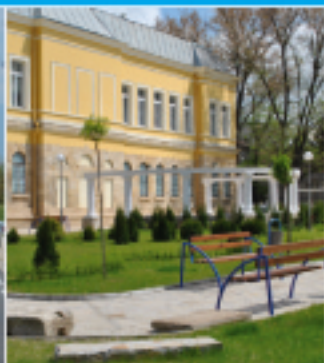




Operational Programme Regional Development 2007-2013



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OPERATIONAL PROGRAMME REGIONAL DEVELOPMENT 2007–2013

OVERALL OBJECTIVE:

To improve the quality of living and working environment with better access to basic services and new opportunities for improved regional competitiveness and sustainable development.

Programme budget: BGN 3 131 821 212

Operational Programme Regional Development is financed by the European Regional Development Fund and state budget of the Republic of Bulgaria.



Priority axis 1: Sustainable and integrated urban development

Budget: BGN 1 875 344 313

Beneficiaries: Municipalities on the territory of 86 urban agglomeration areas, European Investment Bank (in the capacity of a JESSICA Holding Fund), Ministry of Culture, Ministry of Health, Social Assistance Agency, Employment Agency, Ministry of Interior / Directorate General "Fire Safety and Protection of the Population", Ministry of Education and Science, "Renovation of Residential Buildings" - Directorate within the Ministry of Regional Development (MRD), Housing Renovation Fund, non-profit organizations in partnership with municipalities, non-governmental organizations and universities, when acting as non-profit operators for provision of health, social, educational and cultural services.

Priority axis 2: Regional and local accessibility

Budget: BGN 645 439 513

Beneficiaries: Road Infrastructure Agency, 86 municipalities situated within urban agglomeration areas, Ministry of Economy and Energy, Executive Agency "Electronic Communication Networks and Information Systems".

Priority axis 3: Sustainable tourism development

Budget: BGN 305 862 595

Beneficiaries: Ministry of Culture, Ministry of Economy and Energy, Council of Ministers, 264 municipalities, including in partnership with associations of municipalities, local, regional and national tourism organizations registered in the National Tourism Register, public authorities managing immovable cultural valuables of national and world significance.

Priority axis 4: Local development and cooperation

Budget: BGN 199 377 316

Beneficiaries: District administrations, 178 municipalities outside urban agglomeration areas, non-governmental organizations in partnership with municipalities or district administrations.

Priority axis 5: Technical assistance

Budget: BGN 105 797 473

Beneficiaries: The Managing Authority of OPRD, "Renovation of Residential Buildings" Directorate and "Internal Audit" Directorate within MRD, Ministry of Investment Planning, Ministry of Health, Ministry of Culture, Ministry of Education and Science, Ministry of Economy and Energy, Ministry of Interior, Road Infrastructure Agency, Social Assistance Agency, Employment Agency, Executive Agency "Electronic Communication Networks and Information Systems".

INDICATORS OF THE OVERALL PROGRESS OF OP “REGIONAL DEVELOPMENT” 2007-2013

- ❖ **48 grant schemes** were published for a total of **BGN 3,131 billion** or above **100 %** of the OPRD budget.
- ❖ In 2014 the released funds under the programme are reallocated to the grant scheme “Support for rehabilitation and reconstruction of 2-nd and 3-rd class roads” with specific beneficiary Road Infrastructure Agency for funding a major project within the meaning of Article 39 of Regulation (EC) № 1083/2006 - “Construction of North Speed Tangent from km 0+000 to km 16+540” with total amount of BGN 235 million.
- ❖ Under the programme as of 01.10.2014 a total of **1 907 project proposals** were submitted and **1 103 contracts** were signed to a total amount of grant – **BGN 3,277 billion** or **105 %** of the programme's budget (BGN 3,131 billion);
- ❖ The total amount of payments as of 01.10.2014 adds up to **BGN 2,258 billion** or **69 % of contracted funds** and **72 % of OPRD budget**. The total amount of certified funds is **BGN 1,703 billion**.



As a result of the implemented 747 OPRD projects the following results are achieved: enhanced and more attractive urban environment, with more than 3,2 million people using the renovated urban environment, built/rehabilitated parks,

