

How to prepare and evaluate a project under the EU Structural Funds

Bulgaria is now part of the European Union and this gives the country the opportunity to participate in the EU's economic and social cohesion policy. It gives the opportunity for less developed regions in the Community to receive funds aimed at assisting certain economic and social sectors. Bulgaria has the chance to utilise up to EUR 7 billion from the European Structural Funds in the period 2007 – 2013. The first step to obtain the funds is the preparation of a project. Therefore – be active!

Certain generally applicable steps should be complied with in the development of a project under the Structural Funds.

Formation of a project idea

Each project should meet one of the priorities of the 7 Operational Programmes. It should be well-grounded financially, economically and socially. This means to set out clearly a certain need or problem in a priority sector, trying to resolve it in the practice. The beneficiary should prove in the proposed project that it has the cash resource needed for the co-financing of the activity envisaged. The description of the project idea should include: overall goal, specific objective, proof of the need for the project, description of the project activities, action plan, results envisaged following project implementation, implementation budget, envisaged financing sources.

Project ideas may be submitted prior to the approval of the Operational Programmes. This opportunity has been achieved by the government and it gives the beneficiaries time in project implementation. During the preparation of the project documentation it is important to take into account the ceiling of eligible costs for the concept implementation.

Preparation and submission of the project

Once the EC approves the 7 Operational Programmes presented by the Bulgarian government, the respective Managing Authority or Interim Unit (see the table) will publish periodically on their web-sites and in the national daily newspapers calls for submission of project proposals under the specific Operational Programme. Once prepared, the project is described in an application form and is submitted to the Interim Unit. If no Interim Unit exists for a specific programme, the project is submitted to the Managing Authority. The application forms are submitted as hard copies and on electronic carrier, to be registered in the Structural Instruments management and monitoring information system. Thus the duplication of the processes will be avoided.

Evaluation of the submitted project

The project submission process commences following publication of a call for proposals. It is an obligation of each Managing Authority under the 7 Operational Programmes (OP). The calls are published in national daily issues and on the web-sites of the line ministries. The criteria to be met by the submitted project are published in the application guidelines.

The evaluation of a project includes:

- assessment of the administrative compliance
- eligibility assessment
- technical and financial assessment.

Assessment of the administrative compliance and eligibility

The two types of assessments take into account the *financial stability* of the applicant.

In this respect the submission of annual financial statements at least for the last financial year is required. In the cases when the applicant provides a guarantee from a bank or large corporative organisation this will also be taken into account in granting the funds.

In order to pass successfully the evaluation of the economic stability the applicant should prove that there are sufficient funds available in order to cover the costs over the period proposed.

The key to European Structural Funds financing is the rationale that the project is in accordance with the Operational Programmes priorities, thus facilitating the achievement of a goal which is part of the European Union's policy. The potential beneficiary should also have available another source of financing. This is the *contribution principle of European funding*.

The chance to receive the grant reduces if the project has commenced prior to approval. This does not include the preparatory, coordination and partner activities, which are of key importance in the implementation of each project. **Completed projects are not entitled to financing.**

Technical evaluation – the most important element

This is *the most important element* in reviewing the submitted documents. For the applicant to be given green light to receive a grant from the EU, the projects must:

- comply with the objective underlying the call for proposals;

- present measurable, comprehensive end results and objectives;
- have unique features, be innovative;
- prove strategic necessity – for the applicant himself, the sector or the geographic region in which the project will be implemented;
- explain whether partners will be attracted for the implementation.

The evaluation committee also performs financial review of the project proposals aimed at optimisation of the budget or elimination of costs that are not eligible.

The Interim Unit shall inform the beneficiary as to the final outcome of the evaluation process. Applicants whose proposals are not approved will receive detailed explanation as to the reasons for the rejection.

Projects in excess of EUR 25 million require special evaluation procedure

The European Commission requires a special evaluation procedure for environmental projects exceeding EUR 25 million and projects exceeding EUR 50 million for the remaining priorities of the OP. One of the conditions of the EC is to be informed and involved in the large projects evaluation process. The intense measures of the EC are targeted more to the Managing Authorities, which should provide additional information as to the monitoring and control over the evaluation of large projects. The potential beneficiary should provide additional documents, presenting an implementation programme, if it is expected that the implementation term will be longer than the one set out under the OP, and programme of the financing phases applied for. For large projects the impact on the overall social and economic position of the country and the benefits that the project might bring to other EU regions will be taken into account.

