

# MINUTES

## *of the fourth official meeting of the Monitoring Committee of Operational Programme Environment 2007 - 2013*

*25 November 2008, 10:00 h., Hotel Novotel Plovdiv*

### **Official part of the meeting**

The meeting was opened by the Chairman of the Monitoring Committee (MC), Deputy Minister Mr. Chavdar Georgiev, who welcomed the MC members and the official guests: the Minister of Environment and Water, **Mr. Dzhevdet Chakarov**, the Chairman of the Environment and Water Committee to the National Assembly, **Mr. Georgy Bojinov**, the Chairman of the Permanent Subcommittee on the Utilization of the EU Funds to the European Affairs Committee, **Mr. Radoslav Ivanov**, as well as the guests from the European Commission (EC): **Mr. Carsten Rasmussen**, **Mr. Valeri Natan**, **Mrs. Stavroula Pelecasi** and **Mr. Jean-Marc Arnoux** from the European Investment Bank (EIB).

**Mr. Chavdar Georgiev** presented the agenda of the meeting and gave the floor to the Minister of Environment and Water Mr. Dzhevdet Chakarov.

After welcoming the participants, **Minister Chakarov** underlined the progress achieved under Operational Programme Environment 2007 - 2013 (OPE). He stressed that the real start of the projects with programme financing begins and the total amount of the approved projects exceeds 1 billion leva. Mr. Chakarov underlined that the total amount of the approved projects for infrastructure in the water sector is 860 million leva, the total amount of the approved projects for technical assistance in the water sector is 157 million BGN, and the total amount of the approved projects for technical assistance in the waste sector is 24 million leva. He congratulated the municipalities with approved projects and underlined that they are 73% of the Bulgarian municipalities, which is a very good result.

**Minister Chakarov** stressed that from the 113 projects submitted for infrastructure in the water sector, 34 projects have been approved, 22 of them are in agglomerations with over 10 000 PE, which is very positive. He also reminded that at the moment there is a current procedure for infrastructure in the water sector, which deadline for application is 15 December 2008. **Minister Chakarov** urged for an utmost concentration although there are projects approved for 30% of all sources under the programme. The ambition is to approve projects for 60 % of all sources till April-May 2009. In conclusion, **Minister Chakarov** called the municipalities again to be more active, especially those with agglomerations over 10 000 population equivalent.

The floor was given to the **Chairman of the Environment and Water Committee to the National Assembly, Mr. Georgy Bojinov**, who joined the congratulations regarding the real start of OPE to the MC members and to the team of the Ministry of Environment and Water (MoEW). Despite the critiques on the delay of OPE, **Mr. Bojinov** reminded that the

delay had been overcome and the start of the programme was very good. He called for sustainable development of the economy and business through protection of the environment.

The Chairman of the MC gave the floor to **Mr. Carsten Rasmussen** from the EC. He underlined the significance of OPE for the overall country and EU development as well as the significance of the tasks of the MoEW taking into consideration the significance of the programme as an enormous investment and a technical effort. Nevertheless, up to the moment there have not been spent resources under OPE, the efforts and the progress are a fact – the prepared projects have been collected and selected and taking into account their complexity the delay in the programme implementation is logical. **Mr. Rasmussen** reminded that he had always called for longer deadlines regarding collection of projects in view of the better identification of good projects. From now on, it is very important the contracts to be concluded quickly in order to start the real implementation of the programme, keeping the rules of the LOTHAR system. If all projects for over 1 billion Euros start, the MoEW will fulfil the prognoses for a real absorption of the resources, for which he is optimistic. The main absorption of the resources will be in the water sector, where most of the resources under OPE are allocated.

The floor was given to **Mr. Radoslav Ivanov**, who welcomed the participants and congratulated them with the real start of OPE, underlining that the National Assembly and especially the European Affairs Committee will continue its efforts directed to a timely and fluent utilization of EU Funds.

**Mr. Jean-Marc Arnoux** confirmed that the European Investment Bank was ready to co-finance the projects under OPE, but also could provide additional assistance for an enhanced monitoring in order to accelerate the implementation of the projects.

