

*STRATEGIC REPORT*  
*FM14-21*

Bulgaria

Reporting period:  
01 March 2023 - 29 February 2024

## Contents

1. Executive summary.....	4
2. Country Developments and effects of the Grants .....	5
3. Status of programmes.....	6
GENERAL .....	6
BG-JUSTICE Justice.....	7
BG-HOMEAFFAIRS Home Affairs .....	8
BG-LOCALDEV Local Development, Poverty Reduction and Enhanced Inclusion of Vulnerable Groups .....	9
In total 62 contracts are under implementation – 5 PdPs and 57 selected projects. 1 project is completed (PdP6/NSI). .....	9
In 2023 the procedure for selection of project proposals under the SGS Job Creation was completed and twenty-seven (27) contracts were signed. The time for implementation of the projects is 1 year (starting from April 2023) and strict monitoring on behalf of the NFP and PO is envisaged to mitigate the risks. ....	9
Following the flexibility options most of the contracts with the Project promoters were annexed to allow continuation of the implementation until the end of the eligibility period – April 30, 2024. Extension until November/December 2024 for the 4 new Youth Centres for reporting of the construction activities was annexed as the expenditures after April 30, 2024 are entirely on behalf of the beneficiaries. ....	10
BG-ENERGY Renewable Energy, Energy Efficiency, Energy Security.....	10
BG-ENVIRONMENT Environment Protection and Climate Change.....	11
In 2023 contracting was finalised with the award of grants to 4 projects on the reserve list of open call 3 Climate. 3 more projects (or 8 in total) were completed, 2 project contracts were cancelled, implementation of 23 projects was in good progress, as all projects were extended by 30 April 2024. PDP 1 and PDP 2 were downscaled and continued with implementation of important activities, incl. capacity building and methodology development.....	11
Two risky projects were identified – the sub-project of Varna municipality under PDP 3, that will not be implemented; the Sofia municipality project under Circular economy that will not be able to complete all activities. ....	11
4 PA modifications were approved, incl.: downscaling PDP 2 and PDP 1; reallocation of funds to reserve projects and to the Bilateral Fund for implementation of bilateral initiatives “Diffused inland pollution” and "SCIRENA II - Diagnostic analysis of the Black Sea marine environment”. Both initiatives were contracted in January 2024, their implementation is on-going with a tight time schedule.....	12
BG-CULTURE Cultural Entrepreneurship, Heritage and Cooperation .....	13
4. Status of bilateral funds.....	14

5. Management and implementation .....	16
a. Management and control systems (MCS) .....	16
b. Complaints .....	16
c. Irregularities.....	16
d. Audit .....	17
6. Monitoring and evaluation .....	18
a. Monitoring.....	18
b. Evaluation.....	19
Annex E: Communication summary .....	21
1. Best projects .....	21
2. Visibility of the Grants and the Donors .....	21
3. Media coverage.....	21
4. Website and social media .....	22
5. Visuals .....	22

## 1. EXECUTIVE SUMMARY

Contracted in total were 248 projects under programmes and 7 projects under the Bilateral Fund. Of these, 52 projects were completed, 2 PDPs were downscaled, 7 projects were terminated. All projects are at final stage of implementation, few will not be fully completed by the eligibility deadline and will make use of late delivery. The POs managed to address the risks identified a year ago - increase of prices, delay in procurements and downscaling of activities. The main future risks will be related to unforeseen circumstances at the last minute and to insufficient capacity of project promoters to prepare final reports and for POs for verification of expenditures.

Provision of additional funds to projects took place under Energy and Culture programmes. An additional amount of 2,1 mln. Euro was allocated to 28 projects (11 in Culture and 17 in Energy) to compensate for the high inflation process

Bilateral cooperation was strengthened through 2 new pre-defined initiatives at national level and the exchange of experience and best practices at programme level. 3 programmes requested additional funds from BF.

Monitoring was intensified and coordination with all stakeholders (POs, NFP, FMO, DPP and promoters) delivered results in tackling problematic issues.

Communication activities included regular update of the web portal and FB page with stories about projects that were visited or got in the focus of the NFP, quarterly meetings with the communication network, start of the shooting of videofilms – 3 already produced, continued media monitoring.

The Audit Authority carried out audit of projects for all 6 programmes and 2 funds with declared expenditure for accounting year 01.07.2022 - 30.06.2023, the Sixth Annual Audit Report and Annual Audit Opinion were submitted to FMO.

The CA certified expenditures amounting cumulatively to **73 932 959 Euro** ( **40 632 433 Euro** for the period) or 38% of the total allocation and transferred to the PO payments at the amount of **140 164 990 Euro** (**50 416 355 Euro** for the period) or 72% of the allocation to programmes. Three forecasts for likely payments under the Programmes were submitted.

