



REPUBLIC OF BULGARIA

**MINISTRY OF TRANSPORT,
INFORMATION TECHNOLOGY AND COMMUNICATIONS**

**COORDINATION OF PROGRAMMES AND PROJECTS
DIRECTORATE**

MANAGING AUTHORITY

OPERATIONAL PROGRAMME ON TRANSPORT 2007-2013

ANNUAL REPORT

2010



По-близо, по-близки...

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SUMMARY

The annual report on the implementation of Operational Programme on Transport 2007-2013 was drafted in accordance with Article 67 of Council Regulation (EC) 1083/2006 and in compliance with the requirements of Commission Regulation (EC) 1828/2006. It follows the structure presented in Regulation 1828/2006 for the drafting of Annual reports and the structure established over the previous years of the annual reports on the implementation of Operational Programme on Transport 2007-2013.

It is a positive fact that at the end of 2010 there was growth in the allocated and paid funds compared to 2009, namely about 30% in the form of allocated funds and 5.6% - paid from the total programme budget. Despite that, the absorption level is lower than desired.

At the end of 2010 there were projects approved and grant contracts signed under four of the five priority axes, except for priority axis IV “Improvement of the maritime and inland-waterway navigation.” The European Commission approved the second major infrastructure project under OPT – “Completion of Trakia motorway, lots 2, 3, and 4”, while at the end of 2010 the MA sent to EC the application form for phase 2 “Parvomai – Svilengrad” of the railway project “Plovdiv – Svilengrad,” whose implementation started under the ISPA programme (subsequently CF Regulation No. 1164/94).

For the purpose of compensating for the resulting delay in the preparation and implementation of projects, a priority was given to the implementation of projects at an advanced stage of preparation or already under implementation. With this regard, OP “Transport” was revised in December 2010, by adding to Priority Axis 1 the incomplete section of the railway project “Plovdiv-Svilengrad” and the second stage of the Sofia metro project. For the purpose of ensuring the funding needed, 60 million Euro were transferred from Priority Axis 2 to Priority Axis 1. The effect of the changes made is expected to become noticeable in 2011 after the completion of many of the tender procedures and improvement of the project application forms under the first priority axis. It is also expected to achieve a tangible increase in the absorption of funds under the programme in the second half of 2011.

In 2010, OP “Transport” was given a positive assessment of the existing management and control systems, which led to the execution of the first interim payments by the EC. It remains a concern that by the end of 2010 they remained very low compared to the contracted funds. The completion of a number of tender procedures and the launch of the construction of several infrastructure projects in the next year is expected to lead to an increase in payments to beneficiaries, respectively interim payments from EC under the programme. Detailed information on payments made under OPT by the end of 2010 is available in item 1.2. of the report.

For the purpose of greater clarity in connection with the implementation of OPT, the 2010 Annual Report is divided into two main sections – one on the overall progress of the implementation of the programme by the end of 2010, and a second one on the implementation by priority axes.

In line with the requirements for the layout of the Annual Report and for the purpose of comprehensiveness, **Section II Overview of OPT Implementation in 2010** gives information on the OPT physical and financial implementation as of 31 December 2010. Certain physical progress has been identified under the programme in 2010 compared to 2009, which, is not fully satisfactory. The programme financial implementation increased to some extent, and as of 31 December 2010 the allocated amounts stood at 30% of the programme's budget, compared to about 12% as of 31 December 2009. The progress marked in terms of allocated funds is mainly due to the conclusion of the grant contract for the completion of “Trakia MW.”

Section III Implementation of Operational Programme on Transport by Priority Axes presents information on the progress in the preparation and implementation of separate major projects by priority axes. A positive fact is that in 2010 the European Commission approved Bulgaria's second major infrastructure project under the programme – the completion of the MW "Trakia". On the other hand, the delay in the preparation of other major projects to be funded by the OPT remains a serious threat. A corrective measure in this context was the revision of the programme, details of which are included in item 7.1 – Meetings of the Monitoring Committee.

ACRONYMS

MW – Motorway

PPA – Public Procurement Agency

RIA – Road Infrastructure Agency

BTC – Bulgarian Telecommunications Company

BULRIS – Bulgarian River Information System

DG – Directorate General

GIS – Geographic Information System

EFA – Executive Forest Agency

SG – State Gazette

BPIC – Bulgarian Ports Infrastructure Company

EBRD – European Bank for Reconstruction and Development

EC – European Commission

EIB – European Investment Bank

UIP – Unified Information Portal (www.eufunds.bg)

EC – European Communities

ERDF – European Regional Development Fund

EU – European Union

PIU – Project Implementation Unit

LSP – Law on Spatial Planning

AEUFEA – Audit of EU Funds Executive Agency ИА

LEP – Law on environmental protection

LPP – Law on public procurement

EA – Executive Agency

EAMDR - Executive Agency for Exploration and Maintenance of the Danube River

ISPA - Instrument for Structural Policies for Pre-Accession – a programme which is a basic EU pre-accession financial tool (ISPA)

UMIS – Unified Management Information System – information system for management and monitoring of the resources from EU Structural Funds and the Cohesion Fund

MC – Monitoring Committee

CP – Communication Plan

CPPD – Coordination of Programmes and Projects Directorate

CF – Cohesion Fund

MOEW – Ministry of Environment and Water

MRDPW - Ministry of Regional Development and Public Works

CM – Council of Ministers

MS – Metro station

MT – Ministry of Transport

MTITC – Ministry of Transport, Information Technology and Communications

MF – Ministry of Finance

IFIs – International Financial Institutions

OASPPC - Ordinance for the award of small public procurement contracts

NIPCM – National Institute for Protection of Cultural Monuments

NIMC – National Institute for the Monuments of Culture

NRIC – National Railway Infrastructure Company’

NGOs – Non-governmental organizations

NSRF – National Strategic Reference Framework

NF – National Fund

EIA - Environmental impact assessment

OP – Operational Programme

OPT – Operational Programme on Transport

AEUFD – Audit of EU Funds Directorate

MCSD – Management and Control Systems Description

CMD – Council of Ministers Decree

DSDP – Detailed site development plan

RIEW – Regional Inspectorate of Environment and Water

RIS – River Information System

CCEUFM Council on Coordination of EU Funds Management

SM – Sofia Municipality

SRR – Sofia Ring Road

SMC – Sofia Municipal Council

TEC – Technical Expert Council

MA – Managing Authority

PHARE - a programme which is a basic EU pre-accession financial instrument for cooperation with the Central and Eastern European Countries

CCU – Central Coordination Unit

AFCOS – Anti-Fraud Co-ordination Service

ERTMS – European Railway Traffic Management System

JASPERS - Joint Assistance to Support Projects in European Regions - a joint initiative of the European Commission, EIB and EBRD for providing technical assistance in the preparation of major infrastructural projects

LOTHAR – a system for forecasting and monitoring of the financial implementation of operational programmes in Bulgaria

SAP – Software Accounting System

TEN-T – Trans-European transport network

VTMIS – Vessel Traffic Management Information System

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I. IDENTIFICATION

OPERATIONAL PROGRAMME	Objective: Convergence
	Eligible area concerned: Bulgaria
	Programming period: 2007 - 2013
	Programme Number (CCI №): 2007BG161PO004
	Programme title: Operational Programme on Transport
ANNUAL IMPLEMENTATION REPORT	Reporting year: 2010
	Date of approval of the annual report by the Monitoring Committee: 08.06.2011

II. OVERVIEW OF OPT IMPLEMENTATION IN 2010**1. Analysis of the progress and the achievements**

As of 31 December 2010, 50 projects were approved under the Operational Programme on Transport 2007 – 2013, grants awarded at the total amount of EUR 599,415,677.36 (BGN 1,172,355,164.25), which equals about 30% of the programme's budget. The programme's beneficiaries have received payments at the amount of EUR 112,503,608.70 (BGN 220 037 933.00), or about 5.6% of the budget. The funds paid by the European Commission amount to EUR 72 752 829.29 (BGN 142 292 166.1), of which EUR 67 697 189.36 (BGN 132 404 193.9) from the European Regional Development Fund and EUR 5 055 639.93 (BGN 9 887 972.24) from the Cohesion Fund.

1.1 Physical implementation of OPT as of 31 December, 2010

Fifty projects have been approved under the Operational Programme on Transport 2007 – 2013 as of 31 December, 2010. Three of them are infrastructure projects – “*Electrification and Reconstruction of Svilengrad–Turkish border*”, implemented under Priority Axis 1; “*Completion of MW ‘Trakia’, lots 2, 3 and 4,*” implemented under Priority Axis 2, and “*Extension of the Metropolitan Sofia – Stage I ‘Road Junction Nadezhda’ – Cherni Vrah Blvd.*”, implemented under Priority Axis 3. The last two are major projects (over EUR 50 million) – the project for the extension of the Sofia metro was approved by the EC in 2009, and on 21 December EC approved the project “*Completion of ‘Trakia’ motorway*”. The only project in the water sector which is currently being implemented is the project for the construction of a River Information System on the Bulgarian territory of the Danube River, where by the end of 2010 no grant contract was signed. A serious delay was noted in the preparation and implementation of the project for the improvement of navigation along the Danube River, to which the biggest share of funds under Priority Axis 4 was allocated.

Actual progress in the implementation of the programme as of the end of 2010 was considerably lower than initially planned mainly due to the delay in the launch of projects in the OPT indicative list.

Table 1: OPT core indicators

Indicator		2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
Transport projects (number)	Achievement	0	0	2	3 ¹						3
	Target									15	
	Baseline	0									
New roads (km)	Achievement	0	0	0	0						0
	Target				81.7					248.9	
	Baseline	0									
New TEN roads (km)	Achievement	0	0	0	0						0
	Target				81.7					248.9	
	Baseline	0									
Reconstructed roads (km)	Achievement	0	0	0	0						0
	Target				290					880	
	Baseline	0									
Value for time savings in Euro ² (roads) (million Euros per year)	Achievement	0	0	0	0						0
	Target							150			
	Baseline	0									
New railroads (km)	Achievement	0	0	0	2.3						0
	Target				11.9					36	
	Baseline	0									
TEN railroads (km)	Achievement	0	0	0	2.3						0
	Target				269.6					817	

¹ Infrastructure projects under implementation² The value of the indicator is based only on the project for Completion of the Trakia Motorway, lots 2, 3, and 4

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	Baseline	0									
Reconstructed railroads (km)	Achievement	0	0	0	0						0
	Target				269.6					817	
	Baseline	0									
Value for time savings (railroads) (million Euros per year)	Achievement	0	0	0	0						0
	Target				0.79					2.39	
	Baseline	0									
Additional population serviced with improved urban transport (number)	Achievement	0	0	0	0						0
	Target				0			190 000			
	Baseline	0									

1.2 Financial implementation of OPT as of 31.12.2010

As of 31 December, 2010, 50 projects were approved under the Operational Programme on Transport 2007 – 2013, grants awarded at the total amount of EUR 599,415,677.36 (BGN 1,172,355,164.25), which equals about 30% of the programme's budget. The programme's beneficiaries received payments at the amount of EUR 112,503,608.70 (BGN 220,037,933.00), or about 5.6% of the budget. Contracted grants increased compared to 2009 by 18 percentage points, from 12% at the end of 2009 to 30% at the end of 2010. This growth is mainly due to the approval of the major infrastructure project for the Completion of the Trakia Motorway, lots 2, 3, and 4. The amount of funds contracted under Priority Axis 1 remains small. After the revision of the Programme in 2010, it is expected that grant contracts under this axis will be concluded for the total allocated budget. Tender procedures will be held and construction contracts concluded in parallel. The expectation is that at the end of 2011 the delay in the absorption of funds under Priority Axis 1 will be compensated. The major contribution will come from the project for the construction of the Sofia metro, Stage II.

It remains a concern that under Priority Axis IV – “Improvement of the maritime and inland-waterway navigation” no grants have been contracted, and no payments made respectively. The beneficiaries EAEMDR and BPIC have proposed for implementation a number of alternative projects, whose preparation was ongoing in 2010 and is expected to have an impact on the financial implementation of the Programme in 2011.

Payments are rhythmically made under Priority Axis 3 “Improvement of intermodality for passengers and freight” and Priority Axis 5 “Technical Assistance”, where no serious problems in the financial implementation have been identified.

Detailed information on the financial implementation of the programme is available in the tables below.

Table 2: Breakdown (EUR) of EU assistance by priority axes

Priority Axis – EU Fund	Community co-financing	National co-financing	National co-financing		Total funding	Rate of EU Funds contribution	For information	
			National public funding	National private funding			EIB funding	Other funding
	(a)	(b) = (c) + (d)	(c)	(d)	(e) = (a) + (b)	(f) = (a)/ (e)		
Priority axis I – “Development of railway infrastructure along the Trans-European and major national transport axes” – CF	464 000 000	116 000 000	116 000 000	0	580 000 000	80 %	0	0
Priority axis II – “Development of road infrastructure along the Trans-European and major national transport axes” – CF	791 669 892	197 917 473	197 917 473	0	989 587 365	80 %	0	0
Priority Axis III – “Improvement of Intermodality for Passengers and Freight” – ERDF	179 429 731	31 664 070	31 664 070	0	211 093 801	85 %	0	0
Priority axis IV – “Improvement of the maritime and inland-waterway navigation” – ERDF	133 322 500	23 527 500	23 527 500	0	156 850 000	85 %	0	0
Priority Axis V – “Technical Assistance” - ERDF	56 057 500	9 892 500	9 892 500	0	65 950 000	85 %	0	0
TOTAL	1 624 479 623	379 001 543	379 001 543	0	2 003 481 166		0	0

Table 3: Financial information based on already declared and certified eligible expenditure

	Total funding of the Operational Programme (Union and national)	Basis for calculating of the EU contribution (public or total cost)	Total amount of certified eligible expenses paid by the beneficiaries ³	Corresponding public contribution ¹	Implementation rate in %
	a	b	c	d	e=d/a for public cost
Priority axis I – “Development of railway infrastructure along the Trans-European and major national transport axes (CF)	580,000,000.00	Public cost	6 319 549,91	6 319 549,91	1,09
Priority axis II – “Development of road infrastructure along the Trans-European and major national transport axes” (CF)	989,587,365.00	Public cost	0.00	0.00	0.00
Priority Axis III – “Improvement of Intermodality for Passengers and Freight” (ERDF)	211,093,801.00	Public cost	75 609 135,01	75 609 135,01	35,82
Priority axis IV – “Improvement of the maritime and inland-waterway navigation” (ERDF)	156,850,000.00	Public cost	0.00	0.00	0.00

³ Cumulatively.

Priority Axis V – “Technical Assistance - (ERDF)	65,950,000.00	Public cost	4 034 617,12	4 034 617,12	6,12
Total	2,003,481,166.00		85 963 302,04	85 963 302,04	4.3

Table 3A: Financial implementation per priority axis (Euro) as of 31.12.2010

	Expenditure paid out by the beneficiaries included in payment claims sent to the Managing Authority ⁴	Corresponding public contribution (EU+national)	Expenditure paid by the body responsible for making payments to the beneficiaries (EU+national) ⁵	Total payments received from the Commission (only interim)
Priority axis I Development of railway infrastructure along the Trans-European and major national transport axes (Cohesion Fund)	10 018 045.58	7 673 829.14	5 816 347.99	5 055 639.93
Priority axis II - Development of road infrastructure along the Trans-European and major national transport axes (Cohesion Fund)	12 348 790,19	12 348 790,19	0.00	0,00
Priority axis III Improvement of Inter-Modality for Passengers	99 588 310.59	69 480 139.12	62 553 493.94	64 267 764.80

⁴ The amount includes all eligible expenditure, paid from the allocated grant and cofinancing by beneficiary, which are declared in interim payment claims, submitted to MA by 31.12.2010. The amount does not include expenditure paid in 2010 which are not included in payment claims submitted to MA by 31.12.2010.

⁵ The amount includes all payments from MA to beneficiary, included and verified in interim payment claims. The amount does not include advance payments to beneficiaries.

and Freight (European Regional Development Fund)				
Priority axis IV Improvement of the maritime and inland- waterway navigation (European Regional Development Fund)	0.00	0.00	0.00	0.00
Priority axis V Technical Assistance (European Regional Development Fund)	6 242 257.26	5 958 815.37	4 741 504.85	3 429 424.56
Grand Total	1 350 727 632.43	1 317 991 802.63	73 111 346.78	72 752 829.29

Table 4: Grants awarded and payments made in Euro as at 31 December 2010

Priority Axis (PA)	Total value of the grant in Euro (EU + national)	% grant awarded compared to the PA budget	Grant (Euro)		Payments made to beneficiaries (Euro)			% payments compared to PA budget
			EU	national	EC EU	national	Total	
Priority Axis 1	29 827 831.74	5.14	23 862 265.39	5 965 566.35	9 275 253.90	2 318 813.46	11 594 067.36	2.00
Priority Axis 2	360 178 690.03	36.40	288 142 952.02	72 035 738.01	9 923 094.89	2 480 773.71	12 403 868.60	1.25
Priority Axis 3	185 449 446.94	87.85	157 632 029.90	27 817 417.04	68 853 599.42	12 150 635.16	81 004 234.58	38.37
Priority Axis 4	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Priority Axis 5	23 959 708.65	36,33	20 365 752.35	3 593 956.30	6 376 222.49	1 125 215.78	7 501 438.27	11.37
Total	599 415 677.36	29,92	490 002 999.66	109 412 677.70	94 428 170.70	18 075 438.11	112 503 608.81	5.62

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1.3 Information on use of the two funds by category

Key in accordance with Annex 2, Part A of Regulation 1828/2006

Codes for priority themes

Code	Priority Theme
17	Railways (TEN-T)
21	Motorways (TEN-T)
22	National roads
26	Multimodal transport
27	Multimodal transport (TEN-T)
28	Intelligent transport systems
32	Inland waterways (TEN-T)
85	Preparation, implementation, monitoring and inspection
86	Evaluation and studies; information and communication

Form of finance

01 –non-repayable aid

Codes for territorial dimension

00 –Not applicable

01 –Urban

Codes for the economic activity dimension

00 –Not applicable

11 –Transport

Code for the location dimension

BG –Bulgaria

BG411 –Sofia (capital)

Table 5 provides information on indicative allocations in Euro of the Community contribution to OPT by categories

Table 5: Indicative breakdown of allocations in euro of the Community contribution in OPT by category

Combination of codes of dimensions 1 – 5					
Code * Dimension 1 Priority theme	Code * Dimension 2 Form of finance	Code * Dimension 3 Territory	Code * Dimension 4 Economic activity	Code * Dimension 5 Location	Amount in EUR **
17	01	00	11	BG	464 000 000
21	01	00	11	BG	646 869 892
22	01	00	11	BG	144 800 000
26	01	01	11	BG411	157 414 731
27	01	01	11	BG411	22 015 000
28	01	00	11	BG	16 022 500
32	01	00	11	BG	117 300 000
85	01	00	00	BG	44 557 500
86	01	00	00	BG	11 500 000
Total					1 624 479 623
* The categories should be coded for each dimension using their standard classification					
** Amount of the Community contribution for each combination of categories					

Table 6 provides information on Allocated Community contribution in Euro and by category, in accordance with Section C, Annex II of Regulation 1828/2006.

Table 6: Allocated Community contribution by category as of 31 December 2010 (EUR) (Commercial contracts)

Combination of codes of dimensions 1 – 5					
Code * Dimension 1 Priority theme	Code * Dimension 2 Form of financing	Code * Dimension 3 Territory	Code * Dimension 4 Economic activity	Code * Dimension 5 Location	Amount in EUR **
17	01	00	11	BG	23 336 579.55
21	01	00	11	BG	198 336 389.12
22	01	00	11	BG	0.00
26	01	01	11	BG411	157 414 730.85
27	01	01	11	BG411	217 299.05
28	01	00	11	BG	0.00

32	01	00	11	BG	0.00
85	01	00	00	BG	15 861 036.95
86	01	00	00	BG	1 184 631.11
Total					396 350 666.63
* The categories should be coded for each dimension using their standard classification					
** Amount of the Community contribution for each combination of categories					

Table 6A provides information on Community contribution of awarded grant contracts in Euro and by category, in accordance with Section C, Annex II of Regulation 1828/2006.

