



**EXPERT EVALUATION NETWORK
DELIVERING POLICY ANALYSIS ON THE
PERFORMANCE OF COHESION POLICY 2007–2013**

**TASK 2: COUNTRY REPORT ON
ACHIEVEMENTS OF COHESION POLICY**

BULGARIA

VERSION: FINAL

DATE: NOVEMBER 2010

**RUSLAN STEFANOV, DANIELA MINEVA, DENITZA MANTCHEVA
CENTER FOR THE STUDY OF DEMOCRACY (PROJECT ONE EOOD)**

**A report to the European Commission
Directorate–General Regional Policy**

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EXECUTIVE SUMMARY

The six planning regions in Bulgaria, as well as the 28 districts and 264 municipalities, show considerable **disparities** in terms of economic development. The Yugozapaden (South West) Planning Region of Bulgaria, which includes the capital city, is the most advanced NUTS2 region in terms of economic development and innovation. It still lags behind the average development level of European regions. EU support¹ is not directed toward specific regions in Bulgaria, such as the poorest regions for example, as all regions fall under the Convergence objective. The planning and implementation of EU support are coordinated at the national level by the central government. The support does not take into account the regional affiliation of the beneficiaries. In a context of declining national budget revenues, the ERDF and the Cohesion Fund have become the sole viable means of **countering the economic crisis** in Bulgaria, in particular regarding regional development. Acknowledging this fact, the EC allowed Member States to increase advance payments to EU funded projects.

The **absorption rate for all operational programmes is very low**. Although Bulgaria has committed around a third of the EU funding available under the OPs, there is a delay in actual payments (only 4.6% of the total budgets have been paid out by the end of June 2010). Authorities have cited cumbersome administrative procedures as one of the main reasons for the low absorption rates. It should also be noted that the European Commission has repeatedly cited weaknesses in the Bulgarian audit and control systems and froze payments under some OPs in 2008 on the grounds of high levels of fraud and mismanagement. The response of the Bulgarian authorities has been incoherent, as the Deputy–Prime Minister who was in charge of EU funds in 2008 left the government in 2009 only to be replaced by the Minister who was in charge of EU Funds in 2010. Managing authorities (MAs) have vowed to take steps to streamline and simplify procedures but the effects have yet to be seen. Many MAs are still undergoing institutional restructuring and training. According to interviews with business representatives, the companies feel discouraged to re–apply for funding.

Thus far, there have been **no evaluations of operational programmes**. Each MA monitors the reports of the beneficiaries, the Minister for EU Funds monitors and seeks to improve the management of EU funds and manages the overall coordination between the Ministries and managing authorities, and the Ministry of Finance publishes current and annual data on the financial implementation of the OPs. The mid–term reviews of OPs are due by the end of 2010, and the ex–post evaluations are due by the end of 2015. By August 2010 the Managing Authorities had published calls for tender or had already appointed external evaluators for the

¹ Note: in the report the phrases “EU funding” and “EU support” envisage the ERDF and Cohesion Fund support.

programmes. Some MAs (of OP Environment and OP Regional Development) have completed evaluations of separate OP schemes, aimed at proposing corrective measures at programme and project level to improve the quality of the arrangements and procedure as well as the documentation.

The planned evaluations are a cause for concern, since no unified methodology has been approved. Bulgaria has no experience with evaluations of OPs, since the operational programmes are methodologically different from the pre-accession instruments PHARE, ISPA and SAPARD. From Bulgaria's experience with project monitoring in this period, there are no evaluations that can be listed as good practice. The ex-ante evaluations of the OPs and other EU-funded programmes (such as the Rural Development Programme) prepared before the programmes started in 2007² can be pointed to as relevant experience but their quality has yet to be assessed.

Due to delays in the launch, approval, and disbursement of OP funding only a few projects had been concluded by 2009. This information available is insufficient to estimate the effects of Cohesion Policy on the economic development of the country, since most of the projects are ongoing. If the results of the projects completed and reported in the Annual Implementation Reports (AIR) 2009 alone are considered, the effects could be classified as marginal. There are still no results from evaluations of the impact of the implementation of the OPs. Detailed evaluations are expected from the 2010 mid-term review.

As regards financial implementation, the beneficiaries of the Environment OP have made the most claims for payment to reimburse them for their activities – a total of EUR 3,133 million, followed by those under the Regional Development OP. The Environment OP, however, ranks only fourth of the five ERDF-financed OPs³ in terms of funds paid out as a share of the total budget for the programme, The Regional Development OP ranks second. The Technical Assistance OP ranks first on this indicator, despite it having the smallest share of funding which has been committed (20.8%). The Transport and the Environment OPs have the largest allocation of funds in absolute terms, partly reflecting the concentration of the Cohesion Fund on these policy areas.

² For example: Environmental Assessment report to OP Competitiveness, May 2007, (http://www.opcompetitiveness.bg/bg/uploadfiles/documents/projects/6/2opk_eo_okoncatelen_doklad_310507_bg.pdf), Ex-ante Evaluation of OP Transport, 2006 (<http://optransport.bg/page.php?c=166&d=437>), Ex-ante Evaluation of the Rural Development Programme 2007–2013, February 2007 (<http://eufunds.bg/document/85>).

³ OP Regional Development, OP Technical Assistance, OP Competitiveness, OP Transport and OP Environment.

SECTION 1 – SOCIO-ECONOMIC CONTEXT

Socio-economic context – The effects of the economic crisis

Between 2004 and 2008 the Bulgarian GDP experienced a stable growth of over 6% annually (see Table 2)⁴. The first effects of the global economic crisis on the real economy were felt in Bulgaria in October 2008 with a sharp fall in exports and inward FDI. Bulgarian GDP decreased by 5 % to EUR 33.9 billion in 2009 compared to the 2008 level⁵. Investments decreased from EUR 11.4 billion to EUR 8.4 billion⁶ leaving a substantial gap in capital financing needs. CPI inflation decelerated sharply from 12% in 2008 to 2.5% in 2009 putting downward pressure on production and investment. Unemployment reached 10.2% in the first quarter of 2010, a twofold increase from just over 5% at the end of 2008⁷.

Features of regional disparities – Shift in policy priorities

The six NUTS2 planning regions in Bulgaria, as well as the 28 districts and 264 municipalities, experience considerable disparities in terms of socio-economic development. The Yugozapaden (South West) Planning Region of Bulgaria is the most advanced region, containing about 1/3 of the population and the national capital. Still, it lags behind the average development level of the European regions and displays considerable intra-regional disparities. Some 31.5% of the employed (or 1.1 million people) work in the region. It also has the highest national employment rate (70.4%) and low unemployment (4.1%) (Table 1)⁸. It is contributing 45% of Bulgaria's GDP and Gross Value Added⁹. It also has the highest GDP per capita of EUR 6,199 compared to the country's average EUR 3,774. The Yugozapaden Planning Region has high concentration of research infrastructure and is the leading region in terms of R&D activities¹⁰, R&D expenditure and personnel, and it also hosts some of the most prominent universities. About 1/3 of all Bulgarian students study in the region¹¹. It generates 75.7% of all R&D expenditures (or EUR 126 million), according to 2008 NSI data. At the other end of the spectrum, the regions with the lowest GDP are the Severozapaden (North West) and Severen tsentralen (North Central) Planning Regions. They also have the lowest GDP per capita, Gross

⁴ See the Excel folder for Table 2.

⁵ National Statistical Institute (NSI) data at constant prices (change of the share) and current prices (2009 value).

⁶ National Statistical Institute (NSI) data at current prices.

⁷ For more information, please see Table 1 Regional disparities and trends and Table 2. Macro-economic developments.

⁸ See the Excel folder for Table 1.

⁹ 2007 National Statistical Institute data.

¹⁰ For more information see the Annex Table H. Share of innovative companies and companies with contracts from the National Innovation Fund, 2007.

¹¹ 2008 Eurostat data.

Value Added, R&D expenditures and personnel. The Severozapaden Planning Region also exhibits the greatest age dependency ratio of 52.3% and -9.2% negative natural increase – a problem faced by the whole country, although at lower levels¹². Only 9.9% of students study in this region¹³. The Severoiztochen (North East) Planning Region has the highest unemployment rate¹⁴. The district governors (28 in total) coordinate and monitor the activity of the district units of the ministries, yet they are strongly dependent on the national budget and have scarce resources (e.g., from local taxes).

There are considerable regional disparities not only between the six NUTS2 regions, but also between the municipalities, towns and villages within the regions, in terms of population, living standards, employment and unemployment rates, educational attainment, availability of human resources and infrastructure, sectoral distribution, and general potential for future economic development. These disparities existed before the global recession, yet the crisis and the economic pull of the large cities aggravated the situation.