**Mr. Chavdar Georgiev** announced the end the official part of the meeting and announced a break.

### **Working part of the meeting**

**Mr. Chavdar Georgiev** opened the working part of the meeting and according to the agenda he gave the floor to **Mr. Dimitar Pehlivanov, state expert in Monitoring and Reporting Department**, who presented briefly the progress achieved under OPE. He presented the results from the opened up to the moment projects selection procedures – procedures on technical assistance and infrastructure in the water sector and a procedure on technical assistance in the waste sector – number of submitted projects, number of approved projects, percentage of the approved projects, and the total amount of the approved projects. Mr. Pehlivanov presented also the projects within priority axis 4 Technical assistance of OPE, the OPE information and publicity campaign and the process of strengthening the administrative capacity of the Managing Authority.

The floor was given to **Mr. Georgy Ivanov, chief expert in Water Management Directorate** within the MoEW, who asked how many of those 34 approved projects under the infrastructure procedure in water sector concern the construction of new waste water treatment plants (WWTP) as this is a main requirement of Directive 91/271.

In response, **Mr. Vasil Margaritov, director of Cohesion Policy for Environment Directorate** explained that there is not information about the number of the new WWTP.

The floor was given to **Mr. Petko Arnaudov, mayor of Tsarevo Municipality**, who asked about the approval of Tsarevo Municipality project, as well as for the protected areas network NATURA 2000 and its relation to OPE projects.

**The Chairman** explained that even disapproved the project may be submitted during the next procedures in the same sector after being corrected and supplemented.

Concerning the NATURA 2000 Network **Mrs. Tatyana Petkova, councillor to the Minister of Environment and Water**, underlined that this is not the forum to discuss NATURA 2000 Network and its necessity because this is a requirement of the EC.

**Mr. Rasmussen** explained that it is usual the citizens and the mayors to be disappointed when 70% of the infrastructure projects in water sector are rejected, but they should have a new opportunity for submitting projects, after detailed explanation of the requirements on project preparation, especially in cases when the disadvantages are surmountable. As a measure to remove the disadvantages in the project applications the Managing Authority should provide assurance that all the rejected applications are accompanied by a detailed motivation on the reasons for their rejection.

Concerning the rejected projects, **Mr. Margaritov** explained that they will be examined together with the municipalities and reminded that the future project selection procedures will be discussed within another item of the agenda. He assured MC members that well prepared projects will be further developed and underlined that there are also projects which are badly prepared. Regarding technical assistance, **Mr. Margaritov** also reminded that the rejected projects are only 25% and the results under the procedures are quite better. He explained that rejected projects may be financed within other programmes; these projects have an advantage as they will have clear motivation about their rejection.

After the discussion the document Progress Achieved under OPE 2007 – 2013 was adopted by a consensus.

Mr. Chavdar Georgiev proposed to proceed with the next item of the agenda. He gave the floor to **Mrs. Malina Kroumova, senior expert within Management and Evaluation Department** in MoEW, who presented briefly the LOTHAR system. She reminded the audience that the main reason for the creation of the LOTHAR system is the N+2/N+3 requirements laid down in Regulation № 1083/2006. Ms. Kroumova explained that if Bulgaria does not manage to spend the funds within 2 years after they have been awarded, the state will lose them and they will be redistributed either within the framework of other OP in Bulgaria or to other member-states. As a whole LOTHAR is a system for monitoring the spending of funds and the management of the entire programme. It should be distinguished from UMIS which was created in accordance with Regulation № 1083/2006 and has a larger scope. LOTHAR represents a set of Excel tables and a flash table that indicates the current state, including the Indicative Annual Programme for 2009. Mrs. Kroumova emphasized that LOTHAR does not include advance payments which are not to be certified. She expressed her hope that by the end of the last quarter of 2008 the prognoses about contracting would match the actual performance.

Mr. Chavdar Georgiev gave the floor to the members of the Committee. **Mr. Carsten Rasmussen** from the EC congratulated MoEW on the development of the system and emphasized that this instrument was offered specially to Bulgaria for improving the prognoses and management of the programme, as special importance is given to the so called “red zones” which show the difference between the prognoses and the actual performance, by immediately indicating when the performance is below 80%. **Mr. Rasmussen** stressed that in case that by the end of the year even half of the forecasted projects are contracted, the

performance in terms of contracting will be greater than what was planned. He added that he is optimistic about that.

**Nesho Chipev**, PhD from the BAS asked whether the results of this system will be included in the Annual Progress Report.

**Mr. Margaritov** replied that the LOTHAR results cannot be part of the Annual Progress Reports, as they follow a strict format and the system is based on mathematical modelling of the future prognoses.