Table 6A: Awarded Community contribution by category as of 31 December 2010 (EUR) (Grants awarded)

Combination of codes of dimensions 1 – 5					
Code * Dimension 1 Priority theme	Code * Dimension 2 Form of financing	Code * Dimension 3 Territory	Code * Dimension 4 Economic activity	Code * Dimension 5 Location	Amount in EUR **
17	01	00	11	BG	23 862 265.39
21	01	00	11	BG	288 142 952.02
22	01	00	11	BG	0.00
26	01	01	11	BG411	157 414 730.85
27	01	01	11	BG411	217 299.05
28	01	00	11	BG	0.00
32	01	00	11	BG	0.00
85	01	00	00	BG	17 160 485.25
86	01	00	00	BG	3 205 267.11
Total					490 002 999.67
* The categories should be coded for each dimension using their standard classification					
** Amount of the Community contribution for each combination of categories					

Table 7 provides information on Community contribution paid by MA in Euro and by category, in accordance with Section C, Annex II of Regulation No. 1828/2006.

Table 7: Community contribution paid by MA by category as at 31 December, 2010 (EUR)

Combination of codes of dimensions 1 – 5					
Code * Dimension 1 Priority theme	Code * Dimension 2 Form of financing	Code * Dimension 3 Territory	Code * Dimension 4 Economic activity	Code * Dimension 5 Location	Amount in EUR **
17	01	00	11	BG	9 275 253.90
21	01	00	11	BG	9 923 094.88
22	01	00	11	BG	0.00
26	01	01	11	BG411	68 844 834.43
27	01	01	11	BG411	8 764.98
28	01	00	11	BG	0.00
32	01	00	11	BG	0.00
85	01	00	00	BG	6 202 059.83
86	01	00	00	BG	174 162.66
Total					94 428 170.68
* The categories should be coded for each dimension using their standard classification					
** Amount of the Community contribution for each combination of categories					

1.4 Provided assistance by target groups

Not applicable.

1.5 Assistance repaid or re-used

(Information on the use made of assistance repaid or re-used following cancellation of assistance as referred to in Articles 57 and 98(2) of Regulation (EC) 1083/2006).

For the period March – July 2010, the Audit Authority conducted an audit of the operations for the purpose of ensuring that the declared expenses are accurate and transactions are lawful and regular. The audit included the expense under OPT declared to the EC for the period 1 January, 2009 – 31 December 2009. As a result of the audit performed, the Audit Authority identified as ineligible expenses at the amount of EUR 75,006.18 (BGN 146,697.08)⁶, which represents 0.27% of certified expenses.

In addition, in January 2011, based on the conclusions in the Audit Report, OPT MA performed an analysis of the projects under implementation at the beginning of 2011 which have similar activities, subject to financial corrections. As the result of checks executed by the MA and on the basis of the recommendations of the Audit Authority, in February 2011, the Managing Authority determined that there were ineligible expenses at the amount of EUR 75,006.18 (BGN 146,697.08). The ineligible expenses do not fall into the period audited by AEUFD. They are concerned in particular with the payment of remunerations to staff, who perform activities under the ISPA Programme.

⁶ Detailed information on the audit performed is available in item 7.7.3 Audits conducted by the Audit Authority

The total amount of ineligible expenses under OPT amount to EUR 148,868.24 (BGN 291,156.51) as a result of the audit of operations performed by AEUFD and the analysis by the MA made in February 2011,.

In the 2010 Annual Declaration concerning the amount of cancelled and repaid amounts, the forthcoming repayments of funds, and amounts not repayable under OP “Transport” 2007 – 2013, the Certifying Authority reports to the EC that the amount of public contribution, which has to be repaid, is EUR 127,454.67 (249,275.84). This is the amount which was certified and declared as an expense to the EC, part of the total ineligible expenses under OPT.

1.6 Analysis of the OPT physical and financial progress, and in particular for the purposes of the Lisbon earmarking

Table 8: Indicative breakdown of funds allocated to Lisbon earmarking under OPT (EU only)

Convergence Objective			
Code (pursuant to Annex IV of Regulation 1083/2006)	Priority themes (pursuant to Annex IV of Regulation 1083/2006)	Community funding allocated to the respective category of expenditure (in euro)	Share of the category within the total allocations of Community contribution (%)
	Transport	1 423 622 123	87.64
17	Railroads (TEN-T)	464 000 000	28.56
21	Motorways (TEN-T)	646 869 892	39.82
26	Multimodal transport	157 414 731	9.69
27	Multimodal transport (TEN-T)	22 015 000	1.36
28	Intelligent transport systems	16 022 500	0.99
32	Inland waterways (TEN-T)	117 300 000	7.22
Total funds allocated for categories of Lisbon earmarking expenditure		1 423 622 123	87.64
Total allocations of EU contribution for the Convergence Objective		1 624 479 623	100

Table 9: Allocated Community contribution for Lisbon earmarking under OPT (EU only) as of 31 December 2010 (Commercial contracts)

Convergence Objective			
Code (pursuant to Annex IV of Regulation No. 1083/2006)	Priority themes (pursuant to Annex IV of Regulation 1083/2006)	Community funding allocated to the respective category of expenditure (in euro)	Share of the category within the Community funding allocated to the respective category of expenditure (%)

	Transport		
17	Railroads (TEN-T)	23 336 579.55	5.03
21	Motorways (TEN-T)	198 336 389.12	30.66
26	Multimodal transport	157 414 730.85	100
27	Multimodal transport (TEN-T)	217 299.05	0.99
28	Intelligent transport systems	0.00	0.00
32	Inland waterways (TEN-T)	0.00	0.00
Total contracted funding to categories of expenditure for Lisbon earmarking (EU only) (commercial contracts)		379 304 998.57	26.64
Total allocations for the Convergence Objective (only the EU)		1 624 479 623	100

Table 9A: Allocated Community contribution for Lisbon earmarking under OPT (EU only) as of 31 December 2010 (Grants awarded)

Convergence Objective			
Code (pursuant to Annex IV of Regulation No. 1083/2006)	Priority themes (pursuant to Annex IV of Regulation 1083/2006)	Community funding awarded to the respective category of expenditures (in euro)	Share of the category within the Community funding allocated to the respective category of expenditure (%)
	Transport		
17	Railroads (TEN-T)	23 867 091.99	5.14
21	Motorways (TEN-T)	288 142 952.03	44.54
26	Multimodal transport	157 414 730.85	100
27	Multimodal transport (TEN-T)	217 299.05	0.99
28	Intelligent transport systems	0.00	0.00
32	Inland waterways (TEN-T)	0.00	0.00
Total awarded funding to categories of expenditure for Lisbon earmarking (EU only) (grant contracts)		469 642 073.92	32.99
Total allocations for the Convergence Objective (only the EU)		1 624 479 623	100

Table 10: Payments for Lisbon earmarking as of 31 December 2010 (only the EU)

Convergence Objective			
Code (pursuant to Annex IV of Regulation No. 1083/2006)	Priority themes (pursuant to Annex IV of Regulation 1083/2006)	Community funding paid to the respective category of expenditure (in euro)	Share of the Community funding paid within the funding Community allocation under

			the respective category (%)
	Transport		
17	Railroads (TEN-T)	9 275 253.90	2.00
21	Motorways (TEN-T)	9 923 094.88	1.53
26	Multimodal transport	68 844 834.43	43.73
27	Multimodal transport (TEN-T)	8 764.98	0.04
28	Intelligent transport systems	0.00	0.00
32	Inland waterways (TEN-T)	0.00	0.00
Total paid funds by categories for Lisbon earmarking (EU only)		88 051 948.19	6.19
Total allocations for the Convergence objective (EU only)		1 624 479 623	100

1.7 Analysis of overall progress under OPT

As at the end of 2010, 50 projects were approved under the Operational Programme on Transport 2007 – 2013, grants awarded at the total amount of EUR 599,415,677.36 (BGN 1,172,355,164.25) were concluded, which equals about 30% of the programme's budget. The programme's beneficiaries have received payments at the amount of EUR 112,503,608.70 (BGN 220,037,933.00), or about 5.6% of the total budget. Three infrastructure projects are under – “*Electrification and Reconstruction of Svilengrad–Turkish border*”; “*Completion of “Trakia” motorway lots 2, 3 and 4*”; and “*Extension of the Metropolitan Sofia – Stage I “Road Junction Nadezhda – Cherni Vrah Blvd.*”. The last two are major projects (over EUR 50 million) and are approved by the European Commission. With regard to the project for the extension of the Sofia metro (Stage I), the physical progress as at 31 December, 2010 was over 50% and the financial absorption of the grant – about 44%.

The project for the Completion of the Trakia Motorway, lots 2, 3, and 4 was sent for approval by the European Commission on 14 June, 2010, and on 29 July additional clarifications were requested with regard to the Application Form (AF) – a reply was provided on October 19th. The project was approved by the European Commission on 21 December, 2010.

Under Priority Axis 1 “Development of Railway Infrastructure along the Trans-European and major national transport Axes” three grant contracts were concluded at the total amount of EUR 29 827 831.74 (BGN 58 338 168.15), of which financing from the CF amounts to EUR 23 862 265.39 (BGN 46 670 534.52). Contracted amount represents 5.14 % of the total budget of the priority axis. Payments amounts to EUR 11 594 067.36 (BGN 22 676 024.77), of which financing from the CF amounts to EUR 9 275 253.90 (BGN 18 140 819.83). Paid grant represents 38.87 % of awarded grant. Paid grant amount to 2% of the priority axis budget.

One infrastructure project is under implementation under Priority Axis 1 – “*Electrification and Reconstruction of Svilengrad–Turkish border railway line.*” Construction works under the project are carried out in accordance with the Contractor's updated working programme for this stage of construction. The physical implementation of the planned project activities is

over 30%. In 2010 the main efforts of the beneficiary, the National Railway Infrastructure Company (NRIC), were focused on both concluding the preparation of the application forms for the major projects under the axis and launching the respective tender procedures. As a result, an AF was drafted and approved for the not yet completed part of the ISPA project “Plovdiv – Svilengrad.” The AF was submitted to the European Commission and is now expecting the decision of the EC. The total value of the project, in accordance with the application form, amounts to EUR 339 148 526.00 (BGN 663 316 861.60), and the value of the grant is EUR 178 702 824.00 (BGN 349 512 344.26).

In December 2010, an AF was submitted for the project “*Reconstruction of railway infrastructure along sections of the railway line Plovdiv – Bourgas*”, and at the beginning of 2011, another AF is to be submitted for the project “*Modernisation of the railway line Sofia – Plovdiv*” –section *Septemvri – Plovdiv*.

Under Priority Axis 2 “Development of Road Infrastructure along the Trans-European and major national transport Axes”, three grant contracts were concluded at the total amount of EUR 360 178 690.03 (BGN 704 448 287.32), of which financing from the CF amounts to EUR 288 142 952.03 (BGN 563 558 629.86) or 36.40% of the axis budget. Payments amounts to EUR 12 403 868.60 (BGN 24 259 858.32), of which financing from the CF amounts to EUR 9 923 094.88 (BGN 19 407 886.66), which represent 3.44% of contracted amount and 1.25% of the priority axis budget.

One major infrastructure project is under implementation – “Completion of Trakia motorway, lots 2, 3, and 4.” The project was approved by the European Commission on 21 December, 2010. Construction works are ongoing along the entire route.

Under Priority Axis 3 “Improvement of intermodality for passengers and freight”, two grant contracts were concluded at the total amount of EUR 185 449 446.94 (BGN 362 707 591.80), of which financing from the ERDF amounts to EUR 157 632 029.90 (BGN 308 301 453.04). Contracted amount represents 87.85% of the total budget of the priority axis. Payments under priority axis 3 amount to EUR 158 81 004,234.58 (BGN 430 512.12), of which funding from the ERDF amounts to EUR 68 853 599.39 (BGN 134 665 935.30), which represent 38.37 % of the priority axis budget.

One major infrastructure project is under implementation - “*Extension of the Metropolitan Sofia, Stage I – “Road junction Nadezhda - Central Railway Station - Sveta Nedelya Square - Cherni Vrah Blvd.*” Construction works are ongoing along the entire route. Physical implementation of the project is about 50%.

Under Priority Axis 4 “Improvement of the maritime and inland-waterway navigation”, one grant contract was concluded, but upon the beneficiary’s request, the contract was terminated due to possible risks jeopardizing the implementation of planned activities. As at 31 December, 2010 no grants were contracted and payment made for projects under this priority axis.

With regard to the implementation of the Batin-Belene project, the MA assigned the beneficiary (EAEMRD) the task to explore the opportunities for its implementation on a smaller scale during this programming period. The final decision is yet to be made and will comply with the impact of the planned hydropower facilities along the Danube River.

The beneficiary (BPIC) has proposed the implementation of six alternative projects, which, for the purpose of specifying the scope, objectives and time frame for implementation, are divided into two groups – Danube River Ports and Black Sea Ports.

One contract was concluded under the priority axis with a contractor; an AF is expected to be approved under the programme for the project “*River Information System on the Bulgarian*

part of the Danube River.” The value of the contracts concluded with contractors under the project is BGN 13 547 328.00.

Under Priority Axis 5 “Technical Assistance”, the contracts concluded/orders issued for the award of grants as at 31 December, 2010 are 41, of which 32 are for projects under implementation, and 9 projects have been completed. Their total value is EUR 23 959 708.65 (BGN 46 861 116.97), of which ERDF financing amounts to EUR 20 365 752.36 (BGN 39 831 949.43) or 36.33 % of the priority axis budget. Payments amounts to EUR 7 501 438.27 (BGN 14 671 538.01), of which ERDF financing amounts to EUR 6 376 222.50 (12 470 807.26), or 11.37 % of the priority axis budget.

2 Information on compliance with Community law (problems encountered and measures taken to deal with them)

No problems related to non-compliance with Community law were identified as of 31 December, 2010.

3. Significant problems encountered and measures taken to overcome them

The main problem in the implementation of OPT remains the low level of absorption of funds from ERDF and Cohesion Fund, which is the result of:

- *Regularly occurring delays in the preparation of projects, included in the scope of OPT, respectively the preparation of the application forms for the programme.*

Progress: In 2010 this problem was partially dealt with as regards Priority Axis 1 (railway sector) after the revision of OPT in December 2010. The axis covered the implementation of Stage II of the extension of Sofia metro and the incomplete part of the Plovdiv – Svilengrad project (the section Parvomai – Svilengrad), in view of their finalized preparation. As a result, the AFs of the two projects, as well as of the project for the railway line “Plovdiv – Bourgas” were approved by the MA of OPT, and sent to the EC for final assessment. At the same time tender procedures were launched for these projects. After the presentation and approval of the AF for the Septemvri – Plovdiv section of the railway line Sofia – Plovdiv, by the middle of 2011, it is expected that the entire budget of Priority Axis 1 will be committed and to a great extent – commercial contracts concluded with contractors.

Despite the delay in the preparation of AF in the road sector, a tender procedure for “Maritsa” motorway was launched and tender procedures are going to be launched at the beginning of 2011 for key projects such as “Kardzhali – Podkova”, the connection of MW “Hemus” with Sofia ring road and lot 1 of “Struma” motorway. As a result it is expected that in the middle of 2011, contracts will be concluded with contractors and application forms will be submitted. As requested by MRDPW, an additional agreement should be drafted to the contract for the preparation of the General transportation master plan, where the contractor will assist in the preparation of the cost-benefit analysis for the road projects referred to above.

- *Insufficient administrative capacity of two of the largest beneficiaries – the Road Infrastructure Agency and the National Railway Infrastructure Company (NRIC).*

Progress: For the purpose of improving the administrative capacity of NRIC in the process of reforming the railway sector, the expertise of the World Bank was requested. World Bank expertise is also used to facilitate structural changes in the road sector. Cooperation with the JASPERS initiative of EIB in the preparation of the application forms continues. As regards capacity in the road sector, measures were taken for the more active participation of MRDPW in the management of road projects.

- *The repeated change in forecasts for the implementation of the projects threatens the financial implementation of the programme – there is an actual risk of losing funds at the end of 2012 – the riskiest with this regard is the implementation of projects in the road sector and the project for the improvement of navigation in the Danube River.*

Progress: The conclusion remains valid. A way out of this situation was sought in two directions; first, by extending the indicative list of projects, as it has been explained above, and second, launching the project implementation before the final approval by the EC. In this context, a revision was made to OPT by adding two projects under implementation in the scope of Priority Axis 1, respectively funds relocated from Priority Axis 2.

In a Decision of the Council of Ministers No. 592/06.08.2010, the size of advance payments to public beneficiaries for the purpose of project implementation was increased to up to 35% of the value of the grant from European and national co-financing. The EC has provided an advance payments for the programme at the amount of 10% of the programme's budget. The Council of Ministers Decision No. 592/06.08.2010 and the most recent Instructions issued by the Minister of Finance create conditions when in case of simultaneous launching a big number of projects and there is need to make advance payments, there will be insufficient financial resource to fund advance payments.

In accordance with Council of Ministers Decision No. 592/06.08.2010, annexes were signed to three grant contracts for the purpose of increasing the size of advance payments, as follows:

- Project “Electrification and Reconstruction of Svilengrad–Turkish border railway line” – advance payment increased up to 20% of the grant value;
- Projects “Designing and implementing a Geographic Information System (GIS) for the needs of the National Railway Infrastructure Company (NRIC)” – advance payment increased of up to 30% of the grant value;
- Project “Assisting NRIC with technical expertise during the execution of monitoring and control over the implementation of the contract under the project “Designing and implementing a Geographic Information System (GIS) for the needs of the National Railway Infrastructure Company (NRIC)” –advance payment increased of up to 30% of the grant value.

In the process of project implementation, the MA encounters the following problems related to the beneficiaries' activities, which leads to the delay in the absorption of funds and increases the risk of incurring ineligible expense/making financial corrections.

- The beneficiaries do not provide current and realistic information on the problems during the physical implementation of construction works. As a result, MA is compelled to perform long and technically complicated on-the-spot checks for the purpose of achieving reasonable assurance about the lawfulness of expenses incurred in the process of verification.
- Delay or hindrance of the verification process resulting from default on the part of the beneficiaries NRIC and RIA with regard to the recommendations and instructions of the Managing Authority. As a result the Managing Authority interrupts the process of verification until the instructions and recommendations provided have been complied with.
- Sometimes the Instructions of the Minister of Finance on verification are not efficiently implemented or not taken into account. The beneficiaries often rely entirely on the information provided by the contractor and the checks carried out by the supervisor. Consequently, the MA cannot perform the verification before assuring that the beneficiary has already performed quality verification. For the purpose of restricting the problem, RIA and NRIC have been asked to provide a detailed methodology for on-the-spot checks before the execution of payments to contractors (first level of verification).
- There is a need of improving the administrative capacity of beneficiaries, mostly RIA and NRIC, to implement major infrastructure projects and of creating a suitable system for the

management and implementation of projects. In this context, a project financed under OPT technical assistance in 2010 developed project management models, which have been presented to the beneficiaries. The issue is still pending and the MA actively assists the beneficiaries in the creation of working management models, depending on the specific beneficiary. In view of this and following a letter received from the EC President, dated 13 December, 2010, the issue of improving administrative capacity and creating a project management system for RIA and NRIC was put forward also to the Council of Ministers. The MC then adopted, in Decision No. 41 of 1 January, 2011, an Action Plan for the implementation of the recommendations included in the letter of the EC President. The measures in the action plan include strengthening of the administrative capacity of the staff responsible for the implementation of the programmes, financed from EU funds (NRIC and RIA in particular), and the creation of a system for the establishment of management and implementation units for projects in the transport sector. The Plan clearly lays out the obligations and responsibilities of these teams. In order to implement the above decision, the respective ministers report two times a month to the Council of ministers on the progress of the Action Plan.