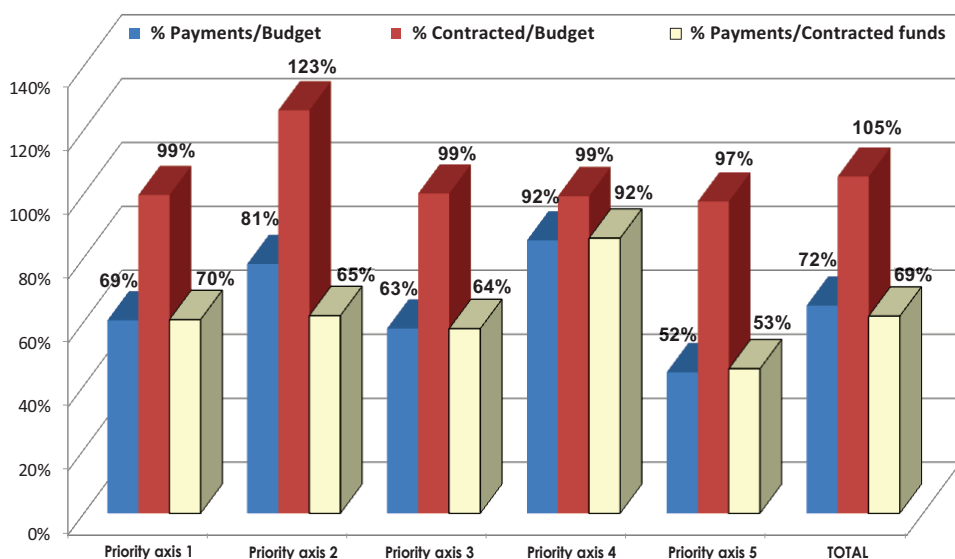


green areas, playgrounds (over 3 million sq.m.), hiking areas, cycling routes, sidewalk (over 821 thousand sq. m), secured parking spaces near the nodal transport points of suburban areas – 3 256. Over 2.5 million people are using the renewed 984 buildings of educational, social and cultural infrastructure, with significant energy savings as a result of the investment

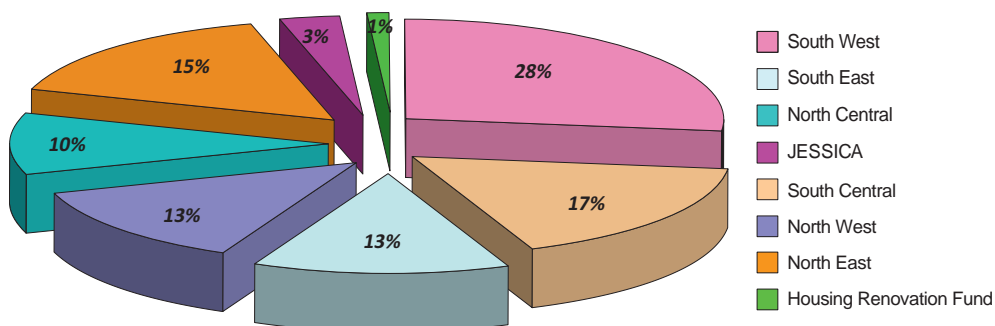
(over 165 841 megawatt hours/average annual). Landslides are fortified with a total area of over 1.179 million sq. m., with over 624 thousand people benefitting from these investments.

With these indicators OPRD finds its place among the most successful programmes in Bulgaria. Through supported activities the programme reaches every region of the country, demonstrating visible results and contributing for improved quality of living and working environment of each Bulgarian citizen with **better access to basic services and new opportunities for increased regional competitiveness and sustainable development.**

Financial implementation of OPRD for the 01.01.2007 - 01.10.2014 period



Disbursed funds (%) by regions at NUTS 2 level for the 01.01.2007- 01.10.2014 period



KEY PROJECTS OF OPERATIONAL PROGRAMME REGIONAL DEVELOPMENT 2007-2013

1. Deinstitutionalization of children in the Republic of Bulgaria

Within Operation 1.1 "Social infrastructure" a grant scheme **"Support for deinstitutionalization of social institutions providing services to children at risk"** is in implementation. Specific beneficiaries are 62 municipalities in urban agglomerations. The scheme **supports construction/ reconstruction/ renovation of an adequate infrastructure on the territory of urban agglomerations**, to replace institutional care and provide new opportunities to children with disabilities and their families. So they will get support within the community and in their natural environment. Signed were **61 contracts** to a total amount of **BGN 99 million**. In 2013 the contract with Nova Zagora Municipality was terminated after a request of the beneficiary due to impossibility of completing planned activities with adequate quality within specified deadlines. With the implementation of the projects are **to be established 132 Accommodation Centers of Family Type and 26 Protected Homes**.



As of 01.10.2014 38 grant contracts have been completed, in results of which 58 ACEF and 11 protected homes were built, furnished and equipped and 4 protected homes were renovated and equipped.

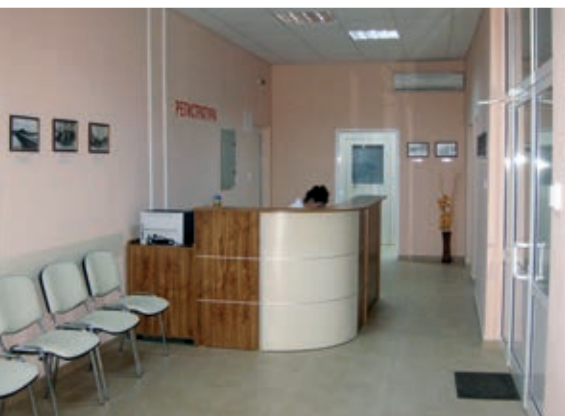


Under implementation is a project of Ministry of Health for total amount of BGN 10 million for the restructuring of **8 pilot Children's Medical and Social Care Homes**. **The purpose is to** provide innovative and integrated deinstitutionalization services and prevent abandonment of children aged 0-3 years.

2. Support for reconstruction, renovation and equipping of state and municipal medical and healthcare institutions

BGN 147 million have been provided as a grant to the Ministry of Health for reconstruction and renovation of **16 state medical institutions**. Under the programme are funded reconstruction and renovation of **municipal** medical facilities (2 grant schemes under Priority axis 1 and Priority axis 4). As of 01.10.2014 are signed **36 contracts** with municipalities to a total amount of **BGN 132,2 million are under implementation**.