**Ms. Kroumova** added that the results from LOTHAR are being reported regularly to the Ministry of Finance, but that does not mean they cannot be included in the Progress Reports.

The MC members received an assurance on behalf of the Managing Authority that in the future the progress under OPE, analyzed through the LOTHAR system, will again be reported as a separate point in the agenda of the MC sessions.

**Mr. Georgiev** proposed to proceed with the next item of the agenda, namely the presentation of the Indicative Annual Programme for 2009.

**Mr. Margaritov** said that the draft version of the Indicative Annual Programme for 2009 was published on OPE website a long time ago. Meanwhile, a change in the beneficiaries under priority axis 3 (Biodiversity) had been made. He added that new calls under priority axis 3 will be opened in 2009. Mr. Margaritov also suggested that the concept of priority axis 3 for 2009 has to be accepted in general terms and the details have to be discussed at other meetings of the Committee where more participants are present.

**Mr. Georgiev** emphasized that there is a serious delay in the implementation of priority axis 2. The lack of new call for construction under priority axis 2 is due to ongoing discussions about the type of the call for proposals. The plans of OPE Managing Authority are the call to be opened in the end of 2008 or in the beginning of 2009 latest.

**Mr. Margaritov** announced that priority axis 1 shows the biggest advancement compared to the other priority axis. He also said that balance of this priority axis funds should be made. Mr. Margaritov said that call for proposals for improvement and development of water and wastewater infrastructure about areas between 2 000 and 10 000 PE will be opened because the majority of the approved project proposals of technical assistance call were in this category.

**Mr. Chavdar Georgiev** gave the floor to the members of the Committee.

**Mr. Valeri Natan, European Commission**, expressed his satisfaction with the training session held on 24 November 2008 concerning the waste sector. He said it would be helpful similar trainings and discussions to be organized in future. He pointed out that OPE Managing Authority should not hurry to open a call for proposals until the end of 2008 under priority axis 2 before a clear concept concerning the way to cover the existing needs and allocate the available financial resources in the waste sector is elaborated.

In response to **Mrs. Katerina Rakovska's, BlueLink Foundation**, question which concerns non-equal treatment of municipalities and NGOs, **Mrs. Tanya Petkova** said that the mechanisms of funding the municipalities and NGOs are different but it is a legislative arrangement and it does not reveal discrimination of the NGOs. She also said that the NGO could be as well beneficiary and projects promoters. The Monitoring Committee cannot interfere in the way of funding of municipalities. In conclusion, Mrs. Petkova pointed out that the Managing Authority could not treat differently the beneficiaries.

The floor was given to **Mr. Rasmussen** who said that the EC gives undivided countenance to MA regarding the vision about priority axis 3, because these are mechanisms and projects of public interest and they are a good opportunity for NGOs to be a beneficiary and a contractor at the same time, but cannot delegate all the public competence to the NGO's hands.

**Mr. Kiril Tashev from State Forestry Agency (SFA)** suggested including the Regional Forestry Directorates as beneficiaries on priority axis 3. He praised the Managing Authority about the well organized training session on 24 November 2008 and suggested to do so for priority axis 3.

In response **Mrs. Petkova** explained that according to the last changes in CMD № 121 and legal analysis, the Forestry Directorates are not included as direct beneficiaries. Anyway, they could submit projects on general grounds.

In this relation, **Mr. Vasil Margaritov** supported the initiative for carrying out workshops and invited EC members.

The floor was given to **Mr. Mincho Kazandzhiev, Mayor of Lovech Municipality** who underlined the progress achieved under the OP and asked about OPE payments and especially about shortening the terms of payments, as there is a great delay causing difficulties to the municipalities.

**Mr. Botyo Tabakov, representative of the Bulgarian Chamber of Mining and Geology** asked about establishing of another type of project selection procedure, namely an open project selection procedure which will facilitate the municipalities, due to the lack of consultative and design capacity. Another question of Mr. Tabakov was in relation to priority axis 2, where two procedures had been envisaged for the year 2008 and only one had been realized. Taking into account the amendments of CMD № 121 about the terms of work of the Evaluation Committees, the landfills would not be contracted even until July 2009. Furthermore, Mr. Tabakov proposed non-utilized funds for the year 2008 to be transferred for the year 2009 on the different priority axes.