For the purpose of updating the project implementation schedules, the following risks should be taken into account:

- The implementation of a number of projects is postponed until the end of the programming period, which may result in the impossibility for completing the activities in the current programming framework;
- Even small delays in the proposed timetables may “take projects out” of the programming period.
- OPT MA believes that every project scheduled for implementation in 2015 and the end of 2014, is highly risky and has proposed that the beneficiaries review the possibilities of restructuring the method of implementation;
- The OPT MA considers that every application form sent to the EC after the middle of 2012 is highly risky from the point of view of the likelihood of not receiving approval by the end of 2013.
- For the whole road sector, the contracts for the implementation of major projects are envisaged to be concluded before the approval of the application forms, and some – even before their preparation;
- It is not clear whether starting projects implementation before submitting the application forms will receive financing;
- In order to prepare the application forms for road projects, the MA draws attention to the fact that after “Trakia” motorway the next application form will be approved by the EC in the middle of 2012.
- In terms of covering the financial gap in the railway sector projects, the MA notes that the funds provided via EIB may now be used for this purpose as well. It is not clear if NRIC will be able to service such a loan.
- The insufficient administrative capacity of the OPT beneficiaries (except for “Metropolitan” AD) leads to gaps in project management and low-quality formatting of the required documentation, which leads to delays in the process of verification by MA, the absorption of funds respectively. The process is further complicated by the untimely and inaccurate implementation of the recommendations and instructions given by MA to the beneficiaries.

4. Changes in the context OPT implementation in 2010

4.1 Establishing a Coordination Council on EU Funds Management (CCEUFM)

Institutional changes were made in 2010 in connection with the management of EU funds. In March 2010, the structure of the cabinet was changed and a Minister for EU Funds Management was appointed. The minister's functions are laid down in CMD No. 70/14 April, 2010 on the coordination of European Union funds management, according to which the whole responsibility related to management and strategic monitoring of EU funds is transferred from the Minister of Finance to the newly appointed minister. The decree contains a description of the political and administrative coordination mechanism for EU funds management, through the establishment of a Coordination Council on EU Funds Management (CCEUFM), and an amendment to the Rules and Procedures of the Council of Ministers stipulates the functions of the Central Coordination Unit, consisting of three directorates in the CM administration – Programming of EU Funds Directorate, Monitoring of EU Funds Directorate, and Information and EU Funds Management Systems Directorate.

4.2 Establishment of the Road Projects Directorate in MRDPW

Based on an amendment of the Rules and Procedures of the Ministry of Regional Development and Public Works, dated December 2010, a Road Projects Directorate was established in MRDPW. The Directorate supervises the timely preparation and implementation of the investment projects of the Road Infrastructure Agency in its capacity as OPT beneficiary. It assists in the process of coordination and cooperation between the OPT MA and the beneficiary RIA during the preparation and selection of projects for the purpose providing financing, awarding public procurement contracts, the management, implementation and control over OPT-funded projects with RIA as beneficiary.

5 Substantial modification pursuant to Art. 57 of Regulation No. 1083/2006

Based on Regulation (EC) 539/2010 of the European Parliament and the Council of 16 June, 2010, amending Regulation (EC) No. 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund as regards the simplification of certain requirements and as regards certain provisions relating to financial management, an amendment was made to Art. 57 "Durability of operations" in Regulation (EC) No. 1083/2006. the modification is related to the general requirement for the durability of operation implementation, which stipulates that funds awarded as a grant under Regulation (EC) No. 1083/2006 shall not be repaid to the European Union budget. The modifications are as follows:

- Paragraph 1 has been replaced as follows:
 - The Member State or managing authority shall ensure that an operation comprising investment in infrastructure or productive investment retains the contribution from the Funds only if it does not, within five years from its completion, undergo a substantial modification which is caused by a change in the nature of ownership of an item of infrastructure or the cessation of a productive activity and which affects the nature or the implementation conditions of the operation or gives to a firm or a public body an undue advantage.
 - Actions falling within the scope of assistance from the ESF shall be considered as not having retained the contribution only where they are subject to an obligation for maintenance of investment under the applicable rules on State aid within the meaning of Article 107 of the Treaty on the Functioning of the European Union and where they

undergo a substantial modification as a result of the cessation of productive activity within the period laid down in those rules.

Member States may reduce the time limit set out in the first subparagraph to three years in cases concerning the maintenance of investments by small and medium-sized enterprises.";

- A new paragraph 5 was added, which specifies that the provisions of Paragraphs 1 to 4 shall not apply to any operation which undergoes a substantial modification as a result of the cessation of the productive activity due to a non-fraudulent bankruptcy.";

At the time of the submission of the report – 31 December, 2010, no significant modifications pursuant to Art. 57 of Regulation (EC) No. 1083/2006. had occurred.

6 Complementarity with other Community instruments

6.1 Preparation of projects in the railway sector under the ISPA programme

The preparation under the ISPA programme of the following railway projects, which are to be implemented under OPT, was completed at the end of 2010:

- *Modernisation of the railway line Vidin - Sofia*

The preparation of the project was carried out under project “Technical assistance for the modernization of the Vidin – Sofia railway line,” ISPA measure No. 2005 BG 16 P PA 002. The main contract was signed on 5 September, 2007, with a contractor – an international consortium coordinated by Iberica de Estudios e Ingenieria (IBERINSA), whose subject is: recommendations for best option for the railway line modernization, tender documentation for the preparation of an environmental impact assessment (report), concept design for the modernization option selected, an implementation strategy for the modernization of the railway line Vidin – Sofia. The main technical assistance contract has been executed, the final option for a concept design has been adopted by an Expert Technical and Economic Council of NRIC and the Managing Committee to MTITC. All payments related to it were finalized in January 2010.

On 16 March, 2010, after the organization of a public procurement procedure, POVVIK AD was selected as contractor and a contract was signed with the following subject: “Preparation of an environmental impact assessment report as regards the investment proposal “Modernization of the railway line Vidin – Sofia.”

On 28 October, 2010, the contractor submitted the final report on environmental impact assessment (EIA) and the environment (including an environmental management plan and non-technical summary of the EIA-related examination of the investment proposal “Modernization of the railway line Vidin – Sofia”, which NRIC submitted to the Ministry of Environment and Water (MEW) in an official letter on 4 November, 2010. MEW has issued a decision for the adoption of the final report on EIA and the environment, as well as an authorization for public discussion.

On October 29, 2010, the Road Infrastructure Agency organized an Expert Technical and Economic Council for the coordination of the projects: Modernisation of road I-1 (E 79) – Mezdra – Botevgrad and Modernisation of the railway line Vidin-Sofia.

The final EIA report was submitted in letter No. 91-CM-2236/23.12.2010 to the interested municipalities for the purpose of organising a public discussion.

The drafted application form for the award of grants under Priority Axis “Development of Railway Infrastructure along the Trans-European and Major National Transport Axes” for the project “Technical project for the modernization of the railway line Vidin-Sofia” was

submitted to OPT MA on 14 May, 2010 and was subsequently revised and re-submitted on 9 December, 2010.

- ***Modernisation of the railway line Sofia - Plovdiv***

The technical assistance contract, financed under the ISPA programme, ***the project “Technical assistance for modernisation of the Trans-European railway network in Bulgaria,”*** Cohesion Fund, Regulation No. 1164/94 (ISPA), measure No. 2006 BG 16 P PA 002, was in the process of implementation in 2010; the contract with the contractor was signed in 2008.

After a National Expert Council on Spatial Planning and Regional Policy (MRDPW) was held and a decision was issued on November 12, 2010, that pursuant to Art. 141, Para 9 of the LSP, on adopting the submitted investment project designs for “Modernisation of the railway line Sofia – Plovdiv” only as the basis for construction site design.

The documentation for launching the public procurement procedure for design and construction of the flat section Septemvri – Plovdiv was drafted and approved by MTITC and the procedure for selecting a contractor was launched on 29 October, 2010.

An Expert Technical Council (NRIC) met and decided on November 15, 2010 to adopt the concept design for the section Elin Pelin – Septemvri. The report on stage 2 and the documentation related to the final report under the project as the basis of the subsequent design phase were considered and adopted at meetings of the Project Steering Committee, held in December 2010. Because of missing information in the volume, scope and quality of the documentation, the SC decided in Minutes No. 7 to charge a penalty at the amount of 10% of the contract’s value – BGN 249,800.00. Payments under the contract for stage two and the final disbursement have been carried out after deducting the penalty of 10% of the contract’s value. At the beginning of 2011, the performance guarantee at the amount of 5% of the contract’s value will be absorbed to the benefit of the Contracting Authority.

At the same time an OPT project for ***“Consultancy services for assessing the investment project’s compliance with the major requirements for construction works as regards ‘Modernisation of the railway line Sofia – Plovdiv’”***. The project has been financed under Priority Axis 1 “Development of Railway Infrastructure along the Trans-European and Major National Transport Axes”. On May 13, 2010 a contract with the selected contractor was signed – the company ET “EL Trans Engineering – VM”. The grant contract under OPT was concluded on October 28, 2010 between MTITC and NRIC.

- ***Reconstruction of railway infrastructure along sections Plovdiv – Bourgas railway line***

In 2010, the technical assistance contract under the ISPA programme, for the project ***“Technical assistance for the reconstruction of railway infrastructure along the railway line Plovdiv – Bourgas and Mezdra – G. Oryahovitsa in Bulgaria, Plovdiv – Bourgas section,”*** ISPA, measure 2005 BG 16 P PA 004. The technical assistance contract was signed in 2007 and finalized when the reports on the three stages as well as the final report were submitted. All payments under the contract have been carried out.

Three public procurement procedures were prepared on the basis of the results provided by the technical assistance contract for the purpose of contracting the implementation of the investment project “Reconstruction of railway infrastructure sections along the railway line Plovdiv – Bourgas,” namely:

- Reconstruction of railway infrastructure sections along the railway line Plovdiv – Bourgas. The procedure was finalized with the contracting authority's selection of a contractor on 28 December, 2010. A contract will be signed with the contractor at the beginning of 2011.
- Compliance assessment and construction supervision for the project "Reconstruction of railway infrastructure sections along the railway line Plovdiv – Bourgas" – offers were opened on 20 July, 2010. The procedure was finalized at the end of 2010 and a contract will be signed with the selected contractor at the beginning of 2011.
- Designing and constructing warning and telecommunication systems in the railway junction Bourgas - the public procurement procedure is yet to be launched.

The preparation of the application form for the project was carried out in close cooperation with representatives of the JASPERS initiative in the period January – December 2010; on 23 December, 2010 the application form for the project "Reconstruction of railway infrastructure sections along the railway line Plovdiv – Bourgas" was submitted by NRIC to OPT MA.

In addition, financing was provided under Priority Axis "Technical Assistance" of OPT, *for the assessment of compliance of the investment project with the essential requirements for the construction works under project "Technical assistance for the reconstruction of railway infrastructure sections along the railway line Plovdiv – Bourgas".* -

- ***Technical assistance for the Modernisation of the railway line Sofia - Dragoman***

The contract with a contractor was signed in 2008 and its term expired on 21 February, 2010. the submission of parts of Stage II began after the date of its expiry – 22 December, 2009 and continued until the end of April, 2010, while the contract had to be finalized on 21 February, 2010.

On 12 April 2010, at a meeting of the Expert Technical Council (ETC) to NRIC, decisions were made to adopt the concept design and to have the contractor obtain the required approvals before submitting the concept design to the National Expert Council on Spatial Planning to the Ministry of Regional Development and Public Works.

A National Expert Council on Spatial Planning to the Ministry of Regional Development and Public Works was held and a decision issued on 12 November, 2010, stipulating that pursuant to Art. 141, Para 9 of LSP, the submitted investment project design had been adopted only as a basis for construction site design.

The report on stage 2 and the documentation related to the final report under the project as the basis of the subsequent design phase were considered and adopted at meetings of the project Managing Committee, held in December 2010. Payments under the contract for stage two and the final disbursement have been carried out, after deducting the penalty of 10% of the contract's value. At the beginning of 2011, the performance guarantee at the amount of 5% of the contract's value will be absorbed to the benefit of the Contracting Authority.

- ***Transferring activities from the ISPA project Reconstruction and electrification of Plovdiv – Svilengrad railway line for implementation under OPT***

The implementation of the ISPA project has been divided into the following stages:

- Stage 1 construction and electrification of the section Krumovo – Parvomai
- Stage 2 construction and electrification of the section Parvomai - Svilengrad
- Stage 3 construction of warning, telecommunication and SCADA systems for the entire line

As the result of significant delay in the implementation of the contracts under all three stages and the impossibility to extend financing under ISPA after 2010, it was decided that part of the project would be implemented under OPT. This issue was discussed at the 8th meeting of OPT MC in June 2010, at which the MC granted approval for part of the project to be implemented under OPT, after the exact scope had been specified. With this regard, a proposal for modification of the Financial Memorandum (CF/ISPA), measure No. 2001/BG/16/P/PA/003, was prepared and submitted to the EC for the purpose of substantiating the scope of measures which have to be co-financed from ISPA funds and an application form for the Operational Programme on Transport – for the purpose of ensuring further financing for the remaining components, so that the scope and objectives of the financial memorandum measure are fulfilled.

The change to the scope of the project was determined on the basis of the physical implementation of the construction works, to be completed by the final payment period – the end of 2010. Stage I – all works, and Stage II – all works to Dimitrovgrad, and the systems stage – all works to Dimitrovgrad, remain for implementation under the ISPA programme. Construction works to Dimitrovgrad Railway Station and those to Svilengrad Railway Station, inclusive, as well as all the additional works not included in either of the contracts signed under the ISPA measure, but required for the successful completion of the project have been transferred to OPT.

The preparation of the tender documentation for public procurement procedure was launched at the end of 2010 in terms of three positions: position 1. “Reconstruction and electrification of the railway section Dimitrovgrad – Harmanli (from kilometer 231+560 to kilometer 266+000)”; position 2. “Reconstruction and electrification of the railway section Harmanli – Svilengrad (from kilometer 297+750), and the section Svilengrad – Greek border”; position 3. “Construction of new traction substations in Simeonovgrad and Svilengrad, and an extension of the existing substation Dimitrovgrad.” The public procurement procedure was launched in March 2011.

6.2 Cooperation with JASPERS

In 2010, experts from the initiative were attracted to cooperate with the following major projects, as follows:

Assistance was provided in the preparation of the application forms under priority axis 1 for the following projects:

- **“Modernisation of the railway line Sofia – Plovdiv”** – activities are expected to be completed at the beginning of 2011.
- **“Reconstruction of railway infrastructure along sections of Plovdiv – Bourgas railway line”** – the application form has been submitted to the EC.
- **“Reconstruction and electrification Plovdiv – Svilengrad railway line”** along corridors IV and IX, Stage 2: section Parvomai – Svilengrad.
- **Extension of the Sofia metro, Stage II, lot 1, Obelya – Road junction “Nadezhda”, and lot 2, Mladost I – Mladost III – Tsarigradsko Shosse Blvd.** – the application form has been submitted to the EC.

In the road sector, assistance was provided for the finalization of the preparation of the application form for the project **“Completion of MW Trakia – lots 2, 3, and 4,”** which was approved by the EC in December 2010.

6.3 Technical assistance for promoting the strategic development of the railway sector in the Republic of Bulgaria

Through the implementation of the project “Technical assistance for promoting the strategic development of the railway sector in the Republic of Bulgaria” MTITC aims to promote the railway sector in the Republic of Bulgaria by drafting strategic documents for its development. The project is funded from priority axis “Technical Assistance under OPT and has been approved in Order No. ПД-08-341/17.06.2010 of the Minister of Transport, Information Technology and Communications, which stipulates that grants under the project may be disbursed from March 10, 2010 to March 31, 2011.

Activities under the project are carried out on the basis of two separate contracts, awarded in compliance with the requirements of the Law on Public Procurement (LPP).

For the purpose of ensuring an expert evaluation of the implementation of project activities, the Minister of Transport, Information Technology and Communications issued Order No. ПД-08-428/03.08.2010, establishing a Project Steering Committee.

6.3.1 Development of a Strategy for the implementation of technical specifications for interoperability of the conventional railway system in the Republic of Bulgaria

For the purpose of implementing this activity, following an open LPP procedure, contract No. Д-9/24.03.2010 was signed between MTITC and the “ШИГБ” Consortium consisting of the companies Schussler Plan, Gama Management AD, and Vector Bul OOD. The implementation of activities under the contract shall take place in two stages:

- ***Implementation of Stage I***

I.1. Analysis and evaluation of the governing legal framework in the European Union as well as the national legislation;

I.2. Analysis and evaluation of the current condition of the national railway infrastructure in connection with the requirements in the technical specifications for interoperability of the Trans-European Conventional Railway Network (TCRN)

I.3. Analysis and evaluation of the current condition of the rolling stock in the national railway sector in connection with TCRN.

I.4. Analysis of the TCRN implementation plans and methods, applied in the European Union countries.

- ***Implementation of Stage II***

II.1. Development of a strategy for the implementation of the technical specifications for interoperability of the conventional railway network in the Republic of Bulgaria.

II.2. Development of a long-term plan for the implementation of the technical specifications for interoperability of the conventional railway network in the Republic of Bulgaria.

On the basis of the regular SC meeting held on 22 November, 2010, the Contracting Authority approved the final version of the Stage I Report under contract No. Д-9/24.03.2010. By a Memorandum of 27 December, 2010, the Contracting Authority, based on the decisions made at the regular SC meeting held on 22 November, 2010, has returned the Stage II Report under contract No. Д-9/24.03.2010 for revision in compliance with the comments and recommendations. The deadline for submitting a revised version is 10 January, 2011.

6.3.2 Development of a Strategy for the deployment of the European Rail Traffic Management System (ERTMS)

For the implementation of this activity, an open procedure was held under LPP, as the result of which contract No. Д-31/06.07.2010 was signed with the selected contractor Project

Management OOD for the development of a strategy for the deployment of the European Rail Traffic Management System (ERTMS).

The implementation of activities under the contract took place in two stages, as follows:

- **Stage I**

I.1. Analysis and evaluation of the legal framework (at European and national level);

I.2. Analysis and evaluation of the current condition of the national railway infrastructure in connection with the requirements in the technical specifications for interoperability of the Trans-European Conventional Railway Network (TCRN), related to the use of ERTMS;

I.3. Analysis and evaluation of the current condition of the rolling stock in the national railway sector, related to the use of ERTMS.

I.4. Analysis of the ERTMS implementation plans and methods, applied in the European Union countries.

- **Stage II**

II.1. Development of a Strategy for the deployment of ERTMS in the Republic of Bulgaria;

II.2. Updating and revising the National Plan of the Republic of Bulgaria for the deployment of ERTMS, including a proposal for a financial plan and sources of financing.

Based on the decisions of the Project Steering Committee, with a Memorandum of 27 December, 2010, the Contracting Authority approved the final version of the Stage II Report under contract No. Д-31/06.07.2010, submitted to MTITC with a letter of 3 December, 2010. As a result, MTITC has a “Strategy for the deployment of ERTMS in the Republic of Bulgaria” and a “National Plan of the Republic of Bulgaria for ERTMS Deployment.” Annexes to the above documents include “Cost-Benefit Analysis” and an annex thereto, “Traffic Forecasts”, and “Examples – Some of the Projects Co-financed under the Multi-annual TEN-T Programme, budget for the period 2007 – 2013, Priority Project No. 10: ERTMS.

7 Monitoring and evaluation measures and OPT audits carried out

7.1 Sessions of the Monitoring Committee held in 2010

7.1.1 Eight session of OPT MC

The Eighth Session of the Monitoring Committee was held on 07 and 08 June 2010 in Sofia. On 07 June an expert session took place, where the beneficiaries under the operational programme presented the progress in the preparation and implementation of each project.

In connection with the preparation and implementation of the projects under priority axis 1 “Development of railway infrastructure along the Trans-European and major national transport axes” the following main issues were discussed:

- Administrative capacity of the beneficiary NRIC
- Conducting of tender procedures
- Preparation of projects for the next programme period
- Implementation of the project “Plovdiv – Svilengrad” under the ISPA programme, and the opportunity to transfer a part of the activities for implementation under OPT
- Construction of Intermodal terminal in Sofia (financed under priority axis 3 with beneficiary NRIC)

- The beneficiary reported on the preparation and implementation of all projects under the axis

In connection with the preparation and implementation of projects under priority axis 2 “Development of road infrastructure along the Trans-European and major national transport axes” the following main issues were discussed:

- Administrative capacity of the beneficiary RIA and the re-structuring of the agency undertaken in the end of 2009 – beginning of 2010
- Implementation of the project for the “Completion of “Trakia” Motorway , lots 2, 3 and 4” and sending the AF to EC
- Preparation of the project on “Struma” Motorway”, including preparation of tender documentation, EIA, preparation of AF
- The beneficiary reported on the preparation and implementation of all projects under the axis

In connection with the implementation of projects under priority axis 3 “Improvement of intermodality for passengers and freight”, a report on the progress in the implementation of the project on the extension of the Sofia Metro – Stage 1 “Nadezhda” road junction – “Cherni vrah” Blvd.” was delivered. The project is being implemented on time, with the beneficiary “Metropolitan” EAD expressing readiness to apply under OPT for financing as well of Stage 2 of the project for the extension of the metro “Obelya” quarters - “Nadezhda road junction” (Lot 1) and Section “Mladost I” quarters – “Tzarigradsko shosse” Blvd.” (Lot 2). The beneficiary reported that the total cost of the project is around EUR 335 mil., including around EUR 100 mil. for rolling stock. The project is in the process of implementation with funds of the beneficiary, of Sofia Municipality and a loan from EIB. The OPT MA expressed readiness for the financing of Stage 2 of the extension of the metro under the Operational programme, the possibilities for that to be examined.

