

**Template for Strategic Report in 2018  
EEA and Norwegian Financial Mechanisms 2014-2021**

**Assessment of the contribution of the EEA/Norwegian Financial Mechanisms towards reducing economic and social disparities and strengthening bilateral relations**

**1. Status of programmes**

**General overview of the progress of implementation**

Bulgaria was the third beneficiary country that signed the Memoranda of Understanding for the EEA Financial Mechanism and the Norwegian Financial Mechanism (EEA FM and NFM) 2014 – 2021. The signature took place on 9 December 2016 and it ensured a very good launch in terms of timing of the programming process under all approved programmes. The intensive and very productive cooperation between POs, FMO and NFP in this period resulted in the following achievements:

- Bulgaria was the first beneficiary country with all Programme Agreements (PAs) signed in the period April – June 2018. The signature of all PAs took place within the period of the Bulgarian Presidency of the EU Council that was a very favourable circumstance with regard to publicity and visibility of the launch of the new programming period. It also contributed to highlight the common priorities and synergies at European level between the EU policy objectives and the policies supported under the Grants;
- Establishment of a Joint Committee on the Bilateral Funds and holding its first formal meeting on 25 September 2017;
- Elaboration and adoption of the Work plan for the Bilateral fund (BF);
- Elaboration of the detailed description of the Management and Control System (MCS) at national level and its approval by the FMO that allows payments to be made (in line with art. 5.7.5 of the Regulations);
- Launch of the first calls for proposals under the “Business Development and SMEs” programme on 22 June 2018;
- Launch of the Active Citizenship Fund.

Provided below is a summary table of all approved programmes under the EEA FM and NFM 2014 – 2021 for Bulgaria.

	<b>Programme</b>	<b>Programme Operator</b>	<b>Donor Programme Partners/IPOs</b>	<b>Budget in Euro, incl. national co-financing</b>
1.	<b>Local Development, Poverty Reduction and Enhanced Inclusion of Vulnerable Groups</b>	<b>Ministry of Education and Science</b>	KS and Council of Europe	41 176 471
2.	<b>Cultural Entrepreneurship, Heritage and Cooperation</b>	<b>Ministry of Culture</b>	Arts Council Norway (ACN)	11 764 706

	<b>Programme</b>	<b>Programme Operator</b>	<b>Donor Programme Partners/IPOs</b>	<b>Budget in Euro, incl. national co-financing</b>
3.	<b>Justice</b>	<b>Ministry of Justice</b>	Norwegian MoJ, Norwegian Correctional Services (KDI), CoE	35 294 118
4.	<b>Home Affairs</b>	<b>Ministry of Interior</b>	Norwegian Police Directorate, Norwegian Migration Directorate (UDI), CoE	25 294 118
5.	<b>Renewable Energy, Energy Efficiency, Energy Security</b>	<b>Ministry of Energy</b>	NVE, National Energy Authority	32 941 176
6.	<b>Environment protection and Climate Change</b>	<b>Ministry of Environment and Water</b>	Norwegian Environment Agency	15 294 118
7.	<b>Business Development, Innovation and SMEs</b>	<b>Innovation Norway</b>		28 500 00
8.	<b>Decent Work</b>	<b>Innovation Norway</b>		951 000
9.	<b>Active Citizens Fund</b>	<b>Open Society Foundation and partners</b>		15 500 000
10.	<b>Fund for Bilateral Relations</b>	<b>Council of Ministers (NFP)</b>		4 202 000

### Status of programmes

#### **Programme “Local Development, Poverty Reduction and Enhanced Inclusion of Vulnerable Groups”**

*Programme Operator:* Ministry of Education and Sciences

*Donor Programme Partners:* Norwegian Association of Municipalities (KS)

*IPO:* Council of Europe

*Programme budget:* 41,176,471 EUR (incl. 35,000,000 EUR grant and 6,176,470 EUR national co-financing)

The Concept Note was prepared in accordance with the Regulation under FM 2014-2021, the relevant Programme Areas and the MoU signed between the Donors States and Bulgaria. During the preparation phase intensive consultations and negotiations were held with the participation of the Programme Operator, the National Focal Point, the Financial Mechanism Office, the International Partner Organisation (Council of Europe - CoE) and the Donor Programme Partner (Norwegian Association of Municipalities – KS), as well as other stakeholders.

The CoE's role as an International Partner Organisation, as well as the pre-defined project proposed by the CoE were discussed during the visit in the Council of Europe's Headquarters, that took place in the period 22 – 23 March 2017 in Strasbourg.

The national stakeholder consultation organised in Sofia on 28 March 2017 was attended by approximately 30 representatives of national and local authorities, national and international NGOs, youth centres, community based organisations and the CoE and KS. The exchanged ideas and proposals were discussed during the first Concept Note drafting meeting held in Sofia on 29 March 2017 and fed into the first draft of the Concept Note.