In response **Mr. Vasil Margaritov** said that the procedure on infrastructure in waste sector will be announced in the beginning of 2009 and the remaining resources will be directed to forthcoming procedures. Concerning an open procedure, Mr. Margaritov said that this issue had never been discussed, but it could be done and the motives would be set on the OPE webpage. It is not clear yet how this kind of procedure will be prepared and implemented, because that would be difficult for the beneficiaries, as unsuccessful projects will have a chance to be submitted after the end of the programming period.

**Mrs. Petkova** clarified that current procedures are also open procedures and probably Mr. Tabakov is talking about a procedure with no fixed deadline for application. Mrs. Petkova also said that the procedures for the consultants are open for all over the European market.

**Mr. Rasmussen** supported what Mrs. Petkova and Mr. Margaritov said and underlined that at this stage the EC, taking into account the observation of all operational programmes in Bulgaria, understands the arguments supporting such a procedure, but does not recommend calling a procedure with no fixed deadline, because it is possible that the faster applicants exhaust the available funds at the expense of the ones that are slower in their preparation. Something which has not been prepared during one procedure could be corrected during the next one. He concluded that at this stage it is not recommended to make financial corrections between the different priority axes.

**The Chairman** suggested the draft version of the Indicative Annual Programme for 2009 to be adopted in this version and proposed holding meetings on the different priority axes aimed at clarifying the specific steps.

**Mr. Georgiev** reminded the question of **Mr. Mincho Kazandzhiev, Mayor of Lovech Municipality** about the terms of payments and gave the floor to Mrs. Petkova.

**Mrs. Petkova** said that the MA is keeping the terms set by the Ministry of Finance and she invited the representatives of this Ministry of Finance who participate in the meeting to take these issues into consideration.

**Mr. Rasmussen** clarified that the advance payments have been ensured by the EC and the beneficiaries could receive more funding. He emphasized that 100% payment is not reasonable, neither delays in the payments.

The floor was given to **Mrs. Lilyana Pavlova from the National Fund Directorate, Ministry of Finance**. She said that in the Instructions of the Ministry of Finance the process of payments is clearly distinct from the process of certification, which means that the absence of certification is not a reason for stopping the payments. Mrs. Pavlova explained that when there is a contract signed, the MA may submit a request for advance payment for the relevant project.

**Mrs. Rakovska, BlueLink Foundation**, asked for more information about the funding and the projects under priority axis 4 Technical Assistance of OPE. She insisted on more publicity regarding already approved projects.

**Mrs. Petkova** replied that the UMIS is going to be put into operation. There can be monitored the whole project cycle taking into consideration the obligations of the beneficiaries on information and publicity. Regarding projects under priority axis 4, she reminded that the Technical Assistance Strategic Plan had been adopted by the MC at its previous meetings and had been presented as part of the progress report.

**Mr. Georgiev** expressed his gratitude towards the attendants and closed the meeting.

### **Participants:**

### **Official guests:**

1. Mr. Dzhevdet Chakarov, Minister of Environment and Water.
2. Mr. Georgy Bojinov, Chairman of the Environment and Water Committee, National Assembly.
3. Mr. Radoslav Ivanov, Chairman of the Permanent Subcommittee on the Utilization of the EU Funds to the European Affairs Committee, National Assembly.

### **Monitoring Committee:**

#### **Chairman:**

1. Mr. Chavdar Georgiev, Deputy Minister of Environment and Water.

#### **MC member and substitute:**

2. Mr. Vasil Margaritov, Director of Cohesion Policy for Environment Directorate, MoEW.
3. Mr. Dimitar Pehlivanov, State expert, Monitoring and Reporting Department, MoEW.
4. Mrs. Ivet Zhablyanova, Director, Ministry of Economy and Energy.
5. Mr. Plamen Girginov, Pre-accession Programmes and Projects Directorate, Ministry of Labor and Social Policy.
6. Ms. Neli Yordanova, Director, Coordination of Programmes and Projects Directorate, Ministry of Transport.
7. Ms. Galina Mihailova, Head of Technical Assistance Directorate, Ministry of Finance.
8. Mrs. Rozalina Laskova, Ministry of State Administration and Administrative Reform.
9. Ms. Lilyana Pavlova, National Fund Directorate, Ministry of Finance.
10. Mr. Todor Todorov, National Fund Directorate, Ministry of Finance.
11. Ms. Shinka Marinova, Director, EU Funds for Environment Directorate, MoEW.
12. Ms. Ivet Baeva, Economic and Social Policy Directorate, Council of Ministers.
13. Mr. Hristo Yovkov, Strategic Management and Planning, Council of Ministers.
14. Mr. Georgy Ivanov, Water Management Directorate, MoEW.
15. Ms. Jaclin Metodieva, Preventive Activities Directorate, MoEW.
16. Ms. Asya Doneva, National Nature Protection Service Directorate, MoEW.
17. Ms. Ganya Hristova, SCEUAIC Directorate, MoEW.