Additionally, in 2009 Bulgaria experienced a sharper decline in GDP growth and available government resources as % of GDP, compared to the EU-27 average (Table 2). This resulted in a decline in the national resources for regional development, as well as a decline in the available national co-financing.

In this context, the significance of ERDF and Cohesion Fund financing increased considerably. The EU funds became one of the few instruments for countering the effects of the economic crisis in Bulgaria, especially regarding regional development. In some cases (e.g. support for innovation) the ERDF and the Cohesion Fund are currently more important than the national mechanisms for funding. The European Commission noted this fact by allowing the Member States to increase their advance payments to beneficiaries¹⁵.

Since 15.01.2009 Bulgarian municipalities can also apply for co-funding to the Fund for Local Authorities and Governments (FLAG)¹⁶. The Fund is managed by a seven-member Council of Directors, representatives of relevant ministries. It aims to tackle the problem with the provision of financial resources for municipalities for developing project proposals and funding of approved projects under the EU operational programs.

¹² 2009 National Statistical Institute data.

¹³ 2008 Eurostat data.

¹⁴ 10.4% unemployment rate in 2009, compared to the country average of 6.8%, National Statistical Institute data.

¹⁵ Source: interview.

¹⁶ Website of the Fund for Local Authorities and Governments (FLAG): <http://www.flag-bg.com/?l=2>

SECTION 2 – THE REGIONAL DEVELOPMENT POLICY PURSUED, THE EU CONTRIBUTION TO THIS AND THE POLICY ACHIEVEMENTS OVER THE PERIOD

THE REGIONAL DEVELOPMENT POLICY PURSUED

The EU funding is an important source of financing for Bulgaria's regional development policy, especially in the light of the economic crisis. The Bulgarian state has developed several strategic documents for the implementation of EU Cohesion Policy. The regional needs are presented in the **National Regional Development Strategy of the Republic of Bulgaria for the Period 2005–2015**¹⁷. Its main priorities are developing a better settlement network, urban structure and infrastructure corridors, improving the environment situation, decreasing the intra-regional disparities, and promoting cross-border cooperation. The strategy is based on the Regional Plans for Development of the six NUTS2 planning regions, the District Plans for Development of the 28 Districts, and the Plans for Development of the municipalities. Since the publication of the regional development plans for the 6 planning regions in 2005, no updates have been made to these documents. They relate only loosely to the priorities set up later in the OPs instructing ERDF and Cohesion Fund financing. The priorities of EU support, and more specifically the Ops, are centrally coordinated and have no regional dimension. They do not take into account the regional affiliation of the beneficiaries¹⁸. EU funding in Bulgaria is not necessarily directed toward the most economically disadvantaged regions (both at NUTS2-regional and NUTS4-municipal levels) from a national standpoint, as all regions in the country fall under the EU's Convergence Objective. Instead, funding is distributed on the basis of application activity and success rate of the beneficiaries in the region, including the municipalities. Usually the regions that are more economically disadvantaged have the least human potential, experience, and capacity for applying for OP financing. This is one of the reasons why the smaller and rural municipalities usually apply for the Rural Development Programme¹⁹, financed by the European Agricultural Fund for Rural Development (EAFRD), while

¹⁷ National Regional Development Strategy of the Republic of Bulgaria for the Period 2005–2015, Ministry of regional Development and Public Works, 2005, <http://www.mrrb.government.bg/index.php?lang=bg&do=law&type=4&id=222>

¹⁸ Except in the cases where the regions of the beneficiary are determined on technical reasons: necessity of large transport infrastructure to be constructed or if only specific region can participate in a cross-border co-operation programme. The only other exception is the scheme of OP Competitiveness BG161PO003-2.1.06 – "Upgrade of technologies in small and medium-sized enterprises", which is awarding different percent (50–70%) maximum funding depending on the planning region (NUTS2), in which the head office of the enterprise is located.

¹⁹ Rural Development Programme, <http://prsr.government.bg/index.php/en/>

the larger municipalities apply to OP Regional Development. The first round of ERDF – Cohesion Fund financing has been used by the ministries to fine-tune their approach.

It is difficult to estimate the current importance of the **cross-border activities** under the Territorial Cooperation Objective. The National Development Plan does not place a specific focus on the cross-border cooperation, while the National Regional Development Strategy 2005–2015 specifically highlights it. The importance of cross-border activities can be estimated only from the participation level and the financial allocation. The 2010 budget of the Ministry of Regional Development and Public Works envisages EUR 1,627,231²⁰ for the efficient use of EU funds and the management of financial instruments for sustainable and integrated regional, cross-border, and local development. This number seems low compared to the budget for other areas such as technical modernisation and water resources policy (EUR 140,471,932), yet it is higher than the budget for housing policy (EUR 81,332).

The national financial allocation reflects the stated policy objectives for Bulgaria, however, the financing of some sectors strongly **depends on the support of the EU funds**. Although there is no available information on the regional distribution of EU-funding, the EU funding at the national level for sectors such as economic activities and communications are complementary to the national funding. Moreover, the importance of EU-funding to the **transport sector, preserving the environment, and development of tourism and culture** is even greater than the national funding²¹. Basic research and science are traditionally supported by national funding; however EU-funding plays a major role in the **financing of innovations** and their application in the private sector.

The national financing, in contrast to the OPs' rules for application, takes into account the needs of the less developed regions. Each Regional Development Plan includes a financial distribution table with state-aid values for the so-called "**regions of targeted impact**". That is, the Regional Development Act distinguishes between different types of regions in need for targeted impact (including regions of lesser economic growth, regions of industrial decline, underdeveloped border regions, underdeveloped rural regions, underdeveloped mountain regions, and Sofia Municipality) and specifies the criteria for their classification. Each region for targeted impact can consist of one or more municipalities.

²⁰ Budget Law 2010, Ministry of Finance, <http://www.minfin.bg/bg/page/419>

²¹ See Table 3 (in Excel folder) – Financial allocation by main policy area and Table 4 – Commitments by main policy area (by end-2009) provided by DG Regio and the Report to the Law for the State Budget of Bulgaria 2010. Table 4 on Commitments by main policy area does not provide information on allocated EU funds for tourism and culture, hence conclusions for this sector are based on the Law for the State Budget of Bulgaria 2010, which compares the national and the EU contribution (including all EU funds, not just ERDF and Cohesion Fund) by economic area.

The schemes under the OPs reflect the regional needs for the period 2005–2007. The opened schemes have not been updated since to counter the effects of the economic crisis²². The only changes implemented in response to the crisis are the so-called soft measures, related to the labour market (these, however, are financed through the ESF). Additionally, some of the measures in OP Competitiveness have focused on specific sectors, and in one scheme the support intensity varies depending on the region, with higher intensity envisaged for crisis-affected regions. However, these examples have a rather low significance for countering the effects of the economic crisis in the regions²³.

POLICY IMPLEMENTATION

According to the financial data from all the OPs financed by the ERDF and the Cohesion Fund, **OP Regional Development** has the highest share of contracted funds²⁴ out of the total budget of the programme – 40.5%, followed by **OP Competitiveness of the Bulgarian Economy** with 32.6% (as of 30.06.2010)²⁵. **OP Technical Assistance** has the lowest share of contracted funds (20.8%), however, it has the highest share of paid out funds of all contracted funds (27.8%), compared to the other ERDF-financed OPs, and the highest share of paid out funds of the total budget of the programme (5.8%). All OPs in Bulgaria have very low absorption rates, the lowest one being **OP Competitiveness** with 1.5% paid out funds of the programme's budget and 4.7% of the contracted funds. **OP Transport** is the programme with the largest indicative budget, followed by **OP Environment**. They also have relatively low share of contracted funds (29.7% and 28.4% respectively), and paid out funds as a share of the contracted (14.1% and 14.5% respectively). According to the opinion of MA representatives, this may be due to the currently ongoing activities for which no reimbursement claims have been submitted. At the same time, the beneficiaries confirm that due to cumbersome administrative procedures the payments of the funding are substantially delayed. These two factors, as well as the reasons listed below, contribute to the low absorption of EU funds.

²² Interviews.

²³ For more information please see Table 3 Financial allocation by main policy area and Table 4 Commitments by main policy area (end-2009).

²⁴ The term “contracted” funds in the text describes the amounts of the EU-funds, for which contracts with the beneficiaries have been signed, no matter if any actual payments to the beneficiaries have been made for the contract's implementation. The “paid out funds” on the other hand are the actually paid money to the beneficiaries. These two indicators point out what amounts are expected to reach the beneficiaries, and thus differ from “tranches received” by the Bulgarian government and “committed funds” by the ERDF and the Cohesion Fund.

