p. 5 in Annex I is fulfilled: Ecorys South East Europe Ltd. was selected and carried out external appraisal of the pre-defined projects, including the new PDP 8;
- The condition in p. 6 in Annex I is fulfilled: Grant Thornton Ltd. was selected to carry out external verification of payment claims and verification of the project outputs. In August 2020 the selected company was approved by the FMO;
- The pre-eligibility condition regarding PDP 9 was fulfilled on 18<sup>th</sup> September 2020. The pre-eligibility condition related to PDP 1 is no more relevant;
- Conditions 1, 2 and 7 concerning improvement of the situation of the Roma population, funding available for infrastructure (hard measures) and specific rules on buildings purchased, constructed, renovated or reconstructed are stipulated in all project contracts concluded between the Programme Operator and project promoters;
- As regards condition 3 about synergies with the ‘Justice’ programme, representatives of the Programme Operator of the Justice Programme regularly take part in the Cooperation Committee of the Home Affairs Programme and vice versa;

**Threats facing the programme:**

Most of the bilateral activities was postponed as they cannot be implemented through online communication channels and require presence of experts. Currently the joint activities under the donor partnership projects (PDP 3, PDP 7 and PDP 9) are postponed due to the COVID-19 situation.

The projects are in their initial phase of implementation, most public procurements are still under preparation. The monitoring process through regular meetings with the beneficiaries was postponed but the submission of interim progress reports continues.

Changes in the high-management level of the Project Promoters might have a negative effect on the projects' implementation and lead to further delays in the implementation of activities.

#### ***Future steps***

Evaluation and selection of projects under the open call;

Monitoring of projects.

#### ***Financial implementation***

The total amount of funds transferred to the programme is 8 368 580 EUR of which 4 712 806 EUR in the reporting period. The incurred expenditures amount to 5 697 489 EUR.

## **BG-LOCALDEV Local Development, Poverty Reduction and Enhanced Inclusion of Vulnerable Groups**

*Programme Operator:* Ministry of Education and Science

*Donor Programme Partners:* Norwegian Association of Local and Regional Authorities (KS)

*IPO:* Council of Europe

**Budget:** 41 176 471 Euro (incl. 35 000 000 Euro grant and 6 176 471 Euro national co-financing)

A significant progress was achieved in the programme implementation during the reporting period. The delays and challenges faced in Roma focused projects were overcome after the change in management in December 2020. The modification of the PA initiated in April 2020 was finalised. Two new PDPs were included in the PA – *Healthcare for everyone* replacing MoHs PDP for the Paediatric hospital and the project to implement partially the activities initially planned under the withdrawn INCLUDE project. Two open calls for proposals focusing on Roma inclusion and empowerment (Early childcare and education, Integrated measures supporting vulnerable Roma communities) have been prepared, broadly consulted and announced.

- **The 4 predefined projects** that started their activities in 2019 and (with PPs: National Association of Municipalities of the Republic of Bulgaria -PDP 1, Bulgarian Red Cross-PDP 2, National Statistical Institute-PDP 6,) and in 2020 (Kostinbrod Municipality-PDP 3) are proceeding with their projects' implementation with some delays due to COVID-19 situation mainly.
- **PDP 1 GALOP** – following a selection procedure 10 municipalities have been approved to be supported in elaboration of development strategies and detailed business plans. The

consultant was awarded a contract in March 2021. The deadline for finalising the strategies is end of September 2021.

- **PDP 2, Red Cross** – In August 2020, fully renovated and equipped three new Home Care Centres in Vidin, Montana and Belogradchik have opened for work. The implementation of home care services have been adapted to the new requirements for work with elderly people, people with chronic diseases and permanent disabilities related to COVID-19 state of emergency. In addition to the already employed nurses, home helpers and teleassistance staff, new jobs have been opened for the needs of the new HC Centers. The PPPs for the telecare/tele assistance component, significantly delayed due to lack of candidates, was finalized and a contract was signed in April 2021 with the supplier. The study visit to Norway was postponed but has not taken place up to now.
- **PDP 3, Kostinbrod Municipality** – From September 2020, the Rehabilitation Centre for Children with Oncohematological Diseases operates and welcomes its first users. Methodologies and programs for working with children and their families have been developed. With regard to the entry into force of the new Social Services Act, the mechanism for inclusion of the created innovative services under the project in the National Map of Social Services should be further specified in cooperation with the MLSP, Child Protection Agency and Agency for social assistance.
- **PDP 6, NSI** - in the period from 19 May to 17 September 2020 The national representative survey among households was successfully completed despite the complicated situation in the country. On the online conference "First Results and Next Steps", held in May 2021, the first product of the study the report "Key indicators for social inclusion and fundamental rights in Bulgaria" was presented. The key thematic areas were reviewed in terms of opportunities for in-depth analysis. Thematic reports on the situation of Roma, of children, of old people and on people with in their usual activities due to health problems, are going to be finalised after conducting the census (first drafts are anticipated by the end of 2020).
- **PDP 4, Healthcare for everyone** – The new project concept proposed by the PP MoH has been approved along with the last PA modification from May 2021. The PO officially launched the application procedure on 31.05.2021. The project was submitted within the deadline on 30 June 2021 via UMIS system.
- **PDP 5, Capacity Building** - The new project concept proposed by the Centre for Educational Integration in partnership with the Sofia University has been approved along with the last PA modification from May 2021. The application procedure was launched end of May 2021. Within the deadline, the project was submitted via UMIS system and currently is undergoing the evaluation procedure. Grant award is anticipated not later than end of August 2021.
- **Extending the four existing youth centres (Dobrich, Plovdiv, Stara Zagora and Vratsa)** – the projects are being implemented since July 2021. At the end of 2020 and the beginning of 2021, due to the COVID-19 pandemic, the YCs have faced some issues related to online trainings and the visits of youth workers to the target areas. However, they are currently working at an accelerated pace to catch up any possible delays. The YCs are preparing or executing procedures for construction works, organizing and holding information days, having various

events, in order to attract young people to participate in various activities, cover more children and other persons to engage in the YC's work, organise informational and public campaigns.

- **Establishing new youth centers** – The grant contracts were signed with Burgas, Gabrovo, Montana and Pernik Municipalities on October 20, 2020. The Municipalities of Burgas, Gabrovo and Montana have held their opening events online. Municipality of Pernik held an opening event on June 30, 2021 with attendances. The teams used the winter of 2020 and spring of 2021 to develop contacts with stakeholders, to analyze the needs of the youth in the area and in general, to organize informational and public campaigns. There are two construction works (Municipality of Montana and Burgas) already started after PPA procedure, and the other two PPs (Gabrovo and Pernik) are expected to finalize their PPA procedures until the end of August.
- **Open call *Early Childhood Education and Care***. The Application Guidelines and Evaluation Tables were redeveloped by the PO in the period January – May 2021. The procedure aims to provide support to children from vulnerable groups, including Roma communities in early childhood and their families to improve access to health care, develop parenting skills, improve the family environment, increase school readiness for children. inclusion in the education system, with the aim of reducing the transmission of intergenerational poverty. There were public consultations held on September 16, 2020 with stakeholders (NGOs, professionals in early childhood education, teachers, and activists) and another one in April, 2021 with UNICEF, NAMRB, NFP and other stakeholders. After obtaining the agreement of all stakeholders on the new version of Application Guidelines and Evaluation Tables, the Call was launched on June 7, 2021. The deadline for submission of project proposals is September 15, 2021. The PO organized an online Information Day on June 10, 2021, including presentations and Q&A session. The questions and answers were summarized in a table and published by the PO.
- **Open call *Integrated Measures for Supporting Roma Inclusion and Empowerment*** - the Application Guidelines and Evaluation Tables were redeveloped by the PO in the period January – May 2021. The context of the call is to enhance Roma inclusion and empowerment in Bulgaria. The general objective of the call is to create sustainable mechanisms to improve the status and opportunities of people living in marginalized Roma communities through effective integrated approaches. More specifically, this call aims to support projects that link multiple and complementary interventions to improve access to social services, education, employment, health, and nondiscrimination. There were 2 cycles of public consultation held by the PO – one with relevant NGOs, Roma activists and leaders, foundations and other Roma organizations on December 2, 2020 and another on April 8, 2021 with the National Statistical Institute, FRA, Trust for Social Achievement, the National Association of the Municipalities in Republic of Bulgaria. All questions, remarks, recommendations and answers were summarized and the summary table was sent back to the participants by the PO. After obtaining the agreement of all stakeholders on the new version of Application Guidelines and Evaluation Tables, the Call was launched on July 1, 2021. The deadline for submission of project proposals is September 30, 2021. After launching the call, the PO is organizing an online Information Day on July 23, 2021, including presentations and Q&A session. The questions and answers will be summarized in a table and published by the PO.
- In order to assist potential applicants seeking project partners from the Donor States, the PO and KS are organizing an online matchmaking event between prospective applicants and donor project partners, which will take place on August 24, 2021. This event was preceded (June 15,

2021) by an online Information Seminar organized by KS (Programme Partner), where the operation was presented by PO's representatives to organizations from Iceland and Norway.

