

HOW TO DEVELOP PROJECTS UNDER THE EU STRUCTURAL FUNDS

The absorption of the EUR 7 billion, to be allocated to Bulgaria by the European Union in the period 2007 – 2013, will start with the approval of the first project. The requirements to the projects under the seven Operational Programmes are similar irrespective of the different priority areas that are to be financed.

How to develop a successful project?

When developing projects under the Structural Funds it is necessary to follow certain basic commonly valid steps.

Formulation of a project idea

Each project should meet any of the priorities identified in the seven Operational Programmes. The beneficiary's concept should be substantiated in financial, economic and social terms. This means to *clearly state certain need or problem in a priority sector for which a solution is sought in practice*. The beneficiary should prove in its project that it has in place the co-financing resources required for the operation planned.

The description of the project concept should include: overall objective, specific objectives, justification of the need for the project, description of the project activities, action plan, expected results of the project, budget of the project, expected sources of financing.

Project ideas may be submitted even before the approval of the Operational Programmes. This possibility has been raised by the Government and it enables the beneficiaries to save time in the implementation of their projects. When preparing the project documentation it is important to bear in mind the eligible costs ceiling for the realization of the concept.

Development and submission of projects

Upon approval by the EC of the seven Operational Programs produced by the Bulgarian Government, the relevant Managing Authority or Intermediate Body (see Table) will regularly publish on their web sites and in the national dailies calls for project proposals under the Operational Programmes.

Once developed projects shall be described in application forms and submitted to the Intermediate Bodies. Where there is no Intermediate Body for a given Operational Programme, projects shall be submitted to the Managing Authority. The application forms shall be submitted in paper based, as well as electronic format to be recorded in the unified management and monitoring information system of the Structural Instruments. Thus the duplication of processes will be avoided.

Evaluation of projects submitted

The path of a successful project

Beneficiary => Intermediate Body (Managing Authority where there is no Intermediate Body) => Management and Monitoring Information System => Project Appraisal Commission => OP Managing Authority

The project submitted shall undergo several levels of approval. The first one is the administrative check, checking whether the documentation is filled in appropriately. Then follow the eligibility check, whether the project meets the priorities of the respective Operational Programme, and check of the eligibility of the costs. The latter includes checking of the costs subject to financing. If certain elements of the proposed project expenditure are found to be ineligible under EU requirements, they will not count towards the calculation of grant aid to be awarded. In this case the ineligible expenditure should be guaranteed by the beneficiary or a third party.

Specific project selection criteria are likely to be developed for the different Operational Programmes; however the following core criteria should be assessed for all projects:

- contribute to the objectives of the National Strategic Reference Framework
- detail clear and attainable targets
- contribute to one or more of the socio-economic objectives of the OP
- have measurable outputs
- clarity as to the financing of the project - own funds of the beneficiary
- provide value for money
- demonstrate the principle of additionality
- are economically viable
- integrate aspects of environmental protection and equal of opportunities
- ensure that the EU rules on state aid are not breached
- do not overlap with other projects financed by the Community or national funds. If such duplication is found the project will not be approved
- are consistent with the respective municipal/regional development plans
- are not obstructed by foreseeable external conditions
- understanding of both the amount and timing of the anticipated expenditure and benefits of a project, usually expressed in terms of both its inputs (costs) and its outputs and results.

Once the assessment of the project is completed, a report is prepared addressed to the Contracting Authority (Intermediate Body or Managing Authority). A list of all projects submitted is delivered to the Managing Authority. It is the last instance in the project approval.

The time limit for the beneficiary to be notified about the approval or rejection of the financial support requested is 15 days from the date the Contracting Authority has made the decision. For projects rejected a motivated statement on the reasons by which they are rejected is provided. The project selection and evaluation procedure will take on the average 60-100 days.

The project implementation starts with the signing of a contract between the beneficiary and the Managing Authority. Where tender procedures are required for implementation of parts of the project, they should be carried out under the Bulgarian law. This is provided for in the Public Procurement Law, the Ordinance on awarding small-scale public procurement, the Ordinance on the rules and procedure for awarding special public procurement. Where the beneficiary is not the contracting authority of the public procurement, it shall be carried out under Decree No. 55 on the rules and procedure for appointing contractors by beneficiaries of contracted grants under the European Union Structural Funds and the European Union PHARE Programme.

In the course of project implementation the reimbursement of expenditure paid will be made upon presentation of supporting documents (invoices) and reports in compliance with the provisions of the grant contract.

The progress of approved project implementation will be regularly monitored. This provides clarity as to the observance of the initially set deadlines and operations. Progress reports on project implementation shall be delivered periodically.

Projects shall be completed by delivering a report describing the results achieved and their contribution to improving the relevant sector. Upon approval of the report beneficiaries shall receive the final payment.