²⁵ Source: EU Structural Funds Single Information Web Portal, maintained by the Administration of the Council of Ministers, <http://www.eufunds.bg/bg/page/766>

The beneficiaries of **OP Environment** have claimed the most expenditure for their activities in terms of payment claims submitted to the managing authority – a total of EUR 3,133 million²⁶. Most of the claimed expenditure was spent on *Priority axis 1 – Improvement and development of water and wastewater infrastructure in settlements with over 2000 population equivalent and in settlements below 2000 population equivalent within urban agglomeration areas*, financed by the Cohesion Fund. The second OP with most expenditure claimed by the beneficiaries is **OP Regional Development** (with EUR 39 million spent). The costs of the beneficiaries' activities are almost equally distributed between *Priority axis 2 – Regional and Local Accessibility*, *Priority axis 1 – Sustainable and Integrated Urban Development*, and *Priority axis 4 – Local development and co-operation*. Currently MA is doing some **final adjustments and revisions of OP Regional Development** in order to make the programme more comprehensive and to focus resources on integrated and large-scale activities. One of the revisions concerns the proposals in Axis 2, which concentrate activities for building **broadband networks** in rural areas. Another revision regards interventions in the **social sphere** for and, more specifically, the de-institutionalisation of children 0–3 years of age (helping them to move out of institutional care and into foster families). The revisions also include the construction of **gas interconnector between Bulgaria and Serbia**²⁷.

The beneficiaries of **OP Transport** have claimed for reimbursement EUR 36 million, almost all of which is spent on *Priority axis 3 – Improvement of intermodality for passenger and freight*, and only about 10% of this amount went to *Priority axis 1 – Development of railway infrastructure along the major national and Pan-European transport axes*.

The MA of **OP Competitiveness** has received reimbursement claims for EUR 12 million, mainly for implementing activities under *Priority 2 – Increasing efficiency of enterprises and promoting supportive business environment*. Only 1.6% of this amount has been spent on *Priority 1 – Development of knowledge-based economy and innovative activities*.

The programme with the least expenditures paid out by the beneficiaries is **OP Technical Assistance**.

In absolute terms, **OP Transport and OP Environment** has the largest allocation of funds and programme budgets. This corresponds to the **allocation** of the budgets by theme and policy area. The largest funding for Bulgaria is for **transport** infrastructure development and **environment**, followed by the **enterprise development, innovation, and energy efficiency** support activities of OP Competitiveness.

²⁶ Source: AIR 2009, DG Regio.

²⁷ Source: interview.

More specifically, the support foreseen in OP Environment and OP Transport is focused on water treatment, motorways, railways, and waste management. The OP Competitiveness funding is focused on advanced support services for firms and groups of firms, energy efficiency, co-generation, energy management, as well as other measures to stimulate research, innovation, and entrepreneurship in SMEs, R&TD infrastructure, and centres of competence in a specific technology. In terms of implementation rates and paid out funds, **OP Transport** ranks second and third, respectively. **OP Environment** ranks fourth out the five OPs, financed by the Cohesion Fund and ERDF, in implementation rate – certified eligible expenditure paid by the beneficiaries as a share of the total OP funding²⁸.

Table A – Absorption levels of OPs in Bulgaria as of 30.06.2010

	All contracted funds as % of the total budget of the programme	Paid out funds as % of contracted funds	Paid out funds as % of the total budget of the programme
OP Transport / ERDF & Cohesion Fund	29.7%	14.1%	4.2%
OP Environment / ERDF & Cohesion Fund	28.4%	14.5%	4.1%
OP Regional Development / ERDF	40.5%	12.1%	4.9%
OP Competitiveness of the Bulgarian Economy / ERDF	32.6%	4.7%	1.5%
OP Technical Assistance / ERDF	20.8%	27.8%	5.8%
Total	33.9%	13.5%	4.6%

Source: EU Structural Funds Single Information Web Portal, maintained by the Administration of the Council of Ministers, <http://www.eufunds.bg/bg/page/766>

Low absorption capacity and delays in initiating projects

Expenditures and commitments fall significantly behind the allocated funds²⁹ due to:

- Late launch of the procedures and start of the projects; cumbersome administrative procedures; faults in national procurement legislation and the initially prepared terms of reference; lack of experience of the beneficiaries to prepare project proposals; insufficient control procedures by the MAs; high co-financing and bank guarantee requirements for advance payments and lack of national mechanism for co-financing of EU framework programs; delays and uncertainties in reimbursement procedures; as well as technical and financial difficulties in meeting the requirements for proposal submission faced by beneficiaries;
- Some OPs, such as OP Transport, involve additional procedures: expropriations (which sometimes could last 3–4 years), environmental impact assessments, archaeological

²⁸ For more information, please also see Annex Tables B and C.

²⁹ Annex Table A (Absorption levels of OPs in Bulgaria by 30.06.2010.)

studies, cost–benefit analyses, etc. Since all these are non–reimbursable costs, the beneficiaries often can not find the necessary financial resources to fund them;

- The beneficiaries **do not have enough resources** to pre–finance their activity. The reimbursement process is slow. Some of the projects of OP Transport require 50% co–financing, including additional payment of VAT by the beneficiaries³⁰;
- There is a lack of quality consulting services on the Bulgarian market³¹.

Currently, the **economic crisis** decreases the human potential of the beneficiaries to apply and implement projects, as well as their financial resources needed for co–financing of the projects. At the same time, however, the EU funding gains an importance, being at times the only viable source of fresh capital.

ACHIEVEMENTS OF THE PROGRAMMES SO FAR

So far, the OPs have not been officially evaluated and the main achievements and the effects of the interventions are hard to assess. The only available information comes from the Annual Implementation Reports (AIRs) for 2009, the financial data from the Bulgarian Ministry of Finance, the interviews with relevant MAs representatives, and available descriptions of individual projects. It should be noted that due to the delays in launching some of the schemes and procedures, most projects are still currently under implementation, which does not allow for evaluation of the results. Their final reports, however, have not been submitted yet, thus the achievements are not included in the AIR 2009. Yet, it is known that in the middle of the programming period the financial absorption level and implementation of projects under all OPs is very low, i.e. **no considerable results have been achieved**.

The 2009 AIRs also notes the delays in preparation and start of some procedures and the problems with the capacity of both the beneficiaries and the MAs, and recommends that the MAs try to overcome such problems. A summary of the state of each OP and some of the major successfully implemented projects to date are presented below.

All OPs use financing schemes that provide standard non–repayable grants after a successful application in open call procedures. So far innovative measures such as equity finance have not been used for distributing EU–funds. In June 2010, under Priority Axis 3 Financial Resources for Developing Enterprises of OP Competitiveness, the OP Managing Authority made a payment of EUR 199 million³² to the European Investment Fund to set up JEREMIE Holding Fund under the

³⁰ Source: interviews.

³¹ Source: interviews.

³² Source: Ministry of Finance, <http://www.minfin.bg/en/news/2010-6-29>

JEREMIE Initiative³³ of the EC. It will provide funding to financial intermediaries, including banks, institutions providing guarantees and venture capital funds. The Fund will provide support to enterprises within the framework of three equity funds: venture capital fund for starting micro enterprises; a fund to increase the capital of small operating enterprises; and a mezzanine fund which will operate both as a private equity fund and as a loan instrument. The JEREMIE Holding Fund has still not been launched. It is expected that the manager of the first fund will be appointed in November 2010.

Enterprise support, including assistance to large firms, SMEs and handicrafts, RTDI

OP Competitiveness

The lack of national priorities³⁴ makes the task of evaluating the level of achievements of OP Competitiveness difficult. There is data on the indicators used for monitoring, but no basis for comparison to the national priorities and policies exists. The MA received a commentary from DG Regional Policy that more specific priority sectors should be identified. Consequently, it chose the sectors with higher value added, such as IT, the recycling industry, etc.

OP Competitiveness is the programme with the lowest absorption level. According to AIR 2009 data, up to 2009 there have been only 11 completed projects³⁵ under OP Competitiveness; EUR 327 million³⁶ have been contracted until the end of 2009. The Bulgarian government plans to **open schemes for additional EUR 675 million in 2010**. Thus, only 25.7% of the funds will remain for opening after 2010.³⁷ Although there is a delay in contracting and payments, the analysis should not take into account the **paid out amounts**, but rather the **requested payments** because the beneficiaries may still not have claimed all their payments. Currently the **ratio** between requested and paid out payments is about **3:1**, suggesting at least 3 times higher absorption rates in the future³⁸.