10 grant contracts for reconstruction and renovation of municipal medical institutions have been completed up to 1st of October 2014, in results of which **10 medical institutions were renovated** and more then **69 000 patients** has benefited from the renewed health infrastructure.



3. Reconstruction and rehabilitation of second- and third-class roads

Main objective of the scheme is to encourage accessibility, interconnectivity and cohesion within regions through improvement and rehabilitation of regional and local roads. Beneficiary is the Road Infrastructure Agency with total amount of the grant scheme **BGN 558 million**. Together with the projects the following indicators will be achieved: 992,716 km reconstructed and rehabilitated 2nd and 3rd class roads and 16,540 km newly constructed 1-st class roads. Until the end of September 2014 **55 contracts** with a total amount of **BGN 718 million** are under implementation and **739 km. road sections** were rehabilitated and put into exploitation. **On 30.01.2014 with a decision the Council of Ministers agrees Managing Authority of Operational Programme "Regional Development" to sign a contract with Road Infrastructure Agency and provide funding for the major project "Construction of Northern Speed Tangent from km0+000 to km 16+540" before**

the final approval by the European Commission. On 17.02.2014 was signed the contract for grant funding of the major project „Construction of Northern Speed Tangent from km 0+000 to km 16+540“ to amount of BGN 234 million. On 04.06.2014 the European Commission approved the major project and the respective ERDF financial contribution.

The total length of the rehabilitated second and third class roads under exploitation is 1023 km.



4. Support for urban transport in the big cities

Within Priority axis 1: “Sustainable and integrated urban development”, Operation 1.5 “Sustainable urban transport systems” under Operational Programme Regional Development were provided grants to the amount of **BGN 403 million** for development of integrated urban transport in the 7 big cities of the country – Sofia, Plovdiv, Varna, Bourgas, Pleven, Russe and Stara Zagora. The focus is mainly on creating more effective and speedy urban transport with less energy consumption, construction of more accessible secondary infrastructure of public transport networks and introduction of environmentally friendly modes of public transport. The **Unit for Management of Projects for Integrated Urban Transport** within the Managing Authority of OPRD is continuing its work.

– Integrated urban transport project of Bourgas Municipality

The “**Integrated urban transport in Bourgas**” project is the **first major project** within the meaning of Article 39 of Regulation (EC) 1083/2006 under OPRD. The total amount of the project adds up to **BGN 131 million**, of which the grant amount under OPRD is **BGN 101 million**, as **BGN 30 million** is the contribution by Bourgas Municipality.



The grant contract was signed on 26 November 2010 and will be implemented for 48 months. The project was approved by the European Commission on 16 August 2011 and provides **a set of measures for modernization of public transport and encourages transportation in alternative ways** (on foot or by bicycle), as well as **studies for further investments** to build on the results achieved.

Components of the urban transport projects:

- Renovation of rolling stock and maintenance facilities;
- Building of a central bus station and renovation of bus terminals;
- Introduction of a new optimized and attractive bus route network and a system for prompt bus service;
- Construction of bicycle routes and pedestrian overpasses;
- Introduction of an integrated e-ticket system and real time passenger information system at bus stops and on the buses;
- Construction of the integrated center for control and management of the traffic, supported by systems for video surveillance and public transport control;
- Traffic lights systems with priority for the buses of the public transport.

As of 01.10.2014 28 articulated diesel buses and 39 single body CNG buses are delivered and in operation. In process of reconstruction are also bus depot, workshop, diesel and CNG station; in process of reconstruction is terminal "Meden Rudnik" and the surrounding area; in process of realization is central bus station; prepared technical investment projects for Bus Rapid Transit route (BRT), terminals and a network of cycling routes with issued building permits. At stage of evaluation are public procurement procedures for selection of contractor for construction of Bus Rapid Transit route (BRT) and selection of constructor of four pedestrian overpasses; a forthcoming launch of a public procurement for selection of contractor of studies for further investments to built on the results achieved. A contract for public service between the "Burgasbus" EOOD and Bourgas Municipality in accordance with the requirements of Regulation 1370/2009 is signed.

– Integrated urban transport project of Sofia Municipality

The **"Support for integrated urban transport in Sofia Municipality"** project is the **second major project** within the meaning of Article 39 of Regulation (EC) 1083/2006 under OPRD. The total amount of the project adds up to **BGN 122 million**, of which the grant amount under OPRD is **BGN 98 million**, as **BGN 24 million** is the contribution by Sofia Municipality. The grant contract was signed on 23 August 2011 and will be implemented for 48 months. The project was approved by the European Commission on 13 June 2012.

The project envisages **a set of measures for improving the quality of public transport and encourages the use of environmentally friendly urban transport.**

Components of the projects:

- Intelligent traffic management system;
- Electronic information boards;
- Delivery of 50 new trolleybuses;
- Marketing and legal research for public transport sheds;



- Modernization of the tram line on "Bulgaria" Blvd.;
- Construction of the new tram line from the Seminary to "Darvenitsa" district.

