



**INTERIM REPORT ON THE ABSORPTION OF THE
EUROPEAN FUNDS IN THE REPUBLIC OF BULGARIA FOR
2011**

***COMMITTEE ON EUROPEAN AFFAIRS AND OVERSIGHT OF THE EUROPEAN
FUNDS***

CONTENT

- Financial implementation of the Operational Programmes - Leaders
- Progress achieved/ delay observed
- CEAOEF recommendations made in the 2010 Annual Report, which have been put into effect
- Recommendations/ Challenges
- Recommendations in the context of the new Programming Period 2014-2020



SCOPE OF THE INTERIM REPORT FOR 2011

- **21 EU-funded Programs, incl.**
 - ✓ 7 Operational Programmes under the Objective 1 “Convergence”
 - ✓ 5 Cross-Border Cooperation Operational Programmes under the Objective 3 “European Territorial Cooperation”
 - ✓ 2 Programmes under the European Agricultural Fund for Rural Development and the European Fisheries Fund
 - ✓ The Schengen Facility, the Financial Mechanism of the European Economic Area, the Norwegian Cooperation Programme and the Transition Facility
 - ✓ 3 Pre-accession Programmes (PHARE, ISPA and SAPARD)

**FINANCIAL IMPLEMENTATION OF THE OPERATIONAL PROGRAMS UNDER THE
OBJECTIVE 1 “CONVERGENCE” DURING THE FIRST SEMESTER OF 2011**

OP	Payments Growth (times)	Paid by 31/12/2010 (MEUR)		Paid by 30/06/2011 (MEUR)	
OPT	2,06	112,5	(5,62%)	231,7	(11,56%)
OPE	1,25	125,4	(6,96%)	157,3	(8,74%)
OPRD	1,24	185,4	(11,58%)	229,8	(14,35%)
OPHRD	1,25	108,1	(8,91%)	135,3	(11,14%)
OPC	1,10	226	(19,44%)	249	(21,42%)
OPAC	1,05	45,4	(25,13%)	47,5	(26,28%)
OPTA	1,21	6,3	(11%)	7,6	(13,33%)
TOTAL	1,31	809,1	(10,01%)	1 058,2	(13,20%)

**OPERATIONAL PROGRAMMES - LEADERS IN TERMS OF CONTRACTING AND
PAYMENT
BY JUNE 30, 2011**

Period	Leaders in contracting	Leaders in payment
By June 30, 2010	OPHRD	OPAC
	OPRD	OPC
	OPAC	OPHRD
By December 31, 2010	OPRD	OPAC
	OPHRD	OPC
	OPAC	OPRD
By June 30, 2011	OPRD (1,12 times growth for the period)	OPAC (1,05 times growth for the period)
	OPT (1,80 times growth for the period)	OPC (1,10 times growth for the period)
	OPHRD (1,06 times growth for the period)	OPRD (1,24 times growth for the period)