In what regards the preparation and implementation of projects under priority axis 4 “Improvement of the Maritime and Inland- Waterway Navigation”, the beneficiaries BPIC and EAMDR reported on the implementation of the projects under the axis. Risky for execution is the project “Improvement of navigation in the joint Bulgarian-Romanian parts of the Danube river from km 530 to km 520 – Batin and from km 576 to km 560 – Belene”, whose preparation is conducted under ISPA programme in Romania, in the part of carrying out feasibility studies and preparation of an EIA report. The beneficiary EAMDR cooperates and provides opinions on documents, prepared by the Romanian side. The beneficiary is examining the opportunity for the implementation of the project in lots, for which additional negotiations with the Romanian side will be necessary. EAMDR expressed readiness to apply with a new project “Improvement of the systems for navigation and topo-hydrographic measurements on river Danube”, which was presented during the formal part of the session on 08 June 2010.

Beneficiary BPIC presented the projects “Establishment of a river information system in the Bulgarian part of the Danube river (BulRIS)” and “Maritime vessel traffic management information system – VTMISS” phase 3. In connection with the project for the establishment of a river information system in the Bulgarian part of the Danube it was reported, that a contract with consortium “Holding BULRIS 2009” SC, was signed on 15 May 2010.

In reference to the project for the establishment of a maritime vessel traffic management information system it was reported, that the tender documentation for Lot 1 “Radio-communication system GMDSS” has been prepared. A shortage of funds, amounting to EUR 7.9 mil., beyond the indicative budget for the project, has been identified, as a result of lack of

allocations in the national budget for the financing of the two traffic towers in Varna and Burgas.

The Eighth Session of MC of OPT continued on 08 June 2010, with its formal part. During the session the following issues were debated and voted:

- The progress in the implementation of projects under priority axis 5 “Technical assistance” with beneficiary OPT MA, as well as the use of technical assistance, was presented. EC representatives called the MA and beneficiaries to make more active use of the means of technical assistance for the improvement of the administrative capacity and preparation of projects for the following programme period.
- The issue of absorption of funds under the programme was discussed, in connection with the implementation of Rule N+2/N+3. In this regard, MA made a comparison between the 2009 forecast referring to the value of contracted funds, payments, approved projects and conducted tender procedures. The analysis showed that, in accordance with the 2009 forecast, by June 2010 a total of EUR 209 mil. should have been contracted, as by approved application forms. In what refers to payments, the forecasted amount was EUR 89 mil., while by June 2010 it was attained EUR 51 mil. On certification, the forecast was EUR 83 mil., while the actual amount was slightly over EUR 36 mil. in June 2010. It was foreseen to forward 12 application forms, the new forecast is for 6; previous forecast – 8 tender procedures, the new forecast – 4. For each of the infrastructure projects, planned terms for submitting application forms and starting tender procedures, in conformity with LOTHAR, were presented. The OPT MA concluded that as compared with the forecasts presented by the beneficiaries, by June 2010 there was a delay in submitting application forms and starting tender procedures. In the case of beneficiary NRIC, the delay is 5 months as compared with the 2009 forecast, while in the case of beneficiary RIA it reaches as much as one year. During the discussion, possible measures for increasing absorption were outlined, namely the inclusion of alternative projects (that are not included in the OPT main list) for implementation under the OPT, including the execution of a part of the project “Plovdiv – Svilengrad” (now executed under ISPA).
- The opportunity of finalizing a part of the activities for the project “Plovdiv – Svilengrad” under OPT was discussed, in view of the expiration of the period of eligibility of payments under ISPA in the end of 2010. In this connection, the OPT MC took a decision for the financing of sections of the project “Plovdiv – Svilengrad” under OPT, the concrete parameters and value of the project remaining to be specified at the next MC session.
- RIA, “Metropolitan”, BPIC and EAMDR proposed the inclusion of new projects in the framework of the programme. In this connection the OPT MA took the following decisions:
 - accepts the inclusion of the project MW “Sofia – Kalotina” and of the road sections under the project “Upgrading of first-class roads in the Republic of Bulgaria in accordance with the Trans-European transport network, as well as such with trans-border significance”, that correspond to the criteria of OPT for financing under priority axis 2
 - MC accepts the extension of the scope of priority axis 3 with beneficiary “Metropolitan” EAD for the project “Extension of the metro in Sofia Stage 2 – construction of the

following section of the capital city metro network: Mladost 1 – Mladost 3 – Tsarigradsko shosse, as well as Obelya – Nadezhda – Nadezhda road junction.⁷

- MC accepted the extension of the scope of priority axis 4 with several smaller projects, with beneficiaries BPIC and EAMDR
 - The issue of administrative capacity of the two biggest beneficiaries – NRIC and RIA was discussed, in connection with structural changes, introduced in the end of 2009 – beginning of 2010.
 - Changes in the rules of procedure of the OPT MA were voted, in connection with the execution of functions of the MC Secretariat, and the Annual Report for the execution of OPT in 2009 was adopted.
 - Information regarding the financial implementation of the programme was presented, the activities undertaken for conducting verifications in place, OPT current assessment, the conducting of public procurement in connection with the execution of projects under the programme, presentation of the implementation of the Communication plan and the publicity measures, as well as information on the Annual meeting with EC held, was presented during the session.

7.1.2 Ninth session of MC of OPT

On 09 and 10 December 2010 the Ninth session of the Monitoring Committee was held in the town of Sandanski – an expert meeting on the first day, during which beneficiaries presented the progress in the preparation and execution of projects under particular priority axes, while on the second the issues that need MC sanction, were voted. Due to a lack of quorum, the decisions taken by MC did not formally enter into force, but were additionally adopted through a written procedure in December 2010.

During the expert session, MA undertook a general review of the physical and financial implementation of the programme, and presented updated data from LOTHAR system for December. The analysis showed, that as a result of decisions taken during the previous MC sessions, projects whose indicative budget exceeds the budget of OPT by some EUR 600 mil., have been included in the scope of the programme. Under priority axis 1, grant contracts and trade contracts for the total amount of the axis are expected to be concluded by mid 2011. That includes the projects for the implementation of Stage 2 of the expansion of the Sofia metro, as well as the non-finalized under the ISPA section of the railroad project “Plovdiv – Svilengrad”.

In the road sector attention is attracted by the big difference in time between the physical start of the project and the approval of the Application form. Under priority axis 2, for implementation are included projects whose total budget exceeds the axis budget by around € 286 mil., however by the beginning of December 2010 contracts have been concluded only for one infrastructure project – for “Trakia MW”. The MA analysis shows, that by the middle of 2011, when the funds under priority axis 1 are expected to be exhausted, under priority axis 2 there will be contracts concluded for around EUR 590 mil., or a bit over half the budget of the axis. On the whole, the situation with the Cohesion Fund (priority axes 1 and 2) is the following –overbooking at the amount of EUR 585 mil. over the budget of the axes is noted, while MA analysis shows that the funds will be committed in the beginning of 2012.

⁷ Due to the fact that all funding for the metro project under priority axis 3 was spent, MC decided in December 2010 by written procedure to implement stage II of metro extension project under priority axis 1.

With regard to ERDF (priority axes 3, 4 and 5), an over-supply with contracts to the amount of EUR 27 mil. over the budget of the Fund is noted. It is expected that in the beginning of 2012 the funds from ERDF will be committed.

The main conclusion that the MA made during the technical session was, that the fulfillment of the financial targets that have been set is possible only in case the physical execution of the projects starts before the approval of AF. Second, a big amount of funds under the programme will be spent after 2014, which could lead to overlapping with the implementation of projects during the next programme period. The foreseen time schedules could be seriously changed, in case of appeals or failed tender procedures. Another important conclusion refers to the fact, that in order to guarantee the financing of major projects, AF should be presented in EC by the end of 2011 or beginning of 2012.

The data, presented by the MA, served as a basis for discussions during the session, and presenting the preparation and execution of projects under particular priority axes.

NRIC presented information on splitting the financing of the project “Plovdiv – Svilengrad” between ISPA and OPT. To that end, an application form with the assistance of JASPER has been prepared, while NRIC and MA undertook parallel action for changing the Financial Memorandum under ISPA. In reality, the financing of the section Dimitrograd – Svilengrad of Phase 2 Parvomay – Svilengrad will be transferred under OPT. According to the CBA, the expected cost of the section, executed under OPT, is around € 207 mil. NRIC is planning to announce a public procurement procedure in the beginning of 2011 for its execution.

In continuation to the previous MC session, the issue with the administrative capacity of beneficiary NRIC was discussed.

Under priority axis 2 “Development of road infrastructure along the Trans-European and major national transport axes”, the preparation and implementation of projects with beneficiary RIA was presented. A discussion was held on the implementation of the project for “Finalization of construction of “Trakia” motorway, lots 2, 3 and 4”, which is the only road project under implementation.

“Metropolitan” EAD presented the project for the construction of the Sofia metro – Stage I, which is financed under priority axis 3 “Improvement of inter-modality at transportation of passengers and freight”. It was reported that the physical and financial implementation of the project by December 2010 is around 50 %. The beneficiary “Metropolitan” presented as well the implementation of stage II of the project for the extension of the metro, which includes two lots: Lot 1 – “Obelya” - “Nadezhda” quarters - “Nadezhda” road junction; Lot 2 – “Mladost 1” quarters – “Mladost 3” – “Tzarigradsko shosse” Blvd.”. During the previous MC session it was decided that this project be financed under priority axis 3, however due to exhaustion of its budget it was proposed to be implemented under priority axis 1.

Under priority axis 4 “Improvement of the Maritime and Inland- Waterway Navigation” beneficiaries EAMDR and BPIC reported about the preparation and implementation of projects in the water sector. The project “Improvement of navigation in the Bulgarian-Romanian section of the Danube river from km 530 to km 520 – Batin and from km 576 to km 560 – Belene” has accumulated a delay over three years in preparation, which is conducted under the ISPA programme in Romania. By MA request, in October 2010 EAMDR prepared and distributed information on critical sections, which can be implemented as separate lots within the framework of the current programming period.

Beneficiary BPIC presented expansion of projects, included in the scope of the programme during the previous session of MC – namely, projects with similar activities are included as lots in a bigger project. BPIC presented as well two new projects for inclusion in the programme's scope – “Super – Burgas – zone for public access – phase “First”, and “Development of Danube space through unlocking the potential of Lom port – a cross-point of Eastern- and Western-European countries”.

On 10 December the formal part of the Ninth session of MC of OPT took place. In its agenda, the modification of OPT was voted. It was conducted under Regulation (EU) № 539/2010 of the European parliament and of the Council of 16 June 2010 amending Council Regulation (EC) № 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund as regards simplification of certain requirements and as regards certain provisions relating to financial management. The modification of the programme was caused for by the low absorption, mainly of the Cohesion Fund, as a result of systematic delay of projects in the road and railway sector. In this connection, the MA considered most appropriate to give priority to projects, which are either in the process of implementation, or have the biggest project maturity, including readiness for presenting to EC the corresponding application forms. This would minimize the risk of implementation of major projects before their approval by EC. In this connection, for the implementation of the programme, and as a result of decisions taken at previous sessions of MC of OPT, it was decided to finance under priority axis 1 the Second stage of the project for extension of the metro in Sofia, and to finalize the unfinished part of railway project “Plovdiv – Svilengrad” under OPT. In this connection, MA proposed that MC take a decision to expand the scope of priority axis 1 with activities in correspondence with the provisions of Council Regulation (EC) 1084/2006 of 11 July 2006 establishing a Cohesion Fund and repealing Regulation (EC) No 1164/94, leading to the development of a sustainable urban railway transport outside the Trans-European networks and its interoperability, which clearly present environmental benefits, namely clean urban public transport. To that end funds amounting to EU 60 mil. (48 mil. CF and 12 mil. national financing) were transferred from priority axis 2 into priority axis 1. In this way, the additional funding necessary for the completion of stage 2 of the project for the extension of the metro in Sofia and the unfinished section of the railway project “Plovdiv – Svilengrad” was secured. The main modifications in OP “Transport” are, as follows:

The scope of priority axis 1 “Development of railway infrastructure along the Trans-

1. The scope of Priority Axis I „*Development of railway infrastructure along the Trans-European and major national transport axes*” to be expanded in line with Council Regulation (EC) 1084/2006 of 11 July 2006 establishing a Cohesion Fund and repealing Regulation (EC) No 1164/94 Cohesion fund aiming at development of sustainable urban railway transport outside the trans-European networks and its interoperability which clearly present environmental benefits, namely clean urban public transport. As a result the name and the objectives of the priority axis are expanded as follows: “*Development of railway infrastructure along the Trans-European and major national transport axes and sustainable urban railway transport*”.
2. Financial allocation of Cohesion funding under first and second priority axes to be changed as it was agreed during the meeting of the Council of EU funds management coordination on 26.10.2010.
 - Reallocation of 60 million euro from the budget of priority axis 2 “Development of road infrastructure along the Trans-European and major national transport axes”, of which 48 million euro from the Cohesion fund and 12 million euro national contribution are transferred to priority axis 1 “Development of railway infrastructure along the Trans-European and major national transport axes”. Corresponding changes are reflected in all financial tables.
3. The following beneficiaries were added under priority axes:
 - 3.1. As beneficiary under priority axis 1 was added “Metropolitan” JSC;
 - 3.2. As beneficiary under priority axis 3 was added State enterprise “Bulgarian port infrastructure company”;

- 3.3. As beneficiary under priority axis 5 was added Ministry of Regional Development and Public Works.
4. The indicative list of major projects has been updated, four new major projects have been added – completion of “Trakia” motorway, “Sofia-Kalotina” motorway planned in 3 phases: Phase I – Lot: Western arc of the Sofia ring road; Phase II – Lot: North speed tangent; Phase III – Lot: Kalotina-Sofia ring road; unfinished part of the project for reconstruction of Plovdiv – Svilengrad railway line running under ISPA programme and the project “Sofia Metro Extension Project Stage II - Phase I”. Priority is given to those projects which are under implementation or at more mature stage of preparation
 5. Measures, identified in the General Transport Master Plan (GTMP) are envisaged to be funded under priority axis 5 “Technical assistance”. GTMP presents the basis for development of transport system of Bulgaria. As far as strategic planning will be the basis for preparation of next programming period (in accordance with the 5th Report on Economic, Social and Territorial Cohesion), it is necessary that Bulgaria funds activities which prepare the key investments, suggested in the report and envisaged for implementation after 2014.
 6. In priority axis 4 “Improvement of the Maritime and inland waterway navigation” the eligible measures are specified, concerning improvement of ports infrastructure on the Danube River, as well as on Varna and Burgas ports and their aquatory. This corresponds to recommendations in the GTMP and the draft Danube strategy.
 7. It is specified that beneficiaries are public organizations at national level, which are entitled to implement the eligible measures under OP “Transport”.
 8. The indicators that measure the implementation of the two projects for the extension of the Metropolitan Sofia respectively in the first and third axis have been updated. In first Priority axis are added indicators that reflect the implementation of stage II of the metro extension project. It is proposed to be included for execution in this Priority axis. In Priority axis 3 remain the values of the indicators, which relate only to the project for stage I of the metro extension project. Indicators and their values for the other priority axes are unchanged, and their review will be conducted during the interim evaluation of OPT in 2011.
 9. The names of the institutions were updated.

In regard to the SWOT analysis, the strategic goals and priorities of OPT, MA of OPT considers that at the time of application for program modification they remain unchanged. In our view the proposed changes in the program correspond to its priorities and contribute to achieving the goals initially set.

In view of the absence of quorum, the adopted decisions did not formally enter into force, but were additionally approved through a written procedure in December 2010. The concrete decisions are described in the next sub-point, referring to the written procedure applied.

Voted decisions:⁸

- Modification of the Operational Programme on “Transport”
- Adopting the Indicative annual working programme for 2011

The MA presented information on the financial implementation of the programme, and the activities undertaken for monitoring and evaluation of OPT; activities undertaken by MA for ex-ante control, and tender procedures conducted under the programme; presenting of activities of the Audit Authority in reference to OPT; publicity measures.

⁸ Formally adopted after a written procedure applied in December 2010 that was discussed during the Ninth session of OPT MC

7.1.3 Written procedure applied by OPT MC for adopting decisions in December 2010

As a result of the absence of quorum during the Ninth session of the Monitoring Committee, in December 2010 a written procedure was applied for the adoption of the Indicative annual work programme for 2011, and for modification of the Operational Programme on Transport. As a result of the applied procedure, OPT MC took the following decisions:

Decision № 1

1. *„ The scope of Priority Axis I „Development of railway infrastructure along the Trans-European and major national transport axes” to be expanded in line with Council Regulation (EC) 1084/2006 of 11 July 2006 establishing a Cohesion Fund and repealing Regulation (EC) No 1164/94 Cohesion fund aiming at development of sustainable urban railway transport outside the trans-European networks and its interoperability which clearly present environmental benefits, namely clean urban public transport. As a result the name and the objectives of the priority axis are expanded as follows: “Development of railway infrastructure along the Trans-European and major national transport axes and sustainable urban railway transport”.*
2. *To add “Metropolitan” JSC as beneficiary under priority axis 1.*
3. *To add State enterprise “Bulgarian port infrastructure company” as beneficiary under priority axis 3.*
4. *To add Ministry of Regional Development and Public Works as beneficiary under priority axis 5.*
5. *The financial allocation of funds from the Cohesion Fund from first and second priority axes is modified as follows – relocation of EUR 60 mil from priority axis 2 “Development of road infrastructure along the Trans-European and major national transport axes” into priority axis 1 “Development of railroad infrastructure along the Trans-European and major national transport axes, and of sustainable urban railroad transport”., of which EUR 48 mil. under the Cohesion Fund and EUR 12 mil. corresponding national funding. After the modification, the budget of priority axis 1 (national funding financing and Cohesion Fund) becomes EUR 640 mil., of which EUR 512 mil. Cohesion Fund and EUR 128 mil. national contribution. The budget of priority axis 2 changes as follows: total budget (Cohesion Fund and national contribution) EUR 929 587 365, of which EUR 743 669 892 Cohesion Fund and EUR 185 917 473 national financing.*
6. *The indicative list of major projects has been updated, four new major projects have been added – completion of “Trakia” motorway, “Sofia-Kalotina” motorway planned in 3 phases: Phase I – Lot: Western arc of the Sofia ring road; Phase II – Lot: North speed tangent; Phase III – Lot: Kalotina-Sofia ring road; unfinished part of the project for reconstruction of Plovdiv – Svilengrad railway line running under ISPA programme and the project “Sofia Metro Extension Project Stage II - Phase I”, Stage II of the metro extension project is financed within the scopes of priority axis 1 from the Cohesion Fund. From priority axis 3 “Improvement of intermodality for passengers and freight” is withdrawn the second stage of the project for the extension of the metro – “Mladost 1” quarters – “Druzhba” quarters – Sofia airport.*
7. *In priority axis 4 “Improvement of the Maritime and inland waterway navigation” the eligible measures are specified, concerning improvement of ports infrastructure on the Danube River and on the Black Sea coast aquatory of the Republic of Bulgaria.*
8. *It is specified that beneficiaries are public organizations at national level, which are entitled to implement the eligible measures under OP “Transport”, the potential beneficiaries are specified in the corresponding priority axis.*
9. *Update the values of indicators, financial and project tables.*

10. *retain the general financial allocation, on programme level, from the Cohesion Fund and from the European regional development fund.*

11. *The Monitoring Committee mandates MA to reflect eventual future comments of EC in the process of approval of the modification of the programme. Within ten working days after the final adoption by EC of the modification of the programme, MA shall inform the Monitoring Committee about the decision taken by EC.*

Decision № 2 *Approval of the Indicative annual working programme for the allocation of a assistance from the Structural Funds and from the Cohesion Fund under the Operational Programme on “Transport” 2007-2013, for year 2011.*

Decision № 3 *OPT MC takes note of the proposals, put forward by beneficiaries, referring to projects, that are not major projects in the sense of Art. 39 of the Regulation (EC) № 1083/2006, assigning OPT MA to examine the possibilities for their financing.*

Decision № 4 *Adopt the minutes of the Eighth session of the Monitoring Committee (07 – 08 June 2010) – expert session and official part.*

7.2 Information system UMIS

The information system for management and monitoring of the structural instruments of EU (UMIS) was launched into operation in 2009. In 2010 the system was further developed and improved. More significant modifications and amendments being introduced in the following modules: “Registration”, “Assessment of project proposals”, “Project management”, “Financial”, “On the spot checks and management of irregularities”, “Monitoring”.

