

## EC to take away from Bulgaria PHARE Programme Rights for over 600 mln euro

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***EC is going to deprive two Bulgarian agencies of their rights to manage funds under the European PHARE Program, according to the special correspondent of the Bulgaria National Television (BNT) in Brussels. This is written in the report on Bulgaria's EU funds management which BNT has at its disposal.***

These are the PHARE Executive Agency at the Ministry of Regional Development and Public Works and the Central Finance and Contracting Unit at the Ministry of Finance.

The total amount in question is above 600 mln euro. The EC report further states that there is lack of political will in Bulgaria to deal with finance fraud while the absence of results in tackling corruption and organized crime is referred to as source of serious concern.

The report examines on 9 pages the absorption of EU funds in Bulgaria starting with the statement that Bulgaria has weak administrative capacity and that there are serious suspicions of fraud and conflict of interests over the assignment of projects.

The situation with the PHARE Program is defined as most troublesome. The Commission writes regarding PHARE that they would withdraw their decision for granting contracting rights to the PHARE Executive Agency at the Ministry of Regional Development and the Central Finance and Contracting Agency at the Finance Ministry.

EC warns that it might review the already absorbed funds and ask Bulgaria to recover them. The total amount concerned under PHARE is 610 mln euro, 250 mln of which have not been contracted yet.

The report also describes the 100 mln euro put on hold under SAPARD and the 114 mln euro under ISPA, and further explains that there would be a decision regarding payment renewal by this fall.

The EC sees as reasons for the problems the weakness of the State Administration and the legal system. The investigation of the EU's anti-fraud office OLAF has found out that Bulgarian magistrates tend to divide big cases into smaller ones, thus creating obstacles for the investigation. There were also frequent information leaks with strong suspicions of involvement of organized crime, the report also claims.

As conclusion the EC writes: the Administration has low salaries and is susceptible to corruption, there is lack of will to quickly deal with finance fraud, the lack of results in the fight against corruption at the high levels of power and the organized crime are causing concern.

The text also includes a warning that the EU funds could be lost by Bulgaria in case emergency measures were not undertaken.

Bulgaria receives recommendations not to hire high-level State employees in case of suspicions of conflict of interest; to intensify check-ups on the spot and audits of the absorption of EU funds, quickly demand money back in case of violations and notify the Commission more frequently.

Brussels applauds the appointment and the work of Deputy Prime Minister Meglena Plugchieva and appeals to Bulgaria to create conditions for the EU funds to reach regular Bulgarians without the

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resources being drained by: "corrupt functionaries linked to organized crime"!