As of 01.10.2014 50 new low-floor articulated trolleybuses are delivered; phase 1 of reconstruction of tram line, catenary and cables network on Bulgaria Blvd is finished. In process of realization is component for delivery of 600 new electronic boards. At stage of evaluation are public procurement procedures for selection of contractor for delivery and installation of Intelligent system for traffic management and for construction a tram line "Seminaria- Darvenitsa". A contract for public service between the Center for Urban Mobility and Sofia Municipality in accordance with the requirements of Regulation 1370/2009 is signed

– Integrated urban transport projects in big cities

For implementation of urban transport modernization projects in other big cities in Bulgaria under OPRD are envisaged funds to the amount of **BGN 204 million** allocated between the big cities based on number of residents, population using public transport and tourist flow. In July and August 2012 were signed contracts with the municipalities of Pleven, Plovdiv, Russe and Stara Zagora. The total amount of the projects adds up to **BGN 125,9 million**, of which the grant amount under OPRD is **BGN 112,5 million**. Contracts for public service between "Trolleybusen transport" EOOD and Pleven Municipality as well as between "Trolleybusni prevozi" EOOD and Stara Zagora Municipality in accordance with the requirements of Regulation 1370/2009 are signed.

Components of the urban transport projects:

- Planning of transport for transition from personal vehicles to public transport, bicycles or walking;
- Intelligent traffic management system;
- E-ticketing system;

- Environmentally friendly rolling stock of buses/trolley buses;
 - Improvement and development of the urban transport infrastructure;
 - Configuration of routes with the purpose of ensuring special priority lanes.
- **Integrated urban transport project of Varna**



The “**Integrated urban transport in Varna**” project is the **third major project** within the meaning of Article 39 of Regulation (EC) 1083/2006 under OPRD. The total amount of the project adds up to **BGN 114 million**, of which the grant amount under OPRD is **BGN 90 million**, as **BGN 24 million** is the contribution by Varna Municipality. The grant contract was signed on 9 July 2012 and will be implemented for 36 months. The project was approved by the European Commission on 17 December 2012 and envisages the realization

of 10 components, in accordance to the main strategic objectives of the OPRD for establishment of proper urban transport.

Components of the urban transport projects:

- Automated ticket system;
- Priority of vehicles for the mass urban public transport (MUPT);
- System information to passengers in real time;
- Management Centre MUPT;
- BRT corridor;
- Rolling stock;
- Facilities for cycling;
- Improvement to the three final stops;
- Improvement of the production/technical facilities;
- Measures for accessibility and improvement of the static information at the stops of the public transport.

As of 01.10.2014 are delivered 70 new low-floor buses which are put into operation and contract for public service between Varna Municipality and the internal operator and partner - “Public Transport” is signed. There are signed contracts with contractor for financial audit, construction supervision of improvement of the production/technical facilities and with consultant to prepare the public procurement papers and to support conducting of the procedures for selection of contractor. At stage of evaluation are public procurement procedures for selec-

tion of contractor for engineering and supervision for the implementation of BRT corridor; facilities for cycling; improvement to the three final stops; measures for accessibility and improvement of the static information at the stops of the public transport; priority of vehicles for the mass urban public transport (MUPT); system information to passengers in real time; management centre MUPT; automated ticket system; construction supervision of automated ticket system; construction supervision of BRT; construction supervision of facilities for cycling; construction supervision improvement to the three final stops; construction supervision of measures for accessibility and improvement of the static information at the stops of the public transport.

5. Support for housing policy

– Support for energy efficiency in multifamily residential buildings

Operational Programme "Regional Development" supports implementation of energy efficiency measures through scheme **"Support for energy efficiency in multifamily residential buildings"** in 36 urban centers. The scheme was launched on 18.07.2011 as an integral part of the National Housing Strategy and will contribute to long-term improvements in the living conditions of the cities. Specific beneficiary is "Renovation of Residential Buildings" Directorate within the Ministry of Regional Development. The total amount of the project's budget comes up to **BGN 65 million**, of which the grant amount under OPRD is **BGN 50 million**. Up to 75% of the budget for energy renovation for each approved building under the project will be grant. The other 25% will be provided with own or borrowed funds by the condominium. The project envisages implementation of energy efficiency measures in multifamily residential buildings in 36 urban centers, including energy efficiency audits and introduction of energy efficiency measures (insulation, replacement of woodwork, local installations and/or connections to gas and heating systems).

Up to 1st of October 2014 481 expressions for interest and support from 34 cities are submitted. Only 2 cities have not submitted applications – Lovech and Silistra. 393 residential buildings are approved. 89 requests for financial support and implementation of renovation for energy efficiency are received and 52 agreements for financial support are signed and other 18 agreements will be signed. Technical observation audits, energy audits and detailed design are under preparation depending on the implementation stage of the building





renovation. 4 buildings have already approved detailed designs and constructing permission. For 2 of them are signed contracts with contractors to perform construction works selected after conducted procedure under the Bulgarian Public Procurement Law. The construction activities completed for the first 2 buildings. One of the buildings is put into operation on 09.09.2014, the other is in a procedure of commissioning.

On 27.05.2014 the received tenders under the procedure for preparing of investment pro-

jects for the buildings were opened. On 01.10.2014 the contracting authority decided the ranking and selecting contractor in the public procurement of five lots. Framework agreements have been signed with the selected contractors. For 2 lots – for Southeastern region and Northeastern region, the procedure is terminated and another one has been launched on 18.09.2014.

On 01.10.2014 contracting authority decided to ranking and selecting a contractor for signing individual contracts for preparation of projects with technical and energy survey on the territory of Sofia. On 17.06.2014 are opened the received tenders under the procedure for construction works of the buildings. On 23.09.2014 the contracting authority decided to ranking and selecting a contractor in the public procurement under seven lots.