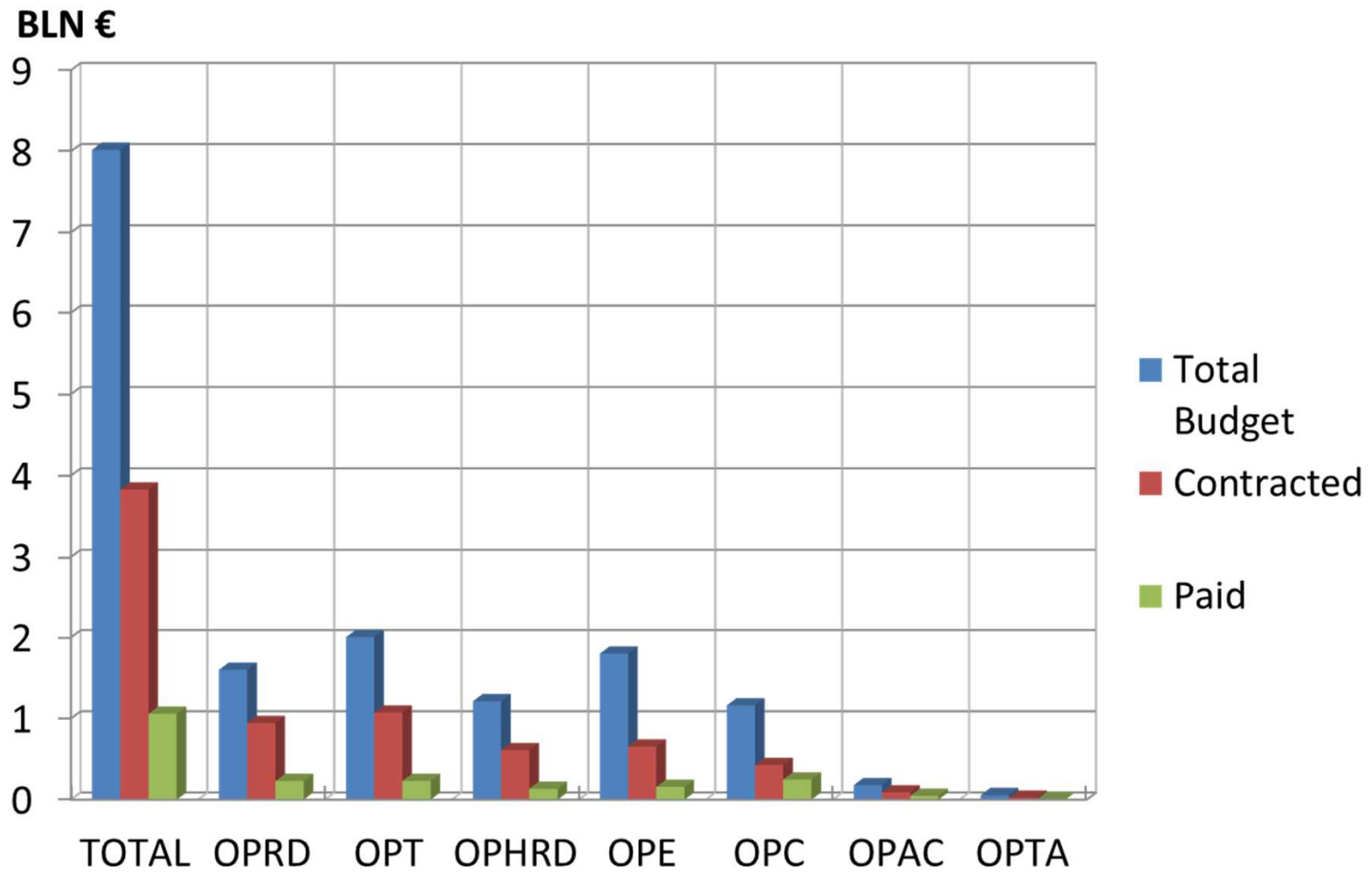
**COMPARISON BETWEEN THE OPERATIONAL PROGRAMMES ON THE EXTENT OF
LOTHAR 2011 FORECASTS IMPLEMENTATION**

Performance by mid-2011	Operational Programme
Excellent achievement of the objectives related to contracting and good payment rate by mid-2011.	OPRD
	OPAC
Excellent performance in contracting, but not so good in payment	OPHRD
Relatively good contracting rate, but average rate of payments	OPTA
	OPT
Lowest physical performance by mid-2011. An accumulated delay still exists. However, in absolute value the forecasts have been best implemented.	OPC (not taking into account the JEREMIE progress)
	OPE