The second and final Concept Note drafting meeting took place at the FMO premises in Brussels on 7-8 June 2017, and was attended by legal, financial, results-based management, sector and country responsible from the FMO who provided guidance and assistance during the discussions with the NFP, PO, CoE and KS. Detailed consultations were held on the programme outcomes and outputs, modalities of implementation, financial allocation and other matters.

After the positive assessment of the Concept note on the donor's site, in October 2017 started the preparation of the Supplementary Information and the Annexes to the Programme Agreement.

The Programme Agreement between the Financial Mechanism Committee and the National Focal Point for the financing of the Programme was signed on the official ceremony held on 23 May 2018, marking the 10 years anniversary of the contribution from the EEA FM and NFM.

The Programme implementation agreement between the NFP and the Ministry of Education and Science has been prepared and signed on 25 July 2018.

Under preparation are the Management and Control Systems at programme level.

A joint official opening and match-making event is planned to be held on 24-25 October 2018.

Programme objective will be attained through three outcomes:

- **Outcome 1:** Increased social and economic development in disadvantaged municipalities by way of for pre-defined projects, as well as one small grant scheme and one restricted call for proposals. The SGS will enhance local development through supporting innovative approaches for strengthening economic activities and generating jobs in targeted areas. The restricted call will address the four youth centers established under the period 2009-2014;
- **Outcome 2:** Enhanced social inclusion of children and youth" by way of one pre-defined project and two calls for proposals – the first call aim to support pre-school education and early childcare in remote, rural and/or poor settlements and the second call will support the establishment of new youth centers in communities with a large share of youth at risk, notably Roma;
- **Outcome 3:** Enhanced inclusion and empowerment of Roma by way of one pre-defined project and one call for proposal that will support integrated projects on improved access to education, employment, social and health services.

The conditions set out in the PA directly related to projects 'implementation and the fulfillment of which will be followed and reported by the NFP to FMO include:

- The maximum level of funding available for infrastructure shall be 50%;
- The NFP and PO shall seek coordination and synergies with other Roma inclusion relevant measures across the EEA and NFM;
- The sustainability of the youth centers and the services provided shall be ensured;
- For the indicators: "Annual number of economic initiatives implemented in disadvantaged municipalities" and "Level of acceptance by majority population (in project intervention areas) of Roma:, where the baseline value is "to be determined", the PO shall submit to the FMO the baseline value, together with a description of the method for data collection no more than 6 months after the finalisation of the selection process. The updated baseline value shall be agreed upon through a modification of the Programme Agreement;
- For the pre-defined project 5 "Include – Building Capacity for inclusion in Bulgaria" with a Project Promoter: Council of Europe, the appraisal shall be externalized and carried out by a legal entity independent of and unrelated to the PO, as well as the verification of payment claims and of the project outputs.

### **Programme Energy Efficiency, Renewable Energy and 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)

The Programme Operator organized a Stakeholder meeting on 13 March 2017 with the participation of more than 30 representatives from other Ministries, agencies, industry, academia, associations and civil society. The Concept Note was prepared by the PO in consultation with the DPPs, FMO and NFP based on the results of the stakeholder meeting discussions and conclusions on the most precarious needs, funding gaps and challenges faced by the energy sector.

In accordance with Art. 6.2 (2) of the Regulation on the implementation of the EEA FM 2014-2021 the finally agreed version of the CN was submitted formally by the NFP to the FMO on 20<sup>th</sup> March 2018. On 17 April 2018 the NFP and PO were notified on the positive assessment of the donors and the start of elaboration and provision of supplementary information necessary at the CN to PA stage. The Programme Agreement was signed on 21 June 2018 thus bringing to a successful end of the stage of programming under the EEA FM and NFM for Bulgaria. The Programme Agreement was signed during a conference dedicated to energy efficiency and renewable energy.

In accordance with the signed PA the programme objective, "Less carbon intensive energy and increased security of supply" will be attained through three outcomes:

- **Outcome 1:** "Increased renewable energy production" shall be supported through two pre-defined projects "Feasibility study on utilizing the hydro power potential in existing water supply systems and upgrading potential for existing small hydro power plants in water supply systems" (PDP no. 1) and "System for Forecasts, Control and Management of HPP Generation and Dams Condition" (PDP no. 2); two open calls for proposals on hydropower and geothermal energy and one small grant scheme on capacity building and training for geothermal energy;
- **Outcome 2:** "Improved energy efficiency in buildings, industry and municipalities" will be supported through three open calls for proposals targeted at energy efficiency in buildings for public authorities; energy efficiency in industry; and rehabilitation and modernisation of municipal infrastructure.
- **Outcome 3:** "Strengthened expert capacity for renewable energy, energy efficiency and energy management" will be implemented through two small grants schemes supporting measures for

capacity building and training for renewable energy, energy efficiency and energy management and projects on monitoring of energy consumption of municipal authorities.

