Dear Minister

Subject: Application for Cohesion Fund co-financing of the Major Project 'Construction of Struma Motorway lots 1, 2 and 4, and preparation of lot 3' (CCI n° 2011.BG.161.PR.006)

On 19 December 2011, the Bulgarian authorities submitted to the European Commission an application for a Major Project to construct lots 1, 2 and 4 of the Struma Motorway, requesting a contribution from the Cohesion Fund under the priority axis 'Development of the road infrastructure along the Trans-European and the major national transport axes' of the Operational Programme Transport 2007-2013. The Commission services found the application to be admissible on 10 January 2012.

The Commission services have started appraising the major project in the light of the factors referred to in Article 40 of Reg. (EC) 1083/2006, its consistency with the priorities of the Operational Programme, its contribution to achieving the goals of those priorities and its consistency with other Community policies. This appraisal, including an inter-services consultation has led to the comments and questions attached to this letter.

You will find that the comments contain serious reservations by the Commission services on several issues, notably on the quality of the environmental assessments in this Major Project application, the feasibility of the schedule for realising Lot 2, as well as the low budgets foreseen for supervision of the motorway project.

The Commission services acknowledge the progress made in preparing and even implementing Lot 1. However, there needs to be absolute assurance that lot 3 of the Struma Motorway will be realised by means of one or more tunnels bypassing the Kresna gorge. The tunnel option is a prerequisite for financing of lot 2 and lot 4, yet the lack of progress on the technical preparation of the construction of the tunnel(s) does not provide sufficient confidence that this option might not be abandoned at some point in the future.

Mr Ivaylo Moskovski
Minister for Transport
Head of Managing Authority OP Transport
Ministry of Transport, Information Technology & Communication
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The environmental assessment of the impact of construction of Lot 2 and Lot 4 requires substantial additional work before approval of the application for financing of this Major Project can be considered. Moreover, as regards Lot 2 the issue of the expropriations is still pending. The risk of delays and subsequent expiry of the EIA in January 2013 and of the eligibility of costs on 31 December 2015 is substantial. Given the outstanding issues notably with regard to the detailed design for Lot 2 not being available until August 2013, the need to perform all the environmental assessments, archaeological excavations, etc., needed before the necessary construction permits can be issued, the Commission services have strong doubts about the feasibility and compliance of the project as proposed in the Application Form.

I look forward to receive your comments and opinion on the issues presented in the Annex as soon as possible. As the Commission services require your response in order to complete the appraisal, the approval procedure as referred to in Art. 41 (2) of Reg. (EC) 1083/2006 remains interrupted until your reply will have been received.

Yours faithfully

[Signature]

Jean-Marie Seyler

Encl.: Questions and comments Commission services
Detailed remarks DG Environment

C.c.: Ms L. Stoichkova, Road Infrastructure Agency
Mr A. Antov, National Company for Strategic Infrastructure Projects
Ms E. Alexieva, Council of Ministers, Bulgaria
Mr P. Staffini, Mr A. Alexandrov, JASPERS