Issues for the AM

- Flexibility after 30 April 24 - use of "late" delivery option, use of national funds to complete projects by the end of 2024;
- Non-completed projects' activities;
- Bilateral – possibilities for reallocations and use of the savings under the programmes;
- Lessons learnt;

- Timely closure of irregularity cases

## 2. COUNTRY DEVELOPMENTS AND EFFECTS OF THE GRANTS

Analysis of economic data for the period 2014–2024 show a steady increase of gross domestic product (GDP) in the country until the beginning of 2020 and start of Covid crisis. In 2020 Bulgarian economy experienced a 4.2% decrease in GDP and an average annual decrease in employment of 2.3%. Since then a gradual recovery takes place

According to preliminary data, the country's GDP in 2023 grew by 1.8%, (above EU average of 0.7%), inflation is estimated at 5.5%, unemployment rate at 5,6%, youth unemployment – 12,8%. FDI grew with 28% reaching 3,370 bln. Euro.

Yet, regional and local disparities in economic development remain significant. In 2023, there are 5 Bulgarian municipalities with less than BGN 1,000 gross added value per capita, and in over 100 municipalities - the gross added value per capita is less than BGN 5,000. For comparison, this value for the capital city of Sofia is BGN 32,000.

In 2023, unemployment in the country remains low, but along with it, the demand for labor is gradually decreasing and some of the structural problems remain unresolved.

Despite the high declared labor shortage, the rest of the unemployed do not manage to realize themselves - they either have inappropriate education and skills compared to the demand, or they are in regions where the demand is low.

In addition, the recovery of regional labor markets is highly uneven. In more than 2/3 of the municipalities, the number of employed remains below the record levels of 2019. In 2023, in 100 municipalities, the share of employed is below 20%. This reflects relatively low economic activity, weak local labor markets and the influence of nearby strong economic centers.

On April 2, early parliamentary elections were held and Government with rotating PMs was agreed between the leading parties. Local elections were held on October 29. This didn't lead to change in development priorities with regard to the Grants.

In these conditions, the Grants provided tangible support as the advanced implementation of projects delivered accumulated results and effects in all areas:

- 897 chronically ill and elderly people from 34 small distant settlements received medical care and social support services;

- 2250 children and more than 5900 Roma people benefited from integrated services;
  - over 450 sustainable new job positions created in municipalities with high rates of unemployment enabling unemployed people, people on low incomes, the elderly and young people to return to or enter the labor market
  - Improved access to justice - more than 7 000 legal consultations in remote neighbourhoods, local mechanism for countering DGBV developed and adopted at national level, more than 600 victims of DGBV received legal aid support;
  - Human Rights topic introduced as compulsory subject in Bulgarian Universities;
  - Improved conditions for migrants - more than 1900 UAMs received services (social, legal aid, language courses). Two centres for accommodation of refugees already operational in Sofia and Yambol;
  - Preserved cultural heritage and improved access to culture - digitalization of over 45 000 cultural heritage items, more than 44 000 people attended cultural events, mainly in small and remote settlements.
  - Increased share and diversity of renewable energy sources with high multiplication effect decreased CO2 emissions and saving of public funds of about 50%, higher quality and safety of external and internal living environment;
  - Built capacity at local level to address challenges of climate change and circular economy.
- 
- educational programmes developed and delivered to large number of stakeholders (3500 students, 81 schools, local administrations), building awareness, environmentally friendly culture and behaviour. The programmes were approved by the Ministry of Education and Science and trainings will continue.

### 3. STATUS OF PROGRAMMES

#### GENERAL

In the beginning of 2023 all outstanding calls for proposals were completed and selected projects contracted. Thus the total number of contracted projects grew to 255, incl. 248 under programmes and 7 under the Bilateral Fund. In addition bilateral initiatives at programme level were agreed by the Cooperation Committees and the POs launched assessment procedures and signed contracts for the implementation of the most mature ones. 52 projects were completed by the cut-off date of this report. These good results were achieved

due to the continued cooperation and joint work of the main stakeholders – POs, DPPs/IPO, FMO and NFM that had to overcome a sequence of obstacles with global and local impact. Getting out of the Covid crisis, followed immediately by the outbreak of the war in Ukraine, Bulgaria had to experience yet another source of instability and risk-bound situation related to 5 rounds of elections and changes of Government and local authorities.

Under these circumstances and without the possibility of extending the eligibility deadline for the projects, the overall assessment of the implementation is strongly positive. Out of the contracted projects 7 were terminated, as in some cases activities and results were accomplished, but the PO suspected fraud.

The POs made use of the flexibility rules to the degree possible, analysed savings and allocated them either to reserve projects or as additional funds to approved projects to compensate for the high inflation process. A small number of projects will use late delivery option or own funds to complete activities by December 3024.