The conditions set out in the PA directly related to projects 'implementation and the fulfillment of which will be followed and reported by the NFP to FMO include:

- For PDP no. 2 the appraisal foreseen in Article 6.5.3 of the Regulation shall be externalised and carried out by a legal entity independent of and unrelated to the Programme Operator.
- For pre-defined project no. 2 the PO shall provide, with the first Annual Programme Report, a description of the benefits for the energy system in Bulgaria resulting from the project, including its contribution to increased renewable energy production in quantifiable terms.

Taking into account that energy efficiency and renewable energy represent a very important prerequisite for tackling environmental protection issues and reduction of the adverse effect of business practices and actions of public authorities and society in general on the environment are in the focus of several programmes the NFP and FMO will follow up synergies between Environment, Energy and Business and Innovation programme.

### **Environment Protection and Climate Change**

*Programme Operator:* Ministry of Environment and Waters

*Donor Programme Partner:* Norwegian Environment Agency (NEA)

*Programme budget:* 15,294,118 EUR (incl. 13,000,000 EUR grant and 2,294,118 EUR national co-financing)

The Programme Operator organised a stakeholder consultation with the participation of more than 20 representatives of public institutions and bodies responsible for the design and implementation of national policies as well as for harmonisation and enforcement of legislation in the sector, business associations and NGOs involved in activities that are directly related to environmental management and protection.

The programme Concept Note was elaborated in consultation between the PO, the DPP, the FMO and NFP based on the outcomes and conclusions of the stakeholder consultation. It was submitted formally by the NFP to the FMO on 15 December 2017. On 16 January 2018 the NFP and PO were notified on the positive assessment of the donors and the start of elaboration and provision of supplementary information necessary at the CN to PA stage. The very tight mobilisation of the PO and FMO allowed for the Programme Agreement to be the first one signed for Bulgaria on 10 April 2018.

In accordance with the signed PA the programme objective "Improved environmental status in ecosystems and reduced adverse effects of pollution and other human activities" will be attained through four outcomes:

- Outcome 1: "Monetary valuation system for all Bulgarian ecosystems developed" will be supported through one pre-defined project (PDP 1) "Valuation and implementation of ecosystems services (VAIES)";
- Outcome 2: "Assessment, monitoring and management system of marine waters developed" will be supported through one pre-defined project (PDP 2) "Science and Information towards Regional Environmental Action for the Black Sea (SCJRENA-Black Sea)", one open call for proposals and two small grant schemes - pilot models for marine water purification and measures to reduce marine litter;
- Outcome 3: "Improved municipal resource management (Circular Economy)" will be supported through one open call for proposals and one small grant scheme;
- Outcome 4: "Increased ability of local communities to reduce emissions and to adapt to the changing climate" will be supported through a pre-defined project (PDP 3) "Implementation of innovative measures for mitigation and adaptation to climate change in municipalities in Bulgaria", one open call for proposals and one small grant scheme (SOS).

The programme is expected to contribute as well to the development of bilateral relations between Bulgaria and the Donor States on carbon capture and storage (CCS).

The conditions set out in the PA related specifically to projects the fulfillment of which will be followed and reported by the NFP to FMO include:

- Prior to signing a project contract for PDPs 1 and 2 the PO shall carry out external and independent appraisal of both projects in order to verify their quality and contribution to the objectives of the programme as well as compliance with EU and national legislation;
- For PDPs no. 1 and 2 the Programme Operator's responsibilities regarding the verification of payment claims and project outputs shall be externalised and carried out by a legal entity independent of and unrelated to the Programme Operator. The FMC shall approve the entity to be charged with these tasks prior to the first disbursement to the projects;
- No costs shall be eligible under all three PDPs before their detailed descriptions and budgets, incl. the role and contribution of the donor project partners, have been submitted and approved by the FMC.

Taking into account that environmental issues and particularly protection of the environment and reduction of the adverse effect of business practices and actions of public authorities and society in general on the environment are in the focus of several programmes the NFP and FMO will follow up synergies between Environment, Energy and Business and Innovation programme”.

### **Cultural Entrepreneurship, Heritage and Cooperation**

*Programme Operator:* Ministry of Culture

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

*Programme Budget:* 11 764 706 Euro (incl. 10 000 000 grant and 1 764 706 national co-financing)

The Programme operator (PO) organised a Stakeholder Consultation on 11<sup>th</sup> April 2017 with the participation of 24 cultural sector representatives from national and local organisations and other cultural players in the area of cultural heritage, contemporary arts and minority culture. Based on the discussions and the PO's analysis, the challenges and needs have been identified and as a result, the first version of the Concept Note was prepared.

The Concept Note has been prepared in consultation with all relevant stakeholders at national level and Arts Council – Norway as Donor Programme Partner, and in close cooperation with the FMO.

In accordance with Art. 6.2 (2) of the Regulation on the implementation of the EEA Financial Mechanism 2014-2021 on 05<sup>th</sup> of December 2017 the NFP presented to FMC the final version of the Concept Note under the programme developed by the Ministry of Culture as a Programme Operator.

