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**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**

**2012**



**ОПЕРАТИВНА ПРОГРАМА  
ТРАНСПОРТ 2007-2013**  
По-близо, по-близки...



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## SUMMARY

The annual implementation report of Operational Programme on Transport (OPT) for 2012 was drafted pursuant to Article 67 of Council Regulation (EC) 1083/2006 and in compliance with the requirements of Regulation (EC) 1828/2006. It follows the structure set out in Regulation 1828/2006 for preparation of annual reports and the structure of the annual implementation reports established over the previous years. The text of the report is prepared by the Managing Authority (MA) and reviewed at a session of the Council for Coordination and Management EU Funds held on 16.05.2013.

The report covers the implementation of OP “Transport” by 31.12.2012 which can be assessed as a successful year for the implementation of the programme. By the end of 2012, the amount of awarded grants is around 97% of the programme’s budget, which, calculated on the basis of commercial contracts is 73.4%. The analysis shows that there is some financial reserve, particularly under priority axis 2 “Development of Road Infrastructure along the Trans-European and Major National Transport Axes”, where MA undertook the approach for reducing the amount of grants awarded to the amount of commercial contracts under the different projects, before their completion. Thus, the freed funding is used to finance other approved projects with view of optimum use of the programme resources.

In 2012 the European Commission (EC) approved the application forms (AF) of three major infrastructure projects – one in the road sector, one in the railway sector, and one project for extension of the metro network in Sofia (Phase III). It was namely the metro projects that have proved to be the most successful and an example for best practice for implementation. The two metro projects – phase I and phase II were commissioned during the reporting year, with a total of over 13 km of new metro lines and 13 new metro stations being constructed. As of the end of 2012, a total of 148 000 new trips per day were made along the two new OPT-funded sections.

Progress was also achieved in the implementation of road and railway projects. All major projects in the railway sector have received the approval of the EC, and, as a result of the project for electrification and reconstruction of the Svilengrad – Turkish border railway section, a total of 17 km of new railway lines were constructed by the end of 2012 along with the rehabilitation of 158 km railway lines under the rehabilitation project for the Plovdiv – Burgas railway section.

As a result of the construction works on Trakia motorway, the first 82 km under lot 2, lot 3 and part of lot 4 were commissioned in the summer of 2012. Implementation of lot 1 and lot 2 of Maritsa motorway, as well as of lot 1 and lot 4 of Struma motorway are also under construction.

Under Priority axis 4 – “Improvement of the Maritime and Inland-Waterway Navigation”, the AFs are approved and grant contracts are signed for two of the main projects - for a river information system in the Bulgarian section of the Danube river and for a vessel traffic management information system. The low percentage of grant awarded and funds paid out under this axis remains a concern. As a result of the delayed preparation of the project for improvement the navigation along the Danube river, and the decision for shifting the implementation of this project to the next programming period, with the resulting availability of financial resources, the MA initiated a modification of OPT, as a result of which EUR 110 million will be transferred from Priority axis 4 to Priority axis 3.

With view of better understanding of OPT implementation, the Annual Report for 2012 is divided into two main sections. Section II – **Overview of the implementation of OPT for 2012** provides general information on the financial and physical implementation by the end of 2012. Table 1 reports on the implementation of OPT core indicators. The financial implementation of the





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programme is reported out in part 1.2 – **Financial implementation of OPT as of 31.12.2012**. This part of the report provides information on the amount of grants awarded and funds paid out per sources of funding and categories of expenditure. By the end of 2012, grants awarded are in the amount of EUR 1 946 759 919.26, i.e. 97.17% of the total budget for the programme. Grants paid to beneficiaries are in the amount of BGN 1 717 721 156.75 (EUR 878 256 881.61) which is 43.84% of the total budget for the programme. The total amount of verified expenditure under the programme by the end of 2012 is BGN 1 757 786,875.07 (EUR 898 742 158.09). Certified to EC expenditure amounts to BGN 1 701 182 036.81 (EUR 869 813 905.72) of which CF expenditure – BGN 1 188 960 524.83 (EUR 607 915 188.07) and ERDF expenditure – BGN 512 221 511.98 (EUR 261 898 717.65).

With regards to the automatic decommitment rule N+3/2 for the programme, as of the end of 2012 there is no risk of loss of funds. According to the valid N+3/2 rule, the amount to be certified by the end of 2012 is EUR 285 004 731 – co-funding from the CF and ERDF only. As of 31.12.2012 EC certified expenditure are in the amount of EUR 655 956 858.91 – co-funding under CF and EFRD only which is more than 131 % of the target value and comprises 40.38 % of the budget for European co-funding under OPT. The target value under the N+3/2 rule for the end of 2013 is at the amount of EUR 837,824,707 - co-funding from the CF and ERDF only, which means that only EUR 181 867 848.45 remain to be certified to the EC in 2013 - a very feasible target, given that all major OPT projects are under implementation.

Implementation of each of the priority axes and of the individual infrastructural projects is set out in Section III „**Implementation of Operational Programme “Transport” by priority axes**”. Achievement of indicators per priority axis is reported as of the end of 2012 with information on the physical and financial progress for each infrastructural project which is currently under implementation. With regards to monitoring and programme evaluation activities, information is provided from the meetings of OPT Monitoring Committee (MC) and the relevant decisions, as well as from MA on-spot checks. One OPT evaluation was carried out in 2012 and its recommendations are set out in item 8.5 **Ongoing Evaluation of OPT** from Section II of the present report.



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## ACRONYMS

AEUFEA	Audit of EU Funds Executive Agency
AF	Application Form
BPIC	Bulgarian Ports Infrastructure Company
BTC	Bulgarian Telecommunications Company
BULRIS	Bulgarian River Information System
CCEUFM	Council on Coordination of EU Funds Management
CCU	Central Coordination Unit
CF	Cohesion Fund
CM	Council of Ministers
CMD	Council of Ministers Decree
CP	Communication Plan
CPPD	Coordination of Programmes and Projects Directorate
DG	Directorate General
DSDP	Detailed Spatial Development Plan
EA	Executive Agency
EA EMDR	Executive Agency for Exploration and Maintenance of the Danube River
IBRD	International Bank for Reconstruction and Development
EC	European Commission
EC	European Communities
EFA	Executive Forest Agency
EIA	Environmental impact assessment
EIB	European Investment Bank
EPA	Environmental Protection Act
ERDF	European Regional Development Fund
ERTMS	European Railway Traffic Management System
EU	European Union
GIS	Geographic information system
IFIs	International Financial Institutions
IMT	Intermodal Terminal
ISPA	Instrument for Structural Policies for Pre-Accession
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 big infrastructural projects
LOTHAR	A system for forecasting and monitoring of the financial implementation of operational programmes in Bulgaria
MA	Managing Authority
MC	Monitoring Committee
MF	Ministry of Finance
MOEW	Ministry of Environment and Water
MRDPW	Ministry of Regional Development and Public Works
MS	Metro Station
MTITC	Ministry of Transport, Information Technology and Communications
MW	Motorway



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NF	National Fund
NGOs	Non-government organizations
NIPCM	National Institute for Protection of Cultural Monuments
NRIC	National Railway Infrastructure Company
OP	Operational Programme
OPT	Operational Programme on Transport
PPA	Public Procurement Agency
PPA	Public Procurement Act
RIA	Road Infrastructure Agency
RIEW	Regional Inspectorate of Environment and Water
RIS	River Information System
SDA	Spatial Development Act
SFA	State Forestry Agency
SG	State Gazette
SM	Sofia Municipality
SMC	Sofia Municipal Council
SRR	Sofia Ring Road
TEC	Technical Expert Council
TEN-T	Trans-European transport network
UMIS	Unified Management Information System for EU Structural Funds and the Cohesion Fund
VTMIS	Vessel Traffic Management Information System



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## I. IDENTIFICATION

OPERATIONAL PROGRAMME	Objective concerned: Convergence
	Eligible area concerned: Bulgaria
	Programming period: 2007 - 2013
	Programme Number (CCI №): 2007BG161PO004
	Programme title: Operational Programme on Transport
ANNUAL IMPLEMENTATION REPORT	Reporting year: 2012.
	Date of approval of the annual report by the Monitoring Committee: 06.06.2013

## II. OVERVIEW OF THE IMPLEMENTATION OF OPT FOR 2012

### 1. Achievement and analysis of the progress

Good implementation of Operational Programme Transport (OPT) is maintained towards the end of 2012. Grant contracts were signed under all priority axes at the amount of approximately 97% of the programme budget. Payments to beneficiaries are at the amount of almost 44% of the programme budget. Sixteen infrastructure projects are underway while the European Commission (EC) has approved the application forms for 8 major infrastructure projects.

With regards to implementation of the individual priority axes, the trend from previous years is still in place: the greatest progress is under Priority axis 3 – “Improvement intermodality for Passengers and Freight”. This is mainly due to the successful implementation of Phase I of the project for extension of the Metropolitan metro network, commissioned in August 2012. Significant progress was also achieved in the implementation of Priority axis 1 – “Development of Railway Infrastructure along the Trans-European and Major National Transport Axes”, with grants awarded at the amount of 114% of the axis budget and all major projects planned for financing under the axis have their AFs approved by EC. Owing mainly to Phase II of the project for extension of the Metropolitan metro network the amount of payments to beneficiaries under this priority axis is also good – a little over 52% as of the end of 2012.

Implementation is also good for projects in the road sector under Priority axis 2, for which the amount of grants awarded is around 90% of the axis budget. There is a certain reserve under this axis, given that the amount of grant provided of commercial contracts is around 60% of the total budget for the axis. In this connection, in 2012 the MA initiated reduction of the amount of awarded grants to the amount of signed commercial contracts. Thus the available funds are used to finance other approved projects in the road sectors as well as projects with pending approval.

With view of the unsatisfactory implementation of Priority axis 4 - “Improvement of the Maritime and Inland-Waterway Navigation”, a second revision of the programme was introduced in 2012 and was sent for approval to the EC in the beginning of October 2012. Given the significant financial resource amounting to EUR 138 million, allocated under OPT for the



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implementation of the project for improvement of navigation in the Danube River and the delay of its preparation, it was decided that the preparation for this project to be finalized during the current programming period while its implementation will be shifted towards the new programming period. Hence the second amendment to the programme contains relocation of EUR 110 million from Priority axis 4 to Priority axis 3.

### 1.1. Physical Implementation of OPT as of 31.12.2012

As of 31.12.2012 grants were awarded for 84 projects under Operational Programme Transport 2007-2013 (OPT) with total value of the grants at the amount of EUR **1 946 759 919.26** or **97.17%** of the programme's budget. Grants awarded co-finance EUR **1 470 739 442.18** of commercial contracts under the programme, i.e. **73.41%** of the programme budget. Grant contracts were concluded for sixteen infrastructure projects under OPT, as follows:

- **Under Priority axis 1 “Development of Railway Infrastructure along the Trans-European and Major National Transport Axes”**

- *Electrification and Reconstruction of Svilengrad – Turkish Border Railway line*
- *Sofia Metro Extension Project: Stage II Lot 1 “Obelya – Nadezhda” and Lot 2 “Mladost I – Tsarigradsko Shose”*
- *Rehabilitation of Railway Infrastructure in Sections of the Plovdiv – Burgas Railway line*
- *Modernization of the Septemvri-Plovdiv Railway Section, Part of the Trans-European Railway Network*
- *Reconstruction and Electrification of the Plovdiv – Svilengrad Railway line along Corridors IV and IX Project, Phase 2: Purvomai – Svilengrad Section*

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

- *Completion of Trakia MW, Lots 2, 3 and 4*
- *Struma Motorway, Lots 1, 2 and 4*
- *Construction of Maritsa Motorway, Lot 1 and Lot 2*
- *Construction of Kalotina – Sofia motorway – Lot 1: Western Arc of Sofia Ring Road*
- *Construction of Maritsa Motorway, Lot 1 and Lot 2*
- *Hemus Motorway, SRR – Yana Road Junction*

- **Priority axis 3 “Improvement of intermodality for Passengers and Freight”**

- *Extension of Sofia Metropolitan – Phase I - II metro diameter: Nadezhda Road Junction (MS 5-II) – Cherni Vrah Blvd. section;*
- *Extension of Sofia Metropolitan – Phase III, Lot 1, Tsarigradsko shose – Sofia Airport; and Lot 2 – Mladost I – Business Park Mladost 4;*

- **Priority axis 4 “Improvement of the Maritime and Inland-Waterway Navigation”**

- *Establishment of River Information System in the Bulgarian Part of the Danube River – BULRIS”;*
- *Vessel Traffic managements Information System (VTMIS) – phase 3*

As a result of implementation of the different projects under the programme, by the end of 2012 a total of 82 km motorways were constructed, along with 17 km new railway lines, while 158 km of railway lines were reconstructed. As a result of the successful implementation of the two Sofia metro extension projects, 2012 saw the commissioning of 13.3 km new metro lines and 13 new metro stations.





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Detailed information on the physical progress under the individual priority axes and projects is provided under Section III **Implementation of Operational Programme on Transport by Priority Axes.**



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**Table 1: OPT Core Indicators**

Indicators		2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
Transport projects (Number)	Achievement	0	0	2	3	12 <sup>1</sup>	15				15
	Target									15	
	Baseline	0									
New roads (km)	Achievement	0	0	0	0	0	82				82
	Target				81.7					248.9	
	Baseline	0									
New TEN roads (km)	Achievement	0	0	0	0	0	82				82
	Target				81.7					248.9	
	Baseline	0									
Reconstructed roads (km)	Achievement	0	0	0	0	0	0				0
	Target				290					880	
	Baseline	0									
Value for time savings, Euro <sup>1</sup> (roads) (millions per year)	Achievement	0	0	0	0	0	0				0
	Target							150			
	Baseline	0									
New railroads (km)	Achievement	0	0	0	2.3	16.3	17				17
	Target				11.9					36	
	Baseline	0									

<sup>2</sup> The value of this indicator is based solely on the project for Completion of Trakia AM, Lots 2, 3 and 4



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TEN railroads (km)	Achievement	0	0	0	2.3	16.3	17				175
	Target				269.6					817	
	Baseline	0									
Reconstructed railroads (km)	Achievement	0	0	0	0	0	158				158
	Target				269.6					817	
	Baseline	0									
Value for time savings, Euro (railway transport) (millions per year)	Achievement	0	0	0	0	0	0				0
	Target				0.79					2.39	
	Baseline	0									
Additional population served with improved urban transport (number)	Achievement	0	0	0	0	0	380 000 <sup>2</sup>				380 000
	Target				0			190 000			
	Baseline	0									

<sup>2</sup> The value is indicative, on the basis of information obtained from application forms for Phase I and Phase II of the Extension Project for Sofia Metropolitan.



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## 1.2. Financial implementation of OPT as of 31.12.2012

A total of BGN 1 717 721 156.75 (EUR 878 256 881.61) were paid out to beneficiaries under Operational Programme Transport from the beginning of 2007 until 31.12.2012 which is 43.84% of the total budget available under the programme. Grants paid out by source of funding are as follows: Cohesion Fund (CF) – BGN 1 049 891 614.13 (EUR 536 801 058.44) – 42.75% of financing from this fund, European Regional Development Fund (ERDF) – BGN 344 553 143.08 (EUR 176 167 224.70) – 47.77% of financing from this fund, national co-financing – BGN 323 276 399.54 (EUR 165 288 598.47) – 43.61% of financing from the state budget.

Payments made per priority axis as of the end of 2012 are as follows:

- Under Priority Axis 1 – BGN 654 806 938.75 (EUR 334 797 471.53) or 52.31% of the axis budget.
- Under Priority Axis 2 – BGN 657 557 578.95 (EUR 336 203 851.54) or 36.17% of the axis budget.
- Under Priority Axis 3 – BGN 372 556 446.35 (EUR 190 485 086.31) or 90.24% of the axis budget.
- Under Priority Axis 4 – BGN 8 827 958.81 (EUR 4 513 663.67) or 2.88% of the axis budget.
- Under Priority Axis 5 – BGN 23 972 233.89 (EUR 12 256 808.56) or 18.59% of the axis budget.

The total grant amount of commercial contracts from the beginning of 2007 until 31.12.2012 under the programme is EUR 1 470 739 442.18 which is 73.41% of the programme budget, distributed by priority axes as follows:

- Under Priority Axis 1 – EUR 659 076 823.15 or 102,98% of the axis budget
- Under Priority Axis 2 – EUR 555 447 584.43 or 59,75% of the axis budget
- Under Priority Axis 3 – EUR 227 197 817.33 or 107,63% of the axis budget
- Under Priority Axis 4 – EUR 6 014 196.16 or 3,83% of the axis budget
- Under Priority Axis 5 – EUR 23 003 021.11 or 34,88% of the axis budget

For 2012 only the amount of awarded grants of commercial contracts is EUR 289 498 700.21 or 14.45% of the programme's budget.

The total amount of verified expenditure under the programme from the beginning of 2007 until 31.12.2012 is BGN 1 757 786 875.07 (EUR 898 742 158.09), distributed by priority axis as follows:

- Under Priority Axis 1 – 665 932 189,02 (EUR 340 485 721.67)
- Under Priority Axis 2 – 576 942 455,68 (EUR 294 985 993.51)
- Under Priority Axis 3 – 483 423 952.21 (EUR 247 170 741.94)
- Under Priority Axis 4 – 8 826 580.78 (EUR 4 512 959.09)
- Under Priority Axis 5 – 22 661 697.38 (EUR 11 586 741.88)

The amount of verified expenditure only in 2012 amounts to BGN 777 741 154.14 (EUR 397 652 737.78).

Since the beginning of programme implementation until 31.12.2012 certified expenditure to the EC amounts to BGN 1 701 182 036.81 (EUR 869,813,905.72) of which expenditure co-funded by the CF are BGN 1 188 960 524.83 (EUR 607 915 188.07) and expenditure co-funded by the ERDF – BGN 512 221 511.98 (EUR 261 898 717.65). For 2012 the certified expenditure under OP "Transport" amounts to BGN 806 081 006.33 (EUR 412 148 995.98).



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In 2012 the MA of OPT prepared and submitted to the Certifying Authority 5 certification reports at the amount of BGN 820 177 164.27.

The increased amount of payments from EC (European funding only) as of the end of 2012 is almost double compared to the amount at the end of 2011, i.e. from almost EUR 375 million or 23.06% at the end of 2011 to almost EUR 656 million or more than 40 % at the end of 2012. As of 31.12.2012 the EC has made interim payments under OPT at the amount of EUR 655 956 858.91.

With regards to the implementation of the automatic decommitment rule N+3/2 for the programme, as of the end of 2012 there is no risk of loss of funding. According to the valid N+3/2 rule, the amount to be certified by the end of 2012 is EUR 285 004 731 – co-funding from the CF and ERDF only. By 31.12.2012 EC certified expenditure at in the amount of EUR 655 956 858.91 – co-funding under CF and ERDF only which is more than 131 % of the target amount and comprises 40.38 % of the budget for European co-funding under OPT. The target amount under the N+3/2 rule for the end of 2013 is EUR 837 824 707 - co-funding from the CF and ERDF only, which means that only EUR 181 867 848.45 remain to be certified to the EC which is a very feasible target, given that all main OPT projects are actually underway.

Financial information in Euro is calculated by using the exchange rate of Bulgarian national bank where 1 Euro is equal to 1.95583 Bulgarian leva. Only for the calculation of certified expenditure to the European commission is used the exchange rate of the European central bank where 1 Euro is equal to 1.9558 Bulgarian leva.



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**Table 2: Breakdown of EU Assistance in Euro 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 (Cohesion Fund)	512 000 000	128 000 000	128 000 000	0	640 000 000	80 %	0	0
Priority axis II - Development of road infrastructure along the Trans-European and major national transport axes (Cohesion Fund)	743 669 892	185 917 473	185 917 473	0	929 587 365	80 %	0	0
Priority Axis III - Improvement of Intermodality for Passengers and Freight (European Regional Development Fund)	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	133 322 500	23 527 500	23 527 500	0	156 850 000	85 %	0	0





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(European Regional Development Fund)								
Priority Axis V – Technical Assistance - (European Regional Development Fund)	56 057 500	9 892 500	9 892 500	0	65 950 000	85 %	0	0
<b>TOTAL</b>	<b>1 624 479 623</b>	<b>379 001 543</b>	<b>379 001 543</b>	<b>0</b>	<b>2 003 481 166</b>		<b>0</b>	<b>0</b>



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**Table 3: Financial implementation of OPT as of 31.12.2012 based on already declared and certified eligible expenditure**

Priority axis	Total funding of the OP (Union and national)	Basis for calculating Union contribution (Public or Total cost)	Total amount of certified eligible expenditure paid by beneficiaries (in EUR) <sup>3</sup>	Corresponding public contribution (in EUR) <sup>4</sup>	Implementation rate (in % )
	a	b	c	d	e=d/a for public expenditure
Priority axis I – “Development of railway infrastructure along the Trans-European and major national transport axes” (Cohesion Fund)	640 000 000.00	Public expenditure	328 176 553.76	327 764 967.11	51,21
Priority axis II – “Development of road infrastructure along the Trans-European and major national transport axes” (Cohesion Fund)	929 587 365.00	Public expenditure	279 738 634.31	279 738 634.31	30,09
Priority Axis III – “Improvement of Intermodality for Passengers and Freight” (European Regional Development Fund)	211 093 801.00	Public expenditure	247 174 533.30	185 221 671.69	87,74
Priority axis IV – “Improvement of the maritime and inland-waterway navigation” (European Regional Development Fund)	156 850 000.00	Public expenditure	3 364 912.47	3 364 912.47	2.15
Priority Axis V – “Technical Assistance” (European Regional Development Fund)	65 950 000.00	Public expenditure	11 359 271.88	11 359 271.88	17.22
<b>Total</b>	<b>2,003,481,166.00</b>	<b>Public expenditure</b>	<b>869,813,905.72</b>	<b>807,449,457.46</b>	<b>40.30</b>

<sup>3</sup> Figures expressed in cumulative terms.