**PROGRESS OF THE OPERATIONAL PROGRAMMES FINANCIAL IMPLEMENTATION UNDER
OBJECTIVE 1 “CONVERGENCE” BY SEPTEMBER 2011**

OP	Paid by 30.06.2010 (MEUR)	Paid by 30.06.2011r. (MEUR)	Growth 30.06.2011 – 30.06.2011 (times)	Paid by 31.08.2010 (MEUR)	Paid by 31.08.2011 (MEUR)	Growth 31.08.2010 – 31.08.2011 (times)
OPT	77,3 (3,87%)	231,7 (11,56%)	2,99	90,9 (4,54%)	289,5 (14,45%)	3,19
OPE	75,1 (4,17%)	157,3 (8,74%)	2,10	90,6 (5,03%)	173,9 (9,66%)	1,92
OPRD	78,9 (4,93%)	229,8 (14,35%)	2,91	100,6 (6,28%)	250,5 (15,64%)	2,49
OPHRD	70,5 (5,81%)	135,3 (11,14%)	1,92	81,4 (6,71%)	158,6 (13,06%)	1,95
OPC	216,9 (18,67%)	249 (21,42%)	1,15	219,3 (18,87%)	255,6 (22%)	1,17
OPAC	39,8 (22,02%)	47,5 (26,28%)	1,19	41 (22,70%)	48,3 (26,69%)	1,18
OPTA	3,3 (5,79%)	7,6 (13,33%)	2,30	4,9 (8,71%)	8,7 (15,38%)	1,77
Total	562 (7,01%)	1 058,2 (13,20%)	1,88	628,8 (7,84%)	1 185,1 (14,78%)	1,88

**STATUS OF THE OPERATIONAL PROGRAMMES UNDER OBJECTIVE 1
“CONVERGENCE” – BY JUNE 30, 2011**



PROGRESS ACHIEVED IN THE EU FUNDS MANAGEMENT BY MID-2011 (1)

- 2 times growth in absorption;
- Good LOTRAR forecasts implementation;
- Stable and reliable management and control systems;
- Enhancement of the Managing Authorities' and beneficiaries' capacity;
- Public Procurement Law amendments.

**CEAOEF RECOMMENDATIONS MADE IN THE 2010 ANNUAL REPORT,
WHICH HAVE BEEN PUT INTO EFFECT**

- E-services for the beneficiaries;
- Standardization and unification;
- Progress in Bulgaria's 2020 vision elaboration via the
National Reform Programme.

RECOMMENDATIONS/ CHALLENGES

- ✓ Interim evaluation for the Operational Programmes implementation, conducted and finalized in a timely manner;
- ✓ **Priority allocation of resources** to measures and activities which contribute for the realization of the necessary **sectoral policies and reforms and integrated approach application**;
- ✓ Speeding-up the **contracting**;
- ✓ **Beneficiaries**, embracing the e-services utilization;
- ✓ **Efficiency and effectiveness analysis of the Structural Funds utilization**;
- ✓ **Next Programming Period planning** by the Managing Authorities (e.g. OPRD, OPE), following the logic: **strategic programming, funds concentration and result-oriented approach** (conditionalities).

**RECOMMENDATIONS IN THE CONTEXT OF THE NEW PROGRAMMING PERIOD
2014-2020
(1)**

- ✓ Follow the logic **vision-strategy-plans-programs**; The planning logic should be the main objective, **strategic goals** (based on Europe 2020) **operational goals** (some of which have already been incorporated into the National Reform Programme);
- ✓ Outline **few priorities**, keeping the balance between the basic priorities and the ones aimed at the Europe 2020 Strategy goals achievement;
- ✓ Conduct a **differentiated and prioritized** funds allocation with view to the needs identified.