The Annual Implementation Report of OP Competitiveness states that data on most of the indicators (such as number of supported start-up innovative enterprises and number of innovations introduced/ready to be introduced at the market, etc.) will be provided in the next AIR 2010 at the earliest, due to the fact that a total of 592 projects are still under

³³ The JEREMIE Initiative enables the EU Member States and Regions to put money from the structural funds and also national resources into holding funds to finance SMEs in a flexible and innovative way.

³⁴ Source: interview.

³⁵ Source: interview and AIR 2009.

³⁶ Source: www.eufunds.bg.

³⁷ Source: interview.

³⁸ Source: interview.

implementation as of the end of 2009. Hence, the available **data on the achievements of the programme is scarce**.

From the available data it can be concluded that the context indicators measuring the impact of OP Competitiveness reflect the effects of the economic crisis, as expenditures on R&D as % of GDP, the export/GDP ratio, and the foreign investments as % of GDP have decreased. The sole **reported achievements** on the core indicators are based on data from **the only 11 concluded contracts** under **priority axis 2** and are related to: jobs created, implemented investment projects in target sectors, investments induced and projects seeking to promote businesses development, entrepreneurship, as well as new technology. Still, these indicators mark between 0.5% and 3% achievement of the 2010 targets. The indicators under the same axis note an increase of production capacity in supported enterprises and a decrease in the average age of equipment in supported enterprises. There are 5 supported SMEs introducing new technologies/products and 4 certificates introduced in supported enterprises.

The majority of indicators show **no results** above the baseline value achieved by 2009. The activities under Priority Axis 3: Financial Resources for Developing Enterprises (FREDE) still have not been launched by the end of 2009. The activities under Priority Axis 4: Strengthening the international market positions of the Bulgarian economy started at the end of the reporting period.

So far, 30 companies³⁹ have been financed under “Support for the creation and development of innovative start-up companies”, 181 projects were financed under the procedure “Covering of internationally acknowledged standards”, 275 contracts were signed in 2008 and 2009 under three procedures for upgrade of technologies in enterprises, 10 contracts were signed for “Support of the introduction into production of innovative products, processes and provision of innovative services”, and 6 projects were supported for the successful performance of Bulgarian enterprises on international markets. These projects, however, have not been evaluated and there is still no information about their impact and achieved results.

A list of the indicators with and without achieved results, as well as other details, can be found in Annex Table E. Achievement of the targets and progress of the Operational Programmes financed by the ERDF and the Cohesion Fund.

Transport and telecommunications

The Annual Report on the Implementation of the Operational Programme on Transport 2007–2013 notes as a positive fact that by the end of 2009 there are approved projects and signed

³⁹ EU Structural Funds in Bulgaria website, <http://www.eufunds.bg/bg/page/100> and OP Competitiveness website: http://www.dmagency.eu/module4.php?menu_id=13

grant **contracts under four out of five priority axes**. Under priority axis IV Improvement of the Maritime and Inland–Waterway Navigation, no grant contracts have been signed. The share of payments made to beneficiaries and the OP absorption is very low. The results presented in the AIR 2009 are based **only on the 2 completed projects** (out of the 15 projects set as a target for 2015). No results were achieved as of 2009 regarding new roads, new TEN roads, reconstructed roads, achieved time savings from new or improved transport infrastructure in Euro, new railroads, TEN railroads, reconstructed railroads, and additional population served by an improved urban transportation⁴⁰.

Achievements are reported in the reduction of the fatalities on the road,⁴¹ the part of sea travel along Bulgarian coast covered by a safety system, supervised coast length and supervised river length⁴², as well as the Communication plan implementation, trained people in training programmes, and publicity actions of OP Transport at a national level.⁴³

The majority of indicators however show **no results** above the baseline value achieved by 2009.

The main **successful project** of OP Transport, according to an interview with a representative from the Ministry of Transport, the OP Transport website, and the AIR 2009 (even though they have not been completed)⁴⁴ is the project for extending the metro system in Sofia: Currently, a new line of the metro is being constructed under the Sofia Metro Extension Project, I Stage – “Road junction Nadejda – Central Railway Station – Sveta Nedelya square – Cherni Vrah blvd.”⁴⁵;

Other projects are **under implementation** – construction of Trakia Motorway (the scope of the OP was broadened with projects for “Completion of “Trakia” MW, lots 2, 3 and 4”), technical design of the modernisation of the Vidin – Sofia railway, the third diameter of the Sofia Metro and the Trakia motorway⁴⁶, the renewal of infrastructure along sections of Plovdiv–Burgas railway line, and the modernisation of the Sofia–Dragoman railway as well as sections of the Vratsa– Botevgrad and Vidin –Montana roads.

Since the official **assessment of OP Transport** has not been contracted⁴⁷ or completed yet, no conclusions and recommendations can be provided in relation to the implementation and

⁴⁰ Annual report on the implementation of Operational Programme on Transport 2007–2013.

⁴¹ Priority axis II – “Development of Road Infrastructure along the Trans–European and Major National Transport Axes”.

⁴² Priority axis IV “Improvement of the Maritime and Inland– Waterway Navigation”.

⁴³ Priority axis V – “Technical Assistance”.

⁴⁴ Source: interview and OP Transport website and AIR 2009.

⁴⁵ Implementation of the Structural funds in Bulgaria Monthly brief, June2010, <http://www.eufunds.bg/en/page/783>

⁴⁶ Implementation of the Structural funds in Bulgaria Monthly brief, June2010, <http://www.eufunds.bg/en/page/783>

⁴⁷ On 27.08.2010 the Ministry of Transport Information Technology and Communications opened the received applications for independent external evaluator of the programme. A commission will assess the applications and it is expected that the evaluator will be appointed soon.

possible deviations from the Cohesion Policy objectives at this point. Since the text of OP Transport has not been changed, it can be assumed that the measures and funded projects are in line with the set policy objectives, as well as the Cohesion Policy objectives.

Environment and energy

OP Environment

The main activities of **OP Environment** are focused on waste and waste water management and the development of water infrastructure. AIR 2009 **does not report any achievements on the target indicators**. Two procedures have been cancelled in 2009⁴⁸ due to unclearly defined project requirements from the onset of priority axis implementation. In the period 25.11.2009 – 10.01.2010, KPMG Bulgaria OOD audited 15 infrastructure projects⁴⁹. The reviews and the analysis resulted in a decision of the MA of OPE⁵⁰, according to which 32 projects for Technical Assistance and 5 projects for “Improvement and development of drinking and waste water infrastructure”, approved for financing **shall not be financed** from OPE, as they are not in accordance with the principles of efficiency and effectiveness⁵¹. A total of 9 projects were suspended until an audit and/or an audit of operations is carried out and an audit report is carried out for verification of the expenditures included in the payment requests. Another 25 projects required additional agreements and 119 projects were suspended until additional agreements are signed, linking project preparation with the principles of economy, efficiency, and effectiveness. AIR 2009 also explains the low number of financed projects with the lack of projects in the pipeline, poor quality of projects, problems with the scope of the EIA⁵² permits and the integrated permits, lack of correspondence with the scope of the pre-investment studies, long design period, and problems with the sites’ ownership.

The official launch – of the **first and so far only successfully concluded project** financed under OP Environment was held on **15 June 2010**. The municipality of Primorsko has completed the project “*Sewage of North, South territory and Uzundzhata, II stage – Sewage pumping station 1A, Sewage pumping station 2A, with collectors and pressure collectors to Kiten WWTP,*

⁴⁸ “Improvement and development of the drinking- and waste-water infrastructure in agglomerations with over 10,000 inhabitants” and “Improvement and development of the drinking- and waste-water infrastructure in agglomerations from 2,000 to 10,000 inhabitants”; Source: AIR 2009.

⁴⁹ Under the procedure “Audit of project transactions under procedure BG161PO005/08/1.10/01/02 “Improvement and development of drinking and waste water infrastructure” on which payments under OPE were made”.

⁵⁰ Decision No. 72/26.02.2010 of the MA of OPE.

⁵¹ Principles under Art. 27 of Council Regulation No. 1605/2002.

⁵² Environmental impact assessment.

*Primorsko*⁵³. The total budget of the project was BGN 21.2 million (EUR 10.8 million), of which BGN 19.2 million (EUR 9.8 million) were financed through **OP Environment**.

Success cases and ongoing important projects (not fully completed yet), cited in the Minutes of the eighth meeting of the Monitoring Committee on OP Environment⁵⁴ include:

- The first two big projects for integrated water cycles in the municipalities of Vratsa and Gabrovo approved by the EC. The projects are expected to contribute to cutting drinking water losses, supplying drinking water according to the standards stipulated in the Drinking Water Directive (98/83/EEC), and cutting down the water supply and sewerage network operation and maintenance costs;
- Sofia Integrated Waste Management System Project submitted on 27 February 2010. The project is expected to contribute to reducing waste disposal by 60%. This project has been given a priority status in the new National Waste Management Programme 2009 – 2013.