<sup>4</sup> Figures expressed in cumulative terms.



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**Table 4: Financial Implementation of OPT per Priority Axis and Funds as of 31.12.2012 (in Euro)**

Priority axis	Expenditure paid out by the beneficiaries included in payment claims sent to the managing authority	Corresponding public Contribution	Expenditure paid by the body responsible for making payments to the beneficiaries	Total payments received from the Commission (interim only)
Priority axis I – “Development of railway infrastructure along the Trans-European and major national transport axes” (Cohesion Fund)	353 613 295.00	353 613,295.00	334 797 471.53	262 211 973.70
Priority axis II – “Development of road infrastructure along the Trans-European and major national transport axes” (Cohesion Fund)	309 360 657.29	309 360,657.29	336 203 851.54	223 790 907.44
Priority Axis III – “Improvement of Intermodality for Passengers and Freight” (European Regional Development Fund)	247 170 741.94	247 170 741.94	190 485 086.31	157 438 421.08
Priority axis IV – “Improvement of the maritime and inland-waterway navigation” (European Regional Development Fund)	4 676 179.84	4 676 179.84	4,513,663.67	2 860 175.60
Priority Axis V – “Technical Assistance” - (European Regional Development Fund)	12 613 468.67	12 613 468.67	12 256 808.56	9 655 381.09
<b>Total</b>	<b>927 434 342.74</b>	<b>927 434 342.74</b>	<b>878 256 881.61</b>	<b>655 956 858.91</b>



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### 1.3. Information on Breakdown of use of the Two Funds

Key in accordance with Annex 2, Part A of Regulation No. 1828/2006

Codes of 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 financing

01 –non-repayable aid (NRA)

Codes for type of territory

00 –Not applicable

01 –Urban

Codes for type of economic activity

00 –Not applicable

11 –Transport

Code for location dimension

BG –Bulgaria

BG411 –Sofia (capital)

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



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

<b>Combination of Codes of Dimensions 1 – 5</b>					
Code * Dimension 1 <b>Priority Theme</b>	Code * Dimension 2 <b>Form of Financing</b>	Code * Dimension 3 <b>Territory</b>	Code * Dimension 4 <b>Economic Activity</b>	Code * Dimension 5 <b>Location</b>	Amount in EUR **
17	01	00	11	BG	312 000 000
21	01	00	11	BG	646 869 892
22	01	00	11	BG	96 800 000
26	01	01	11	BG411	357 414 731
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
<b>Total</b>					<b>1 624 479 623</b>
* The categories should be coded for each dimension using their standard classification					
** Amount of the Community contribution for each combination of categories					



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Table 6 provides information on awarded Community contribution of commercial contracts, in Euro and by category, in accordance with Section C, Annex II of Regulation No. 1828/2006.

**Table 6: Awarded Community contribution by category as of 31 December 2012 (EUR) (Commercial contracts)**

<b>Combination of Codes of Dimensions 1 – 5</b>					
Code * Dimension 1 <b>Priority Theme</b>	Code * Dimension 2 <b>Form of Financing</b>	Code * Dimension 3 <b>Territory</b>	Code * Dimension 4 <b>Economic Activity</b>	Code * Dimension 5 <b>Location</b>	Amount in EUR **
17	01	00	11	BG	340 611 151.62
21	01	00	11	BG	428 502 188.38
22	01	00	11	BG	15 855 879.16
26	01	01	11	BG411	379 746 822.56
27	01	01	11	BG411	21 629.07
28	01	00	11	BG	5 112 066.74
32	01	00	11	BG	0.00
85	01	00	00	BG	33 455 278.35***
86	01	00	00	BG	5 087 076.88***
<b>Total</b>					<b>1 208 392 092.76</b>
* The categories should be coded for each dimension using their standard classification					
** Amount of the Community contribution for each combination of categories					
*** due to the specifics of different project, the presented amount is the grant allocated					





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**Table 7: Community contribution paid by MA as of 31 December 2012 by category (in Euro)**

<b>Combination of Codes of Dimensions 1 – 5</b>					
Code * Dimension 1 <b>Priority Theme</b>	Code * Dimension 2 <b>Form of Financing</b>	Code * Dimension 3 <b>Territory</b>	Code * Dimension 4 <b>Economic Activity</b>	Code * Dimension 5 <b>Location</b>	Amount in EUR **
17	01	00	11	BG	93 086 696.76
21	01	00	11	BG	262 788 351.84
22	01	00	11	BG	6 174 729.39
26	01	01	11	BG411	336 600 326.10
27	01	01	11	BG411	21 629.07
28	01	00	11	BG	3 836 614.11
32	01	00	11	BG	0.00
85	01	00	00	BG	1 191 328.19
86	01	00	00	BG	9 096 195.75
<b>Total</b>					<b>712 795 871.21</b>
* 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 from the beginning of 2007 until 31.12.2012 funding at the amount of BGN 2 295 572.91 was repaid under registered irregularities with the relevant financial corrections by Bulgarian authorities, these funds can be absorbed and reused for OPT funding.



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## 1.6 Analysis of OPT Physical and Financial Progress, and for the Purposes of the Lisbon Earmarking in Particular

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

<b>Convergence Objective</b>			
Code (pursuant to Annex IV of Regulation No. 1083/2006)	Priority Themes (pursuant to Annex IV of Regulation No.1083/2006)	Community Funding Allocated to the Respective Category of Expenditure (in Euro)	Share of Category within the Total Allocation of Community Contribution (%)
	<b>Transport</b>		
17	Railroads (TEN-T)	312 000 000	19.21
21	Motorways (TEN-T)	646 869 892	39.82
26	Multimodal transport	357 414 731	22.00
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 to categories of Lisbon earmarking expenditure		1 471 622 123	90.59
Total allocations of EU contribution for the Convergence Objective		1 624 479 623	100

**Table 9: Awarded Community contribution for Lisbon earmarking under OPT (EU only) by of 31 December 2012 (Commercial contracts)**

<b>Convergence Objective</b>			
Code (pursuant to Annex IV of Regulation No. 1083/2006)	Priority Themes (pursuant to Annex IV of Regulation No.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 (%)
	<b>Transport</b>		
17	Railroads (TEN-T)	340 611 151.62	109.17
21	Motorways (TEN-T)	428 502 188.38	66.24
26	Multimodal transport	379 746 822.56	106.25
27	Multimodal transport (TEN-T)	21 629.07	0.10



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28	Intelligent transport systems	5 112 066.74	31.91
32	Inland waterways (TEN-T)	0.00	0.00
Total contracted funding to categories of expenditure for Lisbon earmarking (EU only)		1 153 993 858.37	78.42
Total funds by categories of expenditures allocated for Lisbon Earmarking (for EU only)		1 471 622 123	

**Table 10: Payments for Lisbon earmarking by 31 December 2012 (only the EU)**

Convergence Objective			
Code (pursuant to Annex IV of Regulation No. 1083/2006)	Priority Themes (pursuant to Annex IV of Regulation No.1083/2006)	Paid Community Funding Allocated to the Respective Category of Expenditures (in Euro)	Share of paid Community contribution in relation to the Total Community Allocation for the category in %
	Transport		
17	Railroads (TEN-T)	93 086 696.76	29.84
21	Motorways (TEN-T)	262 788 351.84	40.62
26	Multimodal transport	336 600 326.10	94.18
27	Multimodal transport (TEN-T)	21 629.07	0.1
28	Intelligent transport systems	3 836 614.11	23.95
32	Inland waterways (TEN-T)	0.00	0.00
Total paid funds by categories for Lisbon earmarking (EU only)		<b>696 333 617.88</b>	47.32
Total funds by categories of expenditures allocated for Lisbon Earmarking (EU only)		<b>1 471 622 123.00</b>	



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## 1.7. Analysis of the overall progress under OPT as of 31.12.20012

### *Priority axis 1 “Development of Railway Infrastructure along the Trans-European and Major National Transport Axes”*

As of 31.12.2012, 8 grant contracts were concluded under the priority axis at the amount of EUR **733 891 716.89** which represents **114.67 %** of the budget for the axis. The approved grants co-finance EUR **659 076 823.15** of commercial contracts under the priority axis. Beneficiaries have been paid grants in the amount of EUR **334 797 471.53** or **52.31 %** of the budget of the priority axis. Five infrastructure projects are under implementation, 4 of which are major. Four of the infrastructure projects (including 3 major projects) are implemented in the railway sector and one major infrastructure project is for the extension of Phase II of Sofia metro system. The application forms for all major projects under the axis have been approved by the EC and projects are under implementation.

In 2012 were commissioned the two lots of Phase II of the project for extension of Sofia metro in the sections Obelya – Nadezhda Road Junction and lot “Mladost I – Mladost III – Tsarigradsko shose Blvd.. As a result of project implementation 6.7 km of new metro lines were constructed, together with 6 new metro stations.

For the railway project for Electrification and Reconstruction of Svilengrad – Turkish Border railway line at the end of 2012 was issued Protocol (Act) 15 and commissioning is expected in 2013. As a result of the projects implementation 17 km new railway lines were built. Successful implementation of the project for Rehabilitation of Railway Infrastructure in Sections of the Plovdiv – Burgas Railway line also continues and has resulted in the rehabilitation of 158 km railway lines.

As of the end of 2012 there has been some delay in the implementation of the railway project for modernization of the Septemvri-Plovdiv Railway line, Part of the Trans-European Railway Network. Due to an appeal against the tender procedure, conclusion of the contract for compliance assessment and construction supervision was also delayed. The contract was concluded as late as 15.11.2012 and the contractors under the four construction contracts were notified by the Consultant that 05.12.2012 is been fixed as the initial date for the respective contracts.

### *Priority axis 2 „Development of Road Infrastructure along the Trans-European and Major National Transport Axes ”*

Six grant contracts have been concluded under this priority axis at the amount of **834 651 707.12** or **89.79 %** of the budget available for the priority axis. The approved grants co-finance EUR **555 447 584.43** of commercial contracts under the priority axis. The Beneficiary – Road Infrastructure Agency was paid grant in the amount of EUR **336 203 851.54** or **36.17 %** of the budget available for the priority axis. Grant contracts have been signed for 6 infrastructure projects, 4 of which are major. By the end of 2012, the EC has approved the AF of the projects for completion of Trakia motorway, lots 2, 3 and 4 and the construction of Maritsa motorway, lots 1 and 2. The AF for the project for construction of Struma motorway, lots 1, 2 and 4 is currently being reviewed.

The implementation rate for projects in the road sector was maintained in 2012. In the summer of 2012 were commissioning the first 82 km of Trakya MW - lots 2, 3 and part of lot 4. Successful implementation of the Hemus Motorway, “SRR – Yana Road Junction” project also continued, with the project being completed at 80% by the end of 2012. Completion and



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commissioning is expected in 2013. Construction works are also being carried out under section Kardzhali – Podkova, lots 1 and 4 of the Struma MW and lots 1 and 2 of Maritsa MW.

In 2012 a grant contracts was concluded for the Kalotina-Sofia MW – lot 1 Western arc of Sofia ring road (SRR) on the basis of Resolution No 676/21.08.2012 of the Council of Ministers prior to approval of the AF by the Managing Authority and EC. The AF for the projects concerning the bypass of Vratsa and Montana were approved by the MA but due to lack of financial resources under the priority axis, no grant contracts were signed for those projects in 2012. In this connection, the MA initiated measures for releasing the available funds from the projects for completion of Trakia MW and Maritsa MW whereby the released funds will be provided as a grant for the above two bypass projects.

#### ***Priority axis 3 – “Improvement of Intermodality for Passengers and Freight”***

Four grant contracts under OPT have been concluded under this priority axis at the amount of EUR **297 992 025.79** which represents **141.17 %** of the budget available for this priority axis. The approved grants co-finance EUR **227 197 817.33** of commercial contracts under this priority axis. Beneficiaries were paid grants in the amount of EUR **190 485 086.31** or **90.24 %** of the axis budget. Grant contracts under this priority axis were concluded for 2 major infrastructure projects – for phases I and III of the extension of Sofia metro network, with the application forms for both projects being approved by the EC. In 2012 was initiated the second amendment of OPT which was officially submitted to the EC on 03.10.2012. This amendment proposes relocation of EUR 110 million from Priority axis 4 to Priority axis 3 and inclusion of phase III of the Metropolitan extension project in the Tsarigradsko shose – Sofia Airport section and the Mladost 1 – Business Park Mladost 4 section into the indicative list of major projects. As of the end of 2012, this second amendment to OPT is under revision by the EC.

In July 2012 was commissioned the project for extension of Sofia metro network: Phase I – 2<sup>nd</sup> metro diameter: Nadezhda Road Junction (MS 5-II) – Cherni Vrah Blvd (MS 11-II) section. As a result, 6.5 km of new metro lines were constructed, as well as 7 new metro stations. This is the first major infrastructure project under OPT which was completed with approved final report and final payment.

In the end of 2012 started the project for extension of Sofia metro network, Phase III, Lot 1 „Tsarigradsko shose - Sofia Airport” and Lot 2 Mladost 1 – Business Park Mladost 4. Grant was awarded for this project in the amount of EUR 110 000 000 with temporary overcontracting under the PA until the official approval by EC of the second amendment of OPT. EC approved the AF of the project on 14.12.2012.

In connection with the preparations for construction of an Intermodal terminal in Ruse during the next programming period, the MA signed on 05.10.2012 a grant contract for technical assistance for preparation of the project. Application form is currently being prepared for the construction of an Intermodal terminal in Plovdiv.

#### ***Priority axis 4” Improvement of the Maritime and Inland-Waterway Navigation”***

Three grant contracts were signed under this priority axis in the total amount of EUR **34 880 522.13** which represents **22.24 %** of the budget available for this priority axis. The approved grant co-finance EUR **6 014 196.16** of the commercial contracts signed under this priority axis. Beneficiaries were paid EUR **4 513 663,67** or **2,88 %** of the available budget for this priority axis.

Application forms were approved and grant contracts were signed for two of the main projects: for Establishment of a River Information System in the Bulgarian section of the Danube river and for the Introduction of a Vessel Traffic Management Information System. As a result of



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the decision taken by the MC to implement in the next programming period the project for improvement of navigation in the Danube and the release of funding, MA initiated second amendment to the OPT whereby EUR 110 million will be transferred from Priority axis 4 into Priority axis 3.

The low percentage of the amount of grant awarded and funds paid under this axis remains a concern.



#### ***Priority axis 5 - "Technical assistance"***

Until the end of 2012, a total of 60 grant contracts/decisions were concluded/issued under this priority axis – in the total amount of EUR **45 343 947.33** i.e. **68.76 %** of the available budget for this priority axis. Beneficiaries were paid EUR **12 256 808.56** or **18.59 %** of the available budget for this priority axis. Technical assistance grants are used to finance MA and beneficiary activities related to programme and project management; activities related to OPT evaluation, publicity, as well as for consultancy services in support of the railway and road sector, including services provided by the World Bank and the European Investment Bank.

## **2. Information about Compliance with Community law (Problems and Measures Taken to overcome Them)**

No issues related to non-compliance with Community law have been identified by 31.12.2012.

## **3. Significant Problems Encountered and Measures Taken to Overcome Them**

The following problems were encountered regarding OP Transport as of the end of 2012:

- The list of projects under the programme is sufficiently long and allows full commitment of all available funds. At the same time this demands the respective decision for guaranteeing supplementary national co-financing when this is necessary, on the one hand, and, on the other hand – requires a guarantee for timely and quality project implementation and completion.

**Progress:** A decision is necessary for the provision of additional national funding when this is necessary for projects under the programme, as well as a decision whether projects, the implementation of which will commence in the second half of 2013, should be financed, taking into account the risk that they may not be completed within the current programming period.

- There is insufficient funding under PA 1 and 2 to finance all the projects towards the prognosis of beneficiaries.

**Progress:** A decision must be taken for provision of funding for the preparation of the main projects, the funding of which will be sought from the Cohesion and Structural Funds in the the next programming period.

#### **Major risks identified by MA in the process of implementation of OPT:**

- A significant part of the projects is expected to be completed in 2014 – 2015, hence there is a risk that they may not be completed in the current programming period (in case of delays in implementation).
- Finalization of the AF for the remaining projects in the road sector and their submission to the EC **prior to the middle** of 2013 as well as due organization of public procurements in order of the projects to be completed by the end of 2014 or the beginning of 2015.





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## 4. Changes in the Context of OPT Implementation in 2012

### 4.1 Changes in the indicate list of major projects.

With regard to the investment proposals under OPT, the list of major projects was updated in 2012. This led to the removal of the project for the Improvement of Navigation in the joint Bulgarian-Romanian part of the Danube River from Priority axis 4 and the inclusion in Priority Axis 3 of the project for Extension of Sofia metro Phase III, Lot 1 „Tsarigradsko shose - Sofia Airport” and Lot 2 Mladost 1 – Business Park Mladost 4.

Removal of the project for the Improvement of Navigation in the Bulgarian-Romanian section of the Danube River is due to significant delays in its preparation which means that its actual implementation within the current programming period would be impossible. In this connection, the Ministry of Transport, Information Technologies and Communications (MTITC) and the Beneficiary - Executive Agency for Exploration and Maintenance of the Danube River (EA EMDR) are planning to finalize preparation for the project during the current programming period leaving the actual implementation for the next programming period. Funds allocated to this project will be relocated to other projects. The Minister of Transport, Information Technologies and Communications, by means of Letter No 28-00-221/16.09.2011 to the Ministry of Transport and Infrastructure of the Republic of Romania and Mr. Jean-Marie Seyler – Director of DG Regional Policy of the EC made a proposal for postponement of the project. In this light it was decided that preparation for the project would be finalized in the current programming period, while the project itself would be implemented in the next programming period 2014-2020.

As a result of the release of financial resources following removal of the project for improvement of navigation on the Danube river of joint Bulgarian – Romanian parts from the indicative list, a total of EUR 110 million were transferred from Priority axis 4 into Priority axis 3. At the same time the project for Extension of Sofia Metropolitan Phase III, Lot 1 „Tsarigradsko shose - Sofia Airport” and Lot 2 Mladost 1 – Business Park Mladost 4 was included for implementation into Priority axis 3. The inclusion of this project was a result of its advanced stage of preparation. The section under Lot 1 - Tsarigradsko shose – Sofia Airport of Phase III was included in the initially approved version of the operational programme within the scope of the project for Extension of Sofia Metropolitan in the sections of: Nadezhda Road Junction – Central Railway Station – Sv. Nedelya Square – Cherni Vrah Blvd.; and Mladost - Druzhiba – Sofia Airport where the project has an EIA and is included in the strategic environmental assessment of the originally approved Operational programme “Transport”. For Lot 2 of the project Mladost 1 – Business Park Mladost 4, the Beneficiary – Metropolitan EAD submitted a Notice of Investment Intent to the MoEW in June of 2012. An Application Form was prepared for the project which was approved by the EC on 14.12.2012.

## 5. Substantial modification pursuant to Article 57 of Regulation (EC) 1083/2006

Based on Regulation (EU) No. 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 Article 57 **Durability of operations** in Regulation (EC) No. 1083/2006. the modification is related to the general requirement for the



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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”;

As of the reporting date – 31.12.2012 there have been no significant changes pursuant to Article 57 of Regulation (EC) 1083/2006.

## 6. Complementarity with Other Community Instruments

### 6.1 Co-operation with JASPERS

Seventeen projects under OPT were included in the JASPERS Action Plan, of which 12 investment projects and 5 projects for horizontal measures for capacity building in the MA of OPT and programme Beneficiaries.

Activities under 3 projects were completed with a Completion issued by JASPERS (*for Phase III of Sofia metro extension and the bypasses of Vratsa and Montana*). The activities under one of the horizontal measures have also been completed with a Completion Note (*for administrative capacity building and provision of efficient management models for railway projects*).

No activities were implemented in the course of 2012 under four of the measures included in the Action Plan and hence three of those were removed. Under the fourth measure – technical assistance for preparation of the project for construction of Third metro diameter in Sofia will continue to be implemented in 2013.