– **Support for establishment of a financial engineering instrument Housing Renovation Fund.**

In March 2012, after public procurement procedure was signed a contract with Corporative Commercial Bank for the establishment of a Housing Renovation Fund (HRF) with a budget of **BGN 12,467 million** provided by OPRD and **BGN 1 million** co-financing by CCB. HRF is a financial engineering instrument for provision of loans / bank guarantees to owners of properties in multifamily residential buildings to be used for securing financial participation in the process of housing fund renovation in Bulgaria. Housing Renovation Fund offers special terms in favor of the Bulgarian households that allow loans with interest base rate + 4.5% base rate to 6.5% for the entire contract period. The term of the loans granted by the HRF is up to 20.03.2022, with a grace period of 12 months. In case of partial or full early repayment the HRF does not charge penalties. The Fund considers the documents of applicants for loans without fee, and upon approval and signing of the contract does not charge commissions on credit management. No fees and commissions for opening and closing of the disbursement account are paid and the holder does not pay the monthly service charge on the bill.

6. Support for social homes of vulnerable groups

In a process of implementation is a scheme "Support of modern social housing for vulnerable, minority and socially disadvantaged groups as well as other disadvantaged population groups" launched on 30.08.2011 with a budget of **BGN 16 million**. It is aimed at providing modern social housing for disadvantaged groups, through renovation and change of use of existing buildings owned by public authorities or non-profit purpose. It will contribute to social inclusion of vulnerable people through



improving their living standard and overall improvement of the quality of housing in urban communities. Under implementation are three contracts with Vidin, Devnya and Dupnitsa municipalities with total grant amount of **BGN 12 million**. The projects aim to establish pilot models providing contemporary social homes and sustainable solution of problems in this field.

With a decision taken by the Monitoring Committee of OPRD the municipalities Tunja, Sofia, Kazanlak, Lom and Varna have been invited to submit project proposals under the scheme with forecasted grant value for total amount of BGN 18 million. Grant contracts will be signed only after there is an effective decision for contractors of the public procurements for the main activities under the projects up to the end of December 2014, and for Kazanlak municipality – up to the end of March 2015.

7. Joint European Initiative JESSICA

The JESSICA initiative aims to support sustainable and integrated urban development. In Bulgaria JESSICA is implemented through OPRD – a Holding Fund managed by the European Investment Bank and two Urban Development Funds (UDF) supporting public-private partnerships and other urban development projects on the territory of Sofia and the six big cities – Plovdiv, Varna, Bourgas, Rousse, Stara Zagora and Pleven.

The **Fund for Sustainable Urban Development of Sofia** provides low interest loans and equity guaranties for sustainable projects on the territory of Sofia City. The amount of financial resources to be invested in projects by the Fund is **BGN 49,2 million**, including BGN 24,6 million provided by OPRD and 24,6 million provided by the Fund Manager.



The **Regional Urban Development Fund** provides low interest loans and equity for projects on the territory of the six big cities. The amount of financial resources to be invested in urban development projects by the Fund is **BGN 110,7 million**, including BGN 36,9 million provided by OPRD and BGN 73,8 million provided by the Fund Manager.

The Urban Development Funds works on a broad portfolio of potential projects to be financed by low-interest loans under the JESSICA initiative.

As of 01.10.2014 the Urban Development Funds under JESSICA have signed 17 project funding agreements totaling at **BGN 98,16 million**, including BGN 26,54 million provided by OPRD, for investments in the following projects:

- Reconstruction and capital refurbishment of the "Women's Bazaar" in Sofia;
- Reconstruction of the Vrabnitsa Market in Sofia;
- Magic Castle „Red Castle“ in Sofia;
- Reconstruction of the Central Municipal Market in Stara Zagora;
- Development of a Logistics Center in Stara Zagora;
- Installation of Energy Efficiency Lightning on a Municipal Football Playground in Stara Zagora;
- Refurbishment of the former underground facility with defense functions (bomb shelter) in an amusement attraction facility "Underground City" in Bourgas;
- Development of a permanent exhibition "Flora" in Bourgas;



- Construction of new production plant in Rousse's industrial zone.
- Expanding existing over-ground parking facility for 84 cars with another 56 parking lots, incl. rehabilitation of adjacent water & sewage and street infrastructure in the city of Varna;
- Development of new cinema multiplex in one of the shopping malls in Pleven and renovation of existing hall in another shopping mall;
- Brownfield redevelopment - construction of new bread production plant (Simid), replacing outdated facilities in the city of Plovdiv;
- Rehabilitation of a dilapidated industrial zone: renovation of existing producing and storage facilities within the industrial zone of Stara Zagora;
- Improving the quality of medical services and providing of cost-effective health infrastructure in First City Hospital through the purchase and delivery of innovative medical equipment in the First City Hospital Sofia EAD;
- Providing cost-effective health infrastructure and improving the quality of medical services in the Fourth Hospital, through the purchase and delivery of new medical equipment";
- Improvement of social infrastructure and quality of medical services in First Specialized Obstetrics and Gynecology Hospital „St. Sofia“ AD „by performing repairs in the “Operating rooms“and the purchase of new medical equipment;
- Building sports complex in park Vazrajthane , Zone B-5, “Sports Sofia”.