OP Regional Development

Although several environment-related projects under **OP Regional Development** are under way, no major achievements can be reported. Current projects encompass mainly equipping and using energy saving measures in the educational infrastructure of various municipalities, reconstruction and repair work on schools and roads.⁵⁵

By April 2010, the MA of **OP Environment** has disbursed BGN 126 million (EUR 64.4 million) with the advance payments, or 3.6% of the financing and 12% of the signed contracts. The MA cites as a main reason for the delay the burdensome control mechanism and a lack of clear lines of responsibility – a lot of time and resources are invested in duplicating and overlapping control functions.

Territorial development (urban areas, tourism, rural development, cultural heritage, health, public security, local development)

OP Regional Development

It is still early to assess the results and achievements of OP Regional Development due to the small number of completed projects – 34 out of 338 signed contracts. The AIR 2009 confirms this and underlines the fact that by 2009, only 10 projects have been completed. The presented

⁵³ Implementation of the Structural funds in Bulgaria Monthly brief, June 2010, <http://www.eufunds.bg/en/page/783>

⁵⁴ Minutes of the eighth meeting of the Monitoring Committee of OP Environment, http://ope.moew.government.bg/uf//KNOP/Protokoli/Protokol_07.07.pdf

⁵⁵ Source: <http://www.eufunds.bg/bg/page/30>

achievements and the information on individual indicators per priority axes are based on these 10 projects only. Hence, it is not possible to provide values for the majority of indicators at this stage. Payments are only about 4%⁵⁶ of the total budget of the programme. It is expected, based on preliminary analysis and opinions from the MA, that the greatest achievements will be in the areas of **educational infrastructure**, as well as the **road projects** (28 examples of such projects currently implemented are presented on the EU Structural Funds in Bulgaria website⁵⁷). The MA shifted resources to the larger municipalities, which should improve implementation, as larger municipalities have more capacity to prepare and implement projects.

According to the AIR, in 2009 a total of 195 grant contracts were signed for EUR 303.1 million and 16 orders were issued for the direct award of grants at the amount of EUR 25.2 million under Priority axis: Technical assistance.⁵⁸

Cross-border programmes

Although the texts of all cross-border programmes (with Greece, Romania, Macedonia, Serbia, and Turkey) were approved by the EC by March 2008, most of them launched their first open calls at the end of 2009 and the beginning of 2010, and no evaluations or results from the implemented projects are available.

For more information, please see Annex 1 – **Description of the Cross-border programmes with Bulgarian participation.**

SECTION 3 – EFFECTS OF INTERVENTION

Effects of the intervention

Due to delays in the launch of the procedures and, consequently, delays in the implementation and payments of projects, only a few projects were concluded by 2009. There are still no results from evaluations of the impact of the OPs' implementation. The first results from the mid-term evaluations will be available in 2011. Currently, only partial information can be provided based on the few completed projects under different OPs. Hence, no evidence is available that EU support under Cohesion Policy is helping regions to respond to major long-term challenges such as the increased competition resulting from globalisation, demographic change, climate change, and energy security. These indicators and the regional dimension are not even included in the AIRs, however they may be considered during the mid-term review.

⁵⁶ Source: interview, data up to 28.04.2010.

⁵⁷ EU Structural Funds in Bulgaria website, <http://www.eufunds.bg/bg/page/30>

⁵⁸ For more information, please see Annex Table G. Allocation of contracted amounts per programme priority axes during the reporting period.

The financial data on expenditures paid out by the beneficiaries and included in payment claims to the managing authority from past and currently ongoing projects can provide an indication of the expected future impacts, though expenses do not directly relate to effects. The publishing of open calls and procedures also shows that the MAs have been trying to compensate for the initial delay. So far, the beneficiaries have claimed 48.7% of the total funding of the OPs (Union and national) as expenses paid for the implementation of projects. There are no expenditures made by beneficiaries under some priority axes such as Priority axis 3 Sustainable Tourism Development (OP Regional Development), Priority 3 Financial Resources for Developing Enterprises (FREDE), Priority 4 Strengthening the international market positions of Bulgarian economy (OP Competitiveness), Priority axis 2 Development of road infrastructure along the major national and Pan-European transport axes, and Priority axis 4 Improvement of the maritime and inland-waterway navigation (OP Transport). In addition, most of the expenses paid by the beneficiaries as a share of the total funding of the OP by priority axes rank only between 0.5% and 15%, or 5.4% on average, excluding Priority axis 1 and 4 of OP Environment.⁵⁹

Countering the effects of the economic recession

No substantial changes have been made to the focus of the schemes launched under OPs in response to the economic crisis⁶⁰. The only two exceptions are a scheme launched under **OP Competitiveness** in June 2010 to support enterprises affected by the economic crisis by reimbursing consultancy services, and the revisions of **OP Regional Development** for building broadband networks in rural areas and gas interconnector between Bulgaria and Serbia.⁶¹

According to the interviews, the Managing Authorities **do not specifically assess** the contribution of EFDR and the Cohesion Fund for countering the effects of the **global crisis**, although all of their objectives aim to increase the economic and social prosperity and any additional funding received could have a direct or indirect anti-crisis effect. So far there have been **no changes related to the crisis in the target areas** for financing. However the priorities and targets could be revised after the mid-term evaluation at the end of 2010 and in 2011. Additionally, the low general level of regional development is not considered as a factor when applying for project financing. Instead, the funds are distributed at the national level. Still, some of the application forms require an assessment of the positive impact of the project on the region. For example, OP Transport (the OP with the largest budget from all seven OPs in

⁵⁹ For more information, see the Annex Table F. Expenditure paid out by the beneficiaries as share of the total funding of the OP (Union and national).

⁶⁰ Source: interviews.

⁶¹ Source: interview.

Bulgaria) does not specifically assess the EU contribution to countering the **global crisis**, aside from OP Transport's contribution to – increasing workplaces in the construction sector thus alleviating the negative effect of the decreased employment in the sector. OP Transport also provides an indicative list of 17 priority projects to be financed by the programme. This list is based on strategy documents and the need of transport infrastructure in the different Bulgarian regions. Hence, **the regional dimension of the projects is already pre-determined** before the onset of the programme.

The situation is similar in all other OPs. The **main challenge**⁶² for the MAs is the low capacity of the beneficiaries and the improperly prepared documentation. In 2012 starts the de-commitment of financial funds. Hence, the OPs need more well-prepared and implemented projects.⁶³

SECTION 4 – EVALUATIONS AND GOOD PRACTICE IN EVALUATION

No planned evaluations of operational programmes have been carried out in the period between their start in Bulgaria and the forthcoming mid-term review. Instead, evaluations have been ad hoc and focused on procedural matters and not on indicator performance. The only exception is OP Technical Assistance, which external experts have evaluated but the results have not been made public. Evaluation of OPs is reduced to separate elements, e.g. first opened calls and/or to each MA monitoring the regular reports of beneficiaries and the Ministry of Finance publishing annual data on the financial implementation of the OPs. The mid-term review of OPs is due at the end of 2010, although it will probably continue into 2011, and the ex-post evaluation should be presented by end-December 2015. The Central Coordination Unit (CCU)⁶⁴ will administer all evaluations and will additionally evaluate the implementation of the NSRF. The evaluations will be financed through **the Technical Assistance axes**.

Currently, the Managing Authorities have published open calls or have already appointed **external evaluators** of the programmes. The evaluations will aim to present results and impacts, assess the contribution of the OP for reaching its goals and the application of the partnership principle, present the reflection from the on-going evaluation on the next programming period, and propose specific **recommendations** for corrective measures at programme and project level on the quality of the processes, procedures, and documents.

⁶² According to the interviews.

⁶³ Source: interview.

⁶⁴ The Central Coordination Unit was formerly the Management of EU Funds Directorate with the Ministry of Finance; currently, since 2010, the role of the unit is undertaken by 3 directorates in the Council of Ministers.

All MAs have elaborated **evaluation programmes or plans** for the mid-term review. The plans include various methods for evaluation, such as interviews, focus groups with beneficiaries and applicants, analyses of data and documents, etc. Although general guidelines, which follow EU regulations,⁶⁵ are provided in the Evaluation plans and the calls for external evaluators, each evaluator will have to **develop and clarify the specifics of the methodology**. The questions that the external evaluators have to answer include the knowledge accumulated by both the managing authorities and the beneficiaries on the legislative framework, the presence of a project team, internal rules, and balance between deliverables and results, etc.