On 29 January 2018 the NFP and PO were notified on the positive assessment of the donors and the start of elaboration and provision of supplementary information necessary at the CN to PA stage.

The Programme Agreement was officially signed between the NFP and the FMC on 23<sup>rd</sup> May 2018 based on the MoU, the Concept note and comments made by the FMC.

The Programme Implementation Agreement has been prepared and will be signed between the NFP and PO by the end of July 2018.

The first meeting of the Cooperation Committee was held on 17<sup>th</sup> April 2018. The Cooperation Committee Agreement was signed on 3<sup>rd</sup> May 2018.

The programme objective “Social and economic development strengthened through cultural cooperation, cultural entrepreneurship and cultural heritage management”, shall be attained through three outcomes:

- **Outcome 1:** “Cultural heritage management enhanced”  
The outcome will be supported by way of two calls for proposals. Call no. 1 shall support projects on cultural heritage presented in revitalized, restored and renovated spaces. Call no. 2 shall support projects making cultural heritage accessible (digitalisation).

**Outcome 2:** “Access to arts and culture improved”

The outcome will be supported by way of two calls for proposals (calls no. 3 and 4). Projects supported under this outcome shall address audience development and cultural entrepreneurship. The aim under this outcome is substantial part of the projects to be implemented in partnership with organisation from the Donor States that will be facilitated by the Arts Council.

- **Outcome 3:** “Awareness of arts and culture of ethnic and cultural minorities improved (Roma focus)”  
The outcome will be supported through one Small Grant Scheme (SGS) to be implemented by way of two calls. Projects supported under this outcome shall contribute to reaching the target on Roma inclusion under this programme (at least 10% of the total eligible costs under the programme shall target the improvement of the situation of the Roma population in Bulgaria by using culture and art as a means for skills and capacity development or as a pathway into education).

The conditions set out in the PA the fulfillment of which will be followed and reported by the NFP to FMO include:

- At least 10% of the total eligible costs of the programme shall target the improvement of the situation of the Roma population. The fulfilment of this condition shall be reported on, through the use of quantitative and qualitative data, inter alia, in the annual and final programme reports;
- The maximum level of funding available from the total eligible expenditure of the programme for infrastructure (hard measures) shall be 60%;
- For the indicators: “Annual number of visitors to supported cultural heritage sites, museums and cultural activities” and “Annual revenues generated by cultural heritage objects safeguarded and revitalised” 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 six months after the finalisation of the selection of projects under the respective calls for proposals. The updated baseline value shall be agreed upon through a modification of the programme agreement.

## **Justice**

*Programme Operator:* Ministry of Justice

*Donor Programme Partners:* Norwegian Ministry of Justice and Public Security; Directorate of Norwegian Correctional Services (KDI)

*IPO:* Council of Europe

*Budget:* 35 294 118 Euro (incl. 30 000 000 Euro grant and 5 294 118 national co-financing)

The process of consultation with the stakeholders and non-governmental organisations on the priorities and its funding in the justice sector started in the beginning of 2016. A series of consultations preceded the elaboration of the Concept Note. On 1<sup>st</sup> of March 2017 consultations with representatives of the donor, relevant DPPs and stakeholders in PA 19 – *Improved correctional services* took place. On 16 March 2017 consultations for PA 21 - *Effectiveness and efficiency of the Judicial system, strengthening Rule of Law* took place focused on gender-based violence and domestic violence, as well as child friendly justice and Roma. Representatives of the donor, relevant DPPs and stakeholders from the state institutions and NGOs were consulted. On 17 March 2017 consultations for PA 21 focused on capacity building and strengthening the effectiveness of the judiciary, human rights and rule of law components took place with participation of stakeholders from the executive and the judiciary as the Supreme Judicial Council, the National Institute of Justice, the Institute of Public Administration, the Government Agent’s Office, and NGOs.

In accordance with Art. 6.2 (2) of the Regulation on the implementation of the NFM 2014-2021 on 9<sup>th</sup> of August 2017 the NFP presented to NMFA the final version of the Concept Note under the programme developed by the Ministry of Justice as a Programme Operator.

The Concept Note was given positive assessment by the NMFA in October 2017 and based on this the PO prepared the Supplementary Information necessary for the preparation of the Programme Agreement. The Programme Agreement was officially signed between the NFP and the FMC on 23<sup>rd</sup> May 2018. The Programme Implementation Agreement was signed between the NFP and PO on 05<sup>th</sup> July 2018. The first meeting of the Cooperation Committee was held on 25<sup>th</sup> April 2018 and the text of the Cooperation Agreement was discussed between all parties.

The programme objective “Strengthened rule of law” shall be attained through four outcomes:

- **Outcome 1:** “Improved correctional services” by way of 3 predefined projects;
- **Outcome 2:** “Improved application of European legal framework by the Bulgarian Judiciary” by way of three predefined projects;
- **Outcome 3:** “Improved capacity of Bulgarian Authority in the area of child friendly justice” by one pre-defined project and one small grant scheme and
- **Outcome 4:** “Improved capacity of the Bulgarian Authorities in the area of domestic and gender-based violence” by the way of two predefined projects and one small grant scheme.