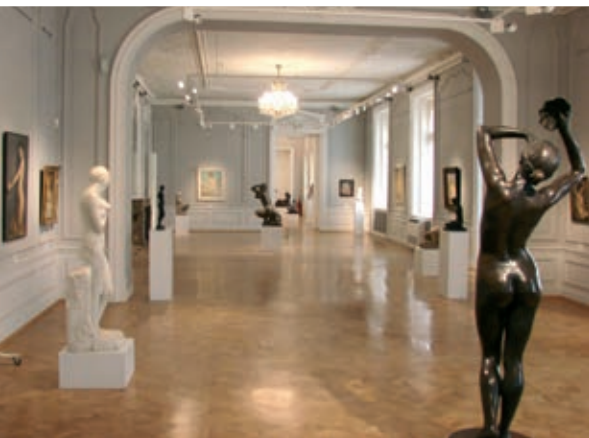
8. Development of cultural infrastructure - Key projects of the Ministry of Culture

The Ministry of Culture is implementing **18 contracts** to a grand total of **BGN 48 million** for reconstruction and renovation of cultural sites of national significance as the National Museum Complex, "Sveta Sofia" Basilica, "Aleko Konstantinov" Satirical Theatre-Sofia, etc.

13 projects are completed, and as a result renovated and modernized are: 3 theater buildings: "Adriana Budevskia" – Bourgas "Stefan Buchvarov" – Varna, Satirical Theatre "Aleko Konstantinov"-Sofia; 3 operas: Rouse Opera, Opera and Philharmonic Society – Rouse, Opera and Philharmonic Society – Bourgas; 4 museums: National Museum of Bulgarian Fine Arts, the National Polytechnical Museum - Sofia, Architectural Museum "St. Sofia", Reconstruction and socialization of architectural museum "St. Sofia", 3 schools – National School for Musical and Dancing Art "Dobrin Petkov" – Plovdiv, National High School of Polygraphy and Photography – Sofia, National School of Music and Stage Arts "Prof. Pancho Vladigerov" – Bourgas and 1 Concert Hall - Concert Complex "Bulgaria".

BGN 30 million are provided under **10 contracts** supporting the development of immovable cultural valuables of national and world significance such as Ancient Cultural Communication Complex "Serdika" (so-called Largo), the National Historical and Archaeological Reserve (NHAR) "Pliska", the Historical Reserve (HR) "Trapezitsa" in Veliko Tarnovo, the Red Church near the town of Perushtitsa.

After completing 8 projects the following tourist attractions are improved - real cultural values and related infrastructure - Eski Mosque and Museum of Religions, Stara Zagora, "Sv. Georgi" (St. George) Church in Arbanassi village, Roman For-





press "Sexaginta Prista" – Ruse and Cruciform Barracks (ethnographic exhibition) in Vidin, National Historical and Archaeological Reserve "Pliska" and Historical and Archaeological Reserve "Nikopolis ad Istrum", Early Christian basilica "Red Church" near Perushtitza, mound "Shoushmanets".

9. Support for development of tourist attractions in municipalities

Within the framework of 2 OPRD schemes are supported **60 projects** aiming for improvement of the condition of cultural valuables and natural landmarks on the territory of municipalities through a complex of measures for development of an integrated tourist product – a combination of infrastructure, marketing and conservation activities. The approved projects are to a total grant amount of **BGN 186 million**. Support is provided to some of the key landmarks of the country, and OPRD funding will contribute for improving their attractiveness:

- ✓ the Ancient City of Nessebar – Nessebar Municipality;
- ✓ the Madara Rider and Shumen Fortress – Shumen Municipality;
- ✓ the Archaeological Complex Perperikon – Kardjali Municipality;
- ✓ the Ancient Bulgarian capital Veliki Preslav – Veliki Preslav Municipality;





- ✓ the Belogradchik Fortress – Belogradchik Municipality;
- ✓ the “Assenovata krepost” Fortress – Assenovgrad Municipality;
- ✓ the “Sveta Anastasia” Island – Bourgas Municipality;
- ✓ the Architectural and Ethnographic Complex “Etara” and Architectural and Historical Reserve in Bojentsi village – Gabrovo Municipality;
- ✓ the Sofia Museum with active presence of mineral water – Sofia Municipality;
- ✓ the “Ledenika” Cave – Vratsa Municipality;
- ✓ the Archaeological Reserve of Hissar City – Hissar Municipality.

As of 01.10.2014 26 grant contracts were finished in results of which 72 tourist attractions were supported and 171 people were trained.

10. Support for development of the regional tourist product and marketing of destinations

The Operational Programme "Regional Development" supports development of the regional tourist product and marketing of destinations under 2 schemes within Operation 3.2 "Development of the regional tourist product and marketing of destinations". Beneficiaries are municipalities on the territory of the country. The activities to be supported are focused on destinations with significant tourist potential, promoting natural, cultural and historical heritage. Under implementation are **38 contracts** to a total amount of **BGN 16,6 million**.



11. In support of the next programming period

Within Operation 5.3 "Capacity building of OPRD beneficiaries" under Priority axis 5 "Technical assistance" in implementation is a grant scheme "In support of the next programming period". The application of the scheme was carried out fully electronically through the electronic module of MIS. The scheme is aimed at preparing mature projects (complete detailed designs, accompanied by respective coordination letters, approvals, permits, etc.) so the beneficiaries will be able to apply for funding in the next programming period 2014-2020. Eligible beneficiaries are 36 municipalities – centers of urban agglomerations. In implementation are 35 contracts with total grant amount of **BGN 26 million**. On August 2014 the first 9 investment projects, prepared by the municipalities under the grant scheme were received thus starting the process of adoption of the elaborated products by the Managing Authority of OPRD.