Hence, the planned evaluations cause **concern**, as there is no official guidance or manual on evaluation terminology in Bulgarian and the Managing Authorities have no experience in evaluation. According to some MA representatives, the mid-term review consultants will assess only the presence of results and **not their quality**. Even during the current review of individual projects, the focus is not on the quality of the deliverables. Different levels of assessment are planned for the different programmes: evaluation of the implementation of the programme itself, evaluation of its management, and/or evaluation on project level. In other words, the evaluation can encompass only the institution managing the programme, or it could also include organisations that implement it. It is expected that the **economic crisis** will also present difficulties in estimating the real impact of the different OPs during the 2010 mid-term review.

Some MAs have elaborated evaluations of the first opened schemes. These evaluations followed Evaluation Plans, which will be used for the future evaluations.

OP Environment

According to the conclusions of an ad hoc partial evaluation of the first opened schemes under the OP, the assessment of the content of the projects lacked depth and the eligibility criteria and scope of the priorities were too wide. Consequently, a large number of projects have been approved under the schemes, yet the approved projects were not strategic as regards compliance with the requirements of Directive 91/271/EEC concerning urban wastewater treatment. Projects were also not efficient in terms of the proportion of 'invested resources – achieved results'. All of these are not consistent with the principles of sound financial management.

Mostly small municipalities with population under 10,000 people won projects in the area of water supply and improving the water sector, hence, disregarding the priority of the larger agglomerations (requirement of Directive 91/271/EEC). Some technical parameters were not considered, such as the lack of justification for the number of populations served by the new

⁶⁵ For example EC Regulation №1083/2006, Regulation №1080/2006 of the European Parliament and of the Council, and EC Regulation № 828/2006.

infrastructure, or the failure to examine options for most economically advantageous solutions, resulting in high values of the project budgets. Similar problems were experienced with the technical assistance projects of OP Environment.

OP Regional Development

An external contractor performed an evaluation of procedures of the first open schemes under the OP for four months. Public information is only available for the proposed recommendations for improving management and administrative processes under the OP. The results of the evaluation differ from the much more ambitious Evaluation Plan of OP Regional Development. The plan envisages the elaboration of specific evaluations, defined on the basis of identified needs, as well as supporting activities such as elaboration of methods, standards, researches for collecting information, activities for dissemination and use of evaluation results, etc. Achieving a successful plan implementation will be a challenge but the plan itself can be regarded as the best among the OPs in Bulgaria.

The procedural deficiencies revealed in the evaluation of the first schemes under OP Regional Development are relatively broad in range and encompass the preparation and design of schemes, project selection and contracting, implementation, monitoring and results of projects approved. A major drawback identified by the external evaluation is the lack of clear procedures for monitoring and reporting on the implementation of project indicators. According to the summary of the findings available online⁶⁶, the MA units were not included in the formulation of the indicators on scheme level and the contracts with the beneficiaries did not tie the reimbursement of funds with the indicators.

OP Technical Assistance

It seems that OP Technical Assistance is the only instrument, which has undergone more thorough evaluation so far in Bulgaria. However, no in-depth analysis of the quality of the evaluation itself can be provided since only a Power Point presentation with summary of the main findings is publically available. Also, the Power Point presentation on the **Methodology for evaluating the programme OP Technical Assistance**⁶⁷ presents only a general framework. The lack of publicly available information on the evaluation alone is a sufficient sign of the quality gaps in OP monitoring. Some stakeholders have expressed concerns that it is not even certain how many evaluations and for which years are available.

⁶⁶ Summary of the Review of the First opened schemes under OP Regional Development 2007–2013, Ministry of Regional Development and Public Works, January 2010, <http://www.bgregio.eu/Content.aspx?menu=left&pid=97>.

⁶⁷ Methodology for evaluating OP Technical Assistance, <http://www.minfin.bg/document/6574:3>

The Methodology for evaluating the OP Technical Assistance is not as ambitious as the Evaluation Plan for OP Regional Development. It focuses mostly on implementing one evaluation on the financial and implementation status of the projects, listing the most common mistakes and presenting recommendations for corrective actions, rather than carrying out several specific evaluations on different levels, elaborating standards and methodologies, etc. One of the conclusions of the evaluation of OP Technical Assistance is the lack of unified instruments for monitoring and assessment. According to opinions voiced in interviews, the evaluation has a number of shortcomings regarding quality and value-for-money, the depth of the analysis, the number of recommendations made, and the time spent in carrying it out.

Table B – Focus and scope of available evaluations

Operational Programme	Evaluations	Focus of evaluation and methods used	Scope of evaluation
OP "Environment"	– Evaluation of the first opened schemes in 2008 of OP Environment (not publically available)	n.a.	within specific OP
OP "Regional Development"	– Evaluation of the first opened schemes in 2008 of OP Regional Development ⁶⁸ (based on review of documents, interviews and surveys).	– processes, procedures, documents and products during the preparation, evaluation, contracting, implementing and monitoring – problems and recommendations for corrective measures at programme and project level	within specific OP
OP "Technical Assistance"	– Evaluation of the Implementation of OP Technical Assistance in 2007–2008 ⁶⁹ (the whole text of the document is not available publically, only a Power Point presentation is available)	– analysis of documents, interviews and a survey; – identification of problems and risks; – provided recommendations.	within specific OP
	– Evaluation of the implementation of OP Technical Assistance in 2008 ⁷⁰ (prepared by external experts on projects level, including strategic recommendations on achieving the programme's objectives)	– achieved valued of the indicators – implementation of the requirements under EC Regulation 1828/2006 – implementation at project level and summarised financial data – implementation of the Communication Plan (information/promotion activities) – main findings and risk areas	

⁶⁸ Summary of the Review of the First opened schemes under OP Regional Development 2007–2013, Ministry of Regional Development and Public Works, January 2010, <http://www.bgregio.eu/Content.aspx?menu=left&pid=97>

⁶⁹ Evaluation of the Implementation of OP Technical Assistance for the 2007–2008 period, 18.01.2010, <http://eufunds.bg/document/557>

⁷⁰ Evaluation of the implementation of OP Technical Assistance for 2008 (presentation), <http://www.minfin.bg/document/6577:2> (26.05.2009).

Table C – Focus and scope of other relevant documents

Operational Programme	Name of the document	Focus and methods used	Scope
OP "Transport"	<ul style="list-style-type: none"> – Annual Implementation Reports for 2008⁷¹ and 2007⁷² (publically available) – Annual Implementation Report 2009 (not available publically) (based on financial and quantitative data, as well as description of projects objectives)	<ul style="list-style-type: none"> – financial implementation – major projects and quantitative information for each priority axis – legislative changes – description of monitoring and assessment methods used – problems and recommendations 	within specific OP
OP "Competitiveness"	<ul style="list-style-type: none"> – Annual Implementation Report 2009 (not available publically) (based on financial and quantitative data, as well as description of projects objectives)	<ul style="list-style-type: none"> – financial implementation – major projects and quantitative information for each priority axis – legislative changes – description of monitoring and assessment methods used 	within specific OP
	<ul style="list-style-type: none"> – Evaluation Plan (not publically available) (based on financial and quantitative data, as well as description of projects objectives)	n.a.	within specific OP
OP "Environment"	<ul style="list-style-type: none"> – Annual Implementation Report 2009 (not available publically) (based on financial and quantitative data, as well as description of projects objectives) 	<ul style="list-style-type: none"> – financial implementation – major procedures and quantitative information for each priority axis – legislative changes – description of monitoring and assessment methods used – problems encountered and counter-measures 	within specific OP
OP "Regional Development"	<ul style="list-style-type: none"> – Evaluation Plan of OP Regional Development⁷³ (based on need analysis and implementation of the requirements and recommendations of Regulation 1083/2006 and Working Document № 5 of the EC)	<ul style="list-style-type: none"> – obligatory evaluations and specific evaluations – evaluation and related activities – timetable and financial resources for the evaluations – obligations and responsibilities, management process and update of the plan 	within specific OP
OP "Technical Assistance"	<ul style="list-style-type: none"> – Annual report for the implementation of OPTA (2007⁷⁴ and 2008⁷⁵) – Annual report for the implementation of OPTA 2009 (not available publically) (based on financial and quantitative data, as well as description of projects objectives)	<ul style="list-style-type: none"> – financial implementation – major projects and quantitative information for each priority axis – legislative changes – monitoring and assessment process – problems and undertaken measures 	within specific OP Currently available

⁷¹ Annual report of OP Transport for 2008, <http://optransport.bg/page.php?c=140&d=286>

⁷² Annual report of OP Transport for 2007, <http://optransport.bg/page.php?c=140&d=146>

⁷³ Evaluation Plan of OP Regional Development, http://www.bgregio.eu/FCKeditor/UserFiles/File/Plan%20za%20Ocenka%20na%20OPRR_fin_en.ppt

⁷⁴ Annual report for the implementation of OP Technical Assistance 2007, <http://www.minfin.bg/document/5596:1>

⁷⁵ Annual report for the implementation of OP Technical Assistance 2008, <http://www.minfin.bg/document/6737:2>

	<p>– Report on the compliance of management systems and controls of OP Technical Assistance with Articles 58 to 62 of Council Regulation № 1083/2006⁷⁶ (based on audit results)</p>	<p>– Report on the compliance of management systems and controls of OP Technical Assistance in the MA, Certifying body, and the Audit body in the Ministry of Finance.</p> <p>– Compliance is reported with exception to some modules in the information system used. Corrective measures are recommended.</p>	<p>evaluations are at project level.</p> <p>The future evaluation of the programme (by the end of 2010) will be at project, programme and policy level</p>
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Note: Since not many evaluations are available, partial evaluations or relevant documents, such as evaluation plans and annual reports, are included in the table.