In the second half of November 2010, the interface between UMIS, the Integrated system for administration and control (ISAC) under the Rural development programme, and the System for project monitoring under the Operational programme for development “Fishery sector” (Axter-Popay), was launched into operation. The information is used to check for and avoid double financing.

On 26 October 2010 the module for public information was launched into operation; it is accessible at www.eufunds.bg. Through it, general information is provided on the financial implementation of the seven Operational programmes, on the different levels – programme; priority axis; sub-programme; procedure. Opportunity is provided for drawing information on the division of projects by regions, districts and communities, for all the operational programmes, as well as on each programme separately.

7.3 System of forecast and monitoring LOTHAR

In December 2010, the financial forecasts for the implementation of the projects under OPT were “frozen” in the system for forecasting and monitoring LOTHAR, till the end of 2011. The forecasts were made on the basis of actual data, provided by the beneficiaries under OPT.

With the aim of more precise allocation and monitoring of project budgets in 2011, respectfully the real budget committed from the European funds, EC applied a new approach for presentation and monitoring of expenditure under the projects. The essence of the new approach consists in presenting the types of cost in correspondence with part H.1 “Cost breakdown” of the Application Form for major projects, and reflecting the contracts in the LOTHAR system. Again, for the forecasts of certification, expected certification is six months after the payment.

In 2010, a modification of the funds, subject to automatic decommitment, was introduced in the LOTHAR system. It is in accordance with Art. 93 of Regulation (EC) № 1083/2006 of the Council, after the entry into force in June 2010 of Regulation (EU) № 539/2010 of the European parliament and of the Council of 16 June 2010 amending Council

Regulation (EC) № 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund as regards simplification of certain requirements and as regards certain provisions relating to financial management. Substantial in this amendment is that the total annual contribution for financial year 2007, that was subject to automatic decommitment in the end of 2010, is spread into six equal parts, each of them being added to the budget commitment for financial years from 2008 to 2013.

As a result, for OPT, the curve of the forecasts of certification goes comparatively far from the point where start losing of funding.,.

Again, the most critical is the situation with the forecasts for the road projects under priority axis 2 with beneficiary RIA, where curve of certification is very near to the line of loss of funds in the end of 2011, and the non-observance of the planned schedules for projects implementation could lead to decommitment at the amount of EUR 98 245 420 co-financing from the Cohesion Fund, total of EUR 122 806 420 (European and national co-financing).

The analyses of the LOTHAR system show, that the schedules set for project implementation under OPT should not be further extended, in order not to lead to decommitment of funds, in correspondence with N+3/2 rule of Art. 93 of Council Regulation 1083/2006.

Nevertheless, in the December 2010 LOTHAR report, the forecasts of certain beneficiaries again showed postponement of basic activities from the project cycle – conducting tender procedures and submitting of application forms.

7.4 On-the-spot checks

Carrying out of on-the-spot checks is one of the basic instruments for monitoring of OP “Transport”. At the time of the check, the real physical implementation of the project is determined, covering its administrative and technical aspects. The basic scopes of the on-the-spot checks, carried out by OPT MA, are to compare the real implementation of the project with the information, provided by the beneficiaries in the progress reports; control and evaluation of the implementation of obligations, imposed to the beneficiary. The checks are used as an instrument for verification of the expenditures, made by the beneficiary, and their admissibility; verification of the correspondence of the declared financial execution with the physical execution under the project, and are used as well as an instrument for identification of irregularities.

On-the-spot checks are utilized in the process of verification of expenditures, made by the beneficiary under OPT, in accordance with the Instruction of the Minister of Finance regarding the Certification of expenditures under Operational Programmes, co-financed from the Structural and the Cohesion Fund of the European Union (DNF № 02/10.03.2009, and further DNF № 05/21.10.2010). In the process of verification of expenditures, OPT MA makes sure and guarantees, that the products and services have been delivered or provided, and that the expenditures declared by the beneficiaries have been made and correspond to the national rules, as well as to those of the Community.

In this connection, based on the results of the risk assessment of the projects, the Annual plan for carrying out of on-the-spot checks by OPT MA for year 2010 was elaborated. By the approval of the Head of OPT MA, only projects under implementation were included in the Annual plan. It was decided, that projects under preparation will be included in addition, when the following cumulative circumstances are present: approved AF, and implementation contract concluded. The Plan was updated in the end of June 2010, on the basis of a new risk assessment. In carrying out on-the-spot checks, the MA is assisted by an external consultant, which provides specific technical expertise in carrying out the corresponding on-the-spot check.

In implementation of the Annual plan for carrying out of on-the-spot checks in 2010, OPT MA carried out on-the-spot checks on the following projects: necessary temporary ventilation of the work sites at the MSs and the finalized tunnels.

1. *On-the-spot check of project BG 161PO004-3.0.01-0001 „Project for Sofia Metro Extension, stage I – metro diameter II: section from Nadezhda road junction (MS 5-II) - Cherni Vrah Blvd. (MS 5-II), carried out in the period: 25.01.2010 - 01.02.2010.*

The scope of the check was to follow-up on the implementation of the recommendations, put forward at the time of an on-the-spot check on the project, carried out in the period 06.10. – 20.10.2009, and carrying out of the necessary checks for verification of expenditures, included in the Request for interim payment № 4 and № 5, submitted by “Metropolitan” EAD, for a total amount of BGN 35.5 mln.

As a result of the check, it was determined that the construction activities on all open sites along the two differentiated positions are being implemented on time, and by the moment of the check no serious shortcomings were been observed, that could affect the planned implementation of the project. Detected deviations from the approved time scheduled are due mainly to objective reasons, in connection with changes in project solutions that have proven necessary.

It was determined that the activities, related to the management of the project, have been significantly improved after the on-the-spot check, carried out in October 2009. The software, utilized by the Engineer, gives the possibility to follow the status of the project, as well as reasons for a delay or disapproval on the part of the Engineer. The main recommendation to introduce a unified system of reporting, for keeping trace on expenditures of Differentiated position II, was implemented.

MA formulated recommendations, related to the risk of stoppage of electricity supply towards the tunnel-boring machine (TBM) and the temporary sites at Metro-station (MS) 5-II and MS 6-II, as well as updating of the security and health plan (SHP), aimed at ensuring the necessary temporary ventilation of the work sites at the MSs and the finalized tunnels.

2. *Extraordinary on-the-spot check of project BG161PO004-1.0.01-0001 - „Technical assistance for the preparation of the project „Electrification and reconstruction of Svilengrad – Turkish border railway line”, carried out on: 29.03.2010.*

On-the-spot check was carried out in connection with the finalization of the project and the submission of a final request for payment, by the beneficiary NRIC. The scope of the check was to trace the executed activities under the project, as well as the observing, by beneficiary, the rules for safe-keeping/archiving of the project documentation and the conduct of accounting activity, in accordance with OPT requirements. The team that conducted the on-the-spot check determined, that the activities under the project have been physically and financially finalized, the project file been kept at the Project implementation section. Shortcomings were identified in the documentation, referring to the finalized contracts under the project, as a result of which it was recommended that the beneficiary keep the whole documentation on the project, in accordance with the requirements of the Operational agreement, concluded between NRIC and OPT MA – up to three years after the last payment under OPT has been effectuated. The beneficiary was requested to undertake all necessary action for the approval of procedures for financial management of projects under OPT.

3. *On-the-spot check of project BG161PO004-1.0.01-0002 - „Electrification and reconstruction of Svilengrad – Turkish border railway line”, carried out on: 12.04.2010 – 19.04.2010.*

The scope of the on-the-spot check was to trace the implementation of the recommendations, formulated at the time of the on-the-spot check of the project, carried out in the period

31.08.2009 – 01.09.2009, and carrying out of the necessary checks for the verification of expenditures, included in the Requests for interim payments № 4 and № 5, submitted by NRIC and amounting to 5.7 mil. leva.

The team that conducted the on-the-spot check carried out a detailed documentary check in the offices of the beneficiary and of the Contractor in Sofia. In addition, on-the-site offices of the contractor and the engineer at railroad station Generalovo and railroad station Svilengrad were visited, where the whole quantity of rails and sleepers under the project has been delivered and stored. At the construction sites of the implementing Company – the on-site office, the location of the future bridge over river Maritza and the site at railroad station Svilengrad, the team made itself acquainted with the preliminary preparation undertaken, preceding the start of the construction.

The main recommendations, formulated as a result of the on-the-spot check carried out, referred to the administrative capacity for management of the project, as well as to taking necessary measures for the finalization of the beneficiary's Procedure manual.

4. *On-the-spot check of project BG 161PO004-3.0.01-0001 „Project Sofia metro extension, I stage – II metro-diameter: Section “Nadezhda transport nod” (MC 5-II) – “Cherni vrah: Blvd. (MC 11- II)”, carried out in the period: 10.05.2010 – 11.05.2010.*

The on-the-spot check covered only the physical progress of the project, and no outside experts participated. It was organized in the form of working meetings with representatives of the Beneficiary and the executors under the contracts, concluded under the project, and visits to construction sites. In the course of the check, OPT MA officials made sure of the authenticity of the Beneficiary's report on progress. A recommendation was made, related to the observation of the rules for labor security.

5. *On-the-spot check of project BG 161PO004-5.0.01-0015 „Designing and introduction of Geographic information system for the needs of the National Railway Infrastructure Company”, carried out in the period: 19.05.2010 – 21.05.2010, and 30.06.2010.;*

The scope of the on-the-spot check was to undertake a detailed review of the progress achieved on the project, to analyze the risk at its execution, as well as to review the financial situation and the differentiated payments. The check was conducted in the form of working meetings visits to the offices of the beneficiary and the contractor – Consortium “EuroGeoRail” in Sofia, in the course of which the progress in the implementation of the project, the problems occurred and measures taken for their elimination were discussed, and a review of the corresponding documentation was made.

As a result of the conducted checks it was determined, that the Contractor and the supervisor of the project fulfill their obligations towards the contracting authority in a quality manner and on time.

Recommendations were made mainly in relation to the identified problems, connected to the delay in the construction of a suitable server room, as well as with the ensuring, on the part of the beneficiary, of sufficient administrative capacity for the initial data introduction into the system. At the end of 2010 the beneficiary has taken the necessary measures for the implementation of the recommendations made.

6. *System on-the-spot check of beneficiary “Road Infrastructure” Agency in the period 27.05.2010 – 21.06.2010.*

The system on-the-spot check of the beneficiary “Road Infrastructure” Agency (RIA) was planned for October 2009, in view of the organizational and managerial changes in the Agency, as well as with the scope of achieving of maximum objective results from the on-the-

spot check, with the approval of the Head of OPT MA, the check was postponed until the adoption and entry into force of the new Organizational rules of the Agency, and the establishment of a working structure within it.

The scope of the check was to undertake:

- An analysis of the causes for the delay of the preparation of all road projects, previewed for co-financing under Operational Programme on Transport;
- Assessment of the effectiveness of the system for management, execution and control of projects under OPT, established at the beneficiary, including a check of the procedures for analysis and evaluation of risk;
- Assessment of the administrative capacity of RIA with regard to its obligations as beneficiary under the Operational Programme on Transport.

The main recommendations made as a result of the on-the-spot check referred to the improvement and optimization of the administrative capacity, re-structuring of the agency with the scope of clarification of the functions, obligations and responsibilities of the separate units, as well as improvement of the effectiveness of the labor process. In addition, the beneficiary was appraised on the need to assess, whether the implementation of each project, proposed for financing under OPT, could be finalized within the programme period, and correspondingly the expenditures for its implementation – to be admissible for the programme.

A recommendation was also made with reference to the correctness of the data, provided to the OPT MA. Specifically, RIA is requested to pay attention to the consequences, that any change of the schedules projects preparation could have, and how risky such a change could be for the implementation of a particular project within the programme.

Once again, it was recommended to the beneficiary to take action for the resolution of the problems with archeology, the expropriation procedures, including of the forest areas.

7. *Extraordinary on-the-spot check of project BG161PO004-5.0.01-0004 - „Consultant service for compliance assessment of the investment project with substantial requirements to construction under the project „Technical assistance for rehabilitation of railway infrastructure in sections of railroad Plovdiv – Burgas”, carried out on: 10.08.2010.*

The on-the-spot check was carried out in connection with the finalization of the project and the forwarding of the final payment request by the beneficiary NRIC. The scope of the check was to trace the implemented activities and the achievement of formulated scopes under the project, as well as the observation, by the beneficiary, of the safe-keeping/archiving of the project documentation and the conduct of accounting activity, in accordance with OPT requirements. As a result of the working meetings held with representatives of the beneficiary and the undertaken detailed check of the project file and the financial implementation of the project, the checking team of MA determined, that the contract, concluded under the project with an external contractor, has been finalized, and the beneficiary has reimbursed completely the funds owed under it; the documentation of the project is well arranged in chronological order and is kept at the Project implementation section. MA recommended that the beneficiary observe strictly the integral execution of all activities foreseen in the contracts concluded under it, as well as take measures, as yet at the preparation of the tender requirements, to reflect the real situation of a particular project, on which basis to determine adequately the scope of activities, previewed for execution.

8. *On-the-spot check of project BG161PO004-1.0.01-0002 - „Electrification and reconstruction of the railway Svilengrad – Turkish border”, carried out in the period: 26.08.2010 – 03.09.2010.*

The scopes of the on-the-spot check were: tracing of implementation, by beneficiary, of recommendations made during previous checks on the project; execution of necessary checks

for the verification of expenditures, included into Intermediary payment request № 6; tracing of preparatory, as well as construction and installation works (CIW) executed on the line.

As a result of the check on the CIW along the line it was determined, that the works are being implemented in quality manner and on time, the required construction documentation being prepared in the course of construction. The contractor has established a good organization of labor, having ensured the necessary construction machinery and transportation means, as well as human resource with the needed qualification for executing CIW. Correspondingly, the engineer has established good practice for on-time reaction and resolution of problems occurred at the registration of non-quality, or executed in deviation from the project, types of work.

The main recommendations towards the beneficiary were related to taking measures, on his part, for the implementation of recommendations made during a previous on-the-spot check, as well as to the finalization of his Procedure manual, including elaboration of effective procedures for OPT execution, management and control, and their strict observation by officials of PEMS on the project.

9. *On-the-spot check of project BG161PO004-2.0.01-0004 - „Completion of Trakia motorway, Lots 2, 3, 4”, carried out in the period: 28.09.2010 –12.10.2010.*

The scopes of the on-the-spot check was to assess the system of management and control of the beneficiary – RIA; the organization created for management of the project; check of the available documentation, connected to the implementation of concluded contracts; account documentation under the project, and comparison with information provided by the executors; on-the-spot check of the construction sites and assessment of physical progress, including comparison with timeframes under contracts, mobilized machinery and labor force, executed preparatory and main construction works, check of the observation of applicable normative basis, the rights and obligations of the parties under concluded contracts; review of documentation at hand in the contractors' offices, implementation of measures for security, information and publicity. The ultimate goal was to identify and eliminate factors that could hamper the quality and timely execution of this project, and on the basis of the effectuated risk analysis – prevent future technical and financial problems.

The check was organized in the form of working meetings with representatives of the beneficiary and the executor of contracts concluded under the project, in the framework of which the identified shortcomings under the project were discussed. The checking team undertook a detailed documentary check in the office of the beneficiary in Sofia and in the on-site offices of the contractors of the three lots. The construction sites of Lot 2 and Lot 3 were visited. During the on-the-spot check it was determined that the construction activities are being carried out along nearly all the line of Lot 2 and Lot 3, and the work done corresponds to the progress on the project, as reported in the monthly reports of the beneficiary to MA. Construction activities on Lot 4 have commenced. The procedures for expropriation of forest areas and the alienations for engineering infrastructure have not yet been finalized, which is a cause for the impossibility to approve the projects for these structures, and neither to preview timeframes for their execution.

Recommendations from the on-the-spot check referred mainly to the adequate structuring of PMS in view of the extent, significance and specifics of the managed project; the observation of the normative basis and contract provisions; taking measures to avoid premises for construction in violation of legal and technical norms; observation of regulations of the decision on EIA, strengthening of control with regard to security measures; resolution of the problems with archaeology; speeding-up of the process of elaboration of adequate accounting analytics, distribution of expenditures under the project, corresponding to the application form and contracts signed to date for the implementation of the project, as well as increasing of their traceability.

10. On-the-spot check of project BG 161PO004-3.0.01-0001 - „Project Sofia metro extension, I stage – II metro-diameter: Section “Nadezhda transport nod” (MC 5-II) – “Cherni vrah: Blvd. (MC 11- II)”, carried out in the period: 15.11.2010 – 26.11.2010.

The scopes of the on-the-spot check was to trace the implementation of recommendations made upon previous on-the-spot checks, and undertaking of checks needed for verification of expenditures made by the final beneficiary by 31.10.2010. The planned on-the-spot check started on 15.11.2010 with an introductory meeting at the office of the Beneficiary – “Metropolitan” EAD, with the participation of the checking team, including experts of the consultant STROL-SKL, and representatives of the beneficiary. The progress of the project, the problems encountered, as well as measures foreseen for their resolution and elimination, were discussed. A report on the implementation of recommendations from previous on-the-spot checks was presented. On 16.11.2010 and on 17.11.2010 representatives of OPT MA and the team of the consultant STROL-SKL visited the individual differentiated positions under the project.

11. On-the-spot check of project BG161PO004-1.0.01-0002 – “Electrification and reconstruction of the railway Svilengrad – Turkish border”, carried out in the period: 13.12.2010 – 16.12.2010.

The scopes of the on-the-spot check were related to the undertaking of checks needed for verification of expenditures reported with Request № 7 for intermediary payment under the project; tracing of implementation of recommendations made during previous four on-the-spot checks, as well as tracing of the construction and installation works (CIW) executed along the line. The on-the-spot check started on 13.12.2010 with a working meeting between OPT MA officials, the expert team of STROL-SKL, officials of the beneficiary – NRIC, and the engineer of the project. The on-the-spot check continued with a documentary check in the office of the Beneficiary on 13.12.2010, 14.12.2010 and 16.12.2010. On 14.12.2010 and on 15.12.2010 the team of the consultant STROL-SKL and representatives of OPT MA visited on-site offices of the contractor and the engineer at railroad station Generalovo and the construction sites on the line in the region of Svilengrad.

12. On-the-spot check of project BG161PO004-2.0.01-0004 – - „Finalization of Trakia motorway, Lots 2, 3, 4”, carried out in the period: 17.12.2010 – 10.02.2011.

The scope of the on-the-spot check was to trace the implementation of recommendations made during the previous on-the-spot check on the project, carried out in the period 28.09.2010 – 12.10.2010.

7.5 Periodic meetings with the beneficiaries

In implementation of Art. 6 “Monitoring and reporting”, point 7 of the Operational agreements, concluded between OPT MA and beneficiaries under the programme, OPT MA organizes and holds periodic meetings for assessment of the progress on projects. The periodic meetings (usually one a month) are held with the scope of conducting of current monitoring of the preparation and implementation of the projects and of the programme as a whole. The meetings are organized separately with every beneficiary, with participation of representatives of their management. At the meetings, general issues coming up, as well as current problems of projects under OPT executed by them are discussed, and concrete commitments taken by the management of the corresponding beneficiary. In the meetings, representatives of the Central coordinating unit, of the Ministry of Regional Development and Public Works, as principal of the Road Infrastructure Agency, as well as of the Auditing and

Certifying Authority, take part. OPT MA held 8 periodic (monthly) meetings with beneficiaries in 2010, for assessing progress on the programme⁹.