Both technical and financial implementation was accelerated, POs took measures to increase their capacity and speed up verifications: certified costs increased to 73 932 959 Euro or 38% of the total allocation and payments to POs increased to 140 164 990 Euro or 72% of the allocation to programmes.

While the PO expert teams focused on monitoring, verification and reporting, on strategic level the Cooperation Committees identified serious potential for implementing bilateral initiatives at programme level, to expand the scope of bilateral cooperation, or to compensate for activities that for different reasons could not be realized under the programmes but are considered essential to the overall objectives.

Communication activities performed by the NFP and POs were increased in volume and in quality of demonstrating results and included publication of stories, media monitoring, the start of video-shooting of a series of 15 video films for selected good projects.

## **BG-JUSTICE Justice**

There is a significant progress in all projects that were under implementation – 8 PDPs and 9 projects under the SGS.

**PA 19: Under PDP 1** the renovation activities in Vratza and Petrich were completed and in the remaining three sites - Plovdiv, Burgas and Samoranovo are at final stage of implementation. Contractors were selected for delivery of equipment for the prisons in Plovdiv, Bobov Dol, Burgas and Petrich. **Under PDP 2** the construction works for the pilot prison, training centre and half-way

house are underway and should be completed by end of March 2024. All activities are carried out in accordance with the approved schedule and regular monitoring is performed. A staff training strategy was developed, including new training programs for prison staff, new curricula for initial and continuing training and an assessment and analysis of training needs. Workshops were held with the participation of Norwegian experts. Under **PDP 3** an update of the toolkit for offender assessment and introduction of new social impact programmes together with a software platform were implemented.

**PA 21:** All projects are at advanced stage of implementation. The projects contribute to development of a national mechanism to facilitate the process of execution of judgements of the ECtHR, introduction of Human Rights Law as compulsory discipline in Bulgarian Universities; development of law amendments for introduction of restorative justice as well as for the status and activity of the judicial interpreters; over 600 magistrates have undergone training on how to apply fundamental rights and the learning environment was modernised. Seven teams of Roma mediators and lawyers have provided more than 7 000 legal consultations in remote locations or neighbourhoods. More than 600 victims of DGBV have received legal aid support.

Under the **SGS** the project promoters introduced support services based on local-level partnership agreements for coordinated work with children in conflict with the law. Five projects address the issue of the improved capacity of Bulgarian Authorities in the area of DGBV.

All conditions from the PA were addressed – the hard measures remain below 70%; there is external verification and monitoring of projects; alternative measures to imprisonment are in focus of PDP 3; participation of the PO in key events as conferences, Cooperation Committee meetings, the SYNERGY Network.

11 out of 17 projects are implemented in partnership with Norwegian entities. In addition, seven bilateral initiatives have been carried out and there is substantial interest for future bilateral activities.

## **BG-HOMEAFFAIRS Home Affairs**

In total 19 projects were under implementation during the reporting period.

Under the *second call on asylum and migration* four projects were approved but one of the Project Promoters decided to terminate the contract due to lack of administrative capacity. The total savings in the Home Affairs Programme reached 503,576.45 euro, comprising 303,508.00 euro as undistributed funds from calls for proposals and 200,068.45 euro from the budget of the cancelled project. Based on a decision of the CC Meeting a reallocation request was processed for reallocation of 428 040 Euro Norway grants part from the



programme to Bilateral Fund at programme level. The relevant changes in the MoU are in force since 28<sup>th</sup> February 2024.

Most of the pre-defined projects are at advanced stage of implementation with some rescheduling of activities, reallocation of funds and extension of the period of implementation by April 2024. Promoters managed to sign most of the foreseen public procurements - renovation and furnishing premises, trainings, focus group meetings and study visits, improvement of conditions of Roma population, accommodation of migrants, support and provision of services in safety zones, delivery and putting into exploitation of different types of equipment. In some cases, the projects are identified as riskier and the PO will use the new provisions on "late" delivery of equipment – under PDP 5 (language courses), PDP 6 (mobile laboratories, IT equipment), PDP 8 (supply of shore river radars, renovation of administrative buildings in Ruse, Vidin, Smolyan and Gotse Delchev) and PDP 13 (delivery of software and hardware for GDNP). The total amount that is still considered at risk is 1 921 449 Euro. In order to mitigate the risk, the PO will allow payments to be made by the end of April 2024 and implementation of the contract by the end of December 2024.

All conditions from the PA has been addressed related to maximum level of infrastructure, synergy with Justice Programme, external appraisal and verification of pre-defined projects. The projects related to Roma focus have substantial progress during the period and the achievement of the 10% allocation is considered realistic.