**Fulfillment of the conditions from Annex I of the PA (relevant for the reporting period)**

1. *The maximum level of funding available from the total eligible expenditure of the programme for infrastructure (hard measures) shall be 50%. – ensured through the Guidelines for applicants and project contracts;*
2. *The National Focal Point and the Programme Operator shall seek coordination and synergies with other Roma inclusion relevant measures across the different programmes of the EEA and Norwegian Financial Mechanisms 2014-2021 in Bulgaria – In the period May-June 2021 series of meetings were initiated and organized by the NFP in coordination with the POs in sectors Home affairs and Justice with the participation of all the PPs of the projects included in the National Plan on Roma Inclusion and Empowerment. The first results from the NSI project were communicated with all of them. The data from the survey conducted in 2020 could inform the planning of adequate social policy measures and the development of target indicators for the future programming. Moreover, the indicators populated with data from the survey can serve as a baseline for assessment of the progress in important policy areas. As the National Network of the Health Mediators and the health mediators themselves are a key partner in measures aimed at supporting the marginalized Roma communities on local level, the exchange of experiences with them (as part of the Consortium implementing measures under PDP 12 with PP IOM, Home affairs) was one of the cross cutting issues of the discussions on all projects. The aim of the meetings was to create common understanding on issues related to Roma inclusion as well to establish close contacts between the PPs and encourage them seeking for coordination and synergies among the implemented activities. As a result, the stakeholders are already in a close communication and are exchanging good practices and ideas in their day-to-day work.*
3. *The National Focal Point and the Programme Operator shall ensure joint ownership of the process and results among all relevant national stakeholders. – the organization of coordination meetings with stakeholders of programme components that receive funding from other sources or correlate with policies on national level continued. Such meeting was organized with UNICEF, MLSP/OPHRD and MES in relation to Early Childcare and Education. Two meetings were held with the participation of Child Protection Agency, Agency for Social Assistance, MLSP, Agency for the quality of the social services, discussing the license options of the innovative social service under PDP 3, Kostinbrod in the framework of the National Social Services Map. Youth centers – discussions with the Ministry of Youth and Sports and the MLSP on national quality standards on youth work are part of the agenda in relation to the further development of the Youth centers.*
4. *The National Focal Point shall ensure that the Programme Operator ensures the sustainability of the youth centers and of the services provided. – the Guidelines for applicants, respectively the contracts for the new Youth Centers include as an obligatory document of the application package a strategy for development of the YC, together with an indicative financial plan and measures for sustainability. In July 2021, the PO organized a three day seminar with*

all 8 YCs as one of the main topic in the agenda was the vision of the PP and YCs teams for ensuring efficiency and sustainability of the services provided under the projects.

#### ***Future steps***

- Capacity building measures for the municipalities – PO and NFP have been exploring different options to set up a team to assist the municipalities in the process of project proposals preparation and implementation.
- SGS Job creation is anticipated to be launched by the end of 2021. The project promoter of GALOP (PDP 1) is expected to provide initial information based on the first drafts of the strategies in order PO to start the preparation of the guidelines for applicants as soon as possible. The delay in the elaboration of the local development strategies in GALOP will not have significant impact on the project selection and implementation period, at the PO's discretion.

#### ***Financial implementation***

Payment at the amount of 1 859 506, incl. national co-financing has been transferred to the PO in the period thus the total amount transferred to the PO is 10 193 773,35 Euro. Incurred expenditures by the PO amount to 7 195 000,65 Euro.

## **BG-ENERGY Renewable Energy, Energy Efficiency, Energy Security**

*Programme Operator:* Ministry of Energy

*Donor Programme Partners:* Norwegian Water Resources and Energy Directorate (NVE) and the National Energy Authority of Iceland (OS)

*Programme budget:* 32,941,176 EUR (incl. 28,000,000 EUR grant and 4,941,176 EUR national co-financing)

A moderate progress was achieved in the Programme implementation in the reporting period. The very good level of cooperation between the PO and the Donor Programme Partners (DPP) - Norwegian Water Resources and Energy Directorate (NVE) and the National Energy Authority of Iceland by March 2021. allowed to finalise smoothly the selection process under call 5 and to launch two very complex and unique for Bulgaria calls for support to utilisation of geothermal energy potential and near-to-zero energy efficiency in public buildings. PDP 1 "Feasibility study for the utilisation of hydro-energy potential" was also successfully completed.

In total 21 grant contracts at the total value of EUR 8,554,432.14 have been concluded under the programme.

- **PDP 1** "Feasibility study of the use of hydroenergy potential of existing water supply systems and increasing the potential of existing small hydroelectric power plants in water supply

systems“ with beneficiary the Agency for Sustainable Energy Development, was completed successfully. The results of PDP 1 were presented at a Conference held on 8 June in Sofia;

- **Call 5:** The selection procedure BGENERGY-2.001 „Rehabilitation and Modernization of Municipal Infrastructure - Systems for External Artificial Lighting of Municipalities“ completed the stage of ranking. A Selection Committee meeting under the Procedure BGENERGY-2.001 was successfully held on 9 December 2020 via teleconference, due to the COVID-19 situation and the impossibility for the Committee members to travel. As a result, the Evaluation Commission (EC) proposed to the Selection Committee to consider 20 projects for funding. All 20 contacts for rehabilitation of municipal infrastructure with a number of municipalities were signed in February and March 2021 at official ceremonies in the respective municipal centres. The events were covered by local media as well as in the social media. All 20 projects are in implementation.

Guidelines for applicants were elaborated by the PO with the assistance of DPPs and approved by the NFP and FMO for two more open calls for proposals:

- **Call 2** “Use of geothermal energy for heating or for heating & cooling in state or municipal buildings” - the call was launched on 11 March 2021. The deadline for receiving applications is 10.09.2021;
- **Call 3** „Energy efficiency in buildings“ - the call was launched on 10 May 2021. The deadline for receiving applications is 10.10.2021.

For **PDP 2** “System for Forecasts, Control and Management of HPP Generation and Dams Condition” with Project Promoter: National Electricity Company EAD, the PO developed a detailed description of the project activities and a project budget and submitted it to the FMO for approval. The pre-eligibility condition was lifted in August 2020. The launch of the call was delayed due to the lack of expert capacity within the PO to elaborate market analysis and applicable state aid regime. An external expert was hired in April 2021 to assist the PO with regard to state regime for 3 programme components – PDP 2 and open calls on energy efficiency in industry and utilisation of hydro-power potential. The call is planned to be launched by November 2021.

There are two outstanding open calls for proposals that have to be proceeded by the end of 2021 or first quarter of 2022 at the latest:

- **Call 1** on utilisation of hydropower potential has to be developed on the basis of the outcomes of PDP 1. The field studies and measurements, performed under the project by an external consultant allowed to identify potential investments and to stimulate interest among some of the WSS operators who are the potential applicants of call 1. However mainly due to discrepancies and unclarities in the legal framework regulating the water and sewerage sector the implementation of the call remains uncertain and at a high risk. The PO has planned the announcement of the call for November 2021. If the obstacles could not be overcome in due course the PO will discuss with the DPPs, FMO and NFP possible amendments to the Programme Agreement;
- **Call 4** on energy efficiency in industry is less challenging from preparation and implementation point of view, as the potential project promoters (private companies) already have extensive

experience in implementing such projects supported by the European Structural and Investment Funds. The preparation of the call is ongoing and it is planned to be launched by the end of 2021.

By the end of September 2021 the PO will be able to make its own assessment on the feasibility of call 1 and PDP 2 based on the analysis of the state aid issues delivered by the external expert. In case this assessment shows high risk for the timely implementation of both components, the PO will discuss with the DPPs a proposal for re-allocation of funds.

During the reporting period, an online Matchmaking event was held. More than 40 participants from Bulgaria took part in a half-day event where companies from Norway and Iceland presented their experience and expertise with focus on geothermal and NZEB (near to zero energy buildings) which is related to the two active open calls. The event was organized together by the PO and the partners and was very useful for the potential candidates from Bulgaria.

