

Experience with Pre-accession Programmes is useful for Structural Funds absorption

With its membership in the European Union Bulgaria has the opportunity to absorb up to EUR 7 billion in the period 2007-2013, which it can invest in various priority areas envisaged in the seven Operational Programmes (OPs). The conditions for receiving grants from the Structural Funds and the Cohesion Fund are new for our country but the experience gained with the absorption of the Pre-accession Funds will be useful.

There are some material **differences** between the Pre-accession Instruments and SF (as described in the table). Unlike Pre-accession Instruments, under SF the Member States must assume the ex-ante control of the selection of projects to be funded, the approval of tender documents and the conclusion of contracts. The maximum percentage of financial assistance from CF is 85% while under ISPA it was 75%.

The Pre-accession Instruments are exclusively project-oriented. For example, projects under ISPA are approved one by one, each of them requiring an individual financial decision by the European Commission. The Structural Instruments are exclusively programme-oriented and every applicant needs to prove that s/he contributes to the attainment of the overall objective of the relevant programme and more specifically to the fulfilment of any of its priorities. The advance payments under the Pre-accession Instruments are in the framework of the assistance from the EU approved for a given project. In the case of the Structural Funds almost all payments need to be made by the state or the beneficiary itself and after that the eligible expenditure incurred will be refunded by the EU.

Differences between Pre-accession and Structural Funds

| Pre-accession Programmes | Structural Funds (SF) |
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| The funds under the Pre-accession Programmes aim at assisting the state in fulfilling the membership criteria. | The Structural Instruments aim at eliminating the economic and social disparities among EU regions. |
| The tendering is governed by the Practical Guide of the European Commission PRAG and the documentation is in English language. | The tendering is governed by the Bulgarian legislation and the documentation is in Bulgarian language. |
| The European Commission exerts ex-ante, interim and ex-post control in the process of | In the case of SF the control functions are delegated to the Member State; the so-called |

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| project implementation. | subsidiarity principle is applied, i.e. the problems are resolved at the lowest possible level. |
| Management structures | |
| <p>Functions of the Implementing Agencies (IAs):</p> <ul style="list-style-type: none"> - Tendering - Contracting - Monitoring of implementation - Financial management - Making payments | <p>Functions of the Managing Authorities:</p> <ul style="list-style-type: none"> - Programming - Monitoring of implementation - Financial management and control <p>Functions of the Intermediate Body (IB):</p> <ul style="list-style-type: none"> - Initial selection of project proposals - Exerting control over implementation - Maintaining contact with beneficiaries and making payments thereto |
| Monitoring of the process | |
| <p>Sectoral monitoring sub-committees under PHARE and ISPA</p> <ul style="list-style-type: none"> - EC Delegation, National Aid Coordinator, National Authorizing Officer, Implementing Agencies, social and economic partners - Monitoring of projects - Make decisions for reallocation of funds, make changes to project fiches /for PHARE Programme/ | <p>Monitoring Committees under the Sectoral OPs</p> <ul style="list-style-type: none"> - OP Managing Authority, Intermediate Bodies, Central Coordination Unit, Certifying Authority, social and economic partners - Monitoring of the programme - Adopt the criteria for project selection - Adopt the annual plan for programme implementation - Make decisions for reallocation of funds from one priority to another |
| Programming and project approach | |

Programming projects through preparing project fiches which form the financing agreements with the European Commission for individual projects or groups of projects (in the case of PHARE) with an implementation period of n+2 (in the case of PHARE – with a contracting period of n+2 and implementation period of n+3).

Preparing and agreeing with the European Commission on Operational Programmes which form the investments in a certain sector for a 7-year period; the allocation of the funds by years complies with the principle n+2 which in addition to contracting includes implementation and payment (the period 2007 – 2010 will be transitional and the principle n+3 will be applied. This principle will also be applied for major infrastructure projects).

Organization of project proposals' preparation and approval

-Preparation of a project fiche which has various components – twinning, technical assistance, investment component, grant scheme. Approval by the sectoral coordinator/authorizing officer (in the case of ISPA); by the National Coordinator; by the European Commission.

-Conducting of a tender procedure by IA after the FA is signed: announcement of call for proposals under grant schemes; selection of contractor under the project and conclusion of contract.

-After the programme is approved a call for project proposals under a given Operation or OP priority is published. The project proposal is prepared by the beneficiary who submits it to the Intermediate Body; the IB makes a compliance assessment in regard to the technical indicators and forwards it to MA. MA summons a Project Selection Committee which evaluates the project proposals and submits them to MA for approval. MA makes the final decision for project approval (with the exception of major infrastructure projects) and informs IB which is to inform the beneficiary.

-Within the project the beneficiary is obligated to conduct a procedure for selection of project contractor in accordance

with the Bulgarian legislation.

Handbooks for the potential beneficiaries

- Rules of Procedure for Coordinating PHARE Programme Preparation and Implementation
- Programming Guide
- Guide to ISPA of the European Commission and internal rules of procedure for ISPA measures management

- Each MA will elaborate and publish a Manual for management of the programme
- The Central Coordination Unit has elaborated a General Manual for Management and Implementation of SF in Bulgaria
- Guidelines for application under all types of grant schemes