Activities under the remaining 11 projects under the measures included in the Action Plan for 2012 will continue to be implemented in 2013.



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## **7. Co-operation with international financial institutions (IFI)**

Two Memoranda of Understanding were signed in 2012 – between the Bulgarian government and the World Bank and between the Bulgarian government and the World Bank and the European Investment Bank for application of the experience of the financial institution in the elaboration and application of strategies and programmes in sectors supported by operational programmes and for faster absorption of EU funds.

In compliance with the above Memoranda, in 2012 were prepared and approved the Action Plans for both IFI. The Action Plan of the World Bank for 2012 contains one project funded under the OPT for technical assistance - for improvement the efficiency of operations in the road sector.

The EIB Action Plan for 2012 contains two projects funded under the OPT:

- Technical assistance for elaboration of NRIC tariff policy for access and use of the railway infrastructure;
- For expert assistance in the following fields – strategic management of the National Company Strategic Infrastructure Projects (SIPC); technical management of the project cycle; reporting, control and monitoring of different projects; participation of consultants in the training of NCSIP employees.

## **8. Monitoring and evaluation measures and Audits carried out**

### **8.1 Sessions of the Monitoring Committee of OPT in 2012**

#### **8.1.1 Twelfth session of the Monitoring Committee of OPT**

The twelfth session of the Monitoring Committee (MC) was held on 04-05.06.2012. The first day of the session was organized as an expert session at which each of the Beneficiaries reported on the progress achieved under the individual projects and the main priorities for the next programming period.

The second day of the session was dedicated to issues related to the physical and financial implementation of OPT; presentation of the national policy for development of infrastructure; along with the opportunities for attracting private investments for construction of the core network up to 2030, as well as preparations for the new Operational programme for transport for the period of 2014-2020. The results from the evaluation on integration of horizontal principles in management, monitoring and implementation of OPT were also presented, as well as the information and publicity measures implemented under the programme.

During the session was also approved the Annual Implementation Report for 2011 and Bulgarian State Railways – Passenger Transport EOOD was approved as a Beneficiary under Priority axis “Technical assistance” with the purpose of purchasing rolling stock during the next programming period.



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### 8.1.2 Thirteenth session of the Monitoring Committee of OPT

The thirteenth session of the Monitoring Committee of OP Transport was held on 10 and 11 December 2012. The session was attended by members and deputy members in the MC, representatives of the non-governmental sector, representatives of the EC, JASPERS and the World Bank. The first day of the session was organized as an expert session in which Beneficiaries reported on the implementation of particular projects. The implementation of infrastructure projects in the railway and road sector was also discussed, as well as the implementation of the projects for extension of Sofia Metropolitan along with the projects for the improvement of navigation on the Danube River and in the Black Sea. The preliminary results of the consultancy services provided with the assistance of the World Bank in support of the railway sector were also discussed during the expert session, along with the preliminary results from the elaboration of a General Environmental Monitoring Plan for the OPT.

During the second day of the MC session were presented the overall financial and physical implementation of the OPT; the Indicative Annual Work Programme for 2013, the activities carried out in preparation for programming period 2014-2020 and the MA of OPT presented a preliminary analysis of the financial shortage under priority axes 1 and 2 and proposed possible solutions to the problem.

### 8.1.3 Decisions Taken by MC with written procedure and modification of OPT

Between April and May 2012 written procedure for decision-taking by OPT Monitoring committee was implemented, where the following decisions were proposed:

- Modification of Operational Programme Transport 2007 – 2013 with a justification of the amendments;
- OPT MA to receive mandate to reflect possible future comments by the EC in the process of approval of the programme's modification;
- Approval of the Indicative Annual Working Programme for awarding of grants from the Structural and Cohesion Funds under Operational Programme Transport 2007 – 2013 for 2012

As a result of the above written procedure, with *Protocol No 5/31.05.2012* Monitoring committee adopted the following decisions:

- **Decision No 1 – Modification of Operational Programme Transport 2007-2013, as follows:**

1. The scope of Priority axis 2 – “Development of Road Infrastructure along the Trans-European and Major National Transport Axes” will be supplemented with activities for Establishment of Integrated transport management and information systems (ITMIS) along the Trans-European Transport Network in compliance with the White Paper “Roadmap to a Single European Transport Area – Towards a competitive and resource efficient transport system” of the European Commission since 28 March 2011.
2. National Company “Strategic Infrastructure Projects” is added as a Beneficiary under Priority axis 2 – “Development of Road Infrastructure along the Trans-European and Major National Transport Axes” and Priority axis 5 – “Technical Assistance”;
3. The scope of Priority axis 3 – “Improvement of Intermodality of Passengers and Freight” is supplemented with activities aimed at rehabilitation of railway station along the Trans-European Transport Network;
4. Updating of the list of “major” projects;
5. Updating of the main list of projects



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6. Updating the system of OPT indicators in compliance with the updated list of main projects.
7. Updating of the financial tables in compliance with the decision adopted at the Eleventh Session of the MC of OPT for transfer of EUR 110 million from Priority axis 4 to Priority axis 3.

- **Decision No 2 – The Monitoring Committee grants a mandate to the MA to reflect possible future comments by the EC in the process of approval of programme modification. Within ten business days from final adoption by the EC of the modified programme, MA must notify MC of the decision taken by the EC.**
- **Decision No 3 – Approval of the Indicative Annual Working Programme for awarding of grants from the Structural and Cohesion Funds under Operational Programme Transport 2007 – 2013 for 2012.**

As a result of the above decision for modification of OP Transport, a proposal for a second modification of the Programme was submitted to the EC on 03.10.2012. The main changes proposed therein relate to:

- Expansion of the scope of Priority axis 2 – “Development of Road Infrastructure along the Trans-European and Major National Transport Axes” with activities for Establishment of Integrated transport management and information systems (ITMIS) along the Trans-European Transport Network in compliance with the White Paper “Roadmap to a Single European Transport Area – Towards a competitive and resource efficient transport system” of the European Commission since 28 March 2011.;
- Inclusion of National Company “Strategic Infrastructure Projects” as a Beneficiary under Priority axis 2 – “Development of Road Infrastructure along the Trans-European and Major National Transport Axes” and Priority axis 5 – “Technical Assistance”;
- Inclusion of Bulgarian State Railways (BDZ) – Passenger Transport EOOD as a Beneficiary under Priority axis 5 – “Technical Assistance”<sup>5</sup>
- Expansion of the scope of Priority axis 3 – “Improvement of Intermodality for Passengers and Freight” –with activities aimed at rehabilitation of railway station compounds along the Trans-European network;
- Transfer of EUR 110 million from Priority axis 4 “Improvement of Maritime and Inland-Waterway Navigation” в Priority axis 3 – “Improvement of Intermodality of Passengers and Freight”;
- Updating of the list of “major” projects under OPT by including the projects for *Sofia Metro Extension Project Stage III, Lot 1 “Tsarigradsko Shose - Sofia Airport” and Lot 2 “Mladost 1 RD - Business Park in Mladost 4”* into Priority axis 3 and removal of the project: *Improvement of the navigation on the Danube in joint Bulgarian - Romanian parts: from rkm 530 to rkm 520 - Bathin from rkm 576 to rkm 560 - Belene* from Priority axis 4.
- Updating of the main list of Programme projects and Programme indicators.

As of the end of 2012 the proposal for amendment of OPT is under review by the Commission services.

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<sup>5</sup> The decision to include BDZ – Passenger transport EOOD as Beneficiary under the priority axis for Technical Assistance was adopted by the MC of OPT at its 12<sup>th</sup> session held on 05.06.2012.





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## 8.2 Using UMIS information system

Upgrading of the Information System for Management and Monitoring of the Structural Instruments of EU (UMIS) continued in 2012 with the commissioning of new modules and applications. The goal and trends are for switching to electronic reporting and efficient and effective use of UMIS.

Several sessions of the Work Group on UMIS Development comprising representatives of the Central Coordination Unit, the Certifying Authority and the Managing Authorities of the Operational programmes were held.

Organisation of training sessions for UMIS users is also considered a good practice, as well as the training sessions for existing users for operation of new modules and functionalities.

A challenge for the system is its efficient use in order to avoid duplication and complication of MA tasks as well as covering any needs for training of UMIS users.

## 8.3 Using the LOTHAR Forecast and Monitoring System

The annual updating of forecasts was carried out between November and December of 2011 prior to their “freeze” until the end of 2012. These forecasts are based on current data provided by OPT Beneficiaries. Such forecasting/”freeze” on the deadlines for certification of expenditure to the EC once again used the adopted approach - six months following verification of the respective expenditure. Implementation of forecasts is reported on a monthly basis to the EC.

In 2012, with the aim of achieving higher efficiency in the use of programme funds, the approach for reporting expenditure on the basis of concluded commercial contracts continued to be applied. On the basis of such up to date information, Managing Authority optimized the amount of grant awarded under priority axes 1 and 2, and under three of the major infrastructure projects (*Sofia metro extension project, Phase II, Trakia MW and Maritsa MW*) and reduced this amount to the amount of signed commercial contracts. This resulted in the release of a total EUR 155 million, whereby those released under Priority Axis 1 were used to balance the financial shortage under this axis, and those released under Priority Axis 2 will be used for awarding grants for approved projects and those being under assessment.

## 8.4 On-the-spot checks carried in 2012

A total of 19 planned on-the-spot checks were carried out in 2012 for projects under priority axes 1, 2, 3 and 4 in accordance with the approved Annual Plan of the Managing Authority for on-the-spot checks for 2012 and its amendment from 03.07.2012. The main findings of the MA can be summarized in the following groups:

- Findings related to delays in the implementation of construction and mounting works caused by unforeseen or other circumstances;
- Findings related to the availability and fullness of documentation held by contractors/project supervisors and connected with timely preparations of the necessary acts under Ordinance No 3 on the Preparation of Acts and Protocols during Construction Works;
- Findings related to compliance with instructions on health and safety;
- Findings related to compliance with publicity requirements.

The relevant recommendations were made by MA regarding the identified omissions and their implementation will be monitored by the MA, by means of follow-up on-the-spot checks and, on the other hand, will be reported on a monthly basis by Beneficiaries within their progress reports on the individual projects.



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## 8.5 Ongoing evaluation of OPT

One external independent evaluation of OPT was carried out between the beginning of December 2011 and the beginning of April 2012 entitled “*Evaluation of integration of horizontal principles in OP management, monitoring and implementation*”. Contractor for the evaluation was association ECORYS and the evaluation report was adopted in July 2012.

The evaluation covered how key horizontal priorities, including sustainable development, have been incorporated in project evaluation; the extent to which horizontal principles have been taken into account during project identification and implementation; the quality of reporting with regards to horizontal principles; the reflection of horizontal policies in the respective documents and OPT implementation guidelines.

### **Main findings of the evaluation**

One of the main conclusions of the evaluation report is that OPT indicates the horizontal principles and policies integrated in and constituting an integral part of the programme but fails to provide clear definitions of all principles and the manner in which they need to be integrated. At national and European level the horizontal principles to be applied in the implementation of operational programmes are different and reflect the specifics and priority objectives of the programmes. Some of the horizontal principles, such as public procurements, state aid and environmental protection are legally regulated, others lack application guidelines or those that do exist are much too general.

The Managing Authority and the Beneficiaries have at their disposal the necessary structures for implementation of horizontal principles in their activities for OPT project implementation and management. Nevertheless, with the exception of public procurements and to a certain extent – the principle of sustainable development inasmuch as it concerns observation of environmental legislation, the integration and reporting of the remaining principles during project implementation is insufficiently regulated due to the absence of specific requirements for observation and reporting at OPT level and national level.

Horizontal principles are included during OPT project selection and evaluation at the preparation phase, the preliminary selection phase and the project proposal assessment phase.

Integration of horizontal principles in OPT projects depends largely on the project type (infrastructure project, preparation of infrastructure projects and technical assistance) and, to a much lesser extent – on project objectives. And while infrastructure projects may integrated most of the horizontal principles reviewed by the evaluation, technical assistance projects can reflect mainly the principles of *partnership, public procurements and equal opportunities*.

According to the evaluator, horizontal principles should not be considered separately from the inherent programme objectives. They need to be viewed as compatible with and supportive of the objectives. They should be reviewed at each phase of policy implementation (programming of measures and their implementation and reporting) and at every management level.

### **Main recommendations of the evaluation**

- When preparing the next programming period, the horizontal principles must be defined and the programme must detail their application in the course of programme implementation;
- Horizontal principles for which information is requested in the Application Form must be assessed during project proposal assessment;
- The information on integration of horizontal principles in the Annual Reports on the Implementation of OPT should be presented in a more structured manner and there should be information on the application of all horizontal principles underlying the Programme;



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- In the structure of the Annual and Final Reports for project implementation, which are prepared by Beneficiaries should be added a section reporting on the implementation/observation of project-relevant horizontal principles;
- It is recommended that the CCU develops/elaborates systematic guidelines on the application of horizontal principles in operational programmes.

## 8.6 Audits carried out in the MA of OPT in 2012

### 8.6.1 Audits carried out by the Internal Audit Unit within the MTITC

In 2012 Managing Authority received 24 final audit reports from audits performed by the Internal Audit Unit Directorate of the MTITC. Of those 14 were carried out within the MA and 10 within Beneficiaries.

The recommendations and findings are submitted to the relevant parties, while copies of the final reports are provided to the Certifying Authority.

The audits concern mainly the implementation of individual projects, tender procedures, the eligibility of expenditure and spending under OPT. Where necessary, actions plans were prepared for implementation of the relevant recommendations.

### 8.6.2 Audits carried out by the Audit Authority

A systemic audit pursuant to Key Requirement 7 of the Guidance on a common methodology for the assessment of management and control systems in the Member States (2007-2013 programming period) – “*Necessary preventive and corrective action where systemic errors are detected by the audit*”, was carried out between September 1<sup>st</sup> and October 21<sup>st</sup> 2011 at the Managing Authority of Operational Programme Transport 2007-2013.

The general objective of the audit was to ensure that the management and control systems of OPT MA function in compliance with Regulation (EC) 1083/2006 and Regulation (EC) 1828/2006.

The specific objective of the audit was to ensure and assess whether the implemented procedures ensure:

- Adequate review and follow-up of the results from all audits performed by the relevant audit bodies in accordance with Art.62 of Regulation No 1083/2006, including the adequate documentation of these reviews;
- Implementation of preventative and corrective measures in case of systemic errors.

The final audit report was received at Managing Authority in February 2012 and it does not contain any recommendations. The given opinion is: “*1. Works well. Only minor improvements are needed*”

- *Audit of the IT systems used in connection with the Structural and the Cohesion Funds*

In February of 2011, the MA submitted its written statement on the preliminary audit report by means of letter No 07-00-46/08.02.2011. On 13.05.2011 the MA received the final audit report and prepared an action plan for implementation of the relevant recommendations.

These recommendations concern mainly:

- The requirement for timely notification of the CCU in the event of established inconsistencies in the operation of UMIS
- Improvement of operations with view of maintaining up-to-date information





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Between October 20<sup>th</sup> and November 30 2011, the Audit Authority performed a systemic follow-up audit on the implementation of audit recommendations (Systemic audit under **Key Requirement 6**: “*Reliable accounting, monitoring and financial reporting systems in computerised form*”. In **April 2012** the MA of OPT received the final audit report where the recommendations concerning the MA of OPT are considered closed.



- *Audit of Operations under Operational Programme Transport* – the audit was carried out between 01.02.2012 and 30.06.2012 and covered a sample of 6 projects (19 requests for payment) with the following Beneficiaries: National Railway Infrastructure Company, Metropolitan EAD and Road Infrastructure Agency.

The preliminary audit report was submitted to the MA on 03.08.2012, with the Beneficiaries having provided comments and additional documents under the relevant recommendations. The Final report is dated 20.12.2012 and contains recommendations for updating of the check-lists for public procurement. As a result of the recommendations contained in the audit report, Managing Authorities and Beneficiaries updated the respective check-lists.

- *Audit of Management and control systems*– the audit started in August 2012. The preliminary audit report is expected in 2013.

- *Systemic audit of specific beneficiary OPT –Road Infrastructure Agency.*

The preliminary audit report was received by the MA of OPT in March 2012

In April 2012 the Beneficiary RIA submitted comments on the preliminary report. The final report is dated 10.12.2012 and indicates weaknesses in an implemented public procurement. As a result the Audit Authority recommended deduction of 10% of the amount of the concluded commercial contract and improvement of the public procurement process. The said amount will be deducted from a future certification report.

#### 8.6.3 Audits carried out by the Bulgarian National Audit Office

- *Performance audit on simplification of Structural Funds regulations for the period 01.01.2007 - 31.12.2011.* The audit report is expected in 2013.
- *Audit on the implementation of projects under Priority axis III „Improvement of Intermodality of Passengers and Freight” under Operational Programme Transport 2007 - 2013 for the period 01.01.2009 - 30.06.2012.* The audit report was submitted in April 2013.

#### 8.6.4 Audit missions of EC services

##### DG Regional and Urban policy, European Commission

- *Audit mission 2012/BG/REGIO/J2/1073/1 Audit of Control and Management Systems of OPT* focusing mainly on project management in Road Infrastructure Agency. The audit covers the award of public procurements for Trakia MW and Maritsa MW. The preliminary audit report has already been submitted with the MA submitting its written statement on the report in September 2012.
- *Audit mission № 2010/BG/REGIO/J2/933/1 Obtaining assurance on the functioning of management and control systems through high-risk operational programmes/areas.* The MA has submitted a written statement by means of letter No 07-00-328/06.07.2011 of AEUFEA on



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the interim audit report from the mission of the DG Regional Policy with the EC carried out in the period of 15-19 November 2010. By means of letter No 07-00-352/13.07.2011, AEUFEA notified the Managing Authority of the comments sent by DG Regional Policy. The final report was received by the Managing Authority in March 2012. There are no open findings or recommendations to the Managing Authority. A follow-up on the implementation of the recommendations contained in the audit report was carried out in August 2012. As there are no open findings and recommendations addressed to the Managing Authority, no statement has been submitted on the report.



### **9. Progress made in financing and implementing the financial engineering instruments as defined in Article 44 of Regulation 1083/2006.**

N/A

### **10. Horizontal issues**

#### **10.1 Ex-ante control performed by MA in connection with the public procurement procedures for OPT projects**

In 2012 the Managing Authority of Operational Programme Transport 2007-2013 exercised control on public procurement procedures for selection of contractors in compliance with the provisions of national legislation and following the procedures in the Manual of Procedures for the Management and Implementation of Operational Programme Transport 2007-2013; concluded agreements with beneficiaries and grant agreements.