7.6 OPT ongoing evaluation

In 2010, two modifications were introduced in the Indicative evaluation plan of OPT – one in May (version 4), and another one in December (version 5). They are connected with changes of timing of undertaking of particular evaluations from the Indicative plan.

In correspondence with version 4 of the Indicative evaluation plan, in April – October 2010 tender documentation was prepared, and tender procedure conducted for the execution of “Independent assessments of Operational Programme on Transport 2007 – 2013” in 2010 and 2011. The tender documentation previewed that the selected contractor would make three thematic and one intermediate assessment of OPT, in conformity with the Indicative plan for evaluation in the term of two years. For participation in the procedure, two offers were received, that were examined by the assessment commission, but due to incomplete financial reports of both tenderer, they were not admitted to the evaluation of the offers, and the tender procedure was terminated in October.

As a result of the unsuccessfully conducted procedure for the selection of evaluator, in November 2010 the preparation of new tender documentation started, while in December a modification (version 5) was made to the Indicative plan for evaluation. Amendment in the Evaluation plan was made to achieve compatibility between the tender documentation and the evaluation plan. The tender procedure is expected to be concluded in the first half of 2011.

The aim of the MA is to conclude, by mid-2011, a contract/-s with an external evaluator, who will conduct the first four evaluations from the list of the Indicative plan for evaluation, including the mid-term evaluation of the programme. The execution of the evaluation will start with signing a contract/-s with executor/-s, and the first results from the evaluations will be presented by the end of the summer 2011, to be further forwarded to OPT MC and to EC for discussion and undertaking of corrective measures, if needed.

7.7 Audits carried out in OPT MA in 2010.

7.7.1 Audits carried out by the Internal Audit Unit in MTITC

In 2010, OPT MA received 18 final audit reports from audit engagements by the Department “Internal Audit Unit” of MTITC.

The findings and recommendations were presented to MA and to the audited beneficiaries. The audits refer mainly to the implementation of particular projects, checking conducted tender procedures and public procurement under OPT, checking expenditure eligibility and payments under OPT. Action plans for the implementation of recommendations have been prepared, where necessary. Part of the recommendations are implemented, some are open and are under implementation, or facing finalization.

7.7.2 Audits carried out by the Audit Authority

- „Audit of operations for stating confidence that declared expenditures are correct, and transactions regular and in conformity with law”

This is the first audit of operations under OPT, carried out by “Audit of European Union Funds Executive Agency” – Audit Authority for OP on Transport. The scope of the audit was to express assurance, that expenditures under OPT in the period 01.01.2009 – 31.12.2009, as declared to EC, are correct, and related transactions regular and in accordance with the law. Checked are all expenditures under the programme, declared to EC, at the amount of EUR 27 858 300.91 (BGN 54 485 264.92) on 18 projects. The checked projects are executed under

⁹ The meetings have a more formal nature than the daily expert meetings, held between MA and the beneficiaries.

priority axes 1, 3 and 5. There are no expenditures certified under priority axes 2 and 4 for the audit period.

As a result, the Audit authority has determined as ineligible expenditures at the amount of EUR 75 005.03 (BGN 146 697.08), or 0.27 % of the expenditures checked. The ineligible expenditures refer to four projects implemented under priority axis 5 “Technical assistance”. The concrete mistakes, that have led to financial corrections, are connected to the implementation of activities under the ISPA programme, double financing, and execution of activities that do not correspond to the scope of the project.

In addition, the Audit authority has made a conclusion related to the improvement of the audit trail and the verification of expenditures.

Following the final audit report, MA prepared an action plan for the implementations of given recommendations, which the Minister of transport, information technologies and communications approved on 07.12.2010. Its execution will be subject to follow-up in audits by the Audit authority.

- “Audit of management and control systems of OP “Transport”

During the period 11.10.2010 – 10.12.2010 AEUFEA conducted an audit of the management and control systems of OPT. It was performed on the basis of Art. 13, para 1 and para 3 of Ordinance № N-2 of 24.03.2009 on the order and manner of carrying out, coordination and harmonization of specific audit activities of funds and programmes of the European Union, and Art. 62, point 1 of Regulation № 1083/2006 . The audit report will be prepared in 2011.

7.7.3 Audits carried out by the National Audit Office

In October 2010 the National Audit Office started an Audit of the Operational Programme on Transport”, in the part of priority axis 1 “Development of Railway Infrastructure along the Trans-European and major national transport Axes” for the period 01.01.2007 – 30.06.2010”. It has as a scope to check implementation under priority axis 1 until the middle of 2010. The audit was not completed by the end of 2010, and the recommendations will be reflected in the Annual implementation report for 2011.

8. National performance reserve

Non-applicable.

9. Horizontal issues

9.1 Public procurement and ex-ante control from OPT MA

9.1.1 More significant amendments to the Law on public procurement in 2010

- The Managing authority exercises ex-ante control of public procurement procedures, financed fully or partially by EU funds, for delivery of goods or services at value equal to or exceeding BGN 1 000 000 – notwithstanding, whether violations on the beneficiary’s side have been identified, or not.
- A new element in presenting tender offers is the request, that the main envelope contains three separate, nontransparent, sealed and labeled envelopes, as follows: envelope № 1 with a label “Selection documents”, containing the documentation, requested by the contracting authority in accordance with Art. 56, paragraph 1, points 1 to 7, and 11 to 12, referring to the criteria for selection of participants or candidates; envelope № 2 with a label “Proposal for implementation of the errand”, containing the documents, related to the execution of the errand, in accordance with the criterion, chosen by the contracting authority, and the requirements as per the documentation; envelope № 3 with a label “Offered price”, which contains the price proposal of the participant. The evaluation commission informs the participants, sending them the protocol with the conclusions related to the availability and regularity of the documents, supplied with envelope № 1. In

the minutes, the commission describes exhaustively the missing documents or noted shortcomings, indicates precisely the type of document or documents, that are to be presented additionally, and determines a deadline for their presentation. The deadline is identical for all the participants, and cannot be longer than 5 days, counted from the date of receipt of the protocol. The participant can not submit documents, other than those listed in the protocol. After the expiration of the deadline, the commission checks the correspondence of the documents in envelope № 1, including those additionally submitted, to the selection requirements, specified by the contracting authority. The commission does not review the documents from envelope № 2 of the participants that do not meet the selection requirements.

- The commission can, at any time, check the data, declared by the participants, request from them clarifications, as well as additional proof for data, presented in envelopes № 2 and № 3. This opportunity can not be used for introduction of any changes into the technical and financial proposal of the participants.

9.1.2 Changes to the Regulation on exercising ex-ante control over procedures of public procurement, financed fully or partially with EU funds – new moments as of 02.11.2010.

- The contracting authority sends drafts of documents, subject to ex-ante control, to MA in both hard copy and electronic form.
- The contracting authority sends certified copies of the protocol or report on the work of the commission on evaluation of offers for the selection of a contractor, to the Managing authority for execution of ex-ante control. The obligation of MA to return the documents to the beneficiary has been cancelled.
- Cancelled is the requirement for annexing a declaration on the absence of identified violations (this requirement has been annulled in the Law itself).

9.1.3 Activities of ex-ante control carried out by OPT MA in 2010

In 2010 the Managing authority has conducted ex-ante control of tender procedures for the following projects:

- „Rehabilitation of railway infrastructure along sections of “Plovdiv – Burgas line” – exercised ex-ante control of a procedure for the construction of three differentiated positions, as well as of a procedure of assessment of the correspondence and construction supervision of four construction contracts.
- Project „Modernization of railway section Sofia – Plovdiv” – exercised ex-ante control of the construction procedure for „Modernization of railway section Septemvri – Plovdiv”.
- Project „Sofia metro extension, stage II: „Construction of section Mladost 1 – Mladost 3 – Tzarigradsko shosse Blvd. and of section Obelya – Nadezhda – Nadezhda road junction” – exercised ex-ante control of the documentation for public procurement procedure with subject: „Supply of 18 metro-trains with train length 81M ±3M for the needs of “Metropolitan” EAD, including the corresponding spare parts and repair sets for them in accordance with the technical requirements of the contracting authority.
- Project „Completion of Trakia motorway”, Lot 2, Lot 3 and Lot 4 – executed ex-ante control of the conducted three open procedures for additional design and construction, as well as three open procedures for consultant services for the additional design and construction.
- Project „Establishment of River information system in the Bulgarian part of Danube river” – exercised ex-ante control on conducted supply procedure with subject „Establishment of River information system in the Bulgarian part of Danube river – phase 1”.

- Project „Maritza Motorway” – exercised ex-ante control of the documentation for conducting two open public procurement procedures for additional design and construction, as well as two open procedures for consultant services for the supplementary design and construction.
- Project „Vessel traffic management information system – Phase 3” – exercised ex-ante control of the documentation for conducting a public procurement procedure with subject: „Vessel traffic management information system– Phase 3, Lot 1 - GMDSS A1, A2, NAVTEX”.

9.2 Procedure manual of OPT MA

In September 2010 the Minister of transport, information technologies and communications approved the updated version of the Procedure manual for management and implementation of OPT of the OPT Managing authority (sixth version).

9.3 Procedure manuals of the beneficiaries

By the end of 2010 are approved the procedure manuals of all beneficiaries, with the exception of the procedure manual of NRIC which was presented to MA for approval.

National Railway Infrastructure Company – An updated version of the beneficiary’s procedure manual is presented to OPT MA, in correspondence with the updated version 6 of the „Procedure manual for management and implementation of OPT” and the comments provided by OPT MA on the latest presented version. The approval of the manual, upon introduction of the comments, is forthcoming.

Road Infrastructure Agency – The Procedure manual is approved, with remarks, by letter of the Head of MA of 01.11.2010; the beneficiary was given one month to introduce them and to present the revised version to OPT MA. The beneficiary has observed the given deadline.

„Metropolitan” EAD – The beneficiary’s Procedure manual is approved.

State enterprise „Bulgarian ports infrastructure company” – The beneficiary’s Procedure manual is approved.

Executive Agency for Exploration and Maintenance of the Danube River – The beneficiary’s Procedure manual is approved.

III. IMPLEMENTATION OF OPERATIONAL PROGRAMME ON TRANSPORT BY PRIORITY AXES**1. Priority axis I – “Development of Railway Infrastructure along the Trans-European and Major National Transport Axes”****1.1 Achievement of the targets and analysis of the progress****Table 11: Physical progress of priority axis I – “Development of Railway Infrastructure along the Trans-European and Major National Transport Axes” by quantifiable indicators as of 31 December 2010**

Indicators		2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
Priority axis I – Development of Railway Infrastructure along the Trans-European and Major National Transport Axes											
Time savings (million hours per year)	Achievement	0	0	0	0						0
	Target				0,76					2,3	
	Baseline	0									
Savings (million euro per year)	Achievement	0	0	0	0						0
	Target				0,79					2,39	
	Baseline	0									
Average speed (km/h)	Achievement	102.9	102.9	102.9	102.9						102.9
	Target				106,6					114,2	
	Baseline	102,9									
Traffic capacity (trains/day)	Achievement	0	0	0	0						0
	Target				2393,7					2645	
	Baseline	2270									
Built rail tracks (km)	Achievement	0	0	0	2.3						2.3
	Target				3659,9					3684	
	Baseline	3648									
Rehabilitated railroads (km)	Achievement	0	0	0	0						0
	Target				707,7					1231	
	Baseline	450									
Electrified railroads (km)	Achievement	0	0	0	0						0
	Target				3296,9					3321	
	Baseline	3285									

By the end of 2010, under priority axis 1 have been signed three grant contracts under OPT for a total around EUR 30 million, which is little over 5 % of the budget of the axis. The beneficiary has received payments of around EUR 11.6 million, which is around 2 % the axis' budget.

Within the framework of the axis, one infrastructure project is implemented – „Electrification and reconstruction of the railway Svilengrad – Turkish border”. The main reason for the low absorption under the axis is the delayed preparation of the projects. By the end of 2010 this problem was to a large extent eliminated, with the beneficiary managing to launch tender procedures for the section “Septemvri – Plovdiv”, a part of the project “Sofia – Plovdiv”, as well as the tender procedures for the implementation of the project “Plovdiv – Burgas”, for which an application form was also forwarded to EC.

At the same time, as a result of a modification of OP “Transport”, in December 2010 into priority axis 1 were included for implementation the section “Parvomay – Svilengrad” of the ISPA project “Plovdiv – Svilengrad”, as well as the second stage of the extension of the metro. To ensure the financing needed - EUR 60 mil. were transferred into priority axis 1 from priority axis 2. In such way, the budget of the axis covers projects, for which application forms are ready, or in a very advanced stage of preparation, and for which there is preparedness to launch tender procedures. The MA expects that as a result the pace of physical and financial implementation under priority axis 1 will advance to a considerable extent, after a successful holding of tender procedures and launch of the construction activities under individual projects.

Project „*Design of Vidin – Sofia railway line*”

The preparation of the project is undertaken under the ISPA programme, detailed information having been presented in point 6.1. Under priority axis 1, application form has been put forth for the project „Technical design for the modernization of the railway Vidin - Sofia”. AF has been presented to OPT MA on 14.05.2010, having been later revised and presented again on 09.12.2010, and by the end of 2010 is in the process of evaluation by OPT MA.

Project „*Modernization of Sofia - Plovdiv railway line*”

The preparation for the implementation of the project is performed in accordance with ISPA Financial memorandum, measure 2006 BG 16 P PA 002 „Technical assistance for the modernization of the Trans-European railway network”, detailed information being provided under point 6.1.

On 13.05.2010 NRIC has concluded a contract with the company ET "El-Trans Engineering – BM" for the implementation of the project. The contract is for the amount of BGN 17 250,00 (without VAT) (EUR 8 819 79), with term of implementation till 31.12.2010. Through a Decision of the Head of OPT MA of 19.10.2010 was approved the project „*Consultant service for the assessment of the correspondence of the investment project to the substantial requirements towards the constructions for the project „Modernization of railway Sofia - Plovdiv*”. The contract for the provision of grant funding in the amount of BGN 17 250 is concluded on 28.10.10.

On 01.11.2010 NRIC announced a tender for the planning and construction of the railway section "Septemvri – Plovdiv".

Project „*Electrification and reconstruction of the Svilengrad – Turkish border railway line*”

The project is approved with a Decision of the Head of OPT MA of 21.05.2009. The contract for the provision of grant funding in the amount of EUR 29 795 134,62 (BGN 58 274 218.15) is concluded on 22.05.2009. On 25 May 2009 was concluded a contract with „OHL JS” AD Czech Republic for the implementation of the project. The contract is for the

amount of BGN 69 999 666 (without VAT), with a term of implementation of 24 months. On 01.07.2009 the implementation of the contract started.

The following more significant moments of the implementation of the project in 2010 can be noted:

- On 27.04.2010 is issued an authorization for the construction, which has entered into force on 19.05.2010. On 26.05.2010 a protocol for the opening of the construction site is issued.
- Construction activities are under way for the building of 33 small objects, , on 25 of them the works having been already finished. Construction activities on all big structures are ongoing.
- Ground works are performed along the line from Maritza River to Kapitan Andreevo. Continues the construction of a protective layer on sections of the line. Draining ditches with approximate length of 5000 m have been built.
- A temporary switch was installed at km 310+050, while after it 2350 m of new railway were laid over the newly-constructed ground basis.
- The repair and reconstruction of railway station Kapitan Andreevo has finished.
- Staged maintenance and repair of the temporary roads, constructed by the contractor, ensuring access to the site, is undertaken.
- The construction of road flyover Generalovo has started.
- The activities for the inauguration of the bridge over river Maritza have started – installed are 34 pilots; the buffer barrage embankment was restored; a work site with a protection embankment was built; basis concretes were poured; fencing was installed on 2 poles; foundation of 1 support was concrete-reinforced.

Project „*Rehabilitation of the railway infrastructure along sections of Plovdiv – Burgas railway line*”

The preparation of the project was performed under ISPA programme, and is described in point 6.1.

On 23.12.2010 State enterprise „National Railway Infrastructure Company” forwarded to OPT MA an application form for the project „Rehabilitation of the railway infrastructure on sections of the railway Plovdiv - Burgas”, while on 05.01.2011 an official positive statement and approval by JASPERS (Action Completion note) on the application form for the project, was received. The application for was approved by MA, and was sent to the European Commission on 21.01.2011 for final approval.

At the same time, in September 2010 the beneficiary NRIC announced a public procurement procedure for the “Rehabilitation of the railway infrastructure on sections of the railway Plovdiv - Burgas” in three differentiated positions. As a result, on 08.02.2011 was signed a contract with the selected contractor, with which the implementation of the project started.

Project „*Modernization of the railway Sofia - Dragoman*”

The preparation of the project is undertaken under ISPA programme, and is described in point 6.1.

1.2 Significant problems encountered in project preparation and measures taken to overcome them

The basic problems which the beneficiary NRIC encounters in the implementation of projects under OPT, are related to:

- Insufficient funds for covering the financial gap for project implementation. By the end of 2010 the financial gap on the project “ Electrification and reconstruction of Svilengrad – Turkish border railway line” is on account of a transfer of funds in 2010.

- Lack of funds for pre-financing of major infrastructure projects before approval of the application form by EC.
- Lack of spare funds for the payment of VAT under the contracts with the contractors.
- The beneficiary does not demonstrate the necessary capacity for the good and timely implementation of the single infrastructure project in construction phase.

2. Priority axis II – “Development of Road Infrastructure along the Trans-European and Major National Transport Axes”

2.1 Achievement of the targets and analysis of the progress

Table 12: Physical progress of priority axis II – “Development of Road Infrastructure along the Trans-European and Major National Transport Axes”s by quantifiable indicators as of 31 December 2010

Indicators		2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
Priority axis II - Development of Road Infrastructure along the Trans-European and Major National Transport Axes											
Time savings (thousands of hours per day)	Achievement	0	0	0	0						0
	Target				440,8					1336,4	
	Baseline	0									
Savings (million euro per day)	Achievement	0	0	0	0						0
	Target				0,4					1,23	
	Baseline	0									
Saved operating costs/ 1000 km (VOC) • For light vehicles • For heavy vehicles	Achievement	0 0	0 0	0 0	0 0						0 0
	Target				13,73 32,46					41,62 98,39	
	Baseline	0 254,99									
Reduction of fatalities on road (number)	Achievement	1006	1061	901	775						775
	Target				1171					585	
	Baseline	1171									
Average speed on class I network	Achievement	50 40	50 40	50 40							50 40

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(km/h) • For light vehicles • For heavy vehicles Average speed on class I network (km/h) • For light vehicles • For heavy vehicles	Target				60					80	
					50					70	
Built motorways (km)	Achievement	50	50								
		40	40								
	Target										
Built bypasses (km)	Baseline	331,2									
	Achievement	0	0	0	0						0
	Target					13,9				42,3	
Rehabilitated class I roads (km)	Baseline	0									
	Achievement	0	0	0	0						0
	Target					290				880	
	Baseline	0									

Under priority axis 2, by the end of 2010 three contracts were concluded for grant financing for the total amount of EUR 360 mil., or for around 36 % of the axis budget. To the beneficiary were paid EUR 12.4 mil., or 1.3 % of the axis budget. In process of implementation is one major project “Finalization of “Trakia” MW, lots 2, 3 and 4”. The application form was approved by EC on 21.12.2010, while in 2010 contracts for construction and supervision were concluded, and the physical implementation of the project has started.

By the end of 2010 the beneficiary RIA has to a big extent advanced with the preparation for the starting of tender procedures for the projects “Kyrdzhalı - Podkova”, “Maritza HW” and lot 1 of “Struma MW”. In the event of successful finalization of the tender procedures and start of the construction, the MA expects a certain catching up with the absorption of funds under the axis by the end of 2011.

The basic risk with the implementation of the projects under priority axis 2 is related to the conclusion of contracts with contractors before the approval of the application forms.