Ten possible partnerships were identified by the DPPs and IPO in the area of migration and asylum, organized crime, domestic and gender-based violence, hate crime, environmental crime, anti-money laundering, digital forensics, forensic pathology. The CC Meeting shall rank the projects that could be financed with the amount available after the reallocation.

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

**In total 62 contracts are under implementation – 5 PdPs and 57 selected projects. 1 project is completed (PdP6/NSI).**

**In 2023 the procedure for selection of project proposals under the SGS Job Creation was completed and twenty-seven (27) contracts were signed. The time for implementation of the projects is 1 year (starting from April 2023) and strict monitoring on behalf of the NFP and PO is envisaged to mitigate the risks.**

At the beginning of 2023, an Annex to the contact for PdP1 was signed and the initial budget of 1,200,000 euro was reduced to 892,000 euro, without change in the activities and set indicators. The amount of 308,000 euro was reallocated for financing projects under the SGS. Due to the high interest in the SGS

procedure the amount of 126,324 euro was also reallocated from PdP6 after verification of the final project report.

Additional savings were identified due to the cancellation of two projects – one under SGS for 147,174 euro and one funded under the Integrated measures for 500,000 euro or total 647,174 euro. Out of it 97,305 euro were reallocated to the PdP5. The rest of the savings – around 550,000 euro were reallocated to the management cost for implementation of long-term training course for youth workers and Roma educational mediators, employed under the projects funded by the Programme.

**Following the flexibility options most of the contracts with the Project promoters were annexed to allow continuation of the implementation until the end of the eligibility period – April 30, 2024. Extension until November/December 2024 for the 4 new Youth Centres for reporting of the construction activities was annexed as the expenditures after April 30, 2024 are entirely on behalf of the beneficiaries.**

Most of the programme's indicators are achieved and there is only a very small number of indicators that could be below the expected target -

All conditions from the PA have been addressed – the level of hard measures is below 50 % (currently under 35% % - contracted and in set in calls). The PO and the NFP have good coordination and seek synergies with other Roma inclusion relevant measures through participation in coordination meetings and regular exchange of information.

33 projects out of total 62 projects have Donor project partner. 23 projects have been able to organise bilateral activities.

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

With contracting in early 2023 of the last 19 projects (2 under call 5 and 17 under SGS), the PO focused on implementation. Activities were completed for 34 out of the 64 supported projects – PDP 1, 21 projects under call 5, 5 projects under Call 2, 6 projects under call 3 and 1 SGS project. As a result, a benchmark was achieved through the first NTZB, geothermal potential was revealed as an accessible alternative and all projects demonstrated integrated advantages in savings, reducing emissions and improving the quality and safety of external and internal living conditions. Important tool with long-term impact is the monitoring system for energy consumption and efficiency installed under the projects.

In response to the risk mitigation measures proposed by NFP and the audit findings of KPMG the PO undertook corrective actions, incl. regular risk assessment of projects, monthly meetings with promoters of projects ranked with medium and high risk to discuss developments, challenges, public procurement issues, etc. This close monitoring allowed the PO to be well acquainted with the status and to encourage promoters to take actions in a timely manner. As a result, by February 2024, except for 1 project for geothermal energy that will not be completed (with promoter Sofia municipality), there are no projects at high risk for completion.

In mid-2023 the PO estimated the available savings and consulted with DPPs, NFP and FMO to launch, in compliance with the flexibility measures (FMO letter dated 9 June), a call for additional funding to already approved projects to compensate high inflation prices. The call took place in 3 rounds and additional funding at the total amount of 1.7 mln. Euro was provided to 17 projects under Calls 2, 3 and 5. All conditions from the letter were fulfilled.

A Concept for 5 on-line trainings, incl. topics and target groups was agreed with tentative timeline the 2<sup>nd</sup> half of 2024.

The following bilateral initiatives took place:

- study visit to Oslo on advantages of energy efficiency, security and RES with participants from NEK AD, the Hydropower Association and PO;
- seminar and meetings in Iceland in the field of RES, energy efficiency and start-ups.

A reallocation of 180 000 Euro to the BF at programme level was approved by the donors based on a concept for bilateral initiative between PO and Orkustofnun, Iceland. The detailed development of the initiative and its implementation is forthcoming.