#### **Priority axis 1 “Development of Railway Infrastructure along the Trans-European and Major National Transport Axes”:**

- **Project for Reconstruction and electrification of Dimitrovgrad-Svilengrad railway line** – preliminary review of the draft contracts with the selected contractors under lots 1 и 2 prior to conclusion of contracts;
- **Project/investment proposal for Modernisation of the Septemvri-Plovdiv railway section - part of the Trans-European transport network** – preliminary review of the draft contracts with the selected contractor for compliance assessment and construction supervision for the project prior to conclusion of the said agreement; approval of the final version of the documentation for selection of contractor under public procurement “Design and construction of a signalling system in the Septemvri-Plovdiv section and telecommunications system in the Sofia-Plovdiv section”, approval of the minutes issued by the contractor selection committee and control over the draft contract with the selected contractor prior to conclusion of the contract; approval of the minutes issued by the contractor selection committee under public procurement: “Preparation of a EIA report for the investment proposal for Modernisation of the Sofia – Plovdiv railway line in the Elin Pelin – Septemvri section” and review of the draft contract with the selected contractor prior to conclusion of the contract;
- **Project/Investment proposal for Modernisation of the Sofia-Dragoman railway line** – approval of the minutes issued by the contractor selection committee under public procurement



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procedure: "Preparation of an EIA report for the investment proposal" and review of the draft contract with the selected contractor prior to conclusion of the contract;

- **Project for Rehabilitation of the railway infrastructure in sections of the Plovdiv – Burgas railway line** – approval of the final version of the documentation for rehabilitation, repair and modernization of five traction substations by lot; Preliminary review of the **documentation** for selection of contractor under a public procurement for compliance assessment and construction supervision for the project.  
Approval of the revised version of the documentation for design and construction of signalling and telecommunications systems;
- **Extension of Sofia Metropolitan - II Phase, Lot I, Obelya – Nadezhda section** – approval of the minutes of the contractor selection committee under public procurement for completion of the main building of the depot and adjacent infrastructure for operation of the rolling stock of the extension and review of draft contract with the selected contractor prior to conclusion of the contract; Approval of the minutes of the contractor selection committee under public procurement for delivery of diesel shunting engine and review of draft contract with the selected contractor prior to conclusion of the contract;
- **Extension of Sofia Metropolitan: Phase II – Lot 2: Construction of the extension of Andrey Saharov Blvd. above the route of the metro line from Al. Malinov Blvd. to Mladost 3 Metro Station (MS 18)** - preliminary review and approval of submitted documentation, review of the **minutes** issued by the contractor selection committee and review of the draft contract with the selected contractor;
- **Project for Reconstruction of the Svilengrad-Turkish border railway line** - preliminary review of submitted documentation for draft amendment to the cadastral map and cadastral registers for the territory containing the strip of the layout and elaboration of recommendations and comments on the said documentation;

Priority axis 2: "Development of Road Infrastructure along the Trans-European and Major National Transport Axes":

- **Project for Struma Motorway, Lot 4, Sandanski – Kulata section from km 423+500 to km 438+500** – review of the draft contract with the selected contractor for supplementary design and construction works; **Preliminary review** of the draft contract with the selected contractor for consultancy services related to supplementary design and construction works;
- **Project for Road II-18 – Sofia Ring Road in the section from km 59+400 to km 61+629.18 and from km 0+ 000 to km 0+780** – approval of the minutes issued by the contractor selection committee under public procurement for supplementary design and construction works and review of the draft agreement with the **selected** contractor prior to conclusion of the said agreement; Preliminary review of the relevant documentation for selection of contractor for consultancy services related to supplementary design and construction works, review of the minutes issued by the contractor selection committee and of the draft agreement with the selected contractor;



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- **Project for Struma Motorway, Lot 2 Dupnitsa - Blagoevgrad - from km 322+000 to km 356+000** – approval of the minutes of the selection committee for contractor for preliminary design with parcel plan and review of draft agreement with the selected contractor prior to conclusion of the said agreement; Preliminary **review** of the design and construction documentation, review and approval of the minutes for shortlist selection and minutes for selection of contractor for the second phase;
- **Project for Modernisation of the existing layout of Road I-8 – Kalotina – Sofia Ring Road, from km 1+000 to km 48+270** – approval of the revised documentation for selection of contractor for partial updating of a 1989 project with additional requirements as per ToR for **Design** for the Preliminary Design phase with parcel plan, review of the minutes of the selection committee and review of the draft agreement with the selected contractor; Preliminary review of the submitted documentation for modernization of the existing layout and of the documentation for selection of consultancy services contractor for design and construction works;
- **Project for Road 1-1 (E-79) Montana Bypass from km 102+060 to km 114+512.20** – approval of the revised documentation for **selection** of construction contractor and review of the minutes of the contractor selection committee; approval the revised documentation for selection of consultancy services contractor for the construction works and review of the minutes of the contractor selection committee;
- **Project for Road III-5004 - Gabrovo Bypass from km 0+000 to km 31+000, section from km 0+000 to km 20+124.50 and temporary road connection from km 0+000 to km 3+130** – approval of the final version of the contractor selection documentation for supplementary design and construction works and the submitted revised documentation for selection of contractor for consultancy services for supplementary design and construction works;
- **Project for Vratsa Bypass - Road 1-1 (E 79) from km 0+000 to km 6+816.60** – approval of the final version of the construction contractor selection documentation; review of the **minutes** of the selection committee and review of the draft agreement with the selected contractor; Review of the final version of the contractor selection documentation for consultancy services in the field of construction and review of the minutes of the selection committee;
- **Project for North high-speed tangent 0+000 to km 16+540** – approval of the final version of the documentation for selection of design and construction contractor; approval of the final version of the documentation for selection of consultancy services contractor for the relevant design and construction works;
- **Project for Struma Motorway, Lot 3 Blagoevgrad - Sandanski** - approval of the final version of the documentation for selection of contractor of consultancy services to act as strategic advisor for motorway construction; Approval of the final version of the documentation for preparation of a preliminary design of the motorway;
- **Project for Modernisation of the Road I-1 - Vidin-Botevgrad** - approval of the revised version of the documentation for selection of contractor for preparation of plans for the modernisation of Road I-1 - Vidin-Botevgrad, Section No 1: Road I-1 - Vidin-Dimovo, Section



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No 2: Road I-1 – Dimovo-Bela-Ruzhintsi and Selection of contractor for preparation of plans for modernisation of Road I-1 - Vidin-Botevgrad, Section No 1: Road I-1 - Ruzhintsi-Montana, Section No 2: Road I-1 - Montana-Vratsa;

- **Project for Road I-1 Vratsa (Mezdra) – Botevgrad - Lot 1** – Review of the relevant documentation for selection of construction contractor and submission of comments; Review of the relevant documentation for selection of consultancy services **contractor** for construction supervision and submission of comments;
- **Project for Struma Motorway Lot No 1 Dolna Dikanya – Dupnitsa from km 305+220 to km 322+000** – preliminary review of the documentation for selection of contractor for supplementary construction works and submission of notes and comments;

Priority axis 3 “*Improvement of Intermodality of Passengers and Freight*”:

- **Extension of Sofia Metropolitan Phase II - I diameter, Tsarigradsko shose Blvd. – Druzhba – Sofia Airport section** – review of the minutes of the contractor selection committee and **preliminary review** of the draft agreements with selected contractors for the three lots, prior to conclusion of the said agreements; review of the minutes of the committee engaged with the selection of engineer-consultant;
- **Extension of Sofia Metropolitan, First Metro Diameter, Phase III, Lot 2, from MS 13 (Mladost I) to MS 16 (Mladost Business Park) in two lots** – approval of the final version of the relevant documentation; approval of the final version of the relevant documentation for selection of an engineer-consultant for the project;
- **Project for Rehabilitation of Sofia Central Railway Station compound** - preliminary review and approval of the relevant documentation for contractor selection; preliminary review and approval of the relevant documentation for compliance assessment and construction supervision for the project;
- **Project for the Construction of an Intermodal Terminal in South Central Planning Region in Bulgaria - Plovdiv** - preliminary review and approval of the revised documentation for contractor selection; preliminary review and approval of the revised documentation for selection of contractor for compliance assessment of the investment project with view of the essential requirements to construction works and construction supervision;
- **Project for Reconstruction and Heat Insulation of Pazardzhik railway station – Phase II** – **preliminary review** and approval of the revised contractor selection documentation; preliminary review and approval of the revised documentation for compliance assessment and construction supervision;
- **Project for Rehabilitation of Burgas Passenger Railway Station compound** – preliminary review of the submitted documentation for compliance assessment and construction supervision for the project and submission of **comments** on the documentation;





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- **Project for Construction of intermodal terminal in North Central Planning Region in Bulgaria - Ruse** – preliminary review of the **documentation** for preparation of feasibility studies, preliminary design, detailed spatial development plan and preparation of expropriation procedures and submission of comments on the documentation;

Priority axis 4: “*Improvement of the Maritime and Inland-Waterway Navigation*”:

- **Project for Creation of a river information system in the Bulgarian section of the Danube River - BULRIS** - preliminary review and approval of the documentation regulating the creation of a River Information Center in Ruse, review of the minutes of the contractor selection committee and preliminary review of the draft agreement with the selected contractor; Preliminary review and approval of the **revised** documentation for introduction of a riverbed monitoring and surveying system; preliminary review of the documentation regulating expansion of the scope of services and the system and submission of notes and comments on the said documentation; Preliminary review of the documentation for design and construction (engineering) and furnishing of buildings to serve as coastal navigation management and information service centres in Burgas and Varna and submission of notes and comments on the said documentation;
- **Project for Vessel Traffic Management Information System (VTMIS) - Phase 3** - preliminary review and approval of the documentation regulating the delivery and mounting of equipment and the performance of construction and mounting works for the project;
- **Project for Improvement of Navigation Systems and Topohydrographic Measurements along the Danube River** – preliminary review of the documentation for the purchase of floating (buoys) and coastal aids to navigation and the construction of GPS geodetic network.

Priority axis 5 “*Technical Assistance*”:

**External Beneficiaries:**

- Project for the **Design and Introduction of a Geographic Information System (GIS) for the needs of the Bulgarian Ports Infrastructure Company** - preliminary review and approval of the contractor selection documentation; approval of the minutes of meeting of the contractor selection committee and preliminary review of the draft agreement with the selected contractor prior to its conclusion have been done;
- Project for **Geographic Information System (GIS) for the needs of NRIC** – a preliminary review of the documentation submitted for the extension of the functional scope of the system has been made and recommendations and notes on the documentation have been sent;
- Preliminary review of the documentation for design and introduction of a resources planning and management system (RPMS) in National Railway Infrastructure State Company.

**Managing Authority as a beneficiary**



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- Preliminary review and approval of documentation for elaboration of a general environmental monitoring plan, review and approval of the selection committee and preliminary review of the draft agreement with the selected contractor prior to conclusion of such agreement;
- Review and approval of documentation for consultancy services and analysis of the opportunities and options for introduction of an integrated system for the European Electronic Toll Service (EETS) for use of road infrastructure from the republican road network



### 10.2 Legislative changes for public procurement legislation in 2012.

The Law on the amendment of the Public Procurement Act (PPA) was adopted in November 2011 and was promulgated in SG issue 93/25.11.2011. The amendments are in effect as of 25.02.2012. The said Law on the amendment of the Public Procurement Act introduces significant changes in the preliminary control of public procurement procedures funded in full or in part with European funds. The functions of Managing Authorities of Operational programmes in the review of legality of the public procurements performed by beneficiaries are no longer stipulated by the law, which refers both to the documentation of the public procurement (including technical specifications) and committee minutes.

After 25.02.2012, the Public Procurement Agency exercises preliminary control and review of public procurement procedures financed in full or in part with European funding, as follows:

- a) for construction works in the value equal or higher than BGN 2 640 000;
- b) for procurement or services in the value equal to or higher than the respective value indicated in Article 45a. par. 2 – over BGN 244 475 (in specific cases - BGN 377 469/BGN 756 895, depending on the specific procurement and contracting authority);

The preliminary control and review activities of the PPA cover:

1. the public procurement notice;
2. the decision for initiation of a restricted procedure pursuant to Article 76, par.3, negotiation procedure with publication or competitive dialogue procedure;
3. the methodology of tender evaluation – under the criterion of most economically advantageous tender.

contracting authorities send the above listed documents to the Public Procurement Agency, which, within a ten-days, prepare a statement of compliance with the Public Procurement Act and sends it to the contracting authority. In case of discrepancies, the statement provides recommendations for their elimination. In case the contracting authority does not take into account the recommendations provided in the statement, it may send written motives to the Agency simultaneously with the procedure initiation.

The notification has to be published by the contracting authorities and, not later than 10 days from the publication, the Public Procurement Agency carries out a compliance assessment with its recommendations already made and prepares a final report on conformity with the law. The report has to be submitted to the contracting authorities, the control authorities and the managing authority of the respective operational programme.

Within the light of the changes made in the legislation, several changes have also been made to the current management and control system of OP Transport and the method of control in the award of public procurements. These changes have been set out in the Manual of Procedures for the management and implementation of the Operational Programme Transport 2007-2013, which introduces a new method of control and review of public procurement documentation, namely::



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- The MA carries out preliminary control and review of the public procurement documentation and submits relevant comments and recommendations to the contracting authority;
- The contracting authority prepares a revision of the documentation on the basis of the recommendations of the MA and sends it to the Public Procurement Agency for preliminary review where such is applicable pursuant to Article 19, par. 2, item 22 of the Public Procurement Act;
- The contracting authority submits the documentation to the MA for follow up control in the final format in which it will be sold/provided to participants within 15 days from promulgation of the public procurement notice.

Control and review of the tender evaluation documentation is ex post only (following entry into effect of the ranking decision and selection of contractor) due to repeal of the Ordinance on ex ante Control on Public Procurement Procedures financed in full or in part with European Funds.





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### III. IMPLEMENTATION OF OPERATIONAL PROGRAMME ON “TRANSPORT” BY PRIORITY AXIS

#### 1. Priority axis I – “Development of Railway Infrastructure along the Trans-European and Major National Transport Axes”

##### 1.1. Achievement of targets and analysis of the progress

**Table 11: Physical Progress under Priority Axis 1 – “Development of Railway Infrastructure along the Trans-European and Major National Transport Axes” by Quantifiable Indicators as of 31.12 2012**

Indicators		2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
<b>Priority axis I – Development of Railway Infrastructure along the Trans-European and Major National Transport Axes</b>											
Time savings (million hours per year) Railway	Achievement	0	0	0	0	0	0				0
	Target									2.3	
	Baseline	0									
Time Savings (million euro per year) Railway	Achievement	0	0	0	0	0	0				0
	Target									2.39	
	Baseline	0									
Time savings (thousand hours per day) metro	Achievement	0	0	0	0	0	10.69				10.69
	Target									13.42	
	Baseline	0									
Time Savings (million euro per	Achievement	0	0	0	0	0	16.08				16.08
	Target									20.186	



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year) metro	Baseline	0									
People using the metro	Achievement	0	0	0	0	0	73 <sup>6</sup> 664				73 664
	Target									92 460	
	Baseline										
Average speed (km/h)	Achievement	102.9	102.9	102.9	102.9	102.9	102.9				102.9
	Target					106.6				114.2	
	Baseline	102,9									
Traffic Capacity (trains per day)	Achievement	0	0	0	0	0	0				0
	Target					2393.7				2645	
	Baseline	2270									
Built rail tracks (km)	Achievement	0	0	0	2.3	16,3	17				17
	Target					3659.9				3684	
	Baseline	3648									
Rehabilitated railroads (km)	Achievement	0	0	0	0	0	158				158
	Target					707.7				1231	
	Baseline	450									
Electrified railroads (km)	Achievement	0	0	0	0	0	17				17
	Target					3296.9				3321	
	Baseline	3285									
New metro lines (km)	Achievement	0	0	0	0	1.6	6.7				6.7
	Target								6.		

<sup>6</sup> According to information obtained from Metropolitan EAD, phased reorganization of land urban transport, leading to the metro, is planned. Project impact will be observable 1 year after commissioning of the new extension, where, on the basis of experience from previous sections, the target value is expected to be reached not earlier than 3 years following completion of the sections, provided that the new organization of urban transport is in place.



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	Baseline	9.9									
New metro stations	Achievement	0	0	0	0	5	6				6
	Target							6			
	Baseline	8									

The target values of the indicators: Time savings (thousand hours per day) metro, Savings (million euro per year) metro, People using the metro, New metro lines (km) and New metro stations **do not include the baselines of the indicators** from Working Document 7 – Indicative Guidelines on Evaluation Methods: Reporting on Core Indicators for the ERDF and CF.



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Eight grant contracts were signed under the priority axis to the total amount of EUR **733 891 716.89**, representing **114.67 %** of the available budget for the axis. The approved grants co-finance EUR **659 076 823.15** of commercial contracts signed under this priority axis. Beneficiaries have received grants in the amount of **334 797 471.53** or **52.31 %** of the available budget for this priority axis. In terms of financial sources, the grants are allocated as follows: CF –BGN 523 845 551.00/ EUR 267 837 977.23); national co-financing – 130 961 387.75 (EUR 66 959 494.31). The total amount of verified expenditure under the priority axis at the end of 2012 stands at BGN 665 932 189.02 (EUR 340 485 721,67)

Five infrastructure projects, of which 4 major, are currently under implementation:

- Project **BG161PO004-1.0.01-0002 - Electrification and Reconstruction of Svilengrad – Turkish Border railway section**

The Project was approved by means of Resolution of the Head of the Managing Authority dated 21.05.2009. Grants in the amount of EUR 29 795 134.62 have been awarded under this project. In addition, three annexes to the grant agreement have been signed, with the most recent annex introducing a new completion date which is to be no later than 30.06.2013.

The Beneficiary – NRIC – has received a grant in the amount of EUR 24 516 322.00. Verified expenditure under the project is in the amount of EUR 25 024 160.63, of which CF – EUR 20,019,328.50 and national co-financing in the amount of EUR 5 004 832.13. Certified expenditure under the project is in the amount of EUR 25 009 651.96, of which European co-financing is EUR 19 697 554.36.

The design and construction works contract with OHL ZS, a.s was signed on 25.05.2009. The value of the contract is BGN 83 999 599.20, (VAT included), of which BGN 58 274 218.15 are eligible and BGN 27 549 372.65 – noneligible expenditure.

Force Majeure circumstances were in place in the period of January – February 2012 (official disaster and emergency situation announced in the municipalities of Harmanli, Svilengrad and Lyubimets) with an analysis and assessment of damages in the scope of the project and delays in the works. The work site was flooded on 06.02.2012, along with the bridge under construction km 301+600 and a section of the newly constructed railway line from km 306+300 to 307+700, and train movement was interrupted due to a broken dam and increase in the level of Maritsa river. The contractor considered the event as force majeure in compliance with subclause 19.2 *Notification of Force Majeure* of the contract. The Engineer accepted the analysis of the contractor as reliable and ruled that an extension in the time term for the construction works until October 10<sup>th</sup> 2012 is admissible in the light of the force majeure circumstances. On the grounds of Article 43, par. 2, item 1 of the Public Procurement Act, NRIC State Enterprise, in its capacity of contracting authority, proposed to the Managing Authority to approve a 102-day extension in the time limit for completion of construction works under the project, which, according to Supplementary Agreement No 1 of 03.09.2011 is up to June 30<sup>th</sup>, 2012.

An additional agreement No 2 to the contract was signed by the contract parties on 05.09.2012, extending the time limit for completion of construction works until October 10<sup>th</sup> 2012, with no changes in the value of the main contract.

As of the date of the deadline for completion of construction and mounting works - 10.10.2012, the contractor has not completed all construction activities, more specifically the catenary system is not completed in the extent required by the contract. On 12.10.2012 NRIC State Enterprise sent a notice to the contractor for possible damages under contract subclause 2.5 – Contracting Authority Claims.



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Protocol – Act No 15 was signed on 14.12.2012 and Protocol – Act 16 is expected to be signed in 2013, along with commissioning of the site. As of the end of 2012, all construction and mounting works for the project have been completed (the total physical progress is 100%) – a total of 17 km railway line have been constructed.

- Project **BG161PO004-1.0.01-0003** *Design of Vidin-Sofia railway line: Vidin-Medkovets and Medkovets-Ruska Byala sections*

A grant contract at the amount of BGN на 63 609 346.00 was signed on 11.06.2012. In January 2012, MOEW issued a positive decision under the EIA for the project for Modernisation of Vidin – Sofia railway line. In its letter dated 27.11.2012, the Managing Authority provided instructions to the beneficiary to review the scope of the project and its value. Such revision of project scope is due in 2013.

- Project **BG161PO004-1.0.01-0005** „*Reconstruction and Electrification of the Plovdiv – Svilengrad Railway line along Corridors IV and IX Project, Phase 2: Purvomai – Svilengrad Section*”

The grant provided under the project amounts to EUR 143 816 052.24. The European Commission approved the relevant Application form on 22.12.2011.

The Beneficiary – NRIC – received a grant in the amount of EUR 19 513 564.09. Verified expenditure under the project is in the amount of EUR 17 003 934.37, of which CF - in the amount of EUR 13 603 147.50 and national co-financing in the amount of EUR 3 400 786.87. Certified expenditure under the project is in the amount of EUR 13 950 709.23, of which European co-financing stands at EUR 11 160 567.39.

The following contracts were signed with the selected contractors on 19.01.2012:

- **Lot 1 – phase 4.1** - Reconstruction and electrification of the railway section Dimitrovgrad-Harmanli; Contractor – TERNA AD.
- **Lot 2 - phase 4.2** - Reconstruction and electrification of the Harmanli – Svilengrad railway section and rehabilitation and electrification of the Svilengrad – Greek border railway section; Contractor – Railway Infrastructure 2011 Association.
- **Lot 3 - phase 4.3** – Construction of new traction substations in Simeonovgrad and Svilengrad and expansion of the existing traction station in Dimitrovgrad; Contractor – Start Engineering AD.

15.02.2012 is fixed as the starting date for the respective contracts.

A 1% to 5% progress has been achieved under the different projects. The main problems encountered by the Beneficiary are related to delays in the preparation of technical designs for the issuance of construction permits and delays in the issuance of such construction permits. Construction will be completed in 2015.

- Project **BG161PO004-1.0.01-0006** *Project for the extension of Sofia Metropolitan: Phase II, Lot 1 – Obelya – Nadezhda and Lot 2 – Mladost 1 – Tsarigradsko shose*

The grant awarded under this project amounts to EUR 250 000 000. The EC approved the Application Form (AP) on 01.07.2011. The beneficiary – Metropolitan EAD – received grant in the amount of EUR 218 387 039.83.

The beneficiary - Metropolitan EAD received grant in the amount of EUR 218,387,039.83. Verified expenditure under the project is in the amount of EUR 240,698,018.80, of which CF - in the amount of EUR 154 709 631.86, national co-financing in the amount of EUR 38 677 407.97



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and co-financing by the beneficiary in the amount of EUR 47,310,978.97. Certified expenditure under the project is in the amount of EUR 231 961 553.38, of which European co-financing stands at EUR 185 569 242.75.

Both lots were been commissioned - Lot 1 on 31.08.2012 and Lot 2 on 25.04.2012. A total of 6.7 km of metro lines were constructed under the project, along with 6 metro stations. The forecasts indicate that approximately 190 000 people will have access to improved urban transport as a result of project commissioning.