Project „*Modernization of Vratza - Botevgrad section of the road I-1 (E-79)*”

The preparation for the implementation of the project by the end of 2010 is, as follows:

- On 25.11.2010 the expert technical council at RIA approved the technical project, which was modified as a result of the existence of conflict points between the structures of RIA and NRIC.
- The EIA report is finalized, but because of a change in the line, its revision became imperative. It is foreseen to re-introduce the report to the MOEW in January 2011.
- Due to the existence of conflict points with an NRIC project, a re-drafting of the line plan became imperative. In 2010 the conflict points were clarified and cleared.
- The JASPERS comments on the first version of the Form were received by the end of December 2009. It will be revised after the issuance of the Decision on EIA and the introduction of the modifications into the technical projects. The corresponding modifications in the technical projects are awaited.

Project „*Road E-79 Vidin – Montana*”

The project was included into the ISPA Financial memorandum „Technical assistance for the preparation of road projects for sections of TEN-T in the Republic of Bulgaria”. It encompasses the preparation of preliminary studies, an analysis of expenses-benefits, a technical project, plot plans, EIA report and Application form for project financing by the Cohesion Fund. RIA has prepared the tender documentation for the selection of a contractor for the foreseen activities, which was sent to MTITC on 04.10.2010 for approval. On 03.11.2010 a letter from EC was received, with which the request for extension of the financial memorandum has been declined.

The beneficiary foresees that this project, as well as new sections in the direction of road E 79, would be prepared under OPT technical assistance.

Project „*Kardzhali – Podkova*”

The preparation for the implementation of the project by the end of 2010 is, as follows:

- On 13.04.2010 MOEW issued a Decision on the Report on EIA. By 31.12.2010 a procedure for the assessment of the necessity of an EIA for the part of the project, that covers the reconstruction of the accompanying infrastructure.
- The procedures for the expropriation of the lands along the main line have been concluded in 2010. The procedures for the expropriation of the lands, affected by the reconstruction of the adjacent technical infrastructure are in a stage of execution. Depending on the decision of the mode of their execution, they will take around 12 months.

- By 31.12.2010 the activities for three of the four archeological objects have finished, for which protocols were issued by the Ministry of culture. One project remains for finalization.
- The documentation for the tender procedure for the selection of a contractor for the construction was presented to OPT MA for preliminary control on 25.10.2010. After the elimination of the remarks received, the documentation was forwarded again on 23.12.2010 for approval. A start of the procedure is expected at the beginning of 2011.

Project „*Connection of “Hemus” MW with SRR*”

The preparation for the implementation of the project by the end of 2010 is, as follows:

- At the beginning of 2010 the Report on EIA has received a positive evaluation by MOEW. At the beginning of March 2010 RIA received a letter from MOEW, informing about concessions for the extraction of inert materials along the motorway. With a Decision № 800 of 09.11.2010 of the Council of Ministers the surface of the concessions in the perimeter of the line was restricted. A decision of MOEW on the Report on EIA was issued on 29.11.2010.
- The procedure for the expropriation of the lands concerned was finished in November 2010.
- The National Archeological and Historical Museum informed RIA on 22.12.2010 with a letter about the necessity of undertaking a study on the presence of archeological sites.
- The delay in the preparation of the form for application for financing of the project is the major problem. Another problem is the presence of concessions along the line, the solution of which leads to a delay of the project. A geodesic mapping was performed, and it is foreseen to include an obligation for the contractor to plan structures for the concession territories at the preparation of the tender documentation.

Project „*Construction of “Struma” MW*”

The preparation for the implementation of the project by the end of 2010 is, as follows:

- There is a Decision on the environmental impact assessment № 1-1/2008r. of 15.01.2008 of the minister of environment and waters for the approval of the investment proposal for the whole section of “Struma” MW. A Decision on EIA № 5-3/2010 of 13.04.2010 approves the investment proposal in the part from the displacement of the existing railway, a sub-object of the construction of the motorway.
- The technical projects for Lot 1 and Lot 4 are prepared in the period 2007 – 2008, and are approved by RIA. There are no technical projects prepared for Lot 2 and Lot 3. RIA is considering the possibility that Lot 2 and Lot 3 be commissioned for implementation as engineering.
- The plot plans for the lands for the affected terrains for Lot 1 and Lot 4 are present. They were declared by the corresponding communities in 2010, and are processed in conformity with the provisions by law. It is foreseen to elaborate plot plans for Lot 2 and Lot 3 together with the technical project.
- Along the line of Lot 1 and Lot 4 there are a total of 3 sites for investigation. Contracts for the three sites were concluded in 2009. Advance payments under the implementation contract have been disbursed in 2010.

Project „*Construction of “Maritza” MW from km 5 to km 72*”

The preparation for the implementation of the project by the end of 2010 is, as follows:

- It is foreseen to undertake the construction of “Maritza” MW in the section “Orizovo – Harmanli” from km. 5+000 to km. 71+011 in two sub-sections”

- Lot 1 – section “Orizovo – Dimitrovgrad” from km. 5+000 to km. 36+400
- Lot 2 – section “Dimitrovgrad – Harmanli” from km. 36+400 to km. 71+011
- An Updated procedure for EIA has been performed for the object, under §12b of the Law on environment protection, while the term of validity for the decisions on EIA has expired. Public discussions were held on 16-17.04.2010. With a Decision of 02.07.2010 MOEW approves the investment proposal for “Maritza” MW. By the end of 2010 a procedure for the assessment of the necessity to undertake EIA for the part of the project, referring to the reconstruction of the accompanying infrastructures of the linear networks, that are property of other institutions, is under way.
- For all the territories with the status of land fund, that fall within the servitude of the main line of the future motorway, the expropriations were finalized in 2009 (for the forestry fund – in January 2010). The expropriation procedures for the terrains, affected by the reconstruction of the adjacent technical infrastructure are in the stage of execution. Depending on the decision on the mode of their implementation, , they will take around 12 months. By 31.12.2010, the plot plans for the terrains are in a stage of preparation.
- Along the line of “Maritza” MY, from km. 5+000 to km. 71+011 there are four objects, subject to archeological exploration. The work for the study of all the four objects started in 2010. In 2010 the archeological activities on Lot 2 were finalized (one object). The funds necessary for the archeological explorations are provided from the budget of MRDPW with a Decree of the Council of Ministers №161 of 29. 07. 2010. In August 2010 the advance payments under the contracts for the implementation of archeological explorations were disbursed.
- The tender procedures for the selection of a constructor and of construction supervision were announced, as follows:
 - additional planning and construction for Lot 1 – 01.12.2010;
 - consultant services during the implementation of additional planning and construction for Lot 1 – 20.12.2010;
 - additional planning and construction for Lot 2 – 21.12.2010;
 - consultant services during the implementation of additional planning and construction for Lot 1 – announcement pending.

Project „*Completion of „Trakia” motorway lots 2, 3, 4*”

The application form was sent for approval to EC on 14.06.2010 and was approved on 21.12.2010. The total amount of the grant funding is BGN 709 166 776.03. The project is divided into the following lots:

– **Lot 2 „Stara Zagora – Nova Zagora”**

After open tender procedures, were selected, and correspondingly contracts were concluded – for implementation of the construction works with the Holding “Magistrala Trace” on 23.04.2010, and for implementation of consultant services (construction supervision) with “Patinvest-engineering” AD on 28.05.2010.

– **Lot 3 „Nova Zagora - Yambol”**

After open tender procedures, were selected, and correspondingly contracts were concluded – for implementation of the construction works with „ACTOR” ACD, Hellenic Republic – on 14.07.2010, and for implementation of consultant services (construction supervision) with Holding „T7/CNIC” – on 29.07.2010.

– **Lot 4 „Yambol – Karnobat”**

After open tender procedures, were selected, and correspondingly contracts were concluded – for implementation of the construction works with Association „Trakia IV” DZZD – on

31.08.2010, and for implementation of consultant services (construction supervision) with Association „Planonvest - Plovdivinvest” DZZD – on 31.08.2010.

- Order № 11-616/21.09.2010 of the President of the Management board of “Road Infrastructure” Agency nominates a team for managing of the project “Finalization of “Trakia” MW”, Lot 2, Lot 3 and Lot 4”, who have been entrusted with the functions to organize, coordinate and control the undertaking of activities for the implementation of the project.
- With Decrees of the Council of Ministers of 2005, all territories with the status of land fund, falling into the servitude of the main line of the future motorway (Lot 2, Lot 3 and Lot 4) are declared for expropriation. The expropriation procedures in conformity with these Decrees were finalized in 2010, after the disbursement of the corresponding compensations to the owners.
- In 2010 have been undertaken and finalized archeological excavations of 10 objects along the line, with one object remaining for finalizing.
- By 31.12.2010 r. the degree of implementation of the construction and installation works on the particular sections is, as follows:
 - Lot 2 – around 22 % of all construction and installation works on the project
 - Lot 3 – around 16 % of all construction and installation works on the project
 - Lot 4 – around 10 % of all construction and installation works on the project

Table 13: Progress in the implementation of the various stages of implementation of major projects in accordance with point D1 of Annex XXI and XXII of Regulation 1828/2006 for the project „Completion of „Trakia” motorway lots 2, 3, 4”

Activities	Start date	Completion date
1. Feasibility study	29.07.1977	05.1987
–Cost-benefit analysis	06.10.2009	23.12.2009
3. Environment impact assessment	05.06.2009	25.12.2009
4. design studies		
- Lot 2	14.03.2001	01.2004
- Lot 3	14.03.2001	04.2004
- Lot 4	14.03.2001	04.2004
5. Preparation of tender documentation		
5.1. Tender documentation for construction		
- Lot 2	07.04.2009	10.11.2009

- Lot 3	08.12.2009	25.02.2010
- Lot 4	01.02.2010	06.04.2010
5.2. Tender documentation for supervision		
- Lot 2	01.12.2009	19.01.2010
- Lot 3	18.01.2010	22.04.2010
- Lot 4	22.02.2010	07.05.2010
6. launch of tender procedures		
6.1. Tender procedures for construction		
- Lot 2	12.11.2009	25.02.2010
- Lot 3	26.02.2010	25.06.2010
- Lot 4	07.04.2010	05.08.2010
6.2. Tender procedures for supervision		
- Lot 2	22.01.2010	15.04.2010
- Lot 3	23.04.2010	09.07.2010
- Lot 4	10.05.2010	30.07.2010
7. Land acquisition		
- Lot 2	17.08.2009	10.06.2010
- Lot 3	17.08.2009	25.05.2010
- Lot 4	17.08.2009	25.05.2010
8. Construction phase		
- Lot 2	03.05.2010	08.06.2012
- Lot 3	02.08.2010	04.09.2012
- Lot 4	01.09.2010	10.01.2013
9. Operational phase		
- Lot 2	2012	2039
- Lot 3	2012	2039

- Lot 4	2013	2039
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Table 14: Financial implementation of major project in accordance with point H 2.2 of Annex XXI and XXII of Regulation 1828/2006 for the project „Completion of „Trakia” motorway, lots 2, 3, 4” (in EUR)

Total amount of investment costs – sources of financing					For information
Total investment cost	Community assistance	National public contribution	National private contribution	Other sources	EIB/EIF loans
a=b+c+d+e	(b)	(c)	(d)	(e)	(f)
362 591 215	286 179 591	76 411 624	0.00	0.00	0.00

2.2 Significant problems encountered in project preparation and implementation measures taken to overcome them

2.2.1. The basic problem in the implementation of projects under the axis remains the accumulated delay in their preparation. In this connection, in 2010 measures were taken in two major directions:

- Directorate “Road projects” was established in the Ministry of regional development and public works, to monitor and control RIA in its capacity of beneficiary under OPT, including in the preparation of tender documentation and application forms. In this connection, at the modification of OPT in December 2010, MRDPW was added as beneficiary under OPT.
- Secondly, with the scope of preparation of application forms, a contract was concluded in January 2011 with a consultant, who would prepare the basic data for the application forms and would conduct the accompanying analyses.

2.2.2 It is necessary to improve the capacity of the beneficiary for the management of major infrastructural projects during construction.

3. Priority axis III – “Improvement of Intermodality for Passengers and Freight”

3.1 Achievement of the targets and analysis of the progress

Table 15: Physical progress of priority axis III – “Improvement of Intermodality for Passengers and Freight” by quantifiable indicators as of 31 December 2010

Indicators		2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
Priority axis III - Improvement of Inter-Modality for Passengers and Freight											
Time savings (thousands of hours per day)	Achievement	0	0	0	23.4						23.4
	Target				19,3					60,5	
	Baseline	0									
Savings (million euro per day)	Achievement	0	0	0	4.92						4.92
	Target				4,2					12,8	
	Baseline	0									
Passengers using the metro (number)	Achievement	0	0	0	156000						156000
	Target				204000					260000	
	Baseline	78400									
Number cargo handled (TEU/week)	Achievement	0	0	0	0						0
	Target				1000					1000	
	Baseline	100									
Average speed of public transport for central itineraries (km/h)	Achievement	14	14	14	14						14
	Target				22,5					40	
	Baseline	14									
Capacity of metro system (number of wagons)	Achievement	0	0	0	0						0
	Target				65					72 (102)	
	Baseline	48									
Capacity of handling of inter-modal	Achievement	0	0	0	0						0
	Target				1500					1500	

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terminal (TEU/per week)	Baseline	500									
Metro lines built (km)	Achievement	0	0	0	0						0
	Target				14.4 (20)					24,8	
	Baseline	9,9									
Metro stations built (number)	Achievement	0	0	0	18						18
	Target				11 (17)					25	
	Baseline	8									
Modernized inter-modal terminal (number)	Achievement	0	0	0	0						0
	Target				1					1	
	Baseline	0									
Length of railway tracks of combined transport terminals (km)	Achievement	0	0	0	0						0
	Target				3					3	
	Baseline	0									
Areas prepared for freight villages (sq m)	Achievement	0	0	0	0						0
	Target				132000					400000	
	Baseline	0									

Under the priority axis two projects are included for allocation of grant funding for a total of EUR 185 449 446,94 (BGN 362 707 591,80), from which the financing from ERDF amounts to EUR 157 632 029,90 (BGN 308 301 453,04). The contracted grant funding constitutes 87.85% of the total budget of the priority axis. The disbursed grant funding under priority axis 3 is on the amount of EUR 158 81 004 234,58 (BGN 430 512,12), of which ERDF funds of EUR 68 853 599,39 (BGN 134 665 935,30), constituting 38.37 % of the budget of the axis.

In the process of implementation is one major infrastructure project – *“Extension of the Sofia metro – Stage I “Nadezhda road junction – Cherni vrah Blvd.”*. Under the project, construction activities are under way along the whole line. The physical implementation of the project exceeds 50 %.

Project *„Extension of the Sofia metro, Stage I „Nadezhda road junction – Central railway station – Sv. Nedelya Sq. – „Cherni vrah Blvd.”*

The project was approved by the European Commission on 22.09.2009, the construction having begun in December 2008, with a term for finalization and entry into exploitation in the end of September 2010.

The construction of the line is divided into two differentiated positions – the first in the section from “Nadezhda” flyover to “Patriarch Evtimiy Blvd.”. The construction in this section is performed with a tunnel-boring machine (TBM). The tunnels of the second differentiated position under “Cherni vrah Blvd.” are constructed, utilizing the “New Austrian method”, and the metro-stations in both sections in the open method (top-down).

Under the project, the following major activities were performed by the end of 2010:

- Prepared and approved is the bigger part of the working projects by corresponding specializations on the sections – respectively, 109 projects on differentiated position 1, and 96 projects on differentiated position 2.
- Produced around 64 % of the total of steel-concrete sections for the tunnel-boring machine (tubings).
- 1 km tunnel constructed in each of the two tunnel sections, using the tunnel-boring machine.
- Performed the whole temporary construction on all metro-stations, and over 90 % of the affected engineering networks (sewer, water supply, thermo-supply, high- and low-voltage cables).
- Performed over 75 % of the basic excavation works on the metro-stations.
- Constructed over 70 % of the basic support constructions on the metro-stations.
- Executed over 9 000 cub. m. of manual excavations for the uncovering and preservation of archeological sites over the central metro-station.

Table 16: Progress in the implementation of the various stages of implementation of major projects in accordance with point D1 of Annex XXI and XXII of Regulation 1828/2006 for the project *„Extension of the Sofia metro, stage 1 “Nadezhda road junction – Central railway station – Sv. Nedelya sq. – Cherni vrah Blvd.”*

Activities	Start date	Completion date
1. Feasibility studies	06.01.2006	07.12.2007
2. Cost-benefit analysis	02.01.2007	05.06.2009
3. Environment impact assessment	12.01.2006	23.03.2007
4. Design studies	01.06.2006	01.03.2007
5. Preparation of tender documentation	01.01.2007	01.07.2007
6. Launch of tender procedures	01.07.2007	01.04.2008
- for design and construction works	04.07.2007	21.07.2008
- for engineer-consultant	01.11.2007	28.05.2008
7. Land acquisition	not applicable	not applicable
8. Construction phase	01.12.2008	01.09.2012
9. Operational phase	02.09.2012	

Table 17: Financial implementation of a major project in accordance with point H 2.2 of Annex XXI and XXII of Regulation 1828/2006 for the project „Extension of the Sofia metro, stage 1 “Nadezhda road junction – Central railway station – Sv. Nedelya sq. – Cherni vrah Blvd.” (in EUR)

Total amount of investment costs in euro – sources of financing					For information
Total investment cost	Community assistance	National public contribution	National private contribution	Other sources – Sofia municipality	EIB/EIF loans
a=b+c+d+e	(b)	(c)	(d)	(e)	(f)
247 146 137	157 414 731	27 779 070	Non-applicable	61 952 336	105 000 000

Project „Construction of an Inter-modal terminal in Sofia – Phase 1”

By the end of 2010 the following major activities were performed, under the project:

- In 2009, OPT MA and the beneficiary NRIC signed a contract for the extension of grant funding under OPT for the project „**Technical assistance for the preparation of the project „Construction of an Inter-modal terminal in Sofia – Phase 1”**” for the amount of BGN 500 000 (no VAT). The deadline under the grant funding contract is 30.04.2011;
- On **08.01.2010** a contract was signed with ”KONTRROLS” Company for the execution of a public procurement order with the subject „**Consultant services for the preparation of documentation for the assessment of the necessity for conducting an EIA and EA of the project „Inter-modal terminal – Sofia”**”;

- The tender documentation for the „*Elaboration of market evaluation of real estate, needed for the construction of the Inter-modal terminal – Sofia, phase 1*”, is in the process of preliminary control by MA.
- After holding an MA session on the whole project for the construction of the inter-modal terminal and certifying the entry of DSDP into the register of the Regional municipality “Slatina”, the parallel start of two tender procedures for expropriation is expected – „*Preparation of expropriation procedures for real estate, necessary for the construction of the Inter-modal terminal – Sofia, phase 1*”, and „*Elaboration of market evaluation of real estate, needed for the construction of the Inter-modal terminal – Sofia, phase 1*”

3.2 Significant problems encountered in project preparation and implementation by priority axis and measures taken to overcome them

It is necessary the project to be substituted with another one – for example with intermodal terminal at Kableschkovo station. It is also necessary to decide the construction of intermodal terminal in Sofia at a new place, in coordination with the business.

4. Priority axis IV „Improvement of the Maritime and Inland- Waterway Navigation”

4.1 Achievement of the targets and analysis of the progress

Table 18: Physical progress of priority axis IV – “Improvement of the Maritime and Inland-Waterway Navigation” by quantifiable indicators as of 31 December 2010.

Indicators		2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
Priority axis IV – Improvement of the Maritime and Inland- Waterway Navigation											
Part of sea waterways covered by safety system (%)	Achievement	10.3	18	18	18						18
	Target				39,9					100	
	Baseline	10,3									
Part of river waterways along the Danube covered by safety system (%)	Achievement	0	0	0	0						0
	Target				36,4					100	
	Baseline	5,10									
Cost saving for modal shift from rail to IWT per km (euro)	Achievement	0	0	0	0						0
	Target				0,01					0,03	
	Baseline	0									
Supervised coast length (nautical miles)	Achievement	24,7	35	35	35						35
	Target				95					238,4	
	Baseline	24,7									
Supervised river length (km)	Achievement	14	60	60	60						60
	Target				126,6					407,7	
	Baseline	24									
Navigable period in the year	Achievement	0	0	0	0						0
	Target				70					83	

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(%)	Baseline	64									
VTMIS implementation (number)	Achievement	1 (limited capacity)	1 (limited capacity)	1 (limited capacity)	1 (limited capacity)						1 (limited capacity)
	Target									1 (improved capacity – new equipment and software)	
	Baseline	1 (limited capacity)									
River information system (number)	Achievement	0	0	0	0						0
	Target									1	
	Baseline	0									
Length of the sections to be corrected (km)	Achievement	0	0	0	0						0
	Target				17,4					0	
	Baseline	26									

Under the priority axis one contract for the allocation of grant funding has been concluded, but at a request of the beneficiary the contract for grant funding (CGF) was terminated, due to identified potential risks for the implementation of the planned activities. By 31.12.2010 there are no contracted and disbursed amounts of grant funding for projects under this priority axis.