In total the programme encompasses 9 pre-defined projects and 1 small grant scheme divided under two outcomes: Child-friendly justice and Domestic and gender-based violence.

The conditions set out in the PA the fulfillment of which will be followed and reported by the NFP to FMO include:

- At least 10% of the total eligible costs of the programme shall target the improvement of the situation of the Roma population. The fulfilment of this condition shall be reported on, through the use of quantitative and qualitative data, *inter alia*, in the annual and final programme reports;
- The maximum level of funding available from the total eligible expenditure of the programme for infrastructure (hard measures) shall be 70%;
- The National Focal Point shall ensure that the appraisal of the pre-defined projects is externalised and carried out by a legal entity independent and unrelated to the Programme Operator;
- For the predefined projects the Programme Operator’s responsibilities regarding the verification of payment claims described in Article 5.6.1 e) of the Regulation, and the verification of the project outputs described in Article 5.6.1 g) of the Regulation, shall be externalised and be carried out by a legal entity independent of and unrelated to the Programme Operator. The NMFA shall approve the entity to be charged with these tasks prior to the first disbursement to the pre-defined projects.
- The programme shall include measures to increase the use of alternative sanctions to imprisonment.
- During the implementation of the programme, the Programme Operator shall seek to ensure synergies with the programme ‘Home Affairs’ in order to strengthen the justice chain, *inter alia*, regarding access to justice, good governance, gender-based violence and trafficking in human beings.

### **Programme “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)

The process of identification of the priorities of the Home Affairs programme started in May 2016. The main priorities of the Concept Note were discussed during the kick-off meeting, other technical meetings, followed by the stakeholder consultations on 28 and 29 March 2017. A joint stakeholder consultation with the Programme Operator of the Justice Programme in Bulgaria was also held on 16 March 2017 on issues of common interest such as domestic and gender-based violence and child-friendly justice thus providing synergies between the two programmes.

In accordance with Art. 6.2 (2) of the Regulation on the implementation of the NFM 2014-2021 on 4<sup>th</sup> of October 2017 the NFP presented to NMFA the final version of the Concept Note under the programme developed by the Ministry of Interior as a Programme Operator.

On 18 December 2017 the NFP and PO were notified on the positive assessment of the NMFA and the start of elaboration and provision of supplementary information necessary at the CN to PA stage.

The Programme Agreement was officially signed between the NFP and the FMC on 23<sup>rd</sup> May 2018 based on the MoU, the Concept note and comments made by the NMFA.

The Programme Implementation Agreement was signed between the NFP and PO on 11<sup>th</sup> July 2018.

The second meeting of the Cooperation Committee was held on 24<sup>th</sup> April 2018 and the text of the Cooperation Agreement was discussed between all parties. During the period the PO received an advance payment under the Fund for Bilateral relations at the amount of 50 000 Euro.

The programme objective “Strengthened rule of law” shall be attained through four outcomes:

- **Outcome 1:** “Increased capacity of the national authorities in the asylum and migration area” by one open call in the field of return of third-country nationals and two pre-defined projects;
- **Outcome 2:** “Improved capacity of the law enforcement agencies in crime prevention and investigation” by way of six predefined projects;
- **Outcome 3:** “Improved situation by the Roma population” by way of four pre-defined projects. Projects supported under this outcome shall contribute to reaching the target on Roma inclusion under this programme (at least 10% of the total eligible costs under the programme shall target the improvement of the situation of the Roma population in Bulgaria) and
- **Outcome 4:** “Preventing and combatting corruption” by the way of two predefined projects.

The conditions set out in the PA the fulfillment of which will be followed and reported by the NFP to FMO include:

- At least 10% of the total eligible costs of the programme shall target the improvement of the situation of the Roma population. The fulfilment of this condition shall be reported on, through the use of quantitative and qualitative data, inter alia, in the annual and final programme reports;
- The maximum level of funding available from the total eligible expenditure of the programme for infrastructure (hard measures) shall be 63%;
- During the implementation of the programme, the Programme Operator shall seek to ensure synergies with the ‘Justice’ programme in Bulgaria in order to strengthen the justice chain, inter alia, regarding access to justice, good governance, gender based-violence and trafficking in human beings;
- The NFP and the PO shall seek coordination and synergies with other Roma inclusion relevant measures across the different programmes of the EEA and NFM;
- For the pre-defined projects the NFP shall ensure that the PO ensures that the appraisal is externalised and carried by a legal entity independent of and unrelated to the PO;
- For predefined projects no. 2, 3, 4, 5, 6, 7, 9, 10, 11 and 13, the Programme Operator’s responsibilities regarding the verification of payment claims described in Article 5.6.1 e) of the Regulation, and the verification of the project outputs described in Article 5.6.1 g) of the Regulation, shall be externalised and be carried out by a legal entity independent of and unrelated to the Programme Operator. The NMFA shall approve the entity to be charged with these tasks prior to the first disbursement to the pre-defined projects.