The 5<sup>th</sup> Joint Cooperation Committee meeting was held on 17 December 2020 and can be described as very useful. During the meeting, the PO presented the guidelines of Call No 2 on geothermal energy and timeline of the Call. Active discussions on the possible organization of trainings in the case of PA amendment (transfer of funds from SGS to Call No 5) were conducted.

The travel support scheme has been consulted with the DPPs and is expected to be launched in August 2021.

On 17 December 2020 the NFP sent a request for Programme agreement modification to the Financial Mechanisms Office - the total amount of € 1,138,529 to be transferred from three SGS's to the Outcome 2 "Improved energy efficiency in buildings, industry and municipalities", call 5 "Rehabilitation and Modernization of Municipal Infrastructure - Systems for External Artificial Lighting of Municipalities" (BGENERGY-2.001). The FMO approved this modification on 10 June 2021. Thus two more projects for street lighting will be funded.

The main threats to the programme are related to:

- Failure to implement all programme components and to take a timely decision on programme amendments;
- Prolonged evaluation and selection procedures under the on-going calls for proposals that could leave insufficient time for implementation, esp. public procurements.

**Fulfillment of the conditions from the PA (relevant for the reporting period)**

1. Pursuant to the pre-eligibility condition stipulated in Annex 1 of the Programme Agreement, the evaluation of PDP 2 shall be performed by a legal entity which is unrelated to and independent of PO. This entity shall be appointed in compliance with the Public procurement law. – the PO is ready to contract the entity once the call for proposals is launched.

2. *The National Focal Point shall ensure that Article 8.15 of the Regulation, as well as national and European Union law on public procurement are complied with at any level in the implementation of the Programme and the projects.* – the obligation of the PO has been stipulated in the PIA;

3. *The Programme Operator shall seek to ensure synergies with the programmes “Business Development, Innovation and SMEs” and “Environment protection and climate change” implemented under the Norwegian and EEA Financial Mechanisms 2014-2021 in Bulgaria.* – the PO has invited a representative of the “Environment” programme to participate in the Selection Committee for open call 5. The NFP has requested from the POs to undertake further actions to ensure coordination and synergy between programmes.

4. *The National Focal Point shall ensure that the Programme Operator achieves through the Programme a minimum CO2 reduction and/or avoidance of 54,000 (metric) tonnes per year under outcome 1.* - to be achieved through the guideines for applicants for PDP 1, PDP 2, Call 1, Call 2.

5. *The National Focal Point shall ensure that the Programme Operator achieves through the Programme a minimum CO2 reduction and/or avoidance of at least 118,000 (metric) tonnes per year under outcome 2.* - Will be achieved through the terms of reference and the evaluation methodology of Call 3, Call 4 and Call 5. - The evaluation methodology developed for all current calls (Call 2, Call 3 and Call 5) gives highest priority (scores) to projects that save more CO2 with less grant (150 EUR/t CO2).

#### ***Future steps***

- Elaboration of Guidelines for applicants for two outstanding calls – energy efficiency in industry and utilisation of the hydro-energy potential;
- Launch of the call for proposals for PDP 2;
- Taking a decision for programme amendment in case of failure to launch some of the programme components.

#### ***Financial implementation***

The total amount of funds transferred to the programme is 4 626 621 EUR of which 416 121 EUR in the reporting period. The incurred expenditures amount to **2 594 95 EUR**.

## **BG-ENVIRONMENT Environment Protection and Climate Change**

*Programme Operator:* Ministry of Environment

*Donor Programme Partners:* The Norwegian Environment Agency

*Budget:* 15 294 118 Euro (incl. 13 000 000 Euro grant and 2 294 118 Euro national co-financing)

### Progress in implementation of the programme

In the reporting period, the Programme Operator organized and held evaluation procedures for all already launched calls for proposals - 3 open calls, 4 small grant schemes, pre-defined projects 2 "SCIENCE and Information towards Regional ENVIRONMENTAL Action for the Black Sea (SCIRENA-Black Sea)" and 3 "Implementation of Innovative Measures for Mitigation and Adaptation to Climate Change in The Municipalities in Bulgaria". For pre-defined project 1. "Valuation and implementation of ecosystems services (VAIES)" the detailed description and budget are still in the process of coordination between the project promoter MOEW and the donor project partner Norwegian Institute for Nature Research (NINA).

The status of implementation of the programme components is as follows:

- Predefined project 1: "Monetary valuation system for all Bulgarian ecosystems developed(VAIES)" - the PO prepared a description of the project as required by the pre-eligibility condition of Annex I to the PA and submitted it in April 2021 to the donor project partner Norwegian Institute for Nature Research (NINA). Subsequent communication followed, but there is still no final feedback on the scope of project activities. At the Cooperation Committee Meeting held on 30 June 2021 the PO requested the support of NINA and the FMO to speed up the approval process that will allow the elaboration of the full project application and start of project implementation.
- Pre-defined project 2 "Science and Information towards Regional Environmental Action for the Black Sea (SCIRENA-Black Sea)" – the evaluation of the project was completed and a grant award contract at the total amount of BGN 4,302,826 (EUR 2,200,000) is pending signature;
- Open call 1: Diffused pollution of marine waters – Following a decision by the Cooperation Committee held in February 2021, the PO re-launched the call on 19 March 2021. A virtual information and matchmaking days were held to promote the call, provide clarifications and answers to questions as well as opportunities for partner search. Although the virtual meetings were attended by a comparatively high number of potential applicants and despite all the efforts of the PO, no project applications were submitted within the deadline 1 July 2021;
- SGS 2: Measures to Reduce Marine Litter (with increased budget as a result of the cancellation of SGS 1) - the evaluation of the submitted 9 project proposals was completed. Six projects were approved by the Selection Committee, as the PO signed grant award contracts for five projects with promoters Black Sea municipalities - Burgas, Pomorie, Primorsko, Nessebar and Beloslav at the total value of BGN 1,285,660.96 (EUR 657,348.01). For 1 project with promoter Shabla municipality the signature of the contract is pending a court procedure filed by the promoter for reduction of the project budget. Over half of the projects have donor partners - 2 from Norway and 1 from Iceland. In March 2021, the PO carried out a training for the beneficiaries and introduced Guidelines for project implementation. Currently the projects are under implementation, with designated management teams, initial launching events held, and to a varying degree procurement procedures on materials and expertise carried out.

- Open call no.2 „Circular Economy and Resource Efficiency” – the evaluation of the submitted 12 project applications was completed. 4 applications were rejected for lack of administrative and eligibility compliance, 1 was rejected at the stage of technical evaluation. A ranking list of 7 project applications was proposed to the Selection Committee that approved 4 for funding and 3 on the reserve list. The PO issued 4 grant award decisions for the total amount of BGN 2,924,566.53 (EUR 1,495,307.11), preparation of documentation for signing of project agreements is ongoing. Half of the approved project proposals will be implemented with Norwegian partners.
- SGS no. 3 Circular Economy - the evaluation of the submitted 20 project proposals was completed. 4 applications were rejected for lack of administrative and eligibility compliance, 2 were rejected at the technical evaluation stage. A ranking list of 14 project applications was proposed to the Selection Committee that approved 3 for funding and 11 on the reserve list. The PO issued 3 grant award decisions for the total amount of BGN 1 083 343.63 (553 904.80 EUR), preparation of documentation for signing of project agreements is ongoing. Two projects will be implemented with a donor state partner.
- Predefined project 3 “Implementation of Innovative Measures for Mitigation and Adaptation to Climate Change in The Municipalities in Bulgaria” – the grant award agreement for the amount of BGN 5,476,244.97 (EUR 2,799,959.60) was signed on 3 February 2021. The following main activities took place: working meetings were held between the promoter and the partner KS; the partner municipalities: provided information through filling in a special questionnaire on the current status, risks and expectations from the project, prepared inventory of all strategic and planning documents related to climate change policies; KS started elaboration of a report on international experience and good practices on innovative solutions in urban areas;

Procurement procedures were under preparation for contracting external consultant for the identification and implementation of innovative project solutions..

- Open call no. 3 Climate Change – the evaluation of the submitted 17 project proposals was completed. 13 applications were rejected for lack of administrative and eligibility compliance, a ranking list of 4 applications with a total budget of BGN 3,126,504.59 (EUR 1,598,556.41) was proposed and approved for funding by the Selection Committee. Preparation of documentation for signing of project agreements is ongoing. All projects will be implemented in cooperation with donor project partner.
- SGS no4 Climate Change - the evaluation of the submitted 13 project proposals was completed. 10 applications were rejected for lack of administrative and eligibility compliance, a ranking list with 4 projects for the total amount of BGN 853,423.19 (EUR 436,384.34) was proposed and approved for funding by the Selection Committee. One of the project will be implemented with a Norwegian partner. Preparation of documentation for signing of project agreements is ongoing.