In addition to the forthcoming mid-term reviews, each OP produces Annual Implementation Reports (AIRs). The indicators used in the AIRs, as set in the tables to the reports, are adequate for measuring the outputs, impacts and results of the OPs, if the data are available coherently. Their adequacy however has not been tested in practice since not many individual projects have been concluded and evaluated under any OP. The achievements of the macroeconomic indicators (or so-called context indicators) such as GDP per capita, often presented at the beginning of the AIRs, are adequate for describing the situation in the country, however the AIRs should note that although these indicators are included in the Results achieved chapters of the reports, the change they show is not a direct result solely of the implementation of the OPs.

It should be noted that although the AIRs monitor a long list of indicators, which should be capable of providing a detailed picture of programme implementation, no information is yet available on achievements for most of the indicators in Bulgaria. Hence, it is not possible to assess the target or achieved values of the indicators against money spent. Most of the indicators envisaged in the AIRs are quantitative, which might lead to a drive towards formalistic implementation, without regard to quality. It is also unclear if and how the beneficiaries submit the necessary information on progress in achieving indicators for the individual projects, i.e. how indicators from individual projects are reported and translated into AIR indicators. This could present difficulties for the mid-term evaluations, since reliable data and indicators are needed for a high quality evaluation. The mid-term evaluations alone cannot replace a regular monitoring system, which provides on going collection of data.

The description of the evaluation procedures of the operational programmes in Annex 2

presents the main conclusions and methods used in the two partial evaluations available of the first opened schemes of OP Environment and OP Regional Development. The annex also

⁷⁶ Report on the compliance of management systems and controls of OP Technical Assistance, <http://www.minfin.bg/document/6142:3>

provides details on the progress of the preparation of the mid-term review, the procedures, and aims envisaged in the Evaluation Plans for the foreseen evaluations of all OPs financed under the ERDF and the Cohesion Fund: OP Transport, OP Competitiveness, OP Environment, OP Regional Development, and OP Technical Assistance.

SECTION 5 – CONCLUDING REMARKS – FUTURE CHALLENGES

One of the main problems with the implementation of the operational programmes in Bulgaria that needs to be resolved are the still low absorption rates and the capacity of managing authorities, beneficiaries, and consultants to prepare, manage, monitor, consult on, and implement successful and efficient projects. Many of the past beneficiaries are discouraged to re-apply for funding from the operational programmes due to the initial administrative and procedural obstacles, as well as frequent changes in contractual rules on the go. The MAs have to catch up substantially with the number of opened procedures, number of financed projects, and the currently delayed payments of completed projects. The economic crisis added new challenges to meeting co-financing requirements; at the same time, the crisis raised the OPs' importance as a source of financing for all potential beneficiaries – firms, NGOs, municipalities, researchers, and public authorities.

It is very important that the **mid-term reviews** of the OPs are carried out efficiently and in a timely manner at the end of 2010 and in 2011, and provide relevant recommendations for the necessary changes in the focus, methodology, and procedures, tailored to the new needs of the economic and social environment. The **evaluations should**: a) improve the allocation of resources; b) improve the implementation of the programmes by identifying the efficient and the inefficient processes and procedures and by proposing corrective measures; and c) ensure the necessary accountability to the society and demonstrate the impacts of the interventions.

The EU funds should be used more efficiently as an instrument for countering the effects of the economic crisis in Bulgaria, especially regarding the development of rural regions and regions of industrial decline. Based on the above review of the achievements, the reports, prepared by the MAs, and the Interim Reports on Use of European Union Funds in Bulgaria, prepared by the Committee on European Affairs and Oversight of the European Funds to the National Assembly, it can be concluded that **more projects are needed** in the areas of:

- Increasing the quality and availability of local knowledge on the state and development prospects of the Bulgarian economy and regions;
- Public-private partnerships between government, business and the civil society in implementing EU and nationally funded projects, including those targeted at social innovation;

- Strengthening the market positions of the Bulgarian economy, increasing the share of investment financing, including the use of venture capital funds;
- Decreasing the energy intensity of the economy;
- Networking between business organisations and research institutions, transfer of innovative practices, raising R&D expenditures as % of GDP, creation of research jobs;
- Strengthening cross-border cooperation activities;
- Improving the educational and health infrastructure;
- Building and rehabilitation of the road networks; development of railway and road infrastructure along the major national and Pan-European transport axes⁷⁷.
- Preservation of the natural environment, improvement and development of waste treatment infrastructure⁷⁸, reduction of greenhouse emissions, etc.

The opportunities that EU funds present for countering **demographic change, climate change and energy security concerns** are yet to be explored. Considering the short remaining time before the end of the programming period, decisive measures have to be taken to facilitate the procedures, speed up the payments, encourage more active participation and streamline the resources in areas and sectors that will have the most beneficial impact on the economy, society and the environment.

⁷⁷ This area is also mentioned as problematic and a cause of concern in the Interim Report on Use of European Union Funds in Bulgaria for 2010, Committee on European Affairs and Oversight of the European Funds, Forty-First National Assembly of the Republic of Bulgaria, July 2010.

⁷⁸ According to the Interim Report on Use of European Union Funds in Bulgaria for 2010 the building of waste treatment infrastructure is considerably delayed due to a lack of readiness in the beneficiaries, except the 3 largest municipalities.

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INTERVIEWS

Name	Position	Organisation
Anton Gladnishki	State Expert in Directorate "Programming of EU Funds"	Administration of the Council of Ministers
Baeta Papazova	Advisor at the European Integration and European Projects Directorate	Bulgarian Chamber of Commerce and Industry
Greta Dobreva	Acting Director, European Funds for Competitiveness Directorate – Managing Authority of OP "Development of the competitiveness of the Bulgarian economy 2007–2013"	Ministry of Economy, Energy and Tourism
Mariana Velkova	Executive Director Bulgarian Small and Medium Enterprises Promotion Agency	Ministry of Economy, Energy and Tourism
Malina Krumova	Manager of the Managing Authority of OP Environment, Director of Directorate "Cohesion Policy for the Environment"	Ministry of Environment and Water
Daniel Milanov	Expert in National Fund Directorate (Certifying Authority and authority, responsible for receiving the financing under the Structural and Cohesion Funds for the period 2007–2013)	Ministry of Finance
Natalia Ilieva	Head of Assessment, Monitoring and Communication Department	Ministry of Labour and Social Policy
Denitsa Nikolova	Director of General Directorate "Programming of Regional Development"	Ministry of Regional Development and Public Works
Lyubomir Sirakov	Junior Expert in Monitoring, Information and Communication Unit; Coordination of Programmes and Projects Directorate	Ministry of Transport, Information Technology and Communications
Silvia Georgieva	Executive Manager, "NAMRB – ACTIV" Ltd, Responsible for the municipalities in Haskovo District	National Association of Municipalities in the Republic of Bulgaria (NAMRB)
Meeting with innovative Bulgarian companies,		

Disclaimer: The persons interviewed bear no responsibility for the content of this report.