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

**In 2023 contracting was finalised with the award of grants to 4 projects on the reserve list of open call 3 Climate. 3 more projects (or 8 in total) were completed, 2 project contracts were cancelled, implementation of 23 projects was in good progress, as all projects were extended by 30 April 2024. PDP 1 and PDP 2 were downscaled and continued with implementation of important activities, incl. capacity building and methodology development.**

**Two risky projects were identified – the sub-project of Varna municipality under PDP 3, that will not be implemented; the Sofia municipality project under Circular economy that will not be able to complete all activities.**

**4 PA modifications were approved, incl.: downscaling PDP 2 and PDP 1; reallocation of funds to reserve projects and to the Bilateral Fund for implementation of bilateral initiatives “Diffused inland pollution” and “SCIRENA II - Diagnostic analysis of the Black Sea marine environment”. Both initiatives were contracted in January 2024, their implementation is on-going with a tight time schedule.**

The MoU special concern on CCS was addressed with the first study visit to the Netherlands and Norway of representatives from ministries and the business sector with the purpose to promote cooperation and exchange of experience in CO2 capture, transport and storage. Preparation of two follow-up activities is underway.

The on-going projects continue to deliver results that contribute to the efforts of Bulgaria to meet high EU targets in environment protection:

- Methods and technological solutions for keeping marine water clean were applied and awareness disseminated among all Black sea municipalities;
- Management of nature resources will be done on the basis of eco-system approach;
- The share of waste recycled target is almost achieved;
- Increased knowledge and capacity at local level to address the challenges of climate change through provision of training to more than 60 municipalities;
- the developed educational programmes were approved by Ministry of Environment and Ministry of Education and Science and will remain in the curriculum for the next years.

The partnership with donor states at programme and project level yields tangible results and very good examples of cooperation in the field of local governance, scientific collaboration, community based approaches.

The programme is well recognized among target groups and society due to the critical topics it tackles, but also to the multi-partners approach in projects' implementation that led to partnership networks involving large number of schools and municipalities.

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

In total 51 projects selected in 5 open calls for proposals are under implementation.

The three projects under Output 1.2 - Digitalisation call are under implementation with approximately 40 000 units already digitalised. However, there will be need for flexibility measures to be used for the projects of the National Theatre (failing to procure the purchase of video recording and digitisation equipment to be used after the project's completion) and of the Russe Municipality (the progress is still very slow to reach the set indicators). The possibility to continue the projects' implementation with own funds after 30<sup>th</sup> April 2024 will be considered.

In June 2023 the eligible 14 applicants under Output 1.1. with predominantly hard measures were given the opportunity to apply for additional funds of up to 25% of their contract grant. In November the PO signed 11 annexes to grant contracts under Output 1.1 amounting to additional EUR 407,065.82. The remaining leftover under the programme after the completion of the procedure is EUR 545 079,16.

9 spaces were already revitalized under Output 1.1 (4 spaces under the project of Municipality of Plovdiv, 1 space by the Municipality of Vratsa, 1 space by the Municipality of Haskovo, 3 spaces in the Museum of Humour and Satire in Gabrovo). For some delayed projects - Historical Museum of Pavlikeni, National Theatre "Ivan Vazov", Haskovo Regional History Museum the possibility for late delivery will be considered.

Five out of 20 projects have already been completed under Outcome 2. There are two projects terminated by the PO and with requests to reimburse the transferred advance and interim payments – for one of the projects irregularity related to "fraud" was reported.

16 projects are under implementation under Outcome 3 (Roma focus). All Project Promoters adapted their implementation schedules to complete the project by 30<sup>th</sup> April 2024. Different types of events with Roma focus were organised: educational theatres, cinema workshops, cultural and educational events.

All conditions from the PA has been addressed: 12% of the total eligible costs aimed at improving the situation of the Roma population; the maximum level of infrastructure will remain within 60%; the baseline values were determined by the PO and included in the Programme Agreement.

Out of 51 projects, 38 projects include a cooperation with an entity from a donor country. The savings will be used for bilateral initiatives. A future bilateral initiative with the DPP is under preparation.

#### 4. STATUS OF BILATERAL FUNDS

On its IXth meeting in March 2023 and through two written procedures held in 2023 the JCBF took a decision to approve 3 requests for additional 100 000 Euro for each of the programmes Justice, Home Affairs and Environment and confirmed approval of all pre-defined initiatives already agreed by the members. Cooperation, discussions and the decision taking process within the JCBF has been very constructive and contributed to the achievement of bilateral objectives of the Grants.

Under the **NFP activities, incl. Travel support scheme**, no applications for travel support were submitted during the reporting period.

Under “**Strategic cooperation between Bulgaria and Norway in support of Bulgaria’s international commitments to combating antisemitism and preserving Jewish heritage**” the elaborated National Action Plan on Combating Antisemitism was adopted by the Council of Ministers on October 2023. “The Origins of Totalitarianism” book by the Jewish writer Hannah Arendt was translated and published. An exhibition of artifacts from 11 museums and archives, illustrating the history of the Bulgarian Jewish community was opened in March 2023. 23 poster designs from 12 Bulgarian artists and 3 posters from the Hungarian artist Peter Pochz were selected for the catalogue and mobile exhibitions of the poster collection “Posters and Memory”. An International youth conference, dedicated to the rescue of Bulgarian Jews was held in June 2023. The closing event, showcasing the project’s results took place in July 2023.