18. Mr. Valeri Trendafilov, Underground Resources Directorate, MoEW.
19. Mrs. Ivanka Todorova, Executive Environment Agency, MoEW.
20. Mr. Petar Petrov, National Service Police, Ministry of Interior.
21. Mr. Petar Petrov, National Statistical Institute.
22. Ms. Desislava Mihalkova, Tourism Policy Department, State Tourism Agency.
23. Mr. Mincho Kazandzhiev, Mayor, Lovech Municipality, National Association of Municipalities in the Republic of Bulgaria.
24. Ms. Lilia Zamfirova, Deputy Regional Governor, Vratsa region, Regional Development Council of Northwest Planning Region.
25. Mr. Petko Arnaudov, Mayor, Tsarevo Municipality, Regional Development Council of Southeast Planning Region.
26. Mr. Petar Fidanov, Regional Governor, Smolyan region, Regional Development Council of South Central Planning Region.
27. Mrs. Keti Koinakova, Confederation of Labour "Podkrepa".
28. Mr. Dimitar Brankov, Bulgarian Industrial Association.
29. Mr. Iliya Keleshev, Bulgarian Industry Capital Association.
30. Mr. Nikolay Sidzhimov, Bulgarian Association of Municipal Environmental Experts.
31. Mr. Botyo Tabakov, President of the Standing Committee; Environment, Health and Safety, Bulgarian Chamber of Mining and Geology.
32. Mr. Nesho Chipev, Bulgarian Academy of Science.
33. Mrs. Ivilina Aleksieva, Councillor to the Minister of Emergency Situation.
34. Mrs. Denitsa Zlateva, Councillor to the Deputy Prime Minister, Council of Ministers.
35. Mr. Abel Rodriguez, Councillor to the Deputy Prime Minister, Council of Ministers.

*Representatives without decisive votes:*

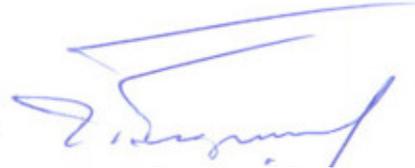
36. Mr. Neycho Anev, on behalf of Mr. Dimitar Valkov, Ministry of Agriculture and Foods.
37. Mr. Stanislav Stefanov, on behalf of Mr. Dragomir Konstantinov, Ministry of Finance.
38. Mrs. Nadya Genova, on behalf of Mrs. Boryana Pencheva, Management of EU Funds Directorate, Ministry of Finance.
39. Mrs. Gina Karaivanova, on behalf of Mrs. Dobrinka Krasteva, Management of EU Funds Directorate, Ministry of Finance.
40. Mr. Kiril Tashev, on behalf of Mr. Alyosha Dakov, State Forestry Agency.

Observers:

41. Mr. Carsten Rasmussen, DG Regional Policy, European Commission.
42. Mrs. Stavroula Pelecasi, DG Regional Policy, European Commission.
43. Mr. Valeri Natan, DG Regional Policy, European Commission.
44. Mr. Jean-Marc Arnoux, European Investment Bank.
45. Mr. Ivo Katsarov, Monitoring, Analysis and Methodology of Public Procurement, Directorate, Public Procurement Agency.
46. Mr. Radoslav Nedyalkov, Audit of EU Funds Directorate, Ministry of Finance.
47. Mrs. Maria Nedyalkova, National Council for Integration of People with Disabilities.
48. Mrs. Yonka Savova, Alliance of the United NGO Vitosha – 2002.
49. Mr. Doncho Ivanov, Alliance of the United NGO Vitosha – 2002.
50. Ms. Katerina Rakovska, WWF, BlueLink Foundation.
51. Mr. Valentin Simov, Green Alliance Foundation.
52. Ms. Tatyana Petkova, Councillor to the Minister of Environment and Water.

09 January 2009

Approved by:

  
/Chavdar Georgiev – Deputy Minister  
and Chairman of the MC/