36 Integrated Urban Development and Regeneration Plans of 36 cities from 1st, 2nd and 3rd hierarchical level in accordance with the National Concept for Spatial Development are approved by the OPRD Managing Authority.



PROGRAMMING PERIOD 2014-2020

The programming process of regional development for the period 2014-2020 started in 2010 with the publication of Fifth Report on Economic, Social and Territorial Cohesion which underlined that future investments in the future cohesion policy should be closely aligned with the European Strategy 2020. It is proposed the introduction of more rigorous conditions and incentives to ensure that the resources available for cohesion policy are used more efficiently and stronger emphasis is given on the achievement of results. With the first draft of Regulations for the 2014-2020 programming period in the end of 2011, the more intensive programming process of Operational Programme "Regions in Growth" 2014 – 2020 (OPRG 2014-2020) have started.

The Operational Programme "Regions in growth" 2014-2020 was developed by a Thematic Working Group, which includes representatives from the institutions and the socio-economic partners. On the 20th of May 2014, during the 10th meeting of the Thematic Working Group, the Fourth Version of OPRG 2014-2020 was approved. With a Decision, the Council of Ministers approved OPRG 2014-2020 and gave a mandate to the Minister of Regional Development to negotiate on the approval of the operational program in accordance with the coordination mechanism as set out in the Partnership Agreement. OPRG 2014-2020 was officially sent to the European Commission at 30.05.2014 through SFC 2014.

Several rounds of informal negotiations, high level meetings and technical meetings with European Commission experts as well as official negotiations were carried out in order to reflect all open issues, bring the positions closer and clarify the basic key issues on the program - urban development policy, priorities in the health sector and implementation of health sector reform, the approach for financing the educational infrastructure and also the indicators of the operational program.

In the end of 2013 was adopted an ex-ante evaluation of the programme, updated in May 2014 as the part of assessment of the indicator system of OPRG 2014-2020 and a decision by the Ministry of Environment and Waters for approving the programme and its environmental assessment was issued.

The Operational programme is part of the Partnership Agreement of the Republic of Bulgaria, which outlines the support from the European Structural and Investment Funds for the period 2014-2020. The main objective of the programme is the improvement of the socio-economic and territorial development and generation of growth and employment in the Bulgarian regions and addressing of the demographic problems and the depopulation of middle-sized and smaller cities by applying a model of moderate polycentric development of the network of cities.

The strategic focus of the OPRG is aimed at urban development policy through the implementation of the Integrated Plans for Urban Regeneration and Development in target cities identified in the National Concept for Spatial Devel-

opment 2013-2025. With regard to the effective implementation and achievement of the objectives of the territorial dimensions of sectoral policies, included in the Partnership Agreement, the scope of the program includes investments in regional educational, health, social and road infrastructure and regional tourism.

The draft of Operational programme “Regions in growth” for the next programming period 2014-2020 provides support for the following priority areas:

Priority axis 1: Sustainable and integrated urban development

Priority axis 2: Sustainable and integrated development of polycentric support centres.

Priority axis 3: Regional educational infrastructure

Priority axis 4: Regional health infrastructure

Priority axis 5: Regional social infrastructure

Priority axis 6: Regional tourism

Priority axis 7: Regional road infrastructure

Priority axis 8: Technical assistance

The operational programme is elaborated in compliance with and in support of the two national documents on Bulgaria's development until 2020 –National Development Programme “Bulgaria 2020” and National Reform Programme 2012-2020. The programme corresponds to the National Regional Development Strategy and the National Spatial Development Concept.

Further developing and upgrading the achievements of the previous programming period 2007-2013 and in relation to the reinforced role of urban development for achievement of the Cohesion Policy objectives, main priority in the 2014-2020 period will be the sustainable and integrated urban development within the **Priority axis 1 “Sustainable and integrated urban development”**. The priority will be implemented within the framework of the Integrated plans for urban regeneration and development (IPURD) of 10 cities - centers of growth and the balancing network of medium sized cities of the national polycentric model for development, direct beneficiaries under Priority Axis 1, in order to implement a purposeful state policy for urban development. Given the strategic focus of OPRG 2014-2020 aimed at urban development, about 55 percent of the financial resources of the programme are focused in this priority axis where the implementation of five investment priorities including indicative list of activities for realization will be supported. The indicative activities are related to interventions in municipal educational infrastructure, cultural, sports and social infrastructure, improving the urban environment, energy efficiency in administrative and residential buildings and student dormitories, integrated public transport,

areas with potential for economic development. Direct beneficiaries under Priority axis are municipalities of large and medium sized cities of 1st, 2nd and 3rd hierarchical level of national polycentric system, Universities and legal entities managing student dormitories; Bodies implementing financial instruments and Directorate "Renovation of multifamily buildings", MRD.