The project also involved the implementation of delivery contracts for 18 metro trains (81m +/- 3m in length) and the delivery of a diesel shunting engine; the construction of a railway link and extension, and the delivery of technological equipment for the depot in Obelya; the extension of A. Saharov Blvd. above the route of the metro line from A. Malinov Blvd. to Mladost 3.

- Project **BG161PO004-1.0.01-0007 - Rehabilitation of Railway Infrastructure in Sections of the Plovdiv – Burgas Railway line**

The Project was approved by means of Resolution of the Head of the Managing Authority dated 02.02.2011 and the grant agreement in the amount of EUR 218 611 929 was concluded on 07.02.2011. The project was approved by the EC on 01.07.2011.

The Beneficiary – NRIC – received grant in the amount of EUR 61 731 423.04. Verified expenditure under the project is in the amount of EUR 50 650 935.31, of which CF - in the amount of EUR 38 865 653.94, national co-financing in the amount of EUR 9 716 413.49 and co-financing by the beneficiary in the amount of EUR 2 068 867.88. Certified expenditure under the project is in the amount of EUR 50 145 857.58, of which European co-financing stands at EUR 40 116 686.07.

- For project supervision with ETAKONS-VITO PRATO - Partnership under the Obligations and Contracts Act, where contract value is BGN 9 893 505. 60, (VAT not included).
- Construction works under the project for rehabilitation of the railway structure along sections of the Plovdiv – Burgas railway line are differentiated in 3 lots:
  - Lot 1 – Rehabilitation of Mihailovo – Kaloyanovets railway section with approximate total length of the railway line equal to 21 km; value: BGN 29 652 343, (VAT not included); time limit for completion - 15 months;
  - Lot 2 – Rehabilitation of Stara Zagora –Yambol and Zavoi – Zimnitsa railway sections with approximate total length of the railway line equal to 120 km; value: BGN 151 536 000, (VAT not included); time limit for completion - 38 months;
  - Lot 3 – Rehabilitation of the Tserkovski - Karnobat section, with approximate total length of the railway line equal to 122 km; value: BGN 135 780 506, (VAT not included).; time limit for completion - 31 months.

Commercial Contracts with Consortium GCF - CK 13 – Trace Rail Infra in the total value of BGN 318 million were concluded on 08.02.2011 for the purpose of completion of the three lots. Implementation of the three construction contracts started on 15.03.2012.

The physical implementation under the three lots is as follows:

- Lot 1 (Rehabilitation of Mihaylovo-Kaloyanovets railway section with approximate total length of the railway line equal to 21 km.). Works commenced on 14.09.2011. The total physical progress of constructions works as of 31.12.2012 is calculated at 94%. Works on Signalling and Building are yet to be finalized. A total of 16.9 km of permanent way have been installed. Construction will be completed towards the middle of 2013.
- Lot 2 (Rehabilitation of Stara Zagora – Zavoy railway sections with approximate total length of the railway line equal to 120 km) – The total physical progress of the





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construction works as of 31.12.2012 is calculated at 42%. The construction works commenced on 06.02.2012. The railway tracks have been laid and the catenary system is in place between the stations of Stara Zagora and Han Asparuh, between Kermen and Bezmer stations and at around km 3 between Han Asparuh and Nova Zagora stations, as well as the main tracks in the stations of Kalitinovo and Han Asparuh. A total of 50 km of permanent way has been installed. Construction will be completed in 2014.

- Lot 3 (Rehabilitation of the Tserkovski – Karnobat railway section with approximate total length of the railway line equal to 28 km and renovation of the permanent way in the Karnobat – Burgas section with approximate total length of the railway line equal to 122 km). The total physical progress of the construction works as of 31.12.2012 is calculated at 52%. Construction works commenced on 12.12.2011. The permanent way between Vladimir Pavlov station and Karnobat station has been replaced and the ballast along railway tracks 1 and 2 has been shifted. The catenary between Vladimir Pavlov station and Lozovo station has been replaced. A total of 90.8 km of permanent way has been installed. Construction will be completed in 2013.

The total physical progress under the three lots is calculated at 51%.

The beneficiary – NRIC – has reported the following problems and delays in project implementation:

- Delays in the performance of construction and mounting works under lot 1 caused by delays in design preparation. Additional agreement No 1 has been signed for extension of contract validity until 30.11.2012. As of 31.12.2012 the contractor has not finalized the activities set out in the contract. The meeting held indicates that the contractor plans to complete construction and mounting works by May 2013.
  - Delays in preparation of the work design under lots 2 and 3, with great efforts being made to compensate for this delay and to complete the contracts within the above deadlines.
- Project **BG161PO004-1.0.01-0008 - Modernisation of the Septemvri-Plovdiv section – part of the Trans-European railway network**

The grant awarded under this project amounts to EUR 102 258 376.24. The EC approved the AP on 16.01.2012.

The Beneficiary – NRIC – received grant in the amount of EUR 10 616 425.44. Verified expenditure under the project is in the amount of EUR 7 075 975.45, of which CF - in the amount of EUR 5 660 780.36 and national co-financing in the amount of EUR 1 415 195.09. Certified expenditure under the project is in the amount of EUR 7 076 083.99, of which European co-financing is in the amount EUR 5 667 923.14.

The project is considered to be high-risk, given the significant delay in conclusion of the compliance assessment and construction supervision contract. It was signed on 15.11.2012 and its implementation started on 26.11.2012. Date 05.12.2012 was defined for starting date for the construction contracts. By the end of 2012 started the design under the three separate construction contracts and due to that reason construction works haven't started.

Construction permits are expected from the MRDPW in May-July 2013. Claims have been filed to the contracting authority – NRIC – for damages incurred by the contractors due to delayed commencement of the construction supervision contract and delayed start of construction contracts. Delay in construction works is taken into consideration by MA and it was reflected in the risk analysis during the preparation of the Annual plan for on-the spot checks for 2013. As a result of the made risk analysis for 2013 OPT MA set 3 planned on-the spot checks for the projects in



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2013, which is the maximum number of planned on-the spot checks for one year, according to the methodology used by MA.



## **1.2. Significant Problems encountered in the Preparation and Implementation of Projects under Priority Axis and Measures taken**

There is shortage of financial resources for funding of railway projects included in OPT. This presumes a decision for ensuring supplementary national co-financing when it is necessary, from one side and on the other hand it is necessary to ensure timely and quality project implementation and completion.

A decision is necessary to be taken for the provision of additional national funding, when it is necessary, for project implementation. A decision is also necessary for provision of funds for the preparation of the main projects the funding of which will be sought from the Cohesion and Structural Funds in the course of the next programming period.

Letter of the EC (*Our reference 30-05-101 dated 11.12.2012*) highlights the importance of guaranteeing the preparation of future railway projects to be implemented in the programming period 2014-2020 and suspends the approval procedure for the second modification of the operational programme. In response, Letter № 04-09-161/08.03.2013 by the Deputy Prime Minister and Minister of finance and the Minister of Transport, Information Technology and Communications expresses the commitment of the Bulgarian government to provide the necessary funds to cover the financial shortage for railway projects by means of a Credit Agreement with the EIB.

The main challenge is slow project implementation, given that a part of them are expected to be completed in 2014-2015. In this connection beneficiaries must strictly observe construction timelines for the individual projects.





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

### 2.1 Achievement of Targets and Analysis of the Progress

**Table 12: Physical Progress under Priority Axis II – “Development of Road Infrastructure along the Trans-European and Major National Transport Axes” by Quantifiable Indicators as of 31.12 2012**

Indicators		2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
<b>Priority axis II - Development of Road Infrastructure along the Trans-European and Major National Transport Axes</b>											
Time savings (thousands of hours per day)	Achievement	0	0	0	0	0	0				0
	Target				440.8					1336.4	
	Baseline	0									
Time Savings (million euro per day)	Achievement	0	0	0	0	0	0				0
	Target				0.4					1.23	
	Baseline	0									
Operating cost (VOC) savings/1000 km • For Light vehicles • For Heavy vehicles	Achievement	0	0	0	0	0	0				0
	Target	0	0	0	0	0	0				0
	Baseline	0									
Reduction of fatalities on road	Achievement	1006	1061	901	775	657	599				599
	Target				1171					585	



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	Baseline	1171									
Average speed on class I road network (km/h) • For light vehicles • For heavy vehicles	Achievement	50 40	50 40	50 40	50 40	50 40	50 40				50 40
	Target				60 50					80 70	
	Baseline	50 40	50 40								
Built motorways (km)	Achievement	0	0	0	0	0	82				82
	Target				399					537.7	
	Baseline	331.2									
Bulit bypasses (km)	Achievement	0	0	0	0	0	0				0
	Target				13.9					42.3	
	Baseline	0									
Rehabilitated class I roads (km)	Achievement	0	0	0	0	0	0				0
	Target				290					880	
	Baseline	0									



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Six grant contracts were signed under this priority axis, at a total value of EUR **834 651 707.12** or **89.79 %** of the available budget for this priority axis. The approved grants co-finance EUR **555 447 584.43** of the commercial contracts signed under this priority axis. The beneficiary – Road Infrastructure Agency – was paid EUR **336 203 851.54** or **36.17 %** of the available budget for this priority axis. In terms of financial sources, the grant paid is as follows: CF – EUR 268 963 081.22 and national co-financing – EUR 67 240 770.32. The total amount of verified expenditure under the priority axis by the end of 2012 is EUR 294 985 993.51.

The grant contracts are for 6 infrastructure projects, of which 4 are major:

- Project **BG161PO004-2.0.01-0004 Completion of MW Trakia, Lots 2, 3 and 4**

The Project was approved by Decision of the Head of the Managing Authority dated 23.04.2010. The grant contract was signed on 23.04.2010 where the grant allocated is BGN 699 648 287.32 (EUR 357,724,489.00). The EC approved the AF on 21.12.2010. Annex No 1 to the grant contract was signed on 30.11.2012, reducing the allocated grant amount to EUR 262 788 831.13, i.e. the value of concluded commercial contracts.

The beneficiary – RIA – was paid grant in the amount of EUR 229 008 668.82. Verified expenditure under the project is in the amount of EUR 218 064 973.01, of which CF - in the amount of EUR 174 451 978.41 and national co-financing in the amount of EUR 43 612 994.60. Certified expenditure under the project is in the amount of EUR 214 618 515.25 of which European co-financing is in the amount of EUR 171 694 812.18.

The physical implementation of the project per lot as of the end of 2012 is as follows:

- By the end of 2012 construction of Lot 2 - Stara Zagora – Nova Zagora is completed and the section was commissioned on 01.07.2012.
- By the end of 2012 construction of Lot 3 - Nova Zagora – Yambol is completed and the section was commissioned on 12.07.2012.

In connection with the phased commissioning of Lot 4, the first section from km 276+200 to km 291+000 was provisionally commissioned in the course of the construction works as follows: right lane - on 24.08.2012 and left lane - on 26.08.2012. Act of findings (Protocol) No 15 was signed on 26.08.2012, while Act (Protocol) No 16 - on 27.12.2012.

The physical implementation of the remaining portion of the Lot – from km 291+000 to km 325+280 as of the end of 2012 is calculated at 77%. Eight of the total of ten phases have been completed, with completion of construction and mounting works being expected in 2013, along with commissioning of the entire motorway.

In connection with the geological discrepancies established in Lot 4 by means of laboratory tests in an independent laboratory, a tender procedure was organized in May 2011 for a public procurement entitled: “Stabilizing the terrain base under road embankment for specific sections of the route of Trakia Motorway, section Lot 4 Yambol – Karnobat from km 276+200 to km 325+280” with a total length of 12.505 km. The contract, in the amount of BGN 17 554 043.23, VAT inclusive, was concluded with Axiona Bulgaria and registered under ПД-33-4/29.03.2012. Contract implementation started on 27.04.2012 when the relevant Protocol for launching of the construction site. All certificates for the completed contract phases have been submitted and the relevant payments have been made.

In the summer of 2012, the contractor for Lot 4 notified RIA of the presence of force majeure circumstances arising after the heavy spring rains and leaking of Koprinka dam resulting in increased water levels in Tundzha River. Certificate No 69/03.07.2012 was issued by the Bulgarian Chamber of Commerce and Industry. A draft for an additional agreement has been prepared, extending the time period for completion of construction and mounting works until 30.05.2013.



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The efforts of both contractor and contracting authority have been mobilized in order to complete the project in July 2013.



- Project **BG161PO004-2.0.01-0006 Construction of Maritsa Motorway, Lot 1 and Lot 2**

The Project was approved by Decision of the Head of the Managing Authority dated 04.08.2011. A grant contract was signed between the Managing Authority and RIA on 09.08.2011 with allocated grant at the amount of BGN 398 618 465.29 (EUR 203 810 385.00). The EC approved the AF on 22.02.2012.

The beneficiary received a grant in the amount of EUR 57 020 222.53. Verified expenditure under the project is in the amount of EUR 48 312 559.37, of which CF - in the amount of EUR 38 650 047.50 and national co-financing in the amount of EUR 9 662 511.87. Certified expenditure under the project is in the amount of EUR 36 511 219.12, of which European co-financing is in the amount of EUR 29 208 975.29.

The physical implementation of the project as of the end of 2012 is as follows:

- **Lot 1 - Orizovo - Dimitrovgrad**, from km 5+000 to km 36+400. A contract was signed on 01.08.2011 with the cooperation Cooperativa Muratori & Cementisti, C.M.C di Ravenna in the value of BGN 159 755 613.60, inclusive of VAT, for performance of supplementary design and construction works. The contract includes the performance of 18 stages within 25 months following commencement of construction works. Another contract, for construction supervision, was signed on 01.08.2011 with Partnership under the Obligations and Contracts Act T7/SNIK, in the value of BGN 678 600.00, inclusive of VAT. Construction commenced on 20.10.2011, with completion of construction works, in accordance with contract provisions, being expected in November 2013.

The construction and mounting works on the layout of Lot 1 are envisaged in 18 stages, as detailed in the approved technological and construction schedule for the site. As of the end of 2012, Phases I, IA, II, III, IV and Phase V (partially) were completed. Work on Phase VI commenced in December. The revised schedule was approved on 30.11.2012 and also includes 18 stages. In accordance with the revised schedule, Phase IV was completed with a 17-day delay. With view of the said delay, the contractor was penalized in compliance with contract provisions. Phase V is partially certified; its completion is delayed. Phase VI, commenced in December, is also delayed. Different excavation, filling, concreting and reinforcement works for the road base made up of crushed stone were performed in 2012. Physical implementation of construction works under this Lot as of 31.12.2012 is calculated at 33%, with 30% for 2012 alone.

In mid-April 2012, the contractor submitted to the contracting authority Force Majeure Certificate No 48/14.03.2012 issued by the Bulgarian Chamber of Commerce and Industry. The certificate was issued in relation to the severe weather conditions towards the end of 2011 which hindered work on phases I, II and III of the technological and construction schedule. In June, another Force Majeure Certificate was submitted under No 66 of 20.06.2012 issued by the Bulgarian Chamber of Commerce and Industry in connection with the heavy rains and snow melt in February 2012. The performance of phases I, II, III and IV of the schedule was prevented. An updated schedule was submitted to the contracting authority in June 2012.

On 24.10.2012 the Archaeology Department of Sofia University St. Kliment Ohridski submitted a report of findings regarding Lot 1 to the contracting authority. The findings indicate the presence of archaeological sites from km 23+630 to km 24+460 which resulted in suspension of work in the section. Research of the said sites is planned for 2013. Research activities will be delegated on the basis of an open procedure for selection of contractor in compliance with the Public Procurement Act.



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The contract is expected to be completed, with some delay, in 2014. Efforts are being made to eliminated existing on-site problems.



- **LOT 2 - Dimitrovgrad – Harmanli**, from km 36+400 to km 70+620. A contract for supplementary design and construction works was signed on 25.07.2011 with Maritsa Highway Association, in the value of BGN 146,564,400, VAT inclusive. The contract covers the implementation of 10 phases within 25 months following commencement of construction works. Another contract, this time for construction supervision, was concluded on 25.07.2011 with Rutex – ETE (Partnership under the Obligations and Contracts Act), in the value of BGN 799,200, VAT inclusive. Construction works commenced on 26.07.2011 and are expected to end, in accordance with contract provisions, in August 2013.

As of the end of 2012, stages II, III, IV, V, VI, VII and VIII have been completed, as well as individual activities under stages IX and XI, activities from stages IX, X, XI, XII and XIII are also underway. The revised TCS was approved on 04.09.2012, according to which the completion of stages V, VI, VII was delayed. The contractor was penalized in the amount of 10% on the value of each stage, in accordance with contract provisions. Stage IX is partially certified with a delay of 71 days by the end of December 2012. As of 31.12.2012, Stage X is also delayed. Following the official presentation of approved certificates for Stages IX and X, the actual final date of completion for the stages will be reflected and the respective penalty for the delay will be applied in accordance with contract provisions. Construction and mounting works on large and small facilities were performed in 2012, as well as excavation and filling works, concreting and reinforcement. As of 31.12.2012, the beneficiary reports physical implementation of the works on the Lot at around 51%.

As a result of the heavy rainfall in the area of the works on 06.02.2012 and the emergency discharge of large quantities of water from reservoirs in the area, sections of the route of Maritsa MW, Lot 2 were flooded. The contractor notified the contracting authority of the emergency situation announced for Haskovo district as a result of the force majeure circumstances. Formal disaster declarations by the District Governor for Haskovo district were submitted, in effect as of 06.02.2012, for a period of 7 days, as well as declarations extending the validity of the period with a further 7 days starting from 13.02.2012, as well as a formal disaster declaration by the mayor of Harmanli municipality for a period of 7 days. An additional agreement was signed as a result of these circumstances and a revised technological and construction schedule was adopted with view of overcoming the consequences of the force majeure circumstances in place on the site. The contractor submitted to the contracting authority Force Majeure Certificate No 21/22.02.2012 issued by the Bulgarian Chamber of Commerce and Industry.

Speed of work on the site and contractor efforts were significantly slowed down in the last quarter of 2012. Overall contract performance is expected to be delayed and completed in 2014. The contracting authority is making efforts to restore normal work speeds.

- Project **BG161PO004-2.0.01-0007 Hemus Motorway, SRR – Yana Road Junction**

The grant contract for the Hemus Motorway project - SRR – Yana Road Junction – was concluded on 14.10.2011 on the basis of Resolution No 647/30.08.2011 of the Council of Ministers of the Republic of Bulgaria. The grant is in the amount of BGN 47 856 420.81 (EUR 24 468 599.42).

The beneficiary received a grant in the amount of EUR 16 112 570.16. Verified expenditure under the project is in the amount of EUR 16 088 494.44, of which CF - in the amount of EUR



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12 870 795.55 and national co-financing in the amount of EUR 3,217,698.89. Certified expenditure under the project is in the amount of EUR 16 088 494.44, of which European co-financing is in the amount of EUR 12,870,993.00.

A contract for construction works was signed on 21.09.2011 between RIA and Hemus A2 Partnership (under the Obligations and Contracts Act) in the value of BGN 31 950 309.45, (VAT not included). A second contract – for construction supervision – was signed on 21.09.2011 with Transconsult – BG OOD in the value of BGN 151 200, net of VAT. A third contract, this time for designer supervision, was signed in December 2011 with Patproekt EOOD in the value of BGN 93 000, net of VAT. Construction works commenced on 21.10.2011 with the time period for completion being fixed at 22 months. Construction activities are expected to finish in August 2013, in accordance with contract provisions.

As of 31.12.2012, stages I, II, III, IV and V of a total of 8 stages have been completed. Construction and mounting works for stages VI, VII and VIII of the adopted technological and construction schedule are underway. Physical implementation of the works is at around 80% of the total volume under the contract. The works are expected to be completed with the agreed deadline.

- Project **BG161PO004-2.0.01-0008 Road E-85 (I-5) – Kardzhali-Podkova**

A grant contract was signed on 30.09.2011 for the project for Road E-85 (I-5) – Kardzhali – Podkova in the amount of BGN 45 400 748.02 (EUR 23 213 033.86).

The beneficiary received a grant in the amount of EUR 7 718 411.69. Verified expenditure under the project is in the amount of EUR 5 488 090.98, of which CF - in the amount of EUR 4 390 472.78 and national co-financing in the amount of EUR 1 097 618.20. Certified expenditure under the project is in the amount of 5 488 090.98, of which European co-financing is in the amount of EUR 4 390 472.79.

A contract for construction works was signed on 30 August 2011 between RIA and the Partnership (under the Obligations and Contracts Act) Kardzhali – Podkova in the value of BGN 31 989 546, net of VAT. A second contract was also signed on 30 August 2011, this time for construction supervision, with Infrastructure – Motorways Partnership in the value of BGN 189 000, (VAT not included). RIA has concluded 2 contracts to a total value of BGN 108 000, (VAT not included), for supervision on the newly constructed section and the rehabilitated section.