The PO supported project promoters of the projects in implementation by organising training on public procurement, regular communication on operational issues, incl. UMIS. The first series of on-site monitoring visits are planned to take place in the 3rd and 4th quarter of 2021 as an approach for frank discussions about the achieved results, the obstacles and mitigation measures, the plans ahead.

The high mobilisation of the PO team especially in the course of 2019 allowed for all calls for proposals (except PDP 1) to be prepared and launched simultaneously at an early stage of the programme implementation with the purpose. This advantage was to a considerable extent lost during the evaluation process that took longer than planned. This was due partly to the consequences of the Covid-19 crisis but also to the inefficient organisation of the process of communication with applicants that resulted in very prolonged evaluation and in parallel, in some cases, in a large number of projects rejected at the stage of administrative and eligibility compliance assessment. Still, in case the PO succeeds to sign grant

award contracts in an expedient manner planned outputs and outcomes at project and programme level would be achieved.

Special attention requires the issue with the cancelled and failed components within Outcome 2: *Assessment, monitoring and management system of amrine waters developed*. Apart from showing some weaknesses of the programming process, this puts at risk the acivement of indicators and results for this outcome, that are also of strategic importance for amrine waters management.

In addition, after the finalization of the evluation and selection under all calls there are savings that have to be allocated as soon as possible and in a meaningful way. The PO is considering several options that are to be communicated with DPP, NFP and FMO in due course with emphasis on the climate policy contributing to Outcome 4 of the Programme.

*Status of implementation of the conditions from Annex I of the Programme Agreement relevant to the current reporting period:*

*1. Appraisal of the pre-defined projects no. 1 and 2 to be carried out by a legal entity independent of and unrelated to the Programme Operator*

The experts from the selected contractor BIM Consulting OOD (contract no. D-30-23 / 15.06.2020), conducted the evaluation of the project proposal under procedure BGENVIRONMENT-2.004 "Predefined project no 2 "Science and information regarding environmental action for the Black Sea. The PO took measures in order for the additional agreement to the contract to be signed as, as a procedure for PDP 1 (VAIES) is yet to be launched

*2. Verification of payment claims for pre-defined projects 1 and 2 to be carried out of a legal, entity independent of an not related to the PO*

The selection of a legal entity independent of and unrelated to the Programme Operator for-external verification will be made after signature of the grant award contracts and before the first disbursement of funds to the projects. The PO is in a process of preparing documentation regarding hiring of an external legal entity to provide this service.

*3. For the outcome 3 indicator "Share of waste recycled" where the baseline value is "to be determined" (TBD), the Programme Operator shall submit to the FMO for approval the baseline value, together with a description of the data collection method used, no later than three months after the finalisation of the selection of projects under the call for proposals within this outcome. The updated baseline value shall be agreed upon through a modification of the programme agreement.*

The PO has exchanged correspondence with the Bulgarian Executive Environmental Agency regarding determination of the basic value of the indicator and the method for data collection. Procedures on coordination with the National Statistical Institute and submission of the proposal to the FMO are forthcoming.

*4. For the outcome 4 indicator "Share of population living in areas with enhanced capacity to reduce emissions and prepare for extreme weather events", where the target value is "to be determined" (TBD), the Programme Operator shall submit to the FMO for approval the target value, together with a description of the data collection method used, no later than three months after the finalisation of the selection of projects under the call for proposals within this outcome. The target value shall be agreed upon through a modification of the programme agreement.*

The PO will submit the required information within the three months period following the selection of projects, that is by September 2021.

*5. The Programme Operator shall seek to ensure synergies with the programmes Business Development, Innovation and SMEs"and Renewable Energy, Energy Efficiency, Energy Security", implemented under the Norwegian and EEA Financial Mechanisms 2014-2021 in Bulgaria.*

The NFP has requested the PO to submit a list of the projects approved under Outcome 4: *Increased capacity of local communities to reduce emissions and to adapt to climate change* to the Ministry of Energy, PO of programme "Renewable Energy, Energy Efficiency and Energy Security" with the purpose to verify lack of double funding and/or potential for synergy with measures financed under the programmes so that a more sustainable and comprehensive effects could be gained.

6. *The Programme Operator shall organize at least two broad experience sharing events during the programme implementation period, with the aim of showcasing innovative or novel approaches in the projects supported.*

The projects are still at an early stage of implementation. The envisaged experience sharing events will be organized when sufficient progress is in place allowing to identify innovative approaches.

8. *Pre-eligibility – No costs shall be eligible under PDPs 1, 2 and 3 before the detailed descriptions and budgets, incl. the role and contribution of the donor project partners have been submitted and approved by the FMC*

The detailed description and budget of PDP 1 was submitted to the donor project partner. Final feedback is expected before sending the description to the FMO for approval and lifting of the pre-eligibility condition.

The main threat to the successful programme implementation are related to delayed contracting process of the approved projects under the finalised 4 calls for proposals.

#### **Future steps**

- Contracting of all approved projects by Q4 2021;
- Submission of the detailed description and budget of PDP 1 to the FMO by end September 2021 for approval and launching of the call for proposals by end October 2021;
- the Cooperation Committee to discuss and take a decision on how to achieve objectives of failed open call 1;
- monitoring of projects under implementation.

#### **Financial implementation**

The total amount of funds transferred to the programme is 8 461 928 EUR of which 4 712 806 EUR in the reporting period. The incurred expenditures amount to 486 247 EUR.

## **BG-CULTURE Cultural Entrepreneurship, Heritage and Cooperation**

*Programme Operator:* Ministry of Culture

*Donor Programme Partner:* Arts Council Norway (ACN)

*Programme Budget:* 12 755 882 Euro (incl. 10 800 000 grant and 1 955 882 national co-financing) – after approved PA modification

During the period three open calls for project proposals were announced:

- Call under Outcome 1 “Cultural heritage management enhanced”, Output 1.2 “Cultural heritage objects made digitally accessible” (with available budget of EUR 1,000,000) was announced on 16 March 2021 and closed on 16 June 2021. 22 project proposals have been submitted at the total amount of EUR 6,471,529. The evaluation process is to be completed by the end of November 2021 and invitation for signing contracts to the successful applicants should be sent by December 2021;

- Call under Outcome 1, Output 1.1 “Cultural heritage presented in revitalized, restored and renovated spaces” (with available budget of EUR 5,400,000) was announced on 18 May 2021 with a deadline for submission of applications until 18 August 2021;

- Second call under Outcome 2 “Access to arts and culture improved” (with available budget of EUR 1,582,353) was announced on 21 May 2021 with a deadline for submission of applications until 23 August 2021.

The call for proposals under Outcome 3 “Awareness of arts and culture of ethnic and cultural minorities improved (Roma focus)” with an available budget of EUR 1,300,000 has been prepared by the PO. The publication of the call is planned for August 2021. An online matchmaking event will be conducted at the end of August.

With regard to the first call under Outcome 2, the evaluation process of which was completed in the autumn of 2020, as of 21 July 2021, seven (7) contracts have been signed for a total grant amount of EUR 1,111,769.77. Three more contracts worth a total of EUR 466,545.37 are under preparation for signing. Following an increase in the budget of the Programme as a result of reallocation of the reserve funds under the EEA Grants, four (4) more applicants from the reserve list under the First call under Outcome 2 were invited to conclude contracts – those project proposals are for a total grant amount of EUR 739,329.70.

The implementation of the first projects under Outcome 2 started as of June 2021. One advance payments has been transferred to a Project Promoter at the amount of EUR 51,129.19 and six more requests for advance payments are processed by the PO at the total amount of EUR 246,732.89.

The first activities under the projects are planned for the period September-December 2021 and they include: performances of a spectacle outside of the city center of Sofia organised by Heart-to-Heart Foundation; travelling VR-gallery and interactive travelling play organised by Foundation Bulgaria 2002 in partnership with the National Gallery and a Norwegian partner; presentation of cultural-information product “Travelling stage – in the sun and in the shade” organised by the Regional Library in Vidin as well as workshops and presentations of the Peer Gynt play on the stage of Theatre Sofia and on a tour in 7 different settlements in the country.