RECOMMENDATIONS IN THE CONTEXT OF THE NEW PROGRAMMING PERIOD

2014-2020

(2)

- ✓ Apply the principle of proportionality – without underestimating the rules, reduce the administrative burden and rationalize the procedures;
- ✓ Take into account the logic of documents like the European Perspective for Spatial Development, namely, development on the axis “**region-city-rural area**”, realized via regional level of thinking and planning;
- ✓ **Discuss potential changes in the institutional system.**

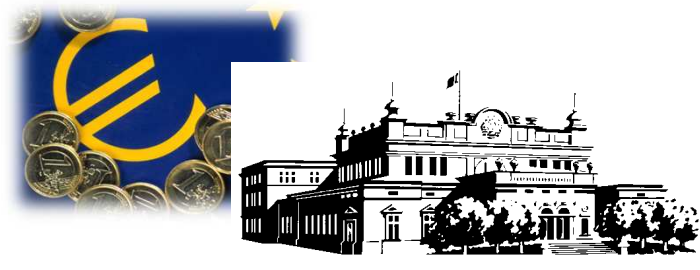
SWOT ANALYSES ON THE CREATION OF A CENTRALIZED COORDINATION AND MANAGING AUTHORITY OF THE EU FUNDS

(1)

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • Centralization of the process of strategic planning and EU funds management, on one hand; and, on the other hand, decentralization of the operational process on regional level (planning regions); • Moving the focus from the application phase to the programming phase with view to realization of strategic projects of national and EU importance, respectively; • Better co-ordination and interventions complementarity of the support under the Structural and Cohesion Funds, as well as double funding avoidance; • Better synchronization of data from the various financial sources- Unified Management Information System, National Fund, Territorial Co-operation Management Information System, Axter Popeye Information System. 	<ul style="list-style-type: none"> • Breaking the connection between the Ministries, responsible for the sectoral policies (The State policy in the respective field) and the Structural Funds management; • Taking away part of the Ministries' resources and powers on EU Funds utilization in the sectoral policies implementation and planning; • Risk of not achieving efficient decentralization of the Programmes' implementation process at regional level, without an overall vision for the administrative-territorial reform (incl. the planning regions' functions regarding their efficient participation in the Programmes' implementation) and its carrying out; • Pressure on the expenditure side of the State Budget.

SWOT ANALYSES ON THE CREATION OF A CENTRALIZED COORDINATION AND MANAGING AUTHORITY OF THE EU FUNDS (2)

OPPORTUNITIES	THREATS / CHALLENGES
<ul style="list-style-type: none"> • Potential for better co-ordination of the EU Funds management and oversight process; • Potential for a more efficient implementation of the national programming documents; • Potential for transition from secondary to primary legislation in the field of EU Funds management (via the Law on EU Funds management); • Opportunity for administrative capacity optimization and increase in field of EU funds management and synchronization with the conducted administrative reform; • Opportunity for unification and standartization of the documents and procedures in the field of Operational Programmes' management and implementation; and, respectively, potential for elaboration of standardized tender documentation with regard to the Public Procurement procedures, as early as the stage of grant schemes' publication: standardized contracts, technical specifications, etc. 	<ul style="list-style-type: none"> • The capacity at regional and local level and the ability to adapt to the new structure for centralized management and decentralized implementation of the sectoral policies; • Lack of Cost-Benefit analysis of the administrative re-organization of the process, incl. the change in the Ministries' Statutes, internal rules and management procedures of the Programmes; the future creation of EU Funds Management Agency as an Executive Power Authority; the re-appointment of personnel from the respective Ministries to the new centralized structure; and eventually, the creation of regional structures, responsible for the regional planning and goals implementation, etc.; • Necessity of a smooth transition between the current and future management system and administrative capacity building; • Assessment of impact on the Managing Authorities, which have already built capacity and experience in the field of Operational Programmes management; • Determination of the Agency's scope of activities in regard to: Programmes under Objective 1 'Convergence' and Objective 3 "European Territorial Co-operation" of the EU regional Policy; The rural development and fisheries Programmes in line with the Common Agricultural Policy and the Fisheries Development Policy; The Programmes, financed by donor-countries: the EEA financial instrument, the Norwegian Co-operation Programme; the Bulgarian-Swiss Co-operation Programme.



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