By the end of 2012, ten of the total 18 stages of the TCS were completed. Physical implementation of construction activities is calculated at 54.74%, with 52.05% for 2012 alone. Works on large and small facilities have been finalized, along with the erection of support walls, excavation and filling works. The permit for use of sub-project 1: Kardzhali – Dzhebel road junction was issued on 16.11.2012.

The contractor has submitted two Force Majeure Certificates:

1. Force Majeure Certificate No 49/14.03.2012 for the period 20.01 – 10.02.2012 due to heavy snowfall; and

2. Force Majeure Certificate No 68/29.06.2012 for the period 09 – 31.05.2012 due to flooded sections of the construction site, damaged different types of completed construction and mounting works, impeded access of construction equipment to the site. For the purpose of eliminating delays caused by force majeure circumstances, the contractor has submitted an updated technological and construction schedule for approval by the contracting authority.

Requests have been submitted from the municipalities of Momchilgrad, Dzhebel, the mayor of the village of Karchovsko, municipality of Kirkovo, for the construction of links between towns and villages on both sides of the new road route. The documentation for an open public procurement award procedure with the object of: Selection of contractor for design and







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construction works (engineering) of new road links and methods for strengthening, drainage and stabilizing of road sections with problematic geotechnical and hydrogeological conditions along Road E-85 (I-5) Kardzhali - Podkova from km 342+639.41 to km 367+427 and road link Fotinovo from km 0+000 to km 2+368”.

Comprehensive completion of the project is expected in September 2013.

- Project **BG161PO004-2.0.01-0009 Struma Motorway, lots 1, 2 and 4**

The Project was approved by means of Resolution of the Head of the Managing Authority dated 28.11.2011. The grant agreement was signed on 01.12.2011 with the grant being in the amount of BGN 581 787 858.70 (EUR 297 463 408.73). The application form was approved by the EC on 27.02.2013.

The beneficiary received grant in the amount of EUR 23 898 980.57. Verified expenditure under the project is in the amount of EUR 7 032 067.74, of which CF - in the amount of EUR 5 625 654.19 and national co-financing in the amount of EUR 1 406 413.55. Certified expenditure under the project is in the amount of 7 032 067.74, of which European co-financing is in the amount of EUR 5 625 654.19.

The physical implementation of the project as of the end of 2012 is as follows:

- **Lot 1, Dolna Dikanya – Dupnitsa section** from km 305+220 to km 322+000 –

A contract for construction was signed on 30.09.2011 with Consortium Struma -1 in the value of BGN 58 534 000.00, (VAT not included). A second contract – for consultancy services – was signed on 30.09.2011 with Infrastructure – motorways (Partnership under the Obligations and Contracts Act) in the value of BGN 269 400, (VAT not included). Construction works under the lot are divided into 18 stages. The starting date for construction activities is 01.10.2011 with the deadline for completion, according to contract provisions, being 23 months, i.e. until September 2013. Of the total 18 stages, Stage II, III, IV, V, VI, VII, VIII, X, XII, XIII, XIV and XV have been completed. Stages IX and XI have been completed in part. As of 2012 the physical implementation of the lot is calculated at around 59%, with 51.5 % for 2012 alone.

In connection with the changes introduced into the technical design and the supplementary activities required, an Additional agreement to Contract No ПД-33-27/30.09.2011 was signed on 16.10.2012 under No 53-00-15699 for a public procurement for additional design and construction works for Struma MW, Lot 1, Dolna Dikanya – Dupnitsa from km 305+220 to km 322+000”, between Road Infrastructure Agency and Consortium Struma -1.

A significant problem for the implementation of construction and mounting works is the unregistered landslide at km 314+368 and km 314+482, detected in July 2012. Due to objective circumstances preventing normal performance of construction and mounting works, construction activities in this section have been suspended. The adopted option for getting round the landslide is through the construction of a bridge. A public procurement procedure was organized pursuant to Article 90, par. 1, item 4 of the Public Procurement Act with the object of: Selection contractor for the construction of strengthening system for overcoming an active landslide on the republican Road I-1 (E79): Vidin – Sofia – Kulata in the section from km 315+300 to km 315+600 and Struma MW Lot 1 in the section from km 314+360 to km 314+490“. Contract No ПД-33-44 with the selected contractor - GBS Infrastructure Construction AD was concluded on 17.12.2012. The funds are provided by the Bulgarian budget.

Following a procedure pursuant to Article 14, par. 4, item 2 of the Public Procurement Act, a contract was concluded on 08.10.2012 with the object of: “Updating the technical design for a viaduct at km 320+650 with length of 214 m and designing a new agricultural underpass at km 311+080“. Drafts have been submitted and approved by the Expert Technical and Economic



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Council and RIA. These drafts need to be coordinated with the MOEW and submitted to the MRDPB for issuance of an addendum to the construction permit.

A tender procedure is underway for selection of contractor and contract conclusion pursuant to Article 14 of the Public Procurement Act for relocation of TT networks in specified sections of the route of Lot 1 of Struma MW;

According to a resolution of the Managing Board of RIA, the commencement of the following procedures is pending pursuant to Article 14 of the Public Procurement Act:

- Strengthening of the earth base by means of mechanical stabilization of specific sections along the route due to force majeure circumstances and supplementary earth and road works, including the supply of materials for the specified section of the route of Struma MW, Lot 1, Dolna Dikanya – Dupnitsa from km 305+220 to km 322+000; from km 314+790 to km 315+380;
- Modification of the layout of the existing water conduit km 320+650, modification of the layout of the existing water conduit in the section from km 321+000 to km 322+000 and reconstruction of the low voltage network at km 320+650 along the layout of Lot 1 of Struma Motorway.

Despite the problems accompanying contract performance, given the measures taken by both contractor and contracting authority, completion of works under Lot 1 is expected earlier than planned, by the middle of 2013.

- ***Lot 2, Dupnitsa – Blagoevgrad section, from km 322+000 to km 359+000***

An open tender procedure was held between 01.11.2011 and 30.03.2012 with the object of: Selecting contractor for the elaboration of preliminary design and parcel plan for Struma MW, Lot 2 - Dupnitsa – Blagoevgrad, from km 322+000 to km 359+000. Contract No ПД-32-12/30.03.2012 was signed on 30.03.2012. The selected contractor is Transconsult 22 OOD and contract value is BGN 306 720.00, VAT inclusive.

A restricted tender procedure was organized in the period of 24.02.2012 – 20.12.2012 with the object of Selecting contractor for design and construction works for Struma Motorway, Lot 2, Dupnitsa – Blagoevgrad section from km 322+000 to km 359+483.52. The resolution of the contracting authority for selection of the contractor was issued on 20.12.2012 and the selected contractor is the Consortium Struma – Lot 2. The contractor's tender is for BGN 298 935 000, net of VAT. No appeals have been lodged against the above resolution. Contract conclusion is pending in the beginning of 2013.

The tender documentation for Selection of contractor for consultancy services in connection with the elaboration of a technical design and construction of Struma MW, Lot 2, Dupnitsa – Blagoevgrad, from km 322+000 to km 359+483,52 was finalized in 2012. As of the end of 2012, the documentation is being coordinated and reviewed by the Managing Authority and the Public Procurement Agency.

Due to partial shifting of the route, in 2012 the MOEW requested an additional screening for EIA. Resolution No 42-ИП/2012 (in effect) was issued which indicates that an environmental impact assessment is not required for the investment proposal.

Preliminary studies of the route of Struma MW, Lot 2, were carried out in 2007, which resulted in the registration of 8 archaeological sites. In connection with the preliminary design for the section, prepared in 2012, RIA has prepared the necessary documents for the assignment of archaeological studies with the objective of protecting movable and immovable archaeological sites and objects in compliance with the Cultural Heritage Act (CHA).





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The elaboration of a preliminary design and parcel plan for the section was assigned on 30.03.2012. A complete Detailed Spatial Development Plan with Parcel Plan in compliance with valid legislation was submitted to RIA in December 2012. Expropriation procedures commenced in the second half of December 2012. The preliminary deadline for their finalization is May 2013.

- ***Lot 4, Sandanski-Kulata section, from km 423+800 to km 438+500***

A construction contract was signed on 19.03.2012 with Aktor ASD in the value of BGN 55 980 000, net of VAT. A consultancy contract was signed on 21.03.2012 with Patinvestengineering AD in the value of BGN 297 016 (VAT not included). The Lot is divided into 17 construction stages with 05.04.2012 as starting date. The time period for construction works is 23 months and works are expected to finish, in accordance with contract provisions, in March 2014.

As of 2012, the contractor has performed clearing of the construction site, excavation and filling works, reconstruction of irrigation area and facilities, culverts, reconstruction of optical cables and 20kV electric lines, reconstruction of General Todorov – Kulata railway line – as part of phases I, II, III, IV, V and VI of the Technological and construction schedule.

Upon commencement of excavation works, certain engineering networks emerged which had not been detailed in the design. Plans for their reconstruction have been drafted. A parcel plan is also being prepared and must be approved. The contractor will submit an updated technological and construction schedule and timetable for implementation of the works within the time limits set out in the contract.

As of 31.12.2012, the physical implementation of construction under the Lot is calculated at around 12%. Construction works are expected to end in May 2014.

- ***Project BG161PO004-2.0.01-00015 Construction of MW Kalotina – Sofia – Lot 1: Western arc of Sofia Ring Road***

The grant contract was signed on 21.08.2012 with the grant being in the amount of EUR 22 907 448.98.

The beneficiary was paid grant in the amount of EUR 2 444 997.78. There is no verified and certified expenditure under the project.

A contract for construction works was signed on 22.08.2012 with Trace SOP (Partnership under the Obligations and Contracts Act) in the value of BGN 39 850 000.00 (VAT not included). The consultant is Association Patconsult 2000 3 –S under a contract in the value of BGN 976 500.00, (VAT not included). Project construction is divided into 6 construction phases. The starting date of the works is 12.09.2012 with the time limit for performance being, in accordance with contract provisions, 22 months, i.e. until July 2013.

The construction permit was issued on 03.09.2012, with Protocol No 2a for launching of the construction site and determination of construction line and level for construction of technical infrastructure was signed 12.09.2012. By the end of 2012 the contractor has performed preparatory works preceding actual construction works. There is a delay in relation to the preliminary timetable for project completion – certain design works, which fall within the scope of stage one which should already have been completed, have not been finalized. This is not expected to affect the deadline for project completion – July 2014.



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**Other projects included in the indicative list:**

• Project for the ***Construction of Kalotina – Sofia MW - Lot 2: North Speed Tangent***

The Application Form was submitted to the Managing Authority on 08.10.2012. The Beneficiary RIA received comments from JASPERS and submitted a revised AF to the Managing Authority on 07.12.2012.

An effective EIA Screening Decision is in place for the project, issued by MOEW under No 6-3/2011. The relevant archaeological studies have been finalized. A protocol by the Ministry of Culture was received on 14.05.2012 indicating the presence of 5 archaeological sites, four of which need to be studied. An order for approval of the Detailed Spatial Development Plan and Parcel Plan was issued by the Minister of MRDPW issued on 24.09.2012. An appeal has been lodged against the said order of the Minister of MRDPW. The session of the Supreme Administrative Court is scheduled for 22.01.2013.

The tender procedure for selection of construction company commenced on 09.10.2012. The respective tender procedure for selection of consultant commenced on 07.12.2012.

• Project for ***Construction of Kalotina MW - Sofia - Lot 3: Kalotina – Sofia Ring Road***

The Application Form is currently being prepared. A written statement is expected by the MOEW with regards to the EIA report and the Compliance Assessment report. Archaeological studies are pending.

A pilot Detailed Spatial Development Plan and Parcel Plan was submitted on 23.08.2012, which was returned with notes and comments by the designer. The revised version was submitted to RIA on 26.09.2012, to be elaborated pursuant to Ordinance No 8 on the Volume and Content of Plans and Development Schemes. In order to proceed with the DSDP-PP, a EIA Screening Decision must be in place.

The tender procedure for selection of the construction company commenced on 31.10.2012. The tender procedure for selection of the construction company was submitted for preliminary review to the Public Procurement Agency on 10.12.2012.

• Project for ***Modernisation of the Vratsa (Mezdra) – Botevgrad section of Road I-1 (E-79)***

The project is divided into two lots:

- Lot 1: Road I-1 (E79): Vratsa (Mezdra) – Botevgrad from km 174+800 to km 194+122;
- Lot 2: Road I-1 (E79): Vratsa (Mezdra) – Botevgrad from km 161+367 to km 174+800.

The Application form was submitted to the Managing Authority on 01.08.2012 with the relevant comments of the MA being received on 06.11.2012. As of 31.12.2012 the beneficiary was in the process of reflecting the comments of JASPERS and the Managing Authority.

An effective EIA Screening Decision is in place for the project and a procedure is underway for conclusion of a contract for archaeological studies on the site discovered in the vicinity of the village of Skravena. The public discussion of the parcelar plans resulted in changes in the technical design. This in turn required updating of the parcel plan which will be further elaborated and forwarded in compliance with the requirements of Bulgarian legislation.

As of the end of 2012, the tender documents for selection of a contractor for construction and mounting works and of construction supervision consultant for Lot 1 were ready and submitted to the Managing Authority for preliminary review. Comments and recommendations have already been received. Revision of the document package is underway. The tender documents for selection of a contractor for construction and mounting works and of construction supervision consultant for Lot 2 are currently being prepared.



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- Project for **Preparation of project (E-79) Vidin – Montana**

The Application Form for financing of the project was approved by the Managing Authority on 17.12.2012 and includes the following activities:

- Design works for sections Vidin – Dimovo and Dimovo-Bela-Ruzhintsi – the tender procedure for selection of designer commenced on 09.11.2012. The tenders for selection of contractor for design works were opened on 21.12.2012. The deadline for preparation of the technical design is October 2014.
- Design works for sections Ruzhintsi-Montana and Montana-Vratsa - the tender procedure for selection of designer commenced on 05.12.2012. The deadline for preparation of the technical design is November 2014.
- EIA Report and Compliance Assessment Report (deadline: June 2014).
- Archaeological studies for detection of archaeological remains (deadline: July 2014).
- Preparation of a comprehensive report (deadline: January 2015).
- Preparation of an Environmental Management Plan and Environmental Monitoring Plan (deadline: August 2014).
- Road safety audit at the preliminary design and work design phase (deadline: December 2014).

- Project for **Montana Bypass – Road I-1 (E79)**

The Completion note from JASPERS was received on 04.10.2012. The AF was approved by the Managing Authority on 14.11.2012. The grant contract will be signed following the release of sufficient financial resource under the priority axis.

An effective EIA Screening Decision by the MOEW is in place and approves implementation of the investment proposal. (The proposal covers an area outside protected territories pursuant to the Protected Territories Act and a Compliance Assessment is not necessary, as noted in MOEW Letter dated January 2012)

The relevant expropriation procedures were finalized on 29.11.2012 pursuant to the State Property Act (SPA). The elaboration of an additional Detailed Space Development Plan- Parcel Plan is assigned for omitted engineering works (optical and TT cables, water supply and sewerage networks and gas main), which fall outside the scope of the DSDP-PP approved in 2012. Following submission of a complete DSDP-PP in compliance with Ordinance No 8, a 6-month expropriation procedure will be initiated.

A tender procedure for selection of construction company under the economically most advantageous tender criterion was held, whereby on 25.06.2012 the Chairman of the Managing Board of RIA issued Resolution No 87 for ranking of participants and selection of contractor. The relevant contract with the selected contractor has not yet been concluded because the resolution was appealed before the Competition Protection Commission and the Supreme Administrative Court. The SAC has reached a decision validating the resolution of the CPC for provisional implementation of RIA's Resolution No 87.

A tender procedure for selection of consulting company under the economically most advantageous tender criterion was also held, whereby the Chairman of the Managing Board of RIA issued Resolution No 96/12.07.2012 for ranking of participants and selection of consulting company (construction supervision). The relevant contract with the selected contractor has not yet been concluded because the resolution was appealed before the Competition Protection Commission and the Supreme Administrative Court. The decision of the SAC dated 19.12.2012 validates the decision reached by the CPC which declares RIA's No 96/12.07.2012 as illegal and refers the file for further review of the documents submitted by participants in Envelope No 1.



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- Project for ***Vratsa Bypass – Road I-1 (E79)***

The Completion Note from JASPERS was received on 09.08.2012. On 15.10.2012 the Managing Authority approved the Application Form. The grant contract will be signed following the release of sufficient financial resource under the priority axis, in the beginning of 2013

MOEW Resolution No 10-ИП/2010 was issued for the project stating that an EIA is not necessary. Seven use permits for water bodies along the road route. The relevant archaeological studies have been completed. A protocol vacating the route for construction works was received on 29.11.2012.

Order No ПД-02-14-569/07.03.2012 of the MRDPW was issued approving the respective DSDP-PP. The expropriation procedures for the land were concluded on 27.08.2012. February 2013 has been set as the deadline for expropriation of properties falling within the forest perimeter.

Tender procedures for selection of construction company and consultant (construction supervision) have already been carried out. The Decision ranking the tender participants and determining the project consultant (construction supervision) was issued on 18.06.2012. The procedure has not been appealed. Contract conclusion is pending.

The Decision ranking tender participants and determining the construction company for the project was issued on 29.06.2012. The procedure was appealed before the CPC and SAC. On 18.12.2012 the SAC rejected the appeal. Conclusion of the contract with the selected contractor is pending.

- Project for ***Gabrovo Bypass***

The Application Form was submitted the Managing Authority on 22.10.2012 for the purpose of review and approval. Additional information under the Application form was submitted to the Managing Authority on 07.12.2012.

On 03.01.2012 the MOEW issued a positive statement on the revised EIA Report and Compatibility Assessment Report. On 26.03.2012 the MOEW approved the proposed route for the project.

EIA Screening Decision No 4-2/03.04.2012, issued by the MOEW, allows provisional implementation in compliance with Article 60 of the Administrative Procedure Code. On 09.04.2012 RIA was notified of an appeal lodged with the Supreme Administrative Court against such provisional implementation and the respective EIA. The Supreme Administrative Court, through its Ruling No 10998/09.08.2012 rejects the appeal against provisional implementation of the EIA Decision. The court proceedings against the EIA Decision under administrative case 6941/2012 are currently at the stage of review of expert statements and hearing of experts. The next hearing is scheduled for 27.02.2013.

The relevant DSDP-PP was forwarded to the respective municipalities for further review in compliance with the Spatial Development Act. Public consultations were held on 14 and 15.11.2012 in the municipalities of Gabrovo and Kazanlak. DSDP-PP was coordinated with the companies and administrative departments whose property is affected by the plans. The Agricultural Land Commission with the Ministry of Agriculture and Foods has issued a resolution confirming the route for the project. Registration of this decision with the National Expert Council for Spatial Planning and Regional Policy is expected in the first quarter of 2013 – following the relevant ruling by the SAC under the case against the EIA decision.

A contract was signed on 28.06.2012 for the performance of a Cost-Benefit Analysis and preparation of the application form for projects under OP Transport: /lot 4/ Preparation of



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Application Form for Cohesionfund funding for Road III-5004, Gabrovo Bypass, including tunnel under Mount Shipka.

The procedure for selection of contractor for consultancy services for supplementary design and construction works under the project for Road III-5004 - Gabrovo Bypass - from km 0+000 to km 31+000, section from km 0+000 to km 20+124,50 and temporary road connection from km 0+000 to km 3+130 has already started.

The procedure for selection of contractor for consultancy services for supplementary design and construction works under the project for Road III-5004 - Gabrovo Bypass - from km 0+000 to km 31+000, section from km 0+000 to km 20+124,50 and temporary road connection from km 0+000 to km 3+130 commenced on 07.12.2012.

## **2.2 Significant Problems encountered in the Preparation and Implementation of Projects under Priority Axis and Measures taken**

The main challenge is to keep and speed up construction works and timely project implementation, given that some of the projects are expected to be finalized in 2014-2015. In this connection, beneficiary should strictly observe construction timetables for the individual projects in order to complete those projects within the relevant expenditure eligibility period.





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

#### 3.1 Achievement of Targets and Analysis of the Progress

**Table 13: Physical progress of Priority axis III – “Improvement of Intermodality for Passengers and Freight” by Quantifiable indicators as of 31.12 2012**

Indicators		2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
<b>Priority axis III - Improvement of Intermodality of Passengers and Freight</b>											
Time savings (thousands of hours per day)	Achievement	0	0	0	0	0 <sup>7</sup>	15.76 <sup>8</sup>				15,76
	Target									19,3 <sup>9</sup>	
	Baseline	0									
Savings (million euro per year)	Achievement	0	0	0	0	0	28.8				28.8
	Target									35.27	
	Baseline	0									
People using the metro (number)	Achievement	0	0	0	0	0 <sup>10</sup>	74 <sup>11</sup> 000				74 000
	Target									90 600	
	Baseline	70 000									

<sup>7</sup> Results have been achieved under Phase I of the metro extension project only

<sup>8</sup> Results have been achieved under Phase I of the metro extension project only

<sup>9</sup> Target value for implementation of Phase I of the metro extension project only

<sup>10</sup> Results have been achieved under Phase I of the metro extension project only

<sup>11</sup> The value given for the “People using the metro” indicator is valid as of 31.12.2012. According to information obtained from Metropolitan EAD, phased reorganization of land urban transport, leading to the metro, is planned. Project impact will be observable 1 year after commissioning of the new extension, where, on the basis of experience from previous sections, the target value is expected to be reached not earlier than 3 years following completion of the sections, provided that the new organization of urban transport is in place.