During the reporting period, two amendments were made to the PA14 Programme Agreement:

- The first amendment entered into force on 12.02.2021 and resulted from the measures proposed by the FMC to counter the pandemic and its impact on the cultural sector. Those measures were implemented by revising the indicators that will allow counting of online/digital events and waiving the requirement for NGOs to provide co-financing or providing co-financing entirely in kind.

- The second amendment entered into force on 06.07.2021 and resulted from the increased financial resources under the Programme after the distribution of the reserve funds under the EEA FM (800 000 Euro from EEA Grant), for financing of projects from the reserve list under Outcome 2 as well as 100 000 EUR were allocated to the Outcome 3.

No Cooperation Committee meetings were organised during the period but the PO has regular on-line meetings with FMO and Arts Council to discuss the future calls. Arst Council has also participated in the Selection Committee under Outcome 2. The PO team participated in the annual meeting of the Culture Programme Operators under the EEA and Norway Grants 2014-

2021 and presented a progress update and an assessment of the impact of COVID-19 on the programme. During the reporting period there were no study visits under the Bilateral Relations Fund.

*Fulfillment of the conditions from the PA (relevant for the reporting period)*

- The amount of the Outcome 3 has been increased from 1 200 000 Euro to 1 300 000 Euro from the reserve under NFM that will allow the requirement at least 10% of the total eligible costs of the programme to target the improvement of the situation of the Roma population to be achieved.
- The maximum level of funding available from the total eligible expenditure of the programme for infrastructure (hard measures) will remain 60%;

*Threats facing the programme:*

The main risk for the implementation of the programme at the moment is the delayed announcement of the public procurement for selection of an external verifier, which should verify the costs both at the level of the Programme and at project level. The public procurement will be announced by the PO in early August 2021. In order for the costs incurred by the PO for Programme management to be verified, the PO signed a civil contract with an external verifier for verification of the interim costs reported under the Programme.

The appointment of a new Head of the PO by the future new government also poses risks to the timely completion of the evaluation stages, preparation of PO decisions and conclusion of contracts under the calls announced so far.

The risks to the implementation of projects under the launched calls as a result of new peaks of the Covid-19 pandemic were largely mitigated by the adopted changes in the Programme Agreement, which were also reflected in the adapted texts of the Application Guidelines under the calls. There is still a risk that the Norwegian/Icelandic partners will not be able to participate physically in the activities as planned in case of restrictive measures and a new peak of COVID-19.

***Financial implementation***

The total amount of funds transferred to the programme is 1 859 082 EUR. The incurred expenditures amount to 190 074 EUR.

## **5. STATUS OF BILATERAL FUNDS**

***Budget of the Bilateral Fund:*** 4 202 000 EUR (incl. 2 300 000 EUR under the EEA FM and 1 902 000 EUR under the NFM)

***Implementation of the Bilateral Fund at national level:***

The Vth JC meeting took place on 25th of March 2021. The main conclusions and decisions of the JC are as follows:

- Covid-19 challenged significantly the implementation of the Bilateral Fund. Both Bulgarian and donor states' partner sides need to be very innovative and active in fostering the bilateral relations in this pandemic situation;
- The revised initiative "Counteracting the discrimination against women from vulnerable groups" is of a high priority to Bulgaria and the Bulgarian side relies on the support of the Norwegian Embassy to identify an appropriate Norwegian partner;
- Innovation and Research remain a strategic priority for Bulgaria. To streamline and support the national policies in this regard a special State Agency for Research and Innovations, similar to Innovation Norway, has been set up. In this context the support of the Norwegian Embassy to have Innovation Norway as a partner in the implementation of the young researchers' exchange initiative is of primary importance;
- In order to foster the bilateral relations and being at more mature stage of projects implementation two JC's meetings per year will be held, the next one planned for Autumn 2021, outside of Sofia, should the situation with the pandemic allows;
- Information and publicity are of crucial importance and appropriate information campaign on the bilateral cooperation results gained should take place. To that end the joint efforts and cooperation between the Norwegian Embassy and the NFP would be of crucial importance.

Provided below is a summary information on the progress in implementation of the measures from the Work Plan that was last updated in July 2020.

#### 1. NFP activities, incl. Travel support scheme

In January 2021 NFP published an updated version of the Guidelines for applicants, coordinated with the JC members. The documents have been revised in order to expand the possibility for establishing and/or maintaining the bilateral relations by providing support for participation in online events.

In July 2021 NFP informed the JC members about its intention to re-open the Travel Support Scheme taking into account the current epidemiological situation and ease of restrictions introduced gradually in Europe. The scheme was open as of 19 July 2021, but due to the unpredictable developments of the Covid-19 crisis, potential applicants are still hesitant on the travel opportunities.

#### Pre-defined initiatives

Six pre-defined initiatives approved by the donors and by the JCBF have been included in the updated Work plan of the BF. Their progress is as follows:

- "Cooperation for decent work" (promoter: "General Labour Inspectorate" Executive Agency, donor partner: Norwegian Labour Inspection Authority, approved budget: 800 000 euro)

The initiative is in implementation since 8th of October 2019. Three Interim Reports, supplemented with three Requests for payment and one Advance payment were received so far. There is a very good implementation progress on all project activities, except for some

activities connected with international travel, which are rescheduled due to the Covid-19 restrictions.

An information campaign “Know Your Rights” (KYR) was launched and decent working conditions for employees and companies were promoted. Making migrant workers aware and empowered about their rights and duties when working in Norway, has been defined as the campaign main objective. The GeelmuydenKiese communication agency, hired by the Norwegian Labour Inspection Authority (NLI) developed the communication materials of the campaign – posters, postcards, films, a webpage ([www.arbeidstilsynet.no/en/knowyourrights](http://www.arbeidstilsynet.no/en/knowyourrights)) in 7 languages, Facebook ads with films and photos, banner ads, display banners and films on YouTube, Preroll and Companion. The advertising in the social media showed very good results. During the first phase of the campaign (1 month from 21st of September 2020), more than 28 000 (out of a target group of 60 000) people were attracted to enter the webpage [www.knowyourrights.no](http://www.knowyourrights.no), where they were provided with easy accessible information in their native language. More than 8 000 of the 28 000 entered the Bulgarian version of the webpage. The other results for Bulgaria are good as well: 61 532 impressions on Facebook; 1 794 clicks; 313 likes; 12 263 views on digital newspapers and YouTube. The KYR information campaign was mentioned as one of the good examples of information activities for raising awareness of workers and companies’ labour rights and obligations at the plenary meeting of the European Platform for tackling undeclared work, held on 6th of October 2020.

The campaign has been put on hold by NLI till September 2021, because of other information needs related to a safe work and accommodation for migrants in COVID-19 situation. KYR campaign was nominated for the SABRE Award for Superior Achievement in Research and Planning, which is one of the world's largest communication competitions. The 2021 SABRE Awards EMEA shortlist includes around 400 campaigns, selected from among more than 2,000 entries in this year's competition, which recognizes Superior Achievement in Branding, Reputation and Engagement. The KYR campaign has reached the very top in the Diamond final in the competition. The campaign was crowned with gold in the category “Multi-Country Program”. An article about KYR campaign has been published on Norwegian government’s webpage <https://www.regjeringen.no/en/aktuelt/know-your-rights-campaign/id2846796/>. The campaign also won two gold medals in the Content Marketing Awards (CMA) in 2020. The second phase of the campaign will start on 21st of September 2021. An evaluation of the campaign is ongoing, including check on how the target groups perceive the campaign.

Information days on labour and social rights of the Bulgarian citizens in employment in EU countries, Norway, Iceland, Liechtenstein and Switzerland were held in June 2021, in two towns in Bulgaria.

An annual meeting took place online on 24th of November 2020.

A webinar was held with a view to contribute to the capacity building in the area of performing inspections and tackling undeclared work during the COVID-19 pandemic. Four inspectors from District Labour Inspection Directorate in Plovdiv, Bulgaria and four inspectors from Labour Inspectorate in Bergen, Norway participated in the webinar. The event was the first phase of the planned staff exchange in 2021. The labour inspectors shared information about authorities’ organisation, laws and regulations, priorities and how they perform their tasks.

Visits in the autumn of 2021 (phase 2) will be planned, when/if COVID-19 travel restrictions will make traveling possible again.

The “General Labour Inspectorate” Executive Agency (GLI EA) institutional capacity was increased with the development of a new website, based on the good practices shared by NLI (through presentations and email communication) and the GLI EA research on good practices about website design and content of other European Labour Authorities. As a result, a modern, useful and convenient official website of GLI EA was implemented, which maintains a high level of security. The site has a bilingual structure in Bulgarian and English and has possibilities to be used by disabled people (<https://www.gli.government.bg/bg>). In securing the performance of the new website two servers, two firewalls and disk array were bought and installed in GLI EA.