## **Business Development, Innovation and SMEs Bulgaria**

*Fund Operator:* Innovation Norway

*Programme budget:* EUR 28 500 000

Business Development, Innovation and SMEs Bulgaria is a business development programme aiming to increase value creation and sustainable growth in Bulgarian business sector.

*Areas of support:*

- Innovative technologies, processes and services
- Sustainable business development
- Greening of existing businesses and processes
- Development and implementation of innovative products and services

*Programme area specifics:*

Business Development, Innovation and SMEs Bulgaria will seek to stimulate and develop long-term business cooperation between Norway and Bulgaria based on business development and innovation. The aim is to allocate 75% of the funding to small and medium-sized enterprises. Priority will be given to bilateral partnership projects offering added value.

The Programme will consist of two focus areas:

- Green Industry Innovation
- Welfare Technology

The first Call for Proposals under the Programme was launched in May 2018. The total amount available for financing of projects from this call is EUR 17 855 000. 2 Grants Schemes are available through the present Call for Proposals:

1. Scheme for Proposals Green Industry Innovation:

Total amount available for financing projects for this grant scheme is: EUR 16 155,000.

2. Small Grants Scheme on Green Industry Innovation for SMEs:

Total amount available for financing projects for this grant scheme is: EUR 1 700 000.

The deadline for the submission of proposals is 11 October 2018.

By the end of 2018 is expected to be launched a second call for proposals within the Welfare Technology focus area.

### **Active Citizens Fund Bulgaria**

*Fund Operator:* Open Society Institute – Sofia, in partnership with the Workshop for Civic Initiatives Foundation and the Trust for Social Achievement Foundation

*Programme budget:* EUR 15 500 000

Consortium led by Open Society Institute – Sofia in partnership with the Workshop for Civic Initiatives Foundation and the Trust for Social Achievement Foundation was selected as a Fund Operator for Bulgaria following a tender procedure. The Programme Implementation Agreement between the Financial Mechanism Office and the Foundation Open Society Institute – Sofia was signed in end May 2018. The official launch of the Active Citizens Fund Bulgaria was held in Sofia on 7 June, 2018. The first call for proposals is expected to be announced in September – October 2018.

The objective of the Active Citizens Fund is “Civil society and active citizenship strengthened and vulnerable groups empowered”.

*Programme outcomes:*

- Strengthened democratic culture and civic awareness;
- Increased support for human rights;
- Vulnerable groups are empowered;
- CSOs actively address gender equality and gender-based violence;
- Increased civic engagement in environmental protection/climate change;
- Enhanced capacity and sustainability of the civil society sector including CSOs

*Programme area specifics:*

- At least 10% of re-granting funds for Roma empowerment and inclusion;

- Capacity and sustainability of the civil society sector;
- Outreach to under-served geographic areas and target groups ;
- Asylum-seekers and refugees will be one of the target groups;
- Scholarships for Roma students in medical/health studies will be provided through a Roma Scholarship component of the ACF. In addition, complementary mentoring and coaching will be provided.

*Support mechanisms:*

- Two calls for strategic projects (First call: 2018/19; 10 000 – 200 000 EUR (minimum 10% own contribution); duration 12-36 months; 3 months application windows; Second call: 2020/21; 10 000 – 200 000 EUR (minimum 10% own contribution); duration 12-36 months; 3 months application windows);
- Small initiatives scheme (up to 10 000 EUR; duration 2-12 months; evaluation of proposals every 6 months);
- Bilateral Fund envisaging 1) seed money facility, 2) match-making events, 3) support for small bilateral initiatives;
- Regional thematic conferences;
- Targeted capacity building measures for applicants and project promoters;
- Project Generation Facility (for development of Roma-relevant projects outside the Fund);
- “Building the Next Generation of Civic Leaders” in support of young CSOs leaders.

**Social Dialogue – Decent Work Programme**

*Fund Operator:* Innovation Norway

*Programme budget:* EUR 951 000

Programme’s objective is strengthened tripartite cooperation between employer organisations, trade unions and public authorities and the promotion of decent work.

*Areas of support:*

- Social dialogue and tripartite dialogue structures and practices
- Focus on the benefits of decent work
- Access to employment and participation in the labour market
- Gender equality and non-discrimination in the workplace
- Work-life balance
- Employee adaptability and life-long learning
- Youth employment
- Public sector social dialogue
- Tripartite dialogue on employment contracts, working hours, pensions and benefits
- Work-related crime Innovative technologies, processes and services

Stakeholder meeting on the Social Dialogue – Decent Work Programme took place in Sofia in March 2017. The main challenges identified were:

1. Decent Work

- Work-life balance (“sandwiched families”, little awareness, limited flexibility)
- Sectoral limitations on participation in federations
- Collective bargaining agreements (unclear procedures)

- Health and safety concerns often ignored (limited inspections and enforcement of legislation)

## 2. Access to employment

- Lack of education (life-long learning, mismatch with the needs of employers)
- Insecure employment (Increased use of “flexible contracts”)
- Too little mobility of workers
- Lack of trust between the parties

The Social Dialogue – Decent Work Programme is expected to be launched in September 2018.