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Cargo handled (TEU/week)	Achievement	0	0	0	0	0	0			0
	Target				1000				1000	
	Baseline	100								
Average travel speed for public transport for central itineraries (km/h)	Achievement	14	14	14	14	20.5	37 <sup>12</sup>			37
	Target				22,5				40	
	Baseline	14								
Capacity of metro system (number of wagons) <sup>13</sup>	Achievement	0	0	0	0	0	54 <sup>14</sup> articulate d length – 27m			54 articulated, length – 27m
	Target				65			72 (120)		
	Baseline	48								
Capacity of handling intermodal terminals (TEU/week)	Achievement	0	0	0	0	0	0			0
	Target				1500				1500	
	Baseline	500								
length of metro lines (km)	Achievement	0	0	0	0	5.39	6.5 <sup>15</sup>			6.5
	Target				0				6.5	
	Baseline	9.9 (17.7)								
New metro stations (number)	Achievement	0	0	0	0	4	7 <sup>16</sup>			7
	Target				0				7	
	Baseline	8(14)								

<sup>12</sup> The indicator is common for projects Phase I and Phase II of the extension of Sofia metro

<sup>13</sup> Cumulative target value for the two projects for extension of Sofia metro funded under priority axes I and III. The baseline valued is not included in the target value of 72. The target value of 72 wagons is calculated on the basis of 18 trains with 4 single wagons, each with a length of 19.2 m. Actual deliveries are for 18 metro trains with 3 articulated wagons each, with a length of 27 m or a total of 54 articulated wagons which serve the same number of passengers for 1 train. Hence the target value has in fact been achieved.

<sup>14</sup> The indicator is common for projects Phase I and Phase II of the extension of Sofia metro

<sup>15</sup> The baseline value is not included in the achievements and the target value

<sup>16</sup> The baseline value is not included in the achievements and the target value





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Modernized inter-modal terminal (number)	Achievement	0	0	0	0	0	0			0
	Target				1				1	
	Baseline	0								
Length of rail tracks for transport terminals (km)	Achievement	0	0	0	0	0	0			0
	Target				3				3	
	Baseline	0								
Areas prepared for freight villages (sq m)	Achievement	0	0	0	0	0	0			0
	Target				132000				400000	
	Baseline	0								



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Four grant contracts under OPT were signed under this priority axis by 31.12.2012 in the total value of EUR **297 992 02.79**, representing **141.17 %** of the available budget for the priority axis. The approved grants co-finance EUR **227 197 817.33** of the commercial contracts signed under this priority axis. Beneficiaries were paid EUR **190,485,086.31** or **90.24 %** of the axis budget. In terms of financial sources, the grants received are as follows: ERDF – EUR 161,912,323.36 and national co-financing – EUR 28,572,762.95. The total amount of verified expenditure under the priority axis as of the end of 2012 stands at EUR 247, 170,741.94.

Two grant contracts for major projects are concluded under the axis.

- Project **BG161PO004-3.0.01-0001 Extension of Sofia Metropolitan – Phase I- 2<sup>nd</sup> metro diameter: Nadezhda Road Junction (MS 5-II) - Cherni Vrah Blvd. (MS 11-II) section**

The grant provided is in the amount of BGN 362 207 591.81 (EUR 185 193 801.00). The project was approved by the EC on 22.09.2009.

The beneficiary - Metropolitan EAD received a grant in the amount of EUR 185 193 384.63. Verified expenditure under the project is in the amount of EUR 247 145 295.97 of which ERDF in the amount of EUR 157 414 376.94, national co-financing in the amount of EUR 27 779 007.69 and beneficiary co-funding in the amount of EUR 61 951 911.34. Certified expenditure under the project is in the amount of 247 145 295.97, of which European co-financing is in the amount of EUR 157 416 791.50.

Both project sections were commissioned on 31.08.2012. The project was completed with final payments to contractors. A total of 6.5 km metro lines and 7 metro stations were constructed under the project and an estimated 190 000 individuals now have access to improved urban transport.

Information regarding a completed “major” infrastructure project:

- Project name: Extension of Sofia Metropolitan – Stage I- 2<sup>nd</sup> metro diameter Nadezhda Road Junction (MS 5-II) - Cherni Vrah Blvd. (MS 11-II) section
- Completion date: 31.08.2012
- Information on the total final investment costs for the project, in euro, using the template provided in point H2.2 of Annex XXI and XXII of Regulation 1828/2006

Total investment costs in euro – financing sources					Of which (for information)
Total investment cost	Community Assistance	National public (or equivalent)	National private	Other sources	EIB/EIF loans
a=b+c+d+e	(b)	(c)	(d)	(e)	(f)
308 094 355.17	157 414 376.9417	150 679 978.06	0	0	0

- Outputs – 6.5 km metro lines and 7 metro sections;
- Results – people using the metro - 74,000<sup>18</sup>; time savings (thousand hours per day) – 15.76; Time savings (millions euro per year) - 28.8.

<sup>17</sup> The amount of EUR 157 416 791.50 as European co-financing has been certified with the EC under this project, calculated at an exchange rate of BGN 1.9558 for 1 euro.

<sup>18</sup> The value given for the “People using the metro” indicator is valid as of 31.12.2012. According to information obtained from Metropolitan EAD, phased reorganization of land urban transport, leading to the metro, is planned. Project impact will be observable 1 year after commissioning of the new extension, where, on the basis of experience



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- Core indicators – additional population served with improved urban transport (number) – 190 000.
  - Significant problems encountered during implementation and measures taken to overcome them – no significant problems have been encountered during project implementation.
- Project **BG161PO004-3.0.01-0004 Technical Assistance for the construction of an intermodal terminal in North Central Planning Region in Bulgaria - Ruse**

A grant contract under OPT was signed on 05.12.2012 with the amount of the grant standing at BGN 4 972 852.

A public procurement pursuant to the Public Procurement Act was prepared in 2012 for the selection of contractor for Preparation of Feasibility Studies, Preliminary Design, Detailed Spatial Development Plan and Expropriation Procedures for the project for Construction of intermodal terminal in North Central Planning Region in Bulgaria – Ruse, which corresponds to Phase 1 of the approved Application Form. The public procurement documentation is ready and will be submitted to the Public Procurement Agency for preliminary review in the beginning of 2013.
  - Project **BG161PO004-3.0.01-0005 Extension of Sofia Metropolitan: Phase III Lot 1: Tsarigradsko shose – Sofia Airport; and Lot 2: Mladost 1 – Business Park Mladost 4**

The grant awarded under this project amounts to EUR 110,000,000. The EC approved the relevant AF on 14.12.2012. Work on Lot 1: Tsarigradsko shose Blvd. – Druzha – Sofia Airport was launched with an official ceremony on 21.11.2012. Work on lot 2: Mladost 1 – Business Park Mladost 4 is expected to commence in the beginning of 2013.

The beneficiary - Metropolitan EAD received a grant in the amount of EUR 5 266 255.70. There is no verified and certified expenditure under the project.
  - Project for **Construction of Intermodal Terminal in the South Central Regional Development Planning Region in Bulgaria – Plovdiv**

The relevant application form under axis 3 was prepared and submitted to JASPERS for review on 22.01.2013.

The public procurement procedure for selection of contractor for Construction of Intermodal Terminal in the South Central Regional Development Planning Region in Bulgaria – Plovdiv was announced on 19.11.2012.

The public procurement procedure for selection of consultant for the purpose of Compliance Assessment of investment projects with the existing requirements to construction works and performance of construction supervision for the project for Construction of Intermodal Terminal in the South Central Regional Development Planning Region in Bulgaria – Plovdiv is expected to be announced in January 2013.

The documentation for a public procurement for the selection of a Consultant – Project Manager to assist in project management has been prepared in compliance with the Public Procurement Act. The said documentation has been sent to the Public Procurement Agency for preliminary review.

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from previous sections, the target value is expected to be reached not earlier than 3 years following completion of the sections, provided that the new organization of urban transport is in place.



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### **3.2 Significant Problems encountered in the Preparation and Implementation of Projects under Priority Axis and Measures taken**

No significant problems have been identified in the preparation and implementation of projects under this priority axis.



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#### 4. Priority axis IV – “Improvement of the Maritime and Inland-Waterway Navigation”

##### 4.1 Achievement of targets and analysis of the progress

**Table 14: Physical progress under Priority axis IV: “Improvement Maritime and Inland-Waterway Navigation” by Quantifiable indicators as of 31.12 2012**

Indicators		2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
<b>Priority axis IV - Improving Maritime and Inland-Waterway Navigation</b>											
Part of sea travel along Bulgarian coast covered by safety system (%)	Achievement	10.3	18	18	18	18	18				18
	Target				39.9					100	
	Baseline	10.3									
Part of river travel along Bulgarian banks covered by safety system (%)	Achievement	0	0	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	0				0
	Target				0.01					0.03	
	Baseline	0									
Supervised coast length (nautical miles)	Achievement	24.7	35	35	35	35	0				35
	Target				95					238.4	
	Baseline	24.7									
Supervised river length (km)	Achievement	14	60	60	60	60	60				60
	Target				126.6					407.7	



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	Baseline	24									
Navigability period in the year (%)	Achievement	0	0	0	0	0	0				0
	Target				70					83	
	Baseline	64									
VTMIS implementation (number)	Achievement	1 (limited capacity)	1 (limited capacity)	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 (BULRIS) (number)	Achievement	0	0	0	0	0	0				0
	Target									1	
	Baseline	0									
Length of sections to be corrected (km)	Achievement	0	0	0	0	0	0				0
	Target				17.4					0	
	Baseline	26									



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As of the end of 2012, there were three grant contracts signed under the priority axis in the total amount of EUR **34 880 522.13**, representing **22,24 %** of the available budget for this priority axis. The approved grants co-finance EUR **6 014 196.16** of the commercial contracts signed under this priority axis. Beneficiaries were paid EUR **4 513 663.67** or **2,88 %** of the available budget for this priority axis. In terms of sources of funding, the grants paid out are as follows: ERDF – EUR 3 836 614.12 and national co-financing – EUR 677 049.55. The total amount of verified expenditure under the priority axis by the end of 2012 stands at EUR 4 512 959.09.

- Project **BG161PO004-4.0.01-0003** *Establishment of River Information System in the Bulgarian Part of the Danube River – BULRIS*

The grant contract was signed on 04.10.2011 with the grant provided being equal to BGN 35 378 913.72 (EUR 18 088 951.35).

The beneficiary was paid grant in the amount of EUR 4 507 573.16. Verified expenditure under the project is in the amount of EUR 4 453 759.67, of which ERDF in the amount of EUR 3 785 695.72 and national co-financing in the amount of EUR 668 063.95. Certified expenditure under the project is in the amount of EUR 3 364 9142.47.

Project implementation is divided into three phases, each of which is divided into 2 activity types: Preparatory Activities and Implementation Activities:

**Phase 1 – Establishment of River Information System.**

The main activity under Phase 1 is Activity 2.1: Establishment of a river information system in the Bulgarian part of the Danube River – BULRIS – Phase One, and involves design and construction of 16 communication points located along the Danube River and a standby RIS centre in Varna.

A contract was signed on 15.05.2010 with Association BULRIS 2009 for Phase 1 in the amount of EUR 6.9 million euros.

A large volume of construction works and deliveries have been performed, as well as mounting and installation of radio relay equipment for the transmission infrastructure, remote controlled radio stations allowing communication along the Danube river from the Florentin station to Silistra station and to the Operative RIS Centre in Ruse. The Operative RIS centre has been furnished with equipment and software.

Port Infrastructure Company and Association BULRIS 2009 AD, in their capacity of parties to Contract No 48/15.05.2010 signed a Protocol of Findings on 01.02.2012 on the grounds of Article 8, par. 7 of the above contract, whereby the parties agreed to suspend the time term for contract implementation until elimination of obstacles.

As of the end of 2012, 78% physical progress has been accomplished under the different stages of the river information system since the beginning of project implementation.

**Phase 2** - The main activity under Phase 2 is Activity 4: Construction of a River Information Centre Ruse. A contract was signed between Ports Infrastructure Company and Danube Consortium under No ДЕП-18/17.12.2012 with the object of Construction of a River Information Centre Ruse. No physical progress was reported as of 31.12.2012.

**Phase 3** – Implementation is in its preparatory stages. The elaboration of a project for expansion of the scope of the system in compliance with new EU Regulations is expected.

- Project **BG161PO004-4.0.01-0005** *Vessel Traffic Management & Information System (VTMIS) – phase 3*

The grant awarded under this project amounts to EUR 16 731 676.





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The beneficiary received payments at the amount of EUR 6 090.51. Verified expenditure under the project is in the amount of EUR 29 061.83, of which ERDF in the amount of EUR 24 702.56 and national co-financing in the amount of EUR 4 359.27. There is no certified expenditure under the project.

The project involves expansion and further equipment of the system for the entire coastline as well as integration of all subsystems into a single national maritime information system, connected to common European structures in compliance with the current requirement of European and international documents. The creation of a National centre for electronic reporting in maritime transport (“one-stop”) is also envisaged, in compliance with Directive 2010/65/EC. Delivery and mounting of equipment in infrastructure points, constructed during the first two phases of VTMISS (in 14 communication points) is planned, along with the construction of new communication points in existing buildings and structures. The design and construction of the following new sites is also pending: Coastal navigation management and information services centre in Burgas; Coastal navigation management and information services centre in Varna; and Kamenar Radio Communications Station.

- **Activity 1. Expansion of the scope and functions of the vessel traffic management system /VTS/**

- Contract ДЕП-14/04.07.2012 was concluded under Activity 1.1.2 with the selected contractor – Geolex EOOD – for the provision of design services for drafting of a Detailed Spatial Development Plan for Site No 7 and Site No 10 under the project for a Vessel Traffic Management Information System (VTMISS) - Phase 3.
- A tender procedure was carried out pursuant to Article 14, par. 4, item 2 of the Public Procurement Act for Consultancy services for the elaboration of an engineering technical specification and assessment methodology for the tender procedure for construction of coastal management and information service centres in Burgas and Varna under the project for Vessel Traffic Management Information System (VTMISS) - Phase 3. The resulting contract with the selected contractor BSA OOD was signed on 21.05.2011.
- A tender procedure was launched on 15.12.2012 with the following object: Equipment Delivery and Installation and Construction-Mounting works on the Project for Vessel Traffic Management Information System (VTMISS) – Phase 3.

The project is expected to be completed in 2014, in accordance with the original schedule.

- **Project for Improvement of Navigation Systems and Topohydrographic Measurements along the Danube River**

Grant contract No DOPT-14/04.09.2012 was signed under the project at the amount of BGN 117 144.00. The project involves the elaboration of a work design for a Support GPS Geodetic network along the Bulgarian coast of the Danube River and its connection to EUREF; a Cost-Benefit Analysis; preparation of procedural documents for the following public procurements: Construction of a Support GPS Geodetic network along the Bulgarian coast of the Danube River and its connection to EUREF; Purchase of Hydrographic Research Vessel; Purchase of floating (buoys) and coastal aids to navigation along the Danube River; Purchase and installation of automatic hydrometric and meteorological stations; and Preparation of Application Form for funding of the project for Improvement of Navigation Systems and Topohydrographic Measurements along the Danube River.

A contract was signed on 08.08.2011 with GEO-CHONOV OOD, Ruse, for Elaboration of a work design for a Support GPS Geodetic network along the Bulgarian coast of the Danube River - in implementation of Activity 1. All contract activities were completed in 2011.



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Another contract was signed on 24.04.2012 for *Consultancy services for the preparation of the project for Improvement of Navigation Systems and Topohydrographic Measurements along the Danube River* in the value of BGN 58 200, inclusive of VAT. A cost-benefit analysis was performed and tender documents for the different components were prepared under this contract, along with preparation of the respective application form. The Application form was submitted to MA in November 2012 for review and approval. The tender documents were reviewed and coordinated, in terms of components, with the Managing Authority.

#### **4.2 Significant Problems encountered in the Preparation and Implementation of Projects under The Priority Axis and Measures taken**

The main problem connected with implementation of this priority axis was the delayed preparation of the project for the improvement of navigation of the Danube River. In this connection, a second modification to OP Transport was introduced in 2012 which provides that project preparation will be carried out in the current programming period, while its actual implementation will commence in the next programming period. As a result of this second modification of the Programme, a total of EUR 110 million will be transferred from Priority axis 4 into Priority axis 3 which will provide the necessary funding for Phase III of the extension project for Sofia Metropolitan.

Despite the fact that the other two main projects under the priority axis – for a river information system in the Bulgarian part of the Danube River and for a vessel traffic management information system have been approved, the degree of financial implementation of this priority axis remains exceedingly poor.



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## 5. Priority axis V – “Technical Assistance”

### 5.1 Achievement of Targets and Analysis of the Progress

**Table 15: Physical progress under Priority axis V – “Technical Assistance” by Quantifiable indicators as of 31.12 2012**

Indicators		2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
<b>Priority axis V – Technical Assistance</b>											
General transport master plan (number)	Achievement	0	0	0	1	1	1				1
	Target				1						1
	Baseline	0									
Strategic business plan for development of railway transport (number)	Achievement	0	0	0	0	0	0				0
	Target				1						1
	Baseline	0									
Communication plan implementation (number)	Achievement	0	1 <sup>19</sup>	1	1	1	1				1
	Target				1						1
	Baseline	0									
General plan for monitoring of the environment and its implementation (number)	Achievement	0	0	0	0	0	1				1
	Target				1						1
	Baseline	0									
Trained people according to training programmes (%)	Achievement	0	4.2	8.2	8.6	57	79				79
	Target				100 %					100 %	
	Baseline	0									
Publicity actions at	Achievement	4	11	16	19	24	31				31

<sup>19</sup> Approved – currently in the process of implementation.



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national level (number)	Target				9					24	
	Baseline	0									



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A total of 60 contracts/grant orders were concluded/issued under this priority axis by the end of 2012, in the total value of **45 343 947.33** or **68.76 %** of the available budget for this priority axis. Beneficiaries have received grants in the amount of **12 256 808.56** or **18.59 %** of the available budget for this priority axis. In terms of financial sources, the grants paid are as follows: ERDF – EUR 10 418,287.28 and national co-financing – EUR 1 838 521.28. The total amount of verified expenditure under the priority axis as of the end of 2012 stands at EUR 11 586 741.88.

- Project **BG161PO004-5.0.01-0030 *Technical Assistance for preparation of investment project for Third Metro Diameter of the Sofia metro system: Knyazhevo – City Centre – Botevgradsko shose Blvd. to be implemented as “Light metro”***

The grant awarded under this project amounts to BGN 3 270 000.

The beneficiary received payments at the amount of EUR 678 856.88. Verified expenditure under the project is in the amount of EUR 833 503.93, of which ERDF in the amount of EUR 708 478.34 and national co-financing in the amount of EUR 125 025.59. Certified expenditure under the project is in the amount of EUR 833 503.93.

The main activities carried out in 2012 under this project are related to technical studies, the preparation of a regulation plan, of a preliminary design and the preparation of EIA documentation.

The session of the Municipal Expert Council on Spatial Development held on 19.12.2012 adopted the modification of the route of Third Metro Diameter in the section from MS 17 at Montevideo Blvd. to MS 19 at Okolovrasten pat (Sofia Ring Road). In accordance with the resolution adopted by the Council, the route will be modified in the last 1.5 km of the line, including the last two metro stations, and, after MS 17, the route will pass under the Ring Road, reaching the Sofia – Pernik railway line in the vicinity of Gorna Banya residential district which will house the final station linking the metro system to the railway line by means of the railway station planned there.

The project for technical assistance for the construction of Third Metro Diameter is expected to be completed in July 2013 and construction works will be funded under Operational Programme Transport and Transport Infrastructure 2014-2020.

- Project **BG161PO004-5.0.01-0059 *for the Design and Introduction of a Geographic Information System (GIS) for port infrastructure management***

The awarded grant is BGN 5 878 800.00, where ERDF funding is in the amount of BGN 4 184 550.00 and national co-financing is in the amount of BGN 738 450.00. The beneficiary received payments at the amount of EUR 32 274.79. Verified expenditure under the project is in the amount of EUR 32 274.79, of which ERDF in the amount of EUR 27 433.57 and national co-financing in the amount of EUR 4 841.22. Certified expenditure under the project is in the amount of EUR 32 274.79.