The development of guidance and factsheets on the rights and obligations of companies and workers in Bulgaria started with a webinar on 4th of November 2020. The NLI experts shared their experience about the content, the targeting and the dissemination of communication and information tools. The guidelines shall be developed as a guide to raising awareness and taking action to reduce undeclared work. The information materials will be brochures and eight thematic videos, with short and clear messages and positive examples. An external contractor was selected through a public procurement procedure for their elaboration. They will be developed within 190 days.

A public procurement procedure is in a preparation for a development of a self-assessment tool with a focus of tackling undeclared work. The self-assessment tool will be elaborated after carrying out a nationally representative survey on the most common forms of undeclared work in Bulgaria.

Regular publications on the GLI EA website and online media provided information about the project progress and about the information days held in Bulgaria.

In the reporting period, more than ten online meetings were held: annual meeting, webinars and cross-national team meetings.

The project management and organization team ensured coordination with the Norwegian Partner and the implementation of the project activities on time, within budget and within scope, monitoring how tasks are performed and implementing corrective actions where required.

The project implementation period was extended until 31st of March 2023, in order to perform the planned exchange visits, when they will be possible again.

- **“Cross border dialogue v.2”** (promoter: Ministry of Regional Development and Public Works (MRDPW), donor partner: Norwegian Barents Secretariat, approved budget: 363 210 euro)

On 8th October 2020, the NFP launched a new application procedure for an updated project proposal of the Ministry of Regional Development and Public Works (MRDPW). The changes in the updated version of the project proposal, for which the JC members were duly informed, reflected the need to transfer of the promoter’s information systems infrastructure to the services provided by the Bulgarian State e-Governance Agency. This act required that an

infrastructure with different characteristics from those initially envisaged, should be put in place. No changes were introduced in the aims and the indicators of the modified project proposal.

The evaluation of the new application was held in the period December 2020 –January 2021, in accordance with the Guidelines for applicants, published on the Unified Management Information System (UMIS) web site. An order for a Grant Award to the amount of 363 210 euro was issued by the Head of the NFP on 21st of January 2021 and the Initiative's Implementation Agreement (Contract) with the MRDPW was signed on 18th of May 2021.

- **“Crisis management center at the Bulgarian Ministry of Foreign Affairs”** (promoter: Ministry of Foreign Affairs of Bulgaria, donor partner: Norwegian Ministry of Foreign Affairs, approved budget: 200 000 euro)

The NFP developed Guidelines for applicants and opened an application procedure on 8th of October 2020. The evaluation of the initiative was held in the period December 2020 –January 2021, in accordance with the Guidelines for applicants, published on the UMIS web site. The Grant Award was issued on 21st of 2021 by the Head of NFP and is for the amount of 200 000 euro. The Partnership Agreement was signed in July 2021. The Initiative's Implementation Agreement (Contract) is expected to be signed till the end of September 2021.

- **“Strategic cooperation between Bulgaria and Norway in support of Bulgaria’s international commitments to combating antisemitism and preserving Jewish heritage”** (promoter: Ministry of Foreign Affairs of Bulgaria, donor partner: Norwegian Centre for Holocaust and Minority Studies, Bulgarian partners: Diplomatic Institute and State Institute for Culture to the MFA)

Due to the multi-disciplinary character of the initiative and the broader scale of its activities, the Diplomatic Institute and the State Institute for Culture to the MFA of Bulgaria were included as project partners on Bulgarian side with the approval of the donor states, FMO and NFP. The NFP developed Guidelines for applicants and launched application procedure on 17 August 2020 with a final deadline 18 November 2020. The evaluation took place from the end of November 2020 to the beginning of January 2021 via the UMIS website. Grant Award was issued by the Head of NFP for the amount of 199 949.81 euro. Partnership agreements with the Norwegian and Bulgarian partners were signed, respectively in June and July 2021 with a certain delay, caused by the pandemic crisis and structural changes in the promoter’s administration. On 21 July 2021 the Initiative’s Implementation Agreement between the NFP and the promoter was signed.

- **“Boost up talents innovation mobility exchange”** (promoter: Bulgarian Ministry of Education and Science)

After the withdrawal of DIKU the possible cooperation for pilot exchange of young researchers in partnership with Innovation Norway was discussed. At the 5th JC Meeting the Norwegian Embassy confirmed its support for inclusion of Innovation Norway as a partner in the implementation of the initiative. The NFP is in communication with Innovation Norway

(Bulgaria) with the purpose to define the possible and appropriate for both sides scope and approaches for implementation of the initiative;

- **“Prevention of discrimination against Roma women”** (promoter: Bulgarian Commission for Protection against Discrimination /CPD/)

In order to facilitate the identification of a suitable Norwegian partner the CDP and its Icelandic partner, the Directorate of Equality of Iceland, jointly prepared a revised version of the initial project idea “Counteracting the discrimination against women from vulnerable groups”, based on the comments of the Norwegian Embassy. In Autumn 2020 the NFP submitted to the Embassy of Norway the revised project idea. The project is envisaged to be implemented for approximately 8 months and the estimated budget is up to 144 000 euro. Information on further developments in defining the Norwegian partner is anticipated from the Embassy of Norway. The revised project is of a high priority to Bulgaria and the Bulgarian side relies on the support of the Norwegian Embassy to identify an appropriate partner.

### **Bilateral funds to programmes**

Due to COVID-19 restrictions there are no bilateral activities to be reported except the following online events, organized by the PO of “Climate change and environment protection” programme and Innovation Norway:

- Matchmaking seminar on the announced open call № 1 “Diffuse pollution of marine waters” in March 2021;
- Information day webinar on the announced open call № 1 “Diffuse pollution of marine waters” in April 2021;
- 4th Norwegian Circular Economy conference on knowledge for circular transition in September 2020;
- Digital workshop in the frame of Oslo innovation week, Welfare technology focus area in September 2020;
- Green Opportunities with the EEA and Norway Grants webinar and matchmaking event in May 2021 – about 60 Bulgarian participants signed up for the event and 15 were validated for the B2B to establish cooperation on green opportunities.

Incurred expenditures are reported at the amount of 3 868 Euro.

### **Financial implementation**

Under the pre-defined initiative “Cooperation for Decent Work” NFP transferred 80 000 Euro advance payment to the promoter. The amount incurred in the reporting period was 302 992 Euro.

According to the information provided by the Programme Operators the total amount of expenditure incurred for bilateral activities under the programmes to date is *approx.* 221 000 Euro.

## 6. MANAGEMENT AND IMPLEMENTATION

### a. Management and control systems (MCS)

After the snap elections a caretaker Government took office. For all programmes Heads of POs were changed. There were no other significant changes in the staffing of the national authorities involved in the implementation of the EEA and Norway Grants.

During the period no amendments were made in the Management and Control Systems (MCS) at national level – the last version of the Management and Control Systems is version 7 dated 16<sup>th</sup> July 2020.

Based on FMO recommendations with a letter dated 22 October 2020 the NFP instructed all POs to make the necessary changes in the Management and Control Systems at programme level related to selection procedures, as follows:

1. In line with the Programme Agreement a third expert shall be commissioned only in case the difference between the scores given by the two evaluators/experts is more than 20% of the higher score. No third expert shall be commissioned in cases when one of the expert have given score below the minimum and the other one – above the minimum;
2. The list of rejected projects/projects in the reserve list shall not be published as this is not in line with confidentiality rules and may affect negatively the reputation of the non-successful applicants.

### b. Complaints

Only one signal was received during the period related to project on street lighting implemented under the programme “Renewable Energy, Energy Efficiency and Energy Security”. The signal was that a concrete name of an importer of lighting was included in a public procurement procedure organised by the Project Promoter – Municipality of Malko Tarnovo. The final conclusion is that there is no irregularity as the respective public procurement was terminated.

The NFP has also finalized a signal under the Home Affairs Programme, PDP 3: “Increasing the capacity of General Directorate “Combatting Organised Crime” for more effective investigation of organised and transnational crime”. As a result of performed thorough examination it was found that the cumulative conditions to qualify a case as an irregularity are not present: the persons convicted in corruption are not sentenced and they shall be considered innocent until the final court decision. At the same time they have not been engaged in the implementation of the project and there is no any effect on the implementation and/or budget of the programme/project. Based on the above the final conclusion of the PO and the NFP is that the signal has to be closed due to lack of irregularity in line with Art. 12.2 of the Regulation. The NFP and PO will continue to monitor the project’s implementation.