## 2. Progress by the Joint Committee on 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)

The Agreement on the Bilateral Fund between Bulgaria and the donor states was signed on 29 September 2017. The first date of eligibility of expenditures was 9 December 2016.

In line with the requirements of art. 4.2 of the Regulations on implementation of the EEA FM and NFM 2014 – 2012 and following the signature on 9<sup>th</sup> December 2016 of the MoUs the National Focal Point initiated the establishment of a Joint Committee for the Bilateral Fund (JCBF) with the organisation of a preliminary meeting held on 9 February 2017. The meeting was attended by representatives of the FMO, the Norwegian Ministry of Foreign Affairs, the Norwegian Embassy to Romania and the NFP. The decisions taken at the meeting concerned the composition, role and main principles of the functioning of the JCBF, the elaboration of a Work Plan, *incl.* the design of its implementation system.

The formal establishment of the JCBF took place on 25 September 2017 at the Council of Ministers. The meeting was chaired by the Head of NFP and attended by nominated representatives of its members – NFP, Norwegian Ministry of Foreign Affairs represented by the Norwegian Embassy in Romania, the Ministry of Foreign Affairs of the Republic of Bulgaria, the Ministries of Foreign Affairs of Iceland and of the Principality of Liechtenstein. The FMO attended in its capacity of observer. The JCBF discussed and agreed on the Rules of Procedure of the JCBF and the Work Plan for the implementation of the BF prepared by the NFP in consultation with the members of the JCBF.

The agreed WP encompasses the following main bilateral activities and initiatives:

- Bilateral funds to programmes – in line with the allocations defined in the MoUs as well as a reserve of additional allocations for programmes that will be subject to justified requests submitted by the POs and approval by the JCBF;
- Three pre-defined initiatives with beneficiaries the Ministry of Regional Development and Public Works, the General Labour Inspectorate and the Bulgarian Ministry of Foreign Affairs;
- Activities of the NFP;
- Travel Support Fund;
- Small grants schemes – an indicative allocation was approved, further discussions on the possible topics would be held during the forthcoming 2<sup>nd</sup> JCBF meeting;
- Unallocated funds – the allocation of the funds to bilateral initiatives will be subject to a decision taken unanimously by the JCBF.

A description of the implementation system of the BF was included in the detailed description of the Management and Control System at national level that was approved by the FMO on 25 June 2018. Requests for advance payment as per the provisions of art. 3.3 of the Agreement on the BF have been submitted to the FMO on 26 July 2018. Taking stock of the possibilities for extraordinary advance payments to programmes

envisaged in Art. 4.6.5 of the Regulations advance payments amounting to 100,000 EUR have been transferred directly to the Programme Operators of the “Home Affairs” and the “Business Development and SMEs” programmes.

In the period following the 1<sup>st</sup> meeting of the JCBF and the approval of the Work plan the NFP has undertaken the following activities aiming to launch the actual implementation of the BF:

- A meeting was held with the participation of representatives of the beneficiaries of the three pre-defined initiatives to discuss the main future steps required to establish contacts with their potential donor partners and to identify jointly the scope of activities, the expected results and objectives and the respective budgets of the bilateral initiatives;
- The adaptation of the Unified Information System (UMIS) used for submitting of project applications, their assessment and selection to the specificities of the EEA and Norway Grants was underway in order to allow for launching of calls for proposals, development and submission of project applications;
- Elaboration of detailed internal Rules of Procedure for the technical and financial management of the actions funded under the BF and the Technical Assistance fund.

The next meeting the JCBF is planned for 10<sup>th</sup> September 2018. More information on the planned activities is included in p. 8 – Work Plan.

### 3. Management and Control System

The first version of the Management and Control System (MCS) at national level for the implementation of the EEA FM and NFM 2014 – 2021 accompanied by an Audit Opinion and a Compliance assessment Report, issued by the Audit Authority, were submitted to the FMO for review in August 2017. NFP was provided with comments by the FMO. They were reflected and the updated version, updated Audit opinion and Compliance Assessment Report were submitted to the FMO in May 2018.

On 25 June 2018 FMO officially confirmed that the description of the MCS at national level for the implementation of the EEA FM and NFM 2014 – 2021 meets the minimum requirements set in Art. 5.7.5 of the Regulations.