Two contracts were concluded and completed under Activities 2 and 3 of the project by the end of 2012:

- For preparation of the Application Form for the project for the Design and Introduction of a Geographic Information System (GIS) for port infrastructure management with CBS Consulting EOOD in the value of BGN **14 800**.
- For consultancy services for the preparation of Technical Specification for the procedure for selection of contractor for Design and Introduction of a Geographic Information System (GIS) for port infrastructure management with Adven EOOD in the amount BGN **48 324**.

Public procurements were carried out and contract conclusion with selected contractors is expected for Activities 1 and 13, as follows:



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- Design and Introduction of a Geographic Information System (GIS) for the needs of the Bulgarian Ports Infrastructure Company under the project for the Design and Introduction of a Geographic Information System (GIS) for Port Infrastructure Management, funded under Priority axis 5 - Technical Assistance – of Operational Programme Transport 2007-2013. The procedure is currently being appealed before the Supreme Administrative Court.
- Monitoring and control of contract implementation under the project for Design and Introduction of a Geographic Information System (GIS) for Port Infrastructure Management, funded under Priority axis 5 - Technical Assistance – of Operational Programme Transport 2007-2013.

Contract conclusion with the selected contractor is pending.

#### **Problems encountered:**

Under Activity 1 – The contractor selection procedure for the project for Design and Introduction of a Geographic Information System (GIS) for the needs of National Port Infrastructure Company was 10 months late which resulted in delays in the implementation of the remaining project activities.

The expected completion date for the project, in accordance with the valid implementation schedule, is 30.12.2013. A request for extension of the term of contract validity until 01.12.2014 was requested due to the above delays in implementation.

- **Project BG161PO004-5.0.01-0070 *Expansion of the Functional Scope of the Geographic Information System (GIS) of National Road Infrastructure Company***

A contract agreement was signed on 15.10.2012 for the project for *Expansion of the Functional Scope of the Geographic Information System (GIS) of National Road Infrastructure Company* in the total value of BGN 11,182,296 with implementation deadline 30.06.2015. ERDF funding is in the amount of BGN 7 963 731.60, while national co-financing is in the amount of BGN 1 405 364. 40.

As of the end of 2012, the documentation for an open public procurement award procedure for Expansion of the Functional Scope of GIS in NRIC was in the process of elaboration and approval by the Public Procurement Agency.

#### **5.2 Significant Problems encountered in the preparation and implementation of projects under the priority axis and Measures taken**

By the end of 2012 there are no identified significant problems related to the implementation of Priority Axis 5.

#### **6. Use of Technical Assistance**

The Technical assistance for OPT is used for the following main activities:

- Capacity building at Beneficiaries and providing expert knowledge for improvement of operations
- Preparation of investment projects
- Elaboration of strategic documents
- Evaluation of OPT implementation
- Organisation and operation of OPT Monitoring Committees
- Information and publicity activities



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Technical assistance also funds the implementation of the project for support of the activities of National company Strategic Infrastructure Projects, as a Beneficiary, provided by the European Investment Bank. The amount provided is BGN 674 800. The objectives of the project are to provide expert support on behalf of the bank for the preparation of sector strategies, strengthening of institutional capacity and project implementation by NCSIP. The main activities implemented under this project involve provision of expert knowledge in the field of strategic company management; technical project cycle management; project reporting, control and monitoring; activities related to capacity building in SIPC. The time limit for implementation of these activities is October 2013.

Technical assistance has also been provided to the Road Infrastructure Agency for the purpose of increasing the efficiency of the road sector in the Republic of Bulgaria. The grant amount provided under the project is in the amount of BGN 7 543 016. The objective of the project is, by using experts from the International Bank for Reconstruction and Development (IBRD), to carry out the following activities:

- Review of the road sector strategy
- Elaboration of a 3-year strategic business plan for RIA
- Elaboration of an action plan for road safety 2013-2020
- Elaboration of a medium-term operational programme for roads
- Introduction of road assets management processes
- Operational support to RIA departments
- Creation of road network spatial data infrastructure in compliance with the EU INSPIRE Directive, its rules of application and the Spatial Data Access Act
- Elaboration of a road users satisfaction survey and efficiency assessment of OPT projects

The time limit for implementation of project activities is April 2014.

## **7. Administrative Capacity of MA and Beneficiaries and measures taken to strengthen it**

Information on the administrative capacity of the Beneficiaries of Operational Programme Transport 2007-2013 is collected and evaluated on a regular basis in compliance with the Procedure Manual for the management and implementation of Operational Programme Transport 2007-2013. In 2012, such information was collected for the periods 31.07.2011 – 30.04.2012 and 01.05.2012 – 07.12.2012 respectively. The findings made as a result of such information gathering can be summarized as follows:

- The Beneficiaries of Operational Programme Transport 2007-2013 have at their disposal the necessary administrative structure and units for project implementation under the programme;
- The functions of the administrative units of the Beneficiaries engaged with projects under OP Transport 2007 – 2013 have been clearly identified;
- Allocated functions correspond to project cycle phases;
- Beneficiary employees involved in the preparation, implementation and monitoring of OPT projects have the necessary qualifications, competences and experience for successful project implementation;
- OPT Beneficiaries take regular steps to strengthen their administrative capacity and to optimise activities related to OPT 2007 – 2013 projects.







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**Recommendations:**

- Continuous upgrading of employee qualifications and competences is required, by means of regular training;
- Limiting employee turnover and retaining of qualified, established employees with the aim of optimizing project implementation under the programme.

Order No РД-08-201/10.04.2012 awarded grant under Priority axis 5 – “Technical Assistance” for project No BG161PO004-5.0.01-0067 Strengthening the Capacity of the Managing Authority and MTITC units and employees directly involved in the implementation of OPT activities and organization of joint events for the purpose of OPT management. The Beneficiary of this project is the Coordination of Programmes and Projects Directorate of the MTITC. Total project value stands at BGN 3 795 424.80.

Project activities include:

- Assessment of training needs, analysis of training needs, preparation of training plans for MA employees until 2015 and determination of specific measures to satisfy training needs;
- Organisation, implementation and participation in seminars and training in the country and abroad for MA employees and other MTITC units and employees directly involved with OPT programming, implementation, monitoring, assessment and control;
- Organisation of visits to the MTITC by foreign and local expert directly involved with OPT implementation and Beneficiaries;
- Organisation of joint meetings between the Managing Authority of OPT, other MTITC units directly involved with OPT implementation, Beneficiaries, civic society and business representatives, Members of the MC of OPT, the Certifying authority, the Audit Authority and the Central Coordination Unit of the Council of Ministers for the purpose of exchanging ideas for streamlining of OPT implementation;
- Organisation of meetings for the purpose of exchange of experience with other Managing Authorities in the country and abroad;
- Covering costs for business trips of MA employees and other units and employees directly involved in OPT activities in the country and abroad.

The time limit for implementation of project activities is June 2015.

In 2012, 47 employees (out of a total of 59 employees) of the Coordination of Programmes and Projects Directorate – MA for OP Transport 2007 – 2013 participated in training sessions organized by external organizations in EU member-states and Bulgaria.

2013 will see the organization of training sessions and seminars on behalf of the Managing Authority in the country, visits of foreign and local experts in the field of transport and transport infrastructure, organization of joint meetings with Beneficiaries, civil society and business representatives, members of the MC of OPT, the Central Authority, Audit Authority, the Central Coordination Unit for the purpose of exchange of experience, organization of meetings with other MA in the country and abroad for the exchange of good practices in programme management.

## **8. Preparation of OP “Transport and Transport Infrastructure” 2014 – 2020**

A designated Work Group has been formed for the purpose of preparing Operational Programme Transport and Transport Infrastructure 2014-2020, which includes nationally represented organisations of employers and of employees and non-government organizations in the field of transport and the environment. The Work Group comprises of thematic subgroups for the



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different types of transport. Draft analysis of the current state of the transport sector in the Republic of Bulgaria was prepared by the end of 2012 which will include a SWOT analysis and elaboration of a strategy for Operational Programme Transport and Transport Infrastructure 2014-2020.

It is extremely important to ensure continuity and logical consistency of investments from the programming period 2007-2013 into the programming period of 2014-2020, which will ensure completion of those elements which have already received investment and will enable the construction of the main network and trans-border links along the Trans-European Transport Network.

The overall objective of Operational Programme Transport and Transport Infrastructure 2014-2020 is, as was for Operational Transport 2007-2013, the “Development of a sustainable transport system.” Hence the implementation of projects aimed at development of the transport system and increasing the efficient connectivity of the transport network and elimination of bottlenecks, reduction of traffic jams and pollution, increasing safety, encouraging the use of environmentally-friendly types of transport, the creation of more and better jobs, etc., must be continued in the new programming period.

The overall objective of the programme complies with the objectives of Europe 2020 – the strategy for intelligent, sustainable and inclusive growth in the EU, the objectives of the National Development Programme: Bulgaria 2020, Thematic objective No 7 - Promoting sustainable transport and removing bottlenecks in key network infrastructures; and with the conclusions and recommendations defined in the analysis of the social and economic development of the Partnership Agreement. The overall programme objective has also been coordinated with the Guidelines on the Development of the Trans-European Transport Network and will contribute for the desired sustainable mobility of people and goods, promoting the development of the internal market and the overall Community competitiveness, territorial, economic and social cohesion; public wellbeing; safety and security for European citizens while also taken into consideration environmental aspects, including climate changes, air pollution and protected zones. The overall objective of the programme also coincides with the objectives of the national transport policy. Policy implementation will allow the transport system of the Republic of Bulgaria to become modern, safer and secure, offering more transport services of better quality to the general population and the business sector.

Two specific objectives have been identified for achievement of the overall objective of Operational Programme Transport and Transport Infrastructure 2014-2020. The first specific objective is “Integrated development of the national transport network as part of the Trans-European Transport Network. The Strategy of Operational Programme Transport and Transport Infrastructure 2014-2020 focuses mainly on completion of priority railway and road projects and promotion of multimodal transport. The gradual completion of the Trans-European Transport Network will lead to an increase in traffic, implementation of the respective projects will result in improved integration of the national network with the EU network and that of neighbouring countries. The second specific objective of Operational Programme Transport and Transport Infrastructure 2014-2020 is “Increasing the efficiency of use of transport and transport infrastructure”. Operational Programme Transport and Transport Infrastructure plans a series of interventions for improved access to the “main network” by developing an “extended network”; for improved quality of transport services through the introduction of modern traffic management infrastructure; for improved transport safety; for the creation of a modern management system, income generation and for the provision of funds for future investments in the transport sector.

The following priority axes are defined for the purpose of achieving the general and specific objectives of Operational Programme Transport and Transport Infrastructure 2014-2020:





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1. Development of road and railway infrastructure along the “core” Trans-European Transport Network;
2. Development of road and railway infrastructure along the “comprehensive” Trans-European Transport Network;
3. Improvement of Intermodality of Passengers and Freight and development of sustainable urban transport (Sofia metro);
4. Innovations in management and services – introduction of modern traffic management infrastructure, increasing transport;
5. Technical Assistance.

Joint efforts from the Bulgarian and the Romanian part are required for the improvement of navigation in the common Bulgarian-Romanian section of the Danube River. Future interventions are planned under the Romanian Technical Assistance Project ISPA 2005/RO/16/P/PA/002.01 entitled “Technical Assistance for Improvement of Navigation in the Common Bulgarian-Romanian section of the Danube River and Ancillary Studies”. On the basis of these preliminary studies a ranking will be made of the critical sections in which measures for normal navigation are planned for the next programming period 2014-2020 through funding from the Connecting Europe Facility. Funds from the Connecting Europe Facility will also be used, if possible, for modernisation of the Vidin – Medkovets railway section (a section along the Vidin-Sofia line) and modernisation of the Sofia – Dragoman section.

## **9. Information and publicity measures, implementation of the Communication Plan**

The Communication Plan of OP Transport was approved by the European Commission on 13.08.2008. Its main objective is to promote Operational Programme Transport 2007 – 2013 and to highlight Community support for the development of transport infrastructure in Bulgaria. This main objective is observed during the implementation of information and publicity measures in 2012 where these measures represent strategically planned and interrelated communication activities.

Various activities were carried out in 2012 in implementation of the communication plan of OPT by making use of the most beneficial communication methods, which are purposefully planned at territorial level, namely national and regional. The most efficient communication channels are implemented for such activities, and the most suitable instruments are selected for the different target groups in order to ensure wide media coverage. The different channels are integrated to ensure wide implementation of communication plan objectives.

The information and publicity measures undertaken in 2012 are integrated into a comprehensive process. The requirement for at least one massive information campaign (and/or event) per year has been satisfied. In 2012 the concept for a massive information campaign included the presentation of programme results and achievements before the greatest possible number of stakeholders. In this context, three logically connected events were organized in Belogradchik, Sofia and Stara Zagora aimed at promoting the programme and the progress of large-scale infrastructure projects. The events took the form of a discussion forum and involved representatives of all target groups.

On the occasion of Europe day, the EU flag was flown for one week starting May 9th in front of the premises of the Managing Authority (in compliance with Regulation 1828/2006).





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- **Audio-visual materials:**

Several types of advertising spots were created in 2012: 10 video clips, 30 to 60 seconds in length; 10 radio clips, 15 to 30 seconds in length and 5 internet banners. These advertising spots are communication instruments used proactively in the information campaigns of 2012. These were also broadcast in national electronic media, guaranteeing wide coverage of the target audience.

- **Information and promotional campaigns in the media:**

Six 20-minute films were broadcasted on a national TV channel, showing the main topics in the implementation of OPT.

More than 580 30-to-60-second TV ads were broadcasted, along with more than 350 15-to-30-second audio clips broadcast on radio. Video and audio materials help reinforce OPT popularity among the wider public. As an information channel, electronic media are among the most effective and preferable for messages to the wider public at national level.

Two thematic information campaigns were launched in printed media, which involved the publication of 158 information and promotional ads in national dailies, regional newspapers, periodicals and specialized publications. The promotional campaign in printed media provides additional opportunities as a specific channel for broadcasting the main messages underlying the communication plan of OPT.

An information campaign in printed media entitled “Launch of a New Section of Sofia metro funded under OP Transport 2007 – 2013” was organized in the period between 27.08.2012 and 05.09.2012 inclusive. The aim of the campaign was to inform the wider public of the commissioning of a new metro section: Obelya – Nadezhda road junction – Central Railway Station – Sv. Nedelya square - National Palace of Culture - Cherni Vrah Blvd. The campaign included the publication of 67 information ads – 50 black-and-white and 17 colour ones.

The information campaign for the period of 03.10.2012 to 31.12.2012, including publications in printed media, is entitled “Presentation and Promotion of OP Transport 2007 – 2013.” A total of 89 information ads were published under this campaign, of which 66 are black-and-white and 17 are in colour.

- **Maintenance and updating of the dedicated website of OP Transport** – 80 items were published in the “News” section. Contacts with media were maintained through the preparation and publication of press statements.

- **Printed promotional and information materials:**

Approximately 30 800 items of the following promotional and information materials were prepared over the period: USB flash sticks, mouse pads, clipboards, paper bags, presentation folders, luxury and standard pens, conference bags, writing pads; the design and branding of all these items complies with the requirements of Commission Regulation (EC) No 1828/2006 and the graphic logo and standards of OP Transport. The results achieved are: high visibility and awareness of OPT, increased trust in the Managing Authority to guarantee transparency in the absorption of Structural and Cohesion Funds.

- **Development and maintenance of information network between the publicity experts of the Managing Authority and Beneficiaries:**

Four regular meetings were held in 2012, discussion operational issues related to the performance of information and publicity activities.



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## 9.1 Information and publicity events:



**Table 16: Information and publicity events held in 2012**

No	Date	Place	Event	Target Group
1.	19.01.2012	Sofia	Official signing of the contract for reconstruction and electrification of the Dimitrovgrad – Svilengrad railway line	Media Wide public Beneficiaries Project contractors
2.	19.03.2012	Sofia	Official signing of the contract for the construction of Lot 4 of Struma MW	Media Wide public Project contractors Beneficiaries
3.	03.04.2012	Belogradchik	Forum on Projects funded under OP Transport to be implemented in Northwest Bulgaria	Media Local authorities Local population NGO'S
4.	19.04.2012	Tryavna	Training seminar for employees of the Managing Authority and Beneficiaries	OPT Managing Authority Beneficiaries
5.	25.04.2012	Sofia	Official launch of the Mladost - Tsarigradsko shose section of Sofia metro system	Media Wide public Project contractors Beneficiaries
6.	02.05.2012	Sofia	Forum presenting OPT to students and academic circles	Academic circles Media
7.	07.05.2012	Sofia	Inspection of Hemus motorway in the section from Yana road junction to Sofia Ring Road	Internal target groups Project contractors Media
8.	08.06.2012	Stara Zagora		Local population Media Local authorities Intermediary target group
9.	16.06 - 18.06.2012	Sofia	“Europe for Us” Expo	Wide public Media Beneficiaries Project contractors NGO'S
10.	01.07.2012	Stara Zagora	Launch of Lot 2 of Trakia MW: Stara Zagora – Nova Zagora – “ribbon-cutting” ceremony.	Media Internal target group Beneficiaries Project contractors EC Representatives
11.	06.07.2012	Sofia	Presentation of an analysis of operational programme results	Media EC Representatives





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			and achievements	Internal target group Wide public
12.	12.07.2012	Yambol	Launch of Lot 3 of Trakia MW: Nova Zagora - Yambol - "ribbon-cutting" ceremony.	Media EC Representatives Internal target group Beneficiaries Project contractors Wide public
13.	24.07.2012	Sofia	Commissioning of new metro trains and inspection of construction works on the second branch of the metro network.	Media Beneficiaries Project contractors
14.	31.08.2012	Sofia	Official 'ribbon-cutting' ceremony and commissioning of second metro diameter.	Media EC Representatives Internal target group Beneficiaries Project contractors Wide public
15.	19.09.2012	Sofia	'Construction in 2013 – prospects and challenges' Conference.	Media NGO's Academic circles
16.	25.09.2012	Sofia	Press conference for the presentation of a project for analysis of the current state of the railway sector in Bulgaria.	Media Wide public
17.	29.10.2012	Sofia	Public sessions of the committee responsible for opening of tenders received under the procedure for rehabilitation of Central Railway Station Sofia.	Media Project contractors Wide public
18.	16.11.2012	Sofia	Briefing – presentation on OPT implementation	Media NGO's Internal target group
19.	21.11.2012	Sofia	Ground-breaking ceremony for the Tsarigradsko shose Blvd - Sofia Airport section of the Sofia metro system.	Media Beneficiaries Project contractors Wide public

## 9.2 Sociological studies:

In total 5 sociological studies have been carried out, four of which were nationally representative studies among external target groups (in accordance with item 5.2 of OPT Communication Plan) and one was a satisfaction survey to meet specific information needs:

- Initial national representative sociological study aimed at:



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- Identifying the awareness of the Bulgarian population regarding both OP Transport as a whole and the different projects;
- Identifying the attitude of the of Bulgarian population and the degree of significance attributed to both the programme as a whole and to the projects.
- Nationally representative sociological study aimed at identifying the efficiency of communication channels in compliance with the OPT Communication Plan.
- Nationally representative sociological study of public opinion on the putting into operation of Lot 2 and Lot 3 of Trakia MW.
- Satisfaction survey of the participants in the official launch ceremony of the second diameter of Sofia metro.

A national representative sociological study aimed at identifying the awareness of Bulgarian citizens regarding OPT, carried out in the period of 3-13 August 2012 reveals that the **share of individuals aware of OPT has increased several times in comparison to the initial survey carried out in the spring of 2007** - from 4.5% stating that they are aware, in full or in part, with the Programme in 2007 to 49% in 2012.

Two-thirds of Bulgarians above 15 years of age are explicit in their approval of Operational Programme Transport 2007-2013.

From all the eight major OPT infrastructure projects included in the survey, the project for completion of Trakia motorway from Stara Zagora and Karnobat receives the greatest support and approval – three quarters of Bulgarians above 15 years of age approve it..

Similar approval has been demonstrated for the project for extension of Sofia metro – 74.3% of all survey participants approve the project.

The project for construction of Struma Motorway also receives significant support – 67.8% of survey participants approve this important infrastructure project.

The predominant part of the population (57.1%) is aware that Operational Programme Transport 2007-2013 is being financed mainly by the Structural Funds of the European Union. These significant results in terms of OPT awareness achieved in the last 5 years are mainly due to proper planning and efficient usage of the communication channels.

### 9.3 Media monitoring:

A total of 221 daily media clippings have been provided for the current period, along with 1 targeted media clipping service, 32 weekly content analyses, 8 monthly content analyses and a media clipping and content analysis archive. Media monitoring is a means of obtaining information on the reputation of a given organization and its public image. It also helps to obtain feedback from the media and allows to assess which are the topics of interest for journalists and the general public.

### 9.4 Web traffic statistics of OP “Transport”

website [www.optransport.bg](http://www.optransport.bg)

- Total number of visits for the year – 83 333;
- Unique visits (number of visits of different users in the course of 24 hours) – 74 823;
- Page views (number of pageloads) – 310 743;
- Maximum number (peak) of on-line users in 24 hours – 28.