### c. Irregularities

During the period, three Quarterly Irregularity Reports were submitted through GrACE for the periods: 3Q2020, 4Q 2020 and 1Q2021. Irregularities were reported in two of the Quarterly Irregularity Report, as follows:

- **4Q2020** –one irregularity reported under the Technical Assistance Fund (IR-52) and
- **1Q2021** – one irregularity reported under the Technical Assistance Fund (IR-57).

Both irregularities are detected by the Audit Authority in the performed audit of operations under the Technical Assistance Fund.

The type of irregularities are as follows:

- Infringements/deviations in public procurement procedures – unlawful methodology – the methodology has not allowed to assess the level of implementation offered by the candidates; unlawfully rejected bidder or winning bidder does not meet some tender conditions;

The total amount of the irregularities reported through GrACE during the period is EUR 2 160.16.

All reported irregularities are reflected in the irregularity register filled in by the National Focal Point and the information on the follow-up actions is updated on a regular basis. In total 7 irregularities cases have been closed during the period. 5 irregularity cases are still open. The amounts under the reported irregularities were recovered and reflected in Interim Financial Reports.

#### d. Audit

In the period August 2020 - July 2021, the Audit of EU Funds Executive Agency (AEUF EA) carried out the following activities under the European Economic Area Financial Mechanism and the Norwegian Financial Mechanism:

##### 1. Audits of projects

The objective of the audits of projects is to assure that declared expenditures to the FM Office for the accounting year are correct and the transactions are legal and regular.

##### 1.1. Accounting year July 2019 - June 2020

The Audit Authority carried out audit of projects on four programmes and funds under the EEA FM and NFM 2014-2021 which have certified and declared expenditure for the third accounting year July 2019 - June 2020. The audit procedures were performed during the period June – December 2020.

After the contradictory procedure, the final audit reports were issued and presented to the respective POs, NFP and CA as follows:

- “Home Affairs” Programme, PO Ministry of Interior, on 26.08.2020;

- “Local Development, Poverty Reduction and Enhanced Inclusion of Vulnerable Groups” Programme, PO Ministry of Education and Science, on 30.09.2020;
- Technical Assistance Fund and Bilateral Fund, National Focal Point, on 29.12.2020.

One irregularity is detected in the audits of projects under the Technical Assistance Fund, related to non-compliance with public procurement rules out of 5 public procurements checked. The irregularity is related to unlawful methodology for evaluation of tenders. The Audit Authority have further analysed the nature, significance and reasons for occurrence of the above error made by the NFP and concluded that the error found have random nature and it is not related to systemic weaknesses. The financial impact of the error amounts to EUR 1 366 in the sample and EUR 556 representing a known error in the population of the certified and declared expenditure from 01.07.2019 to 30.06.2020. The Audit Authority proposed to NFP to apply individual financial corrections in accordance with EC Guidelines for the determination of financial corrections, which apply to expenditure financed by the EU under shared management. Detailed information about the imposed financial corrections is presented in the third Annual Audit Report under the EEA FM and NFM 2014-2021 from February 2021. NFP implemented all recommended financial corrections and respective irregularities were registered, accounted, reported and the financial correction is deducted in IFR 6/2021.

### **1.2. Accounting year July 2020 - June 2021**

The audit of projects for the certified and declared expenditure for the fourth accounting year July 2020 - June 2021 is currently under implementation on six programmes and funds under the EEA FM and NFM 2014-2021, as follows:

- “Home Affairs” Programme, PO Ministry of Interior;
- “Local Development, Poverty Reduction and Enhanced Inclusion of Vulnerable Groups” Programme, PO Ministry of Education and Science;
- “Justice” Programme, PO Ministry of Justice;
- “Renewable Energy, Energy Efficiency, Energy Security” Programme, PO Ministry of Energy;
- Technical Assistance Fund and Bilateral Fund, National Focal Point.

The audit of projects is scheduled to conclude on 17 August 2021.

### **1. System audits**

The audit objective is to verify the effective functioning of the management and control systems set.

The Audit Authority carried out audits on the functioning of MCS for two programmes and funds under the EEA FM and NFM 2014-2021. The audit procedures were performed during the period December 2020 – April 2021.

After the contradictory procedure, the final audit reports and the unqualified audit opinions for the two Programme operators were issued and presented to the respective POs and CA as follows:

- “Justice” Programme, PO Ministry of Justice, on 18.03.2021;
- “Environment Protection and Climate Change” Programme, PO Ministry of Environment and Water, on 11.06.2021.

The key findings of the system audits include:

- the verification of the advance payment requests under the two programmes are performed without an approved or included in the MCS checklist for verification of advance payments;
- the additional remuneration for the members of the main and additional expert team under the “Environment Protection and Climate Change” Programme is not determined in accordance with the requirements of Ordinance on salaries in the state administration;
- the interim financial reports under “Environment Protection and Climate Change” Programme includes only advance payments for the programme management costs, as a result of difficulties and delays in appointing an external contractor to verify the programme management costs.

The Audit Authority have further analysed nature, significance and reasons for occurrence of the above errors made by the POs. In conclusion, given the scope of the engagements, the results of the audit procedures performed to assess the key requirements for the management and control systems, the weaknesses identified on functioning of some of them, the Audit Authority categorized the assessment of the management and control systems of the two audited POs at Category 2 “Works, but some improvement(s) are needed” from the four-category scale.

All recommendations given are adopted and are under implementation as of the dates of issuance of the final reports. The Audit Authority will follow-up the corrective actions taken by the POs and the NFP before issuing the Annual Audit Report on the EEA FM and the NFM.

#### **1. Other activities**

- Development of the Third Annual Audit Report and Annual Audit Opinion under the EEA FM and NFM 2014-2021. The Report and the Opinion were issued on 11.02.2021 and were presented to the NFP, CA and FMO;
- Strategic planning of audit activities – Updating The Audit Strategy under the EEA FM and NFM 2014-2021;
- Participation in the annual meeting;
- Participation in workshops and seminars, organized by FMO and NFP.

#### **1. Upcoming activities by the end of 2021**

By the end of 2021, the Audit Authority plans the following activities under the EEA FM and NFM 2014-2021:

- Completion of the ongoing audit of projects for the fourth accounting year July 2020 - June 2021 under six programmes and funds, referred to in paragraph 1.2;
- System audit under “Cultural Entrepreneurship, Heritage and Cooperation” Programme, PO Ministry of Culture;
- Follow-up of the recommendations from audit engagements, performed during 2021;
- Preparation of the Draft Annual Audit Report and Annual Audit Opinion under the EEA FM and NFM 2014-2021 for accounting year July 2020 - June 2021.

## 7. COMMUNICATION

Highlights for the reporting period:

- Bringing projects close to people – the NFP has conducted 4 project visits and interviews to write stories, that are shared on the website and in social media;
- Uploading photos to the image library – following the launch of the image library, the NFP has uploaded more than 70 photos taken during project visits and events. A total of around 100 photos are uploaded by Bulgarian entities;
- Facebook page status: more than 1400 followers (natural growth with 100 for one year); the highest post reach remains similar to last year around 1300 on certain days and reactions again remain around 30 on the top performing posts; a total of more than 130 posts have been published on the page (90 last year) – or one post per 2,7 days which is a significant increase compared to one per 4 days for the previous year;
- Website status: more than 344 publications (an increase by more than 50% compared to the previous year) with close to 9 000 page views (a 30% increase);

The reporting period was important from communication point of view as projects under all programmes entered into implementation, making the role of the PO Communication Officers even more crucial. Therefore, the NFP conducted separate meetings with each Ministry - Programme Operator dedicated to the current challenges, expectations for good visibility of projects, partnerships and results. Taking into account the discussions during the Communication Workshops, organized by the FMO and the monthly meetings with the FMO communication staff, the NFP used the opportunity to highlight the links between the levels of implementation and how everyone can help bringing information closer to the public. Special attention was given to the information flow on good photos, videos, project stories, events and results.

The above was further developed during the regular meetings of the Working Group on Communication, where the Norwegian Embassy and our colleagues from Innovation Norway and the Active Citizens Fund have a strong contribution to achieving the overall aims of communication. We see great potential for joint initiatives between NFP, POs and the Embassy concerning the Communication Plan of the Embassy, which is yet to be presented in detail to the group.

As Corona outbreak posed significant challenges for the organization of public events up until the beginning of Summer 2021, online communication activities were the main tool for everyone. The result is visible through the increased number of publications on the website and the Facebook page. Another positive result is the large number of attendees for online information days under the programmes, since they are open to anyone.