Under “**Barnahus project: Promoting multidisciplinary and interagency justice and response for child victims and witnesses of violence**” the contract was signed on 15 August 2023. In October and November meetings with the stakeholders were conducted to exchange expertise and experience with representatives of Sofia, Shumen and Montana municipalities, where the Barnahus model is partially implemented through Child Rights and Advocacy Centers “Zona ZaKmila”. A series of 6 webinars, which introduce its four rooms, as well as the Barnahus Quality Standards, including Barnahus virtual tour was conducted. The first roundtable took place in March 2024 as a preparatory groundwork before the study visit in Estonia.

Under “**Implementation of innovative combined support measures for supporting innovation and technological development and promotion of the internationalization of SMEs**” the contract was signed on 18 December 2023. In October 2023 the Executive Director of the Bulgarian Small and

Medium Enterprises Promotion Agency (BSMEPA), accompanied by a team of experts, conducted the first working visit to Oslo with the aim of introducing the Norway's innovation system by the management of "Innovation Norway", representatives of the Ministry of Trade and Fisheries, the Research Council of Norway, as well as Norwegian entrepreneurs. The topics covered were: available measures, initiatives, creative solutions for emerging innovators and companies. The opening event took place in January 2024. A key moment of the event was the official signing of the Partnership Agreement between BSMEPA and IN.

The activities under the **"Cooperation for decent work"** initiative were completed in December 2022 and the final payment was made in March 2023 after the approval of the Final Narrative and Financial Reports.

Under the **"Cross border dialogue v.2"** an Addendum to the contract was signed for extension of the project till 31<sup>st</sup> of December 2024. A delivery of communication and IT equipment was made in 2023 and January 2024. On 6<sup>th</sup> of February 2024, a contract was signed for elaboration of a Methodology for Data Visualization/graphical presentation of data and information for Cross Border Countries Programmes funded under INTERREG IPA Programmes, for which Bulgaria is a Managing Authority (Turkey, Serbia and Republic of North Macedonia). A study visit to Finland of representatives of the promoter planned for 18-20 of March 2024 is under preparation.

Under the **"Completion and equipment of Crisis Management Center at the Bulgarian Ministry of Foreign Affairs"** initiative a mobile application for crisis response "Travel informed" was developed and launched in November 2023. It upgrades significantly the capacity of the Crisis Management Center to react, help and evacuate Bulgarian citizens suffering distress abroad. A publicity campaign was held to familiarize the audience with the mobile application and to increase the awareness about the benefits of using it through media events, billboard advertising, placing advertising signs and stickers at border crossing points, Sofia, Burgas and Varna Airports and railway stations, social media, ect.

Under the **"Integration, cultural and educational center for refugees and migrants "Arms Wide Open"** initiative the National Focal issued a grant award decision in December 2023. The initiative's budget is 382 000 euro and the deadline is 30<sup>th</sup> of April 2025. The beneficiary is Sofia Municipality – District of Oborishte with partners Prios Kompetanse AS (PKAS), Norway and "Arms Wide Open" Association, Bulgaria. The Initiative's Implementation Agreement is under elaboration, while the expenditure under the initiative is eligible since December 2023. The activities aim to create a safe space for integration, education and culture for refugees and migrants.



## 5. MANAGEMENT AND IMPLEMENTATION

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

The national MCS were amended in December 2023 (version № 8) to reflect: changes in the NFP, related to the transfer from the CoM to MF, changes in the CA and AA. Draft version № 9 was prepared to reflect structural and technical changes related to: transfer back of communication functions to CCU Directorate as of 1<sup>st</sup> January 2024 – two experts from the new Department “Communication of EU Funds” have functions related to Communication and publicity of EEA FM and NFM; accountant function; some technical changes in the part of the Audit Authority.

### b. Complaints

Four signals were received:

–under “Home Affairs” that one of the contractors was not paid. The PO checked the contract, there is no evidence that the complainant has participated in any way in the project, no irregularity was detected;

- under the BF concerning the mobile application “Travel Safe” developed by the MFA. The NFP provided information on how the price was formed and what are the functionalities of the application;

- under “Home Affairs” submitted by a Ukrainian citizen for discriminatory and non-human treatment in a Centre for Refugees operated by Red Cross. The NFP requested the PO to carry out surprise on-the-spot visit to check the project’s implementation and is waiting for the results;

- under the ACF that two organisations benefiting from the Fund refused to assist the complainant in one legal case that should be in their competence as non-profit organisations. Information by the Operator has been requested.