In relation to the implementation of the project „Batin – Belene” MA commissioned the beneficiary EAMDR to analyse the possibilities for its implementation in a decreased extent in the current programme period. A final decision is pending, which is to take into account also the impact of the planned hydro-energetic complexes along the Danube River.

The beneficiary EAMDR has also proposed for implementation six alternative projects, which, with the scope of detailing the extent, scopes and time-frames for execution, are grouped in two directions – the ports on the river Danube, and Black Sea ports.

Under the axis, one contract with a contractor was concluded, an approval of AF under the programme pending for the project „*Establishment of River Information Services System in the Bulgarian part of the Danube River*”. The cost of the contracts concluded with contractors amounts to BGN 13 547 328,00.

Project „*Improvement of the navigation in joint Bulgarian - Romanian parts of the River Danube: from rkm 530 to rkm 520 - Batin and from rkm 576 to rkm 560 – Belene*”

- In March 2010 the beneficiary from the Romanian side was selected – AFJD – Galati, the Romanian side having planned around EUR 142 mil. for the implementation of the project;
- In March 2010, the consultant under the ISPA programme (Romania) prepared a multi-criterion analysis, on the basis of which the best alternative would be selected for the improvement of the conditions for navigation in the common Bulgarian-Romanian sector. From the Bulgarian side, EAMDR presented an opinion on the report, as a result of which a second version of the multi-criterion analysis was elaborated.
- In May 2010 the Bulgarian and the Romanian sides conducted joint control measurements on-site in several critical sectors, that would benefit the consultant;
- Project decisions were prepared, on the basis of the pre-project studies, for every critical sector in three variants – EEA1, EEA2, EEA3, with an indication of the most appropriate, and most suitable for implementation from technical and economic point of view;
- Decision taken in August 2010 for the preparation of an optimized alternative of sector 1 of the project, combining the best elements of variants EEA1 and EEA3;
- EAMDR has prepared and sent to the Romanian side and to MOEW a list of districts and municipalities, as well as mapping material of the territory of Bulgaria, which are affected by the critical sectors, identified in the project;
- At MA request, information was prepared in October 2010 in the different variants for implementation of the project in separate lots, which can be implemented in the current programme period. The proposal includes the sectors „Vardim rkm 548 – rkm 540”, „Batin rkm 530 – rkm 515” and „Mishka rkm 476 – rkm 450”.

Project „*Establishment of River Information Services System in the Bulgarian Sector of the River Danube*”

In 2010 a tender procedure was conducted under the project, and a contractor selected for Phase 1 of the project „*Establishment of River Information Services System in the Bulgarian part of the Danube River*”. On 14 June 2010 in Ruse the project was officially launched.

By the end of 2010 the following basic activities under the project were implemented:

Construction and installation works:

- The detailed designs for objects Ruse TVRS, Lom – Koshovete, Oryahovo, Operative RIS centre, Silistra, Tutrakan, Russe BRS are approved and coordinated with the owners.
- Partial survey of the tower in Kozloduy, which will make possible the preparation of the detailed design, was undertaken.
- Work is under way for the procurement of the necessary documentation for the objects: Gorni Tzibar and Florentin.
- The activities for the launch of the construction and installation works for Ruse BRS, Silistra, Tutrakan are planned.
- The equipment for the Rezerving RIS centre – Varna for sub-system “Network environment”, “Control, monitoring and management of the system” and “Other deliveries” was delivered, installed and tested for work capability.
- Test procedures for the receipt of the equipment are established.
- The installation (together with the required technical documentation regarding the hardware positioning) of the technical equipment for the objects: “RIS centre – Ruse”; “Ruse – BRS”; “Ruse – TVB”; “Tutrakan”; “Silistra” is planned.
- The specification of the application software is approved, in conformity with the requirements of BPIC.
- Elaboration of software: NtS – Elaboration finalized 100%; ERI – 20% of elaboration; Database projected and created; Site infrastructure - constructed; The elaboration of an interface for the introduction of an ERINOT message - started; Projection of an interface between DataGateway and ERI - started; AIS – 30%; DataGateway – 15%; The bigger part of the open issues, related to the integration between the modules – resolved.
- The equipment for radio-relay sub-system for Ruse TVRS, Ruse BRS, Tutrakan TVR, Silistra TVR was delivered.
- AIS Equipment present for objects: Ruse, Silistra, Tutrakan.
- Delivery of office equipment to Varna.
- Delivery of two off-road vehicles.
- Delivery of two motor-boats.

Project „Establishment of Vessel Traffic Management Information System (VTMIS) – phase 3”

- The activities for undertaking preliminary studies, elaboration of preliminary system framework for the project “Vessel Traffic Management Information System (VTMIS) – phase 3” have started.
- A procedure was opened, in conformity with the LPP, for the selection of a contractor for three phases of VTMIS – Phase 3, Lot 1 – “Radio-communication system GMDSS – zone A2, zone A1 and NAVTEX”.
- A procedure was conducted, in conformity with the LPP, for the selection of a contractor for the commissioning of the elaboration of DSDP for the traffic-tower in Varna.
- Elaboration of DSDP for the traffic-tower in Varna, and forwarding to Varna Municipality for examination and adoption.

4.2 Significant problems encountered in project preparation and measures taken to overcome them

The main problem in the implementation of the priority axis is the considerable delay in the preparation and implementation of the project for the improvement of the navigation in the

Bulgarian - Romanian part of the Danube river. Its preparation is carried out under the ISPA programme in Romania, and a delay of around three years is accumulated. On the Bulgarian side, the beneficiary EAMDR provides full cooperation to the consultant under the ISPA project in Romania, through the preparation of statements on the documents presented. The issue of the implementation of the project was put forward at the meeting of the Deputy-Minister of transport, information technologies and communications of Bulgaria and Head of OPT MA, and the State Secretary of the Ministry of Transport and Infrastructure of Romania in January 2010. OPT MA has requested the beneficiary EAMDR to propose variants for the implementation of the project in lots during the current programme period, a final decision pending on the modality of the implementation of the project.

5. Priority axis V – „Technical Assistance”

5.1 Achievement of the targets and analysis of the progress

Table 19: Physical progress of priority axis V – “Technical Assistance” by quantified indicators as at 31 December 2010.

Indicators		2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
Priority axis V – Technical Assistance											
General transport master plan (number)	Achievement	0	0	0	1						1
	Target				1						1
	Baseline	0									
Strategic business plan for development of railway transport (number)	Achievement	0	0	0	0						0
	Target				1						1
	Baseline	0									
Implementation of OPT communication plan (number)	Achievement	0	1	1	1						1
	Target				1						1
	Baseline	0									
General plan for monitoring of the environmental and its implementation (number)	Achievement	0	0	0	0						0
	Target				1						1
	Baseline	0									
Trained people according to training programmes (%)	Achievement	0	4.2	8.2	8.6						8.6
	Target				100 %					100 %	
	Baseline	0									
Information and publicity actions at national level (number)	Achievement	4	11	16	19						19
	Target				9					24	
	Baseline	0									

The number of contracts concluded / orders issued for the provision of grant funding by 31.12.2010 is 41, with 32 of them in implementation, and the remaining 9 have been finalized. Their total value is of EUR 23 959 708,65 (BGN 46 861 116,97), of which the financing from EFRD amounts to EUR 20 365 752,36 (BGN 39 831 949,43 лева), which accounts for 36.33 % of the total budget for the axis. The disbursed grant funds amount to EUR 7 501 438,27 (BGN 14 671 538,01), of which the EFRD funds amount to EUR 6 376 222,50 (BGN 12 470 807,26), or 11.37 % of the budget of the priority axis.

Project „*Design and Implementation of Geographical Information Systems (GIS) for the needs of the NRIC*”

The contract for the provision of grant funding under OPT was signed in the end of 2008. In 2009 was signed a contract with the contractor for the project – Consortium. In 2010, the following major activities were implemented under the project:

- Were finalized, and approved by the contracting authority, all activities under the contract concluded with “EuroGeoRail”, which is the main contract under the project.
- On 02.11.2010 a contract was concluded with “Bynet” EOOD for the implementation of the project „Design and construction of a network structure for communication connectivity in the Regional divisions and the CA of SE NRIC for the needs of the project “Designing and Implementation of Geographical Information Systems (GIS) for the needs of the NRIC”.
- On 05.11.2010 has finished the procedure, in conformity with Art. 2, part 1, point 2 of OASPPC, for the selection of a contractor for the project “Designing and Implementation of Geographical Information Systems (GIS) for the needs of the NRIC”, and was concluded a contract 3551/24.11.2010 with “BiOnline” EOOD.
- On 24.11.2010 invitations were sent to companies for participation in a procedure, in conformity with Art. 2, part 1, point 2 of OASPPC, for the selection of a contractor for the project “Designing and construction of a server room for the needs of the project “Designing and Implementation of Geographical Information Systems (GIS) for the needs of the NRIC”, and on 14.12.2010 the procedure was concluded.

Project „*Elaboration of General Transport Master Plan*”

The contracting authority MTITC has approved the reports on stage II of the project in February, and those on Stage III – in May 2010. In the end of April 2010 the contractor presented the final report on the project, except the transport model, elaborated under the contract. In accordance with Art. 5, point 7 of Contract № D-18/10.03.2008 for commissioning a public procurement with the subject „Elaboration of General Transport Master Plan”, the concluding final report must contain the final variant for the elaboration and the supporting information. In this connection, without the transport model the presented document is incomplete, and can not be accepted, and neither can the reimbursement due under it be executed. All the more, that according to Art. 4 “Expected results” of the technical specifications, which is an inseparable part of the report quoted, in the end of the study the transport model has to be forwarded to the Directorate “Coordination of programmes and projects” of the Ministry of transport, information technologies and communications, together with the documentation on its action.

On 13.07.2010 a meeting was held in the Ministry of transport, information technologies and communications, at which the contractor was explicitly invited to provide the transport model. On 21.07.2010 an official letter was sent to the contractor, in connection with the stated above. The letter explicitly states, that the Concluding report can not be accepted without the transport model. On 28.07.2010 a letter asking for assistance was sent to the central office of “Aecom” OOD in London.

In August and September 2010 the Directorate “Legal matters” of MTITC worked on the elaboration of a legal analysis of the implementation of contract № D-18/10.03.2008.

In November 2010 were signed a protocol on the delivery-acceptance of the transport model, as well as a protocol on the acceptance and approval of the concluding report on the contract № D-18/10.03.2008. In December 2010 the final payment for the contract „Elaboration of General Transport Master Plan” was made, upon the deduction of the penalty, owed as by contract, for the delayed implementation on the part of the contractor “Aecom” OOD.

Project „*Preparation of a strategic business plan for the development of the railway transport*”

To this moment, there has not been selected a contractor for the execution of the project; two unsuccessful tender procedures have been held. At the moment, the preparation of a new tender procedure for the selection of a contractor has been stalled, with the aim of coordinating the activities, foreseen in the strategic business plan, with the activities, previewed in the plan for cooperation with the World Bank, and avoiding overlapping of activities. Cooperation with the JASPERS initiative is also agreed, in case of necessity.

5.2 Problems encountered and measures taken to overcome them

No serious problems under priority axis “Technical assistance” have been identified by the end of 2010.

6. Use of technical assistance

The funds from the technical assistance have been utilized in four major directions:

- For the elaboration of strategic documents, which have a reference to the overall activity of the Managing authority and of the beneficiaries in the process of implementation of the programme. Examples in this regard serve the project „Elaboration of General Transport Master Plan”, „Designing and Implementation of Geographical Information Systems (GIS) for the needs of the National Road Infrastructure Company”, preparation of a strategy for the introduction of the European railway traffic management system (ERTMS) and of the strategy for the introduction of technical specifications for operational compatibility of the conventional railway system in the Republic of Bulgaria
- Secondly, the funds from the technical assistance are utilized for financing the preparation of projects, when various studies are undertaken;
- For improving the capacity of MA and beneficiaries, and assisting the implementation of current activities;
- For the preparation of projects for financing in the following programming period.

7. Information and publicity measures, Communication Plan implementation

7.1 Information and publicity events under Operational Programme on Transport

As part of the Communication Plan and in implementation of the information and publicity measures, the MA of the OPT carried out the following basic activities in 2010:

Table 20: Information and publicity events held under the OPT in 2010

№	Date/period	Location	Event	Target groups
1.	6.04. 2010	Nadezhda road junction	Official start of the tunnel-boring machine under the project for the extension of the Sofia metro	Media General public Local authorities
2.	27.04. 2010	NRIC, Sofia	Public opening of the price offers for the tender Plovdiv - Burgas	Media General public Companies
3.	3.05. 2010	Ring intersection on the road Stara Zagora - Dimitrovgrad	Official ceremony “First ground break” of the construction of Lot 2 of “Trakia” MW	Media General public Local authorities
4.	18.05. 2010	Railway crossing at v. Generalovo	Official ceremony “First ground break” of the construction of the railway project Svilengrad – Turkish border	Media General public Local authorities
5.	14.06. 2010	Port “Centre – Ruse”	Official launch of the project „Establishment of River Information Services System in the Bulgarian part of the River Danube” (BulRIS) – Phase 1	General public Population in the area of construction Local authorities Media Companies
6.	9.07. 2010	Sofia, Grand Hotel “Sofia”	Presentation of the results of the project „Elaboration of General Transport Master Plan”	National Assembly – Commission on transport Central administration – Council of Ministers, MPRPW Local authorities – Sofia Municipality, Sofia Municipal Council Beneficiaries Media General public
7.	3.08. 2010	Transport nod Nova Zagora	Official ceremony “First ground break” on Lot 3 of “Trakia” MW	General public Population in the area of construction Local authorities Media Companies
8.	26-27. 08. 2010	“Borovetz” Ski Resort	Working seminar for presenting models of management of infrastructural projects	OPT Managing Authority Beneficiaries General public
9.	3.09. 2010	Road junction at km. 276+487 near Yambol	Official ceremony “First ground break” on Lot 4 of “Trakia” MW	General public Population in the area of construction Local authorities Media Companies
10.	29.09. 2010	Sofia, Metro construction sites	Organized visit to construction sites, included in the project for the expansion of the Sofia metro	Media General public Representatives of EC –

			<i>(Within the framework of a media seminar on the EU Structural funds in Bulgaria, organized by the EC representation in Bulgaria)</i>	DG “Regional policy”
11.	17.12. 2010	Sofia, Grand Hotel “Sofia”	Annual forum for presenting the progress in the implementation of OP Transport	Media General public NGOs Beneficiaries

7.2 Projects, financed under the OPT Communication plan

In implementation of the Communication plan of the Operational Programme on Transport, there are three active projects at the moment:

Project BG161PO004-5.0.01-0011 „Creation and maintenance of an Internet page of the Operational Programme on Transport 2007-2013”.

The project is active until 16.07.2011. The Internet page corresponds to all the requirements of Regulation 1828/2006. Through the publications on the site, the requirement of the Executive regulations for the publicizing of the list of the beneficiaries under the programme, and of the financed projects, is heeded. The page is regularly updated with news and materials, related to OP Transport. The site is free and accessible for the public. A version for persons without sight has been elaborated. An opportunity for free subscription for the “News” column is created. There is a special column “Shortcomings”, where the public can forward information through electronic means, too.

In the scope of improvement of the transparency of the procedures of commissioning public procurement on projects, foreseen for financing under OP Transport, updated information about the launching of the tenders, the candidates taking part in them, as well as the selection of a contractor for the particular procedure, is published in the “News” column.

Project BG161PO004-5.0.01-0032 „Conducting of activities in implementation of the Communication plan on Operational Programme on Transport 2007-2013”.

Decision OPR – 48/26.08.2009 of the Head of OPT MA for the extension of grant funding assistance.

Total budget of the project – BGN 3 600 000 (without VAT)

Continuation of the project – 24.11.2008 – 1.09.2012

The execution of the planned communication activities, in implementation of the Communication plan on Operational Programme on Transport 2007-2013 (OPT) will give an opportunity to the OPT Managing authority to fulfill the requirements of EC with regard to the measures for information and publicity of the ES Structural Instruments, and will contribute for the implementation of the measures and the achievement of the scopes of the OPT Communication plan. The project covers types of activities, connected with the popularization of the scopes and priorities of OPT, the informing about emblematic public events, as well as for the elaboration of a Manual for the implementation of measures for information and publicity.

Project BG161PO004-5.0.01-0051 “Popularization of the Operational programme on Transport 2007-2013 among the general public through cooperation with the electronic media (television and radio stations)”.

With the scope of popularization of OP Transport, a contract was concluded with a radio station with nation-wide coverage. In implementation of the contract, the following projects, foreseen or financed under OP Transport, were presented in the joint radio programme”:

№	Date	Topic of the radio programme	Guest
1.	27.10.2010	Preparation and implementation of the project for the construction of the motorway from Sofia to Kalotina under the Operational programme on Transport	Arch. Petar Dikov, Chief Architect of Sofia
2.	20.10.2010	Project for technical assistance for the modernization of the railway Vidin – Sofia under the Operational programme on Transport	Nisim Primo Head of Department “Preparation of tenders and contracts”, NRIC
3.	13.10.2010	Project for the construction of a third line of the Sofia metro, which is foreseen to be of a “light metro” type, under the Operational programme on Transport	Srefan Dermendjiev Head of Department “Investment activities” at “Metropolitan” EAD
4.	06.10.2010	Development and modernization of the water transport in Bulgaria through three projects under the Operational programme on Transport	Gerogi Genchev Deputy-Director General of the State Enterprise „Port infrastructure”
5.	29.09.2010	How to apply for a major infrastructure project under the Operational programme on Transport	Martin Georgiev Head of Department „Programming”, MTITC
6.	22.09.2010	Modernization of the railway from Plovdiv to Burgas under the Operational programme on Transport	Petar Dyakov NRIC
7.	15.09.2010	Modernization of the railway Sofia – Plovdiv under the Operational programme on Transport	Nisim Primo Head of Department “Preparation of tenders and contracts”, NRIC
8.	08.09.2010	Construction of “Trakia” MW under the Operational programme on Transport	Bovidar Yotov President of the Managing Board of RIA
9.	01.09.2010	Terms for the finalization of the construction activities in the Sofia metro. What is the progress on the particular metro sites, that are financed with means from OP Transport, and what will be the benefits for the citizens of Sofia	Eng. Stoyan Bratoev Executive director “Metropolitan” EAD
10.	25.08.2010	Project „Reconstruction and electrification of the railway Svilengrad – Turkish border”	Krasimir Krachunov Deputy-Director \general, NRIC
11.	18.08.2010	Project „Establishment of river information services system in the Bulgarian sector of the river Danube” under the Operational programme on Transport	Kuzman Genov Head of Direction „Information technologies and security” at BPIC
12.	11.08.2010	Implementation of the Operational programme on Transport – how are funds under the programme absorbed, and which are the most advanced projects	Ivaylo Moskovski Deputy-Minister and Head of OPT MA

7.3 Major activities performed in the sphere of information and publicity

- Published news on the Internet site of OP Transport – 63;
- Publicizing of the project, approved for financing, updating on a monthly basis;
- Approved Communication plans of investment projects;
- Participation in regular meetings with experts on information and publicity of the operational programmes, organized by the Central information office.

The major activities in the sphere of information and publicity in 2010 were focused on the improvement of the transparency of the announced tender procedures. The scope is, by the provision of timely and up-to-date information on tenders, the contracts for which are foreseen to be financed under the Operational Programme on Transport, on the one hand – to raise the awareness of the general public with regard to the procedures that are carried out, and on the other – to increase the civic control.

7.4 Statistics of the traffic of the Internet site of OP Transport www.optransport.bg

- Total number of visitors for the year – 47 617 persons;
- Unique visits (number of visits of different users within one day 00 – 24 o'clock) – 41 896 persons;
- Page views (number of loads of a page) - 253 356;
- Maximum number (peak) of on-line users per day – 16 persons.