Regarding the elaboration of the MCS at programme level, NFP organized a meeting in June 2018 for the POs with the representatives from the Audit Authority (AA), Certifying Authority (CA) and the National Focal Point in order to discuss the specific requirements, which the MCS at programme level should meet. The POs presented their experience – lessons learnt and challenges in terms of elaborating and applying the MCS during the previous programming period and the Audit Authority presented the findings and recommendations from the conducted system audits, which will be taken into account when developing the MCS for the 2014-2021 period.

As a result of the meeting, NFP in consultation with CA will prepare a guidance for the MCS at programme level containing unified texts describing the common rules and procedures as well as horizontal issues applicable across programmes.

### 4. Communication

Following the approval of the Communication Strategy in November 2017 the NFP has proceeded with the implementation of the activities as follows:

- **Expansion of the [website of the NFP](#):** the website is currently restructured in order to serve as a portal for all programmes. Each PO has a dedicated subpage with the necessary functionalities to ensure proper visibility and transparency; video and written trainings for working with the website are provided to the POs. Proper expert capacity has been secured by all POs.

- **The Working Group for Communication** was established and already serves as an important tool for coordination of communication activities and a platform for discussion between the POs, the NFP and the Norwegian Embassy. Two meetings were held in the reporting period discussing upcoming events, visual identity, working with social media and a training for the new website;
- **Opening event** - held on the 23<sup>rd</sup> of May with the signature of 4 Programme Agreements. High level of participation – 1 Deputy Prime Minister and 4 Deputy Ministers and more than 100 attendees. The event was covered by more than 15 media. A photo exhibition marking 10 years of partnership with photos from supported projects was available on a public space close to the event;
- **Production of publicity materials** – the NFP has produced two banners following the recommendations laid down in the Communication and Design Manual. The banners are in Bulgarian and English and are used during public events. They are also available to the POs until they have their own;
- **Updates of the [Facebook page](#) and the website** – these have been ongoing tasks for the communication team at the NFP paving the road and raising the hype for the new programming period. The Facebook page of the NFP has now more than 970 followers and we look forward to celebrate our 1 000 milestone.
- **Baseline study** – a tender documentation has been prepared;
- **Production of a brochure** – developing a brochure with information for the start of the 2014–2021 period;
- **Media Monitoring** – still planning.

The overall evaluation of the so far implemented activities is very positive. Major tasks are already finalised and pave the road for a successful course of implementation. The main instruments of operation – website, facebook and the working group are set. There is a very high interest among potential beneficiaries. This is registered through the questions received from facebook and through the interest from the District Information Points where information events on the topic have been launched.

## 5. Risk assessment

A summary of the risks identified under programmes with corresponding mitigation measures is attached as Annex 1 to the Strategic Report.

## 6. Evaluation

***Provide an evaluation plan in the case that programme agreements have been signed for all programmes.***

The evaluation plan is attached as Annex 2 to the Strategic Report.

## 7. Roma Plan

**Draft Roma inclusion plan** on the 10% target for improving the condition of the Roma population in Bulgaria (2014-2021) was prepared in order to give a clear description of the measures that will target the Roma population in Bulgaria and how the target set in the Memoranda of Understanding will be achieved. The document gives an overview on the horizontal level of the possible synergy of the measures within different programme areas, as well as on the challenges and risks that lie ahead and the envisaged reporting and evaluation tools to be used for measuring progress.

An assessment of this plan will structure the dialogue on follow-up actions with the overall objective of maximizing the impact of support from the Grants towards the improvement of the situation of Roma in Bulgaria.

The implementation of the plan is a joint task of the NFP and the Programme Operators. Implementation will be based on the partnership principle with local communities and target group representatives. The draft document is in a process of internal coordination and will be submitted to the FMO before the Annual meeting.

## 8. Work plan

- The 2<sup>nd</sup> meeting of the JCBF was scheduled to take place on 10 September 2018.
- The Annual meeting, incl. a number of on-the-spot visits to projects implemented under EEA FM and NFM 2009 - 2014 was scheduled to take place on 25 – 27 September 2018 in Varna;
- Elaboration of guidelines for applicants under all type of measures/initiatives supported under the BF – by 30 September 2018;
- Elaboration and submission of applications for the approved pre-defined bilateral initiatives – in the 3<sup>rd</sup> quarter of 2018;
- Calls for proposals, appraisal of pre-defined projects are planned to take place in accordance with the indicative time schedule attached as Annex 3 to the Strategic Report;
- Six Cooperation Committee meetings will be held as follows: by the end of 2018; in the first half of 2019 and in the second half of 2019;
- A draft Roma plan has been prepared by the NFP and will be finalised after the discussions at the forthcoming Annual meeting;
- Submission and Approval of the Management and Control System at Programme Level – by November 2018;
- Submission of the Annual Programme Reports under the programmes – by 15 February 2019;
- Production of a brochure for the period 2014-2021;
- Uploading information on the programmes in the new single portal on the FMs in Bulgaria;
- Regular meetings with POs to discuss horizontal issues at programme level.

A more detailed indicative Work plan of activities planned under the individual programmes is attached as Annex 3.