### c. Irregularities

Four Quarterly Irregularity Reports were submitted – for 1Q2023, 2Q2023, 3Q2023 and 4Q2023.

Four irregularities were reported in 1Q2023, as follows:

- 2 under Local Development Programme (IR-220 - management costs and IR-221 - Youth Centre project in Burgas);
- 1 under Justice Programme (IR-22 – PDP 1 – Pazardzik prison),
- 1 under Home Affairs (IR-224 - error in management costs) and
- 1 under the Technical Assistance (IR-223).



No new irregularities were reported for 2Q2023, 3Q2023 and 4Q2023.

All irregularities reported to the FMO are detected by the Audit Authority. Two irregularities are at programme level, 2 at project level and 1 under the TA.

In addition, the NFP reported one irregularity under the BG-Culture Programme as immediate as it is related to “fraud” (IR-272). As a follow-up actions the PO has terminated the contract and has requested all amounts already paid to be reimbursed.

There are also irregularities not reported to the FMO in line with Art.12.5.3, c) of the Regulation – cases which relate to an amount below EUR 2,000 and not to public procurements (2 in BG-Culture and 1 in BG-Environment) and in line with Art.12.5.3, b) – cases which are corrected by the Programme Operators in the course of verification of the expenditure (5 in BG-Energy and 1 in BG-Environment).

The irregularities are related to infringements/deviations in public procurement procedures: conditions and requirements that give an unjustified advantage or unjustifiably limit the competition; the selection criteria set are not consistent with the subject, value, volume and complexity of the public procurement; unlawful evaluation methodology; unlawful amendments of contracts. In one case the irregularity is a clerical error.

The total amount of the irregularities reported through GrACE during the period is EUR 54 283,87 Euro, without IR-272 where the PO has terminated the contract and request the total amount of EUR 95 749 to be recovered.

In total 9 irregularity cases are still open (IR-95, IR-179, IR-180, IR-220, IR-221, IR-222, IR-223, IR-224 and IR-272).

#### **d. Audit**

The AA carried out: audit of projects for the sixth accounting year under all 6 programmes and 2 funds; a horizontal system audit of the effective functioning of UMIS; issuance of the sixth Annual Audit Report and Annual Audit Opinion; updating the Audit Strategy. Additional information on the audit results is provided in Annex D.

System audit commissioned by the FMO was carried out by KPMG. Draft audit report was issued on 2 February 2024, findings concern: annual monitoring plan; monitoring visits to high risk programmes; performance by the AA of a system audit of the NFP to assess effect of the transfer to MF. Finding No.1 and No.3 were accepted and implemented. The NFP developed annual monitoring plan for 2024 and on 29 February the AA launched an audit of the national system

The NFP expressed its justified disagreement with finding No.2. There is still on-going communication with the audit and a final report is expected.

## 6. MONITORING AND EVALUATION

### a. Monitoring

Monitoring activities were carried out at programme and national level in accordance with the progress in projects' implementation and the NFP assessment of risks related to the overall programme implementation. The monitoring activities included:

- **Project visits** – NFP visited projects to observe status or to attend events organized by the promoters and partners. The NFP has prepared an Annual Monitoring Plan for 2024.

On-site visits took place under all programmes, in accordance with the progress in projects' implementation:

- Project “Youth Center Plovdiv – powerful factor for local development”;
- Project “Establishment of a Center for integrated social and health Services at a one-stop-shop in Stolip[inovo]”;
- Project “Go Green local – active policies on local level for climate change mitigation and adaptation”, municipalities of Pernik and Bobov dol;
- Project “Increasing energy efficiency of municipal kinder garden “Bulgarche” and chitalishte “Hristo Botev 1925””, Anton municipality;
- Project “Enhancing the capacity of the prison staff, building a pilot prison facility connected to a training centre and improving the rehabilitation of prisoners”;
- Project Enhancing the national capacity for effective implementation of the judgments of the European Court of Human Rights”;
- Project “Completion and equipment of crisis management center at the Bulgarian Ministry of Foreign Affairs”

- **Regular status reporting** was requested by the NFP on projects that represent particular concern or for which important decisions have to be taken without delay (reallocation of funds, downscaling, need of additional funds or changes in the project consortium). In the reporting period such information was requested and follow-up communication was held with POs and promoters for the project:

- **BG Justice: PDP 2** “Enhancing the capacity of the prison staff, building a pilot prison facility connected to a training centre and improving the rehabilitation of prisoners” – NFP communicated with the PO and project promoter on a regular basis to ensure that the contract signed for the construction of the new prison will be finalised by 30<sup>th</sup> April 2024;
- **PDP 4 Healthcare for everyone** – two meetings were held (29.03.2023 and 01.11.2023), with participation of representatives of the beneficiary – management team, deputy minister of the Ministry of Health and employees of the Ministry of Health, responsible for public procurement, members of the National Network of Health Mediators, representatives of NFP and PO. Issues related to the serious delay of the public procurement procedures were discussed – reasons and schedule for the announcement of the public procurement procedures, deadlines, planning and expectations, as well as tracking progress in the implementation of activities and the achieving the indicators.
- all projects ranked with high and medium risk under BG Energy programme – the PO held monthly meetings with project promoters and submitted to the NFP detailed information per project on: status of implementation of all project activities/contracts, status of public procurement procedures, communication activities planned, overall status of the project and risk for non-completion ;
- all projects under BG Environment – updated information on the status of all projects was submitted to the NFP on a regular basis.
- **Technical meetings** – a series of technical meetings took place in November 2023 to discuss status of implementation of the programmes, identified risks/challenges – risks of non-completion of projects, status of problematic public procurements; financial implementation, savings, reallocations, estimated absorption rate; planned activities (updated milestones) by the end of 2023/April 2024.

## b. Evaluation

No evaluations have taken place in the reporting period. The NFP started the preparation of the Terms of Reference for the evaluation to be carried out on all programmes managed at national level, including the Bilateral Fund and a Thematic evaluation on the achievement of the Roma target. The evaluation was coordinated with the FMO. The announcement is expected in April 2024



## Annex E: Communication summary

### 1. Best projects

BG-CULTURE-0049 „United in diversity”

St. St. Cyril and Methodius National Library works in partnership with The Vigdís Finnbogadóttir Institute of Foreign Languages from Iceland, as well as with Bulgarian minority organisations to present the culture of Roma, Armenian and Jews. This led to numerous public meetings called “Ethno Coffee” with authors from all three ethnic groups, as well as the publishing of books. Among them stands the [“History of the Roma Literature”](#) written by a Sofia Zahova – a dedicated Roma researcher, living in Iceland and working at the Donor Project Partner.

BG-CULTURE-0045 “Inspiration – art for change”

The State Puppet Theatre of Sliven, together with the Norwegian cultural organisation K:13 work for social integration of Roma children through art. During several workshops and rehearsals the children and their mentors developed a new theatre play [“The bird of happiness”](#), based on Roma legends and fairy tales. The premier was at the end of January 2024. Additional activities included dance lessons, puppet creation workshops, acting lessons, etc.

### 2. Visibility of the Grants and the Donors

9 video clips have currently been produced by a company contracted by the NFP and are yet to be published on Facebook and the web portal. Paid Facebook promotion will be provided as well.

1 project story have been created by the NFP for the reporting period and published in the dedicated section on our website:

<https://www.eeagrants.bg/en/stories/tradicziite-na-blgariya-i-norvegiya-razkazani-za-decza>

### 3. Media coverage

<https://bnr.bg/post/101966644/romskata-literatura>

<https://www.bta.bg/bg/news/lik/606323-osemnadeset-detsa-ot-romski-proizhodshte-izlyazat-na-stsenata-na-slivenskiya-ku>

<https://darik.bg/dkt-sliven-prikluchi-proekt-s-fokus-varhu-romskata-obstnost>

<https://rousse.info/%D0%B4%D0%B2%D0%B5-%D0%BD%D0%BE%D0%B2%D0%B8-%D0%BF%D0%B8%D0%B5%D1%81%D0%B8-%D0%BE%D1%82-%D0%B4%D0%B5%D1%86%D0%B0-%D0%B7%D0%B0->

<https://www.bta.bg/bg/news/bulgaria/641933-obshto-151-detsa-i-mladezhi-ot-ukrayna-sa-poluchili-podkrepa-po-proekt-na-karit>

<https://www.bta.bg/bg/news/bulgaria/641933-obshto-151-detsa-i-mladezhi-ot-ukrayna-sa-poluchili-podkrepa-po-proekt-na-karit>

<https://novini247.com/novini/na-29-03-2024-g-ot-17-00-ch-v-7658401.html>

<https://news.bg/crime/pusnaha-mobilno-prilozhenie-za-podavane-na-signali-za-korupsiya-v-mvr.html>

#### 4. Website and social media

Link to the National Focal Point's (EEA and Norway Grants) webpage	Total number of page views in the reporting year
<a href="https://www.eeagrants.bg/en/">https://www.eeagrants.bg/en/</a>	19000

	Link or account handle	Number of posts published in the reporting year	Number of followers
Facebook	Facebook <a href="https://www.facebook.com/EEANGBulgaria">https://www.facebook.com/EEANGBulgaria</a>	182	1955

#### 5. Visuals

The NFP has published photos from the Second Roma Round Table at the eealibrary. The total number of photos published either by POs or PPs for the reporting period is around 400.