During the summer, the Corona situation improved and both indoor and outdoor events were allowed which led to an increase of physical attendance events. Nevertheless, the online approach was used for interventions of Donor Project Partners and thus another useful tool for bridging partners has been put into permanent use during the project implementation cycle.

The NFP continues receiving daily media monitoring based on key words linked to the EEA and Norway Grants. During the reporting period, we have received a report-analysis for the first 12 months of monitoring. One highlight we would like to share is the ongoing interest of local media towards projects implemented in their respective municipalities. There is a solid interest towards positive local news which are closer to the population in the respective municipality. This coincides with the publicity goals of the press office of the Mayors and turns into a win-win situation for everyone involved in the process.

Parting from the understanding that project stories are a crucial tool to showcase the impact of the EEA & Norway Grants, despite the difficult situation, the NFP has conducted project visits and interviews and will continue to do so in 2022 aiming to have at least one story per month. The approach is also a good example to the POs as we are expecting from them to take into their own activities. This will also support our joint cause to have good photos and videos for the image bank and future communication activities.

## 8. MONITORING AND EVALUATION

### a. Monitoring

- 1. The monitoring activities of the NFP in the period were related to:
    - The progress of implementation with regard to the approved time schedules and specifically the preparation of guidelines for applicants for the pre-defined projects and calls for proposals.
    - NFP reviewed and commented all draft calls for proposals and approved their final versions before submission to the FMO. Representatives of the NFP participate as observers in evaluation committees for pre-defined projects and open calls for proposals;
    - The progress in fulfillment of conditions from the Programme Agreements, especially those related to pre-eligibility and pre-payment;
    - Coordination between institutions concerning measures of similar nature that are supported under the EEA and Norway grants and the ESIF Operational Programmes with the purpose to avoid risk of potential overlap and ensure synergy;

- Administrative capacity of the POs – functioning of the programme and project management teams, issues related to remuneration of experts of the PO and in some of the pre-defined projects;
- Implementation of the measures included in the National Plan on Roma Inclusion and empowerment.

The NFP monitored the above issues through:

- Technical meetings on all programmes held between the FMO, NFP, Certifying Authority, Audit Authority and the POs;
- Organisation of meetings with all Project Promoters under the pre-defined projects in implementation of the “Justice”, “Home Affairs” and “Environment” Programmes;
- Organisation of ad-hoc meetings on specific topics with Programmes Operators, e.g. on designing new measures in the field of child-friendly justice; formulation of some of the requirements in the calls for proposals on: asylum and migration, early childcare and education, integrated measures for Roma inclusion; demarcation and complementarity of LocDev programme with OPHRD, OP Education, Child Guaranty Project (UNICEF); alignment of *Healthcare for Everyone (LocDev)* concept with the national policy in the field; sustainability of the services under PDP 3 (LocDev); identified problems with tackling state aid issues under call for proposals in the Energy programme etc.
- Participation of representatives of the NFP in all Cooperation Committee meetings and Selection Committees under the programmes as observers;

External monitoring mission organised by the FMO under the BG-Culture took place in the period November 2020 – February 2021 by monitoring company: Blomeyer&Sanz in partnership with CREDA Consulting. The overall status of the programme is assessed at level 3. There are issues which need to be addressed and the overall risk rating is also 3. Medium/High. The report include an annex on the Roma issues under the programme that is considered very valuable and has been taken into account in the preparation of the call for proposals under Outcome 3.

External monitoring missions organised by the FMO under the Justice and Home Affairs Programme took place in the period January-March 2021 by monitoring company: INBAS. The situation of both programmes is assessed at level 2: The situation is satisfactory, but there is a room for improvements and the overall risk rating is also 2. Medium/Law.

External monitoring commissioned by the FMO under Energy programme took place in the period November 2020 – February 2021 and was conducted by the external contractor Ecorys. Overall status of programme implementation was 3: *There are issues that have to be addressed* and overall risk 3: *Medium high*.

External monitoring mission organised by the FMO under the Local Development Programme took place in the period December 2020 – February 2021 by Blomeyer & Sanz (B&S) and CREDA Consulting. Overall status of programme implementation was assessed at level of the risk 3. *Medium-high. There are issues which need to be addressed*. The report gave a clear picture of the current state of play and a deep analysis of the problems and challenges the PO faced at

that time. The proposed options for solutions and suggestions for next steps supported significantly the PO and NFP in the process of putting the implementation back on track. All the recommendations have been taken into account.

## b. Evaluation

In accordance with its Evaluation plan the NFP contracted an independent consultant “Econometrica” EOOD that carried out mid-term evaluation of the progress in the implementation of the programmes under the EEA FM and Norwegian Financial Mechanism 2014-2021. The purpose of the evaluation that covered all six nationally managed programmes was to assess the overall implementation of the EEA and Norway Grants in Bulgaria since the signature of Programme Agreements until 30 June 2020, to identify potential problems impeding efficient and effective implementation and formulate recommendations for corrective actions.

The evaluator produced a report that encompassed sub-reports for the six programmes subject of the evaluation. The draft report was submitted to the NFP in January 2021 and the final report reflecting comments of the NFP and the Programme Operators was submitted in February 2021. The structure of the report included:

- Review and analysis of the implementation of the EEA and Norway Grants in Bulgaria with regard to objectives and priority sectors, financial resources, programme areas and expected results;
- Analysis and evaluation of the status of implementation of separate programmes;
- Main conclusions and recommendations with a focus on: relevance, progress and results achieved, effectiveness and efficiency, assessment of the risk of non-achievement of results, Roma focus, publicity, problems and good practices in programme management;
- Conclusions and recommendations per programmes.

The findings, conclusions and recommendations of the evaluator were used by the NFP in the decision-making process in preparing the national proposal for allocation of the reserve (as per art. 1.1 of the Regulations on implementation of the EEA and Norway Grants). Furthermore they will be used as a reference point in further monitoring of the programmes and in the programming of the new programming period.

### Main findings and conclusions

The goals of the implemented programmes can be evaluated as adequate to the needs and problems of their target groups;

The needs identified by the stakeholders in the preparation of the programmes determine the logic and content of the planned interventions. At the time of the mid-term evaluation, no need has been identified to supplement or change the objectives and priorities of the evaluated programmes;

Regarding the design of the programmes, two partner organizations from the donor countries (DPPs) express considerations that could be taken into account when structuring the next

programming period of the EEA FM and the NFM - the way in which the programme areas for local development (PO 10), inclusion and empowerment of the Roma (PO 07) and children and young people at risk (PO 08) are combined is to the detriment of a fully systematic and a comprehensive approach to local development, as the focus is usually on measures to support disadvantaged groups and not on the dynamic development of local communities. If local development is the main focus of the programme, there could be more integrated measures in this area. The DPP of the Justice programme (the Norwegian Correctional Service – KDI) proposes in future programming periods a separate programme for the correctional services sector to be launched;

The implementation of the activities under all programmes has started, which, however, is uneven and varying progress has been noted in their implementation; starting and reaching the implementation phase of projects takes a long time, and in the middle of the programming period a significant share of projects have not started or are in the initial implementation phase, which could create a potential risk for their effective implementation;

The implementation of the programmes, projects and specific measures and activities financed by the EEA FM and the NFM is at an early stage or has not started at all, which does not allow for definitive assessments of their effectiveness and efficiency;

No insurmountable obstacles to the implementation of the objectives and results of the programmes have been identified, although difficulties and a lower effect of some of the implemented activities (such as field work, exchange of experience, exchange of visits with partner organizations, organization of educational and cultural events, monitoring of ongoing projects on site and others) are reported.

The amount of the provided financial support under the EEA FM and the NFM for the individual programmes can be assessed as significant and corresponding to the pre-set program goals and the needs of the target groups. The financial resources allocated for the implementation of specific projects are also assessed as sufficient to achieve the expected results;

Main risks for non-achievement of planned goals and results include:

- Epidemiological risks;
- Economic and political risks;
- *Risks of manipulative formation of negative public attitudes towards FM of the EEA and NFM*
- *Insufficient administrative and project management capacity in small municipalities*
- *Delayed procedures for changing/updating programmes* - In the context of rapid and sometimes radical changes in the socio-economic life, it is expedient to optimize the operational procedures in case of need for change and/or updating of the programmes.
- *Communication risks;*

Some aspects of the socio-political context in Bulgaria may negatively affect the effectiveness of the implementation of the national policy framework for Roma inclusion and the achievement of the goal of social inclusion and empowerment of the Roma.