European Commission supports the approach of polycentric development of Bulgarian cities, but considers that the small cities need different approach for funding. During the negotiation process with EC, following the Commission's observations to the 5th draft version of OPRG 2014-2020 the Managing Authority proposed the 28th cities of the 4th hierarchical level to be included in a new **Priority axis 2 "Sustainable and integrated development of polycentric support centres"**. The support for the 4th level cities in the periphery territories (central or border) is to create and develop sustainable **urban-rural linkages** in support of the model for moderate polycentrism. Activities under the Priority axis 2 will be directed to support of integrated actions for energy efficiency in the housing sector and public administrative buildings, educational and social infrastructure, improvement of physical elements of the urban environment and zones with potential for economic development so that the 4th level hierarchical cities acquire the potential to act as supporting centers of cities from higher hierarchical levels under Priority axis 1 "Sustainable and Integrated Urban Development", namely the large and medium cities of 1st, 2nd and 3rd hierarchical level of national polycentric system. The investment support will be performed in the whole territory of the 4th hierarchical level cities in line with the principle of competitive calls.

Priority Axis 3 "Regional Educational Infrastructure" of OPRG 2014-2020 focuses on objects of educational infrastructure of national and regional importance (vocational, special, sport, support, schools of arts and culture), including universities. A clear prioritization of projects is carried out by a Methodology for prioritisation of educational infrastructure in Bulgaria, approved by the Ministry of Education and Science and the National Strategy for Development of Tertiary Education. Direct beneficiaries under Priority axis are the Ministry of Education and Science (MES) for the state school under its umbrella; the Ministry of Agriculture and Food (MAF) for the state school under its umbrella; the Ministry of Culture (MC) for the state school under its umbrella; the Ministry of Youth and Sport (MYS) for the sports schools under its umbrella; Universities and Municipalities for municipal education infrastructure of national and regional importance.

Priority Axis 4 "Regional Health Infrastructure" is aimed at improving the conditions for adequate emergency care and medical institutions for long-term treatment, according to the Concept for development of the emergency medical care, as part of the health sector reform, targeting sustainable improvement of the health of the population in accordance with the National Health Strategy 2014-2020 and Action plan for its implementation. Direct beneficiaries under Priority axis are Ministry of Health for state health infrastructure and Municipalities for municipal health infrastructure.

Priority Axis 5 “Regional Social Infrastructure” continues to support the process of deinstitutionalization of social services in accordance with the National Strategy “Vision for Deinstitutionalization of Children in Bulgaria” with a horizon 2025 and the Action Plan for its implementation. In addition, during the programming period 2014-2020 in the deinstitutionalization process will be included the services for elderly people in accordance with the National Strategy for long-term care and the Action Plan for its implementation – with regards to the actions for elderly people. Direct beneficiaries under Priority axis are Municipalities and Ministry of Health for the medico-social care homes.

Priority Axis 6 “Regional Tourism” will support the development of cultural and historical attractions and religious sites of national and global significance and the development of regional tourist product associated with the funded sites. The development of regional tourism and the use of local economic potential is an essential tool for the creation of new forms of employment in the region and achievement of sustainable economic growth. The Priority axis will be implemented on the bases of prioritized cultural objects, which are selected and ranked by NUTS II regions in accordance with Methodology for prioritizing cultural heritage sites of national and global significance. Direct beneficiaries under Priority axis are Ministry of Culture for the sites – state property, managed by the MC, including in partnership with NGOs for activities for development of regional tourist products; Religious denomination institutions and their local structures – legal entities for the sites owned by religious institutions and their local structures – legal entities, including in partnership with NGOs for activities for development of regional tourist products; Municipalities for the sites – municipal property (or for the sites – state property with management right granted to municipalities), including in partnership with NGOs for activities for development of regional tourist products and Bodies implementing Financial instruments.

The regional road infrastructure is considered as a priority of national and regional significance. Investments under **Priority Axis 7 “Regional road infrastructure”** will be directed to construction, reconstruction and rehabilitation of first class, second class (non-TEN-T) and tertiary roads. Pre-defined number of road sections of national and regional importance will be funded, ensuring connectivity with the TEN-T network, defined in advance based on a developed Methodology and criteria for prioritising road sections, Strategy for development of the road infrastructure in the Republic of Bulgaria 2014-2020, the Strategy for development of the transport system in Republic of Bulgaria till 2020. Direct beneficiary under this Priority axis is Road Infrastructure Agency.

Under **Priority axis 8 „Technical Assistance”** the financial resource is aimed at strengthening and improving the administrative and institutional capacity of the Managing Authority and the beneficiaries for the successful management and implementation of the Operational Program „Regions in Growth” 2014-2020, dissemination of OPRG 2014-2020 results, and preparation of documents for the next programming period. Direct beneficiaries under priority axis are the beneficiaries and Managing Authority of the Operational programme.



During the next programming period the use of financial instruments will be further developed and upgraded. JESSICA type projects will be applied in the following three sectors: urban development, energy efficiency and tourism, where it is planned to enlarge the territorial scope up to 67 cities in the country and to increase significantly the funds allocated for repayable investments under OPRG. This will expand greatly the potential opportunities for establishing public-private partnerships and for financing business initiatives with a social and economic impact and contribution to OPRG 2014-2020 objectives.

The results of the OPRG implementation are expected to have a positive impact on the processes of regional development in the country. They represent support for counteraction to the effects of the global financial and economic crisis. In this regard the programme is intended to overcome the lagging behind in the development of the Bulgarian regions, through investments, stimulating the generation of growth and jobs.

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