TABLES

See Excel file for Tables 1, 2, 3 and 4

Table 1: Regional disparities and trends

Table 2: Macro-economic developments

Table 3: Financial allocation by main policy area

Table 4: Commitments by main policy area

Annex Table A – Operational Programmes in Bulgaria and Financial Implementation up to 30 June 2010

Operational Programmes	Financed by EU Fund	Indicative budget in euro	Tranches received from EC	Payments made (without the national co-financing)
OP "Transport"	ERDF	368 809 731	67 112 305	56 310 378
	Cohesion Fund	1 255 669 892	134 727 706	8 980 116
	Total	1 624 479 623	201 840 011	65 290 493
OP "Competitiveness"	ERDF	987 983 219	89 916 588	184 392 973
OP "Environment"	ERDF	439 059 208	40 578 079	6 149 788
	Cohesion Fund	1 027 366 274	107 873 459	54 289 917
	Total	1 466 425 481	148 451 538	60 439 705
OP "Regional Development"	ERDF	1 361 083 545	150 851 882	67 042 962
OP "Technical Assistance"	ERDF	48 296 513	5 678 670	2 795 783
<i>OP "Development of the Human Resources"</i>	<i>European Social Fund</i>	<i>1 031 789 139</i>	<i>109 188 932</i>	<i>59 948 496</i>
<i>OP "Administrative Capacity"</i>	<i>European Social Fund</i>	<i>153 670 724</i>	<i>38 253 803</i>	<i>33 831 699</i>

Source: Ministry of Finance, <http://www.minfin.bg/en/page/374>

Annex Table B – Allocation and expenditure (EUR) by OP and priority axis (ERDF and Cohesion Fund)

OP	Name of Priority Axes	Fund	Expenditure paid out by the beneficiaries included in payment claims sent to the managing authority – by OP	Expenditure paid out by the beneficiaries included in payment claims sent to the managing authority – by Axis	Corresponding public Contribution	Expenditure paid by the body responsible for making payments to the beneficiaries	Total funding of the OP (Union and national) (B)	Total amount of certified eligible expenditure paid by beneficiaries (A)	Implementation rate (A/B)
OP Regional Development	Priority axis 1 – Sustainable and Integrated Urban Development	ERDF	38 651 019.48	12 784 296.22	12 784 296.22	5 194 172.54	839 067 973.00	438 818.45	0.05 %
OP Regional Development	Priority axis 2 – Regional and Local Accessibility	ERDF		14 991 078.51	14 991 078.51	13 352 330.80	400 318 689.00	5 752 845.47	1.44 %
OP Regional Development	Priority axis 3 – Sustainable Tourism Development	ERDF		0.00	0.00	424 589.25	218 093 623.00	9 080.68	0.00 %
OP Regional Development	Priority axis 4 – Local development and co-operation	ERDF		10 434 718.69	10 434 718.69	8 943 289.53	89 671 387.00	4 040 181.97	4.51 %
OP Regional Development	Priority axis 5 – Technical Assistance	ERDF		440 926.06	440 926.06	1 084 754.12	54 123 087.00	488 324.32	0.90 %
OP Technical Assistance	Priority axis 1 – Support to the implementation of the activities, performed by the Structures at central level: Central Coordination Unit, Certifying Authority, Audit Authority, OPTA Managing Authority, NSRF Monitoring Committee and OPTA Monitoring Committee; Capacity building measures for SF implementing structures	ERDF	5 995 113.83	2 488 619.04	2 488 619.04	2 201 141.09	29 411 765.00	748 720.99	2.55 %
OP Technical Assistance	Priority axis 2 – Further development and support to the functioning of the Unified Management Information System	ERDF		2 224 280.04	2 224 280.04	1 902 282.65	11 363 886.00	574 627.59	5.06 %

OP Technical Assistance	Priority axis 3 – Promotion of the European Cohesion Policy and its objectives in Bulgaria and ensuring the provision of general and statistical Information	ERDF		1 282 214.75	1 282 214.75	1 276 077.48	16 043 776.00	243 691.52	1.52 %
OP Competitiveness	Priority 1 – Development of knowledge-based economy and innovative activities	ERDF	12 306 919.75	195 586.00	175 191.17	166 418.66	246 500 000.00	0.00	0.00 %
OP Competitiveness	Priority 2 – Increasing efficiency of enterprises and promoting supportive business environment	ERDF		10 925 302.01	3 072 525.85	3 175 409.19	593 837 780.00	0.00	0.00 %
OP Competitiveness	Priority 3 – Financial Resources for Developing Enterprises (FREDE)	ERDF		0.00	0.00	0.00	200 000 000.00	0.00	0.00 %
OP Competitiveness	Priority 4 – Strengthening the international market positions of Bulgarian economy	ERDF		0.00	0.00	0.00	87 011 870.00	0.00	0.00 %
OP Competitiveness	Priority 5 – Technical Assistance	ERDF		1 186 031.74	1 186 031.74	1 313 412.83	34 865 901.00	847 392.79	2.43 %
OP Transport	Priority axis 1 – Development of railway infrastructure along the major national and Pan-European transport axes	Cohesion Fund	36 324 922.55	3 596 920.11	3 596 920.11	3 602 903.42	580 000 000.00	2 350 280.34	0.41 %
OP Transport	Priority axis 2 – Development of road infrastructure along the major national and Pan-European transport axes	Cohesion Fund		0.00	0.00	0.00	989 587 365.00	0.00	0.00 %
OP Transport	Priority axis 3 – Improvement of intermodality for passenger and freight	ERDF		30 013 534.52	30 013 534.52	36 725 550.82	211 093 801.00	24 400 945.91	11.56 %
OP Transport	Priority axis 4 – Improvement of the maritime and inland-waterway navigation	ERDF		0.00	0.00	0.00	156 850 000.00	0.00	0.00 %

OP Transport	Priority axis 5 – Technical Assistance	ERDF		2 714 467.92	2 714 467.92	1 983 333.56	65 950 000.00	1 107 074.66	1.68 %
OP Environment	Priority axis 1 – Improvement and development of water and wastewater infrastructure in settlements with over 2000 PE and in settlements below 2000 PE within urban agglomeration areas	Cohesion Fund	3 132 955 077	2 981 662 880.00	2 977 489 606.00	3 683 008 838.00	1 284 207 841.00	9 222 098.75	0.72 %
OP Environment	Priority axis 2 – Improvement and development of waste treatment infrastructure	ERDF		86 891 267.00	86 891 267.00	142 760 615.00	366 743 574.00	367 345.71	0.10 %
OP Environment	Priority axis 3 – Preservation and restoration of biodiversity	ERDF		5 364 282.00	5 364 282.00	85 658 180.00	103 308 048.00	0.00	0.00 %
OP Environment	Priority axis 4 – Technical Assistance	ERDF		59 036 648.00	59 036 648.00	47 562 665.00	46 488 622.00	416 710.87	0.90 %

Source: DG Regio

Annex Table C – Financial allocation by priority theme (EUR) by decreasing order of importance

Category		
46	Water treatment (waste water)	768 469 973
21	Motorways (TEN-T)	646 869 892
17	Railways (TEN-T)	464 000 000
81	Mechanisms for improving good policy and programme design, monitoring and evaluation ...	426 306 158
22	National roads	362 573 367
44	Management of household and industrial waste	300 521 138
66	Implementing active and preventive measures on the labour market	205 102 045
85	Preparation, implementation, monitoring and inspection	181 938 426
45	Management and distribution of water (drink water)	166 433 336
73	Measures to increase participation in education and training throughout the life-cycle ...	165 086 262
05	Advanced support services for firms and groups of firms	161 454 818
26	Multimodal transport	157 414 731
72	Design, introduction and implementing of reforms in education and training systems ...	155 357 828
61	Integrated projects for urban and rural regeneration	150 263 623
08	Other investment in firms	139 570 409
43	Energy efficiency, co-generation, energy management	125 619 935
62	Development of life-long learning systems and strategies in firms; training and services for employees ...	118 320 000
32	Inland waterways (TEN-T)	117 300 000
09	Other measures to stimulate research and innovation and entrepreneurship in SMEs	112 041 894
50	Rehabilitation of industrial sites and contaminated land	108 322 014
51	Promotion of biodiversity and nature protection (including Natura 2000)	80 786 894
04	Assistance to R&TD, particularly in SMEs (including access to R&TD services in research centres)	80 750 000
75	Education infrastructure	73 702 674
76	Health infrastructure	70 163 857
52	Promotion of clean urban transport	68 054 177
69	Measures to improve access to employment and increase sustainable participation and progress of women ...	67 950 479
58	Protection and preservation of the cultural heritage	60 247 963
56	Protection and development of natural heritage	60 247 963
86	Evaluation and studies; information and communication	56 960 934
23	Regional/local roads	54 443 342
02	R&TD infrastructure and centres of competence in a specific technology	54 400 000

35	Natural gas	51 040 633
74	Developing human potential in the field of research and innovation, in particular through post-graduate studies ...	51 000 000
63	Design and dissemination of innovative and more productive ways of organising work	48 450 000
59	Development of cultural infrastructure	47 637 924
07	Investment in firms directly linked to research and innovation (...)	43 775 000
28	Intelligent transport systems	43 244 171
77	Childcare infrastructure	42 806 077
25	Urban transport	40 832 506
67	Measures encouraging active ageing and prolonging working lives	39 100 000
71	Pathways to integration and re-entry into employment for disadvantaged people ...	37 400 000
53	Risk prevention (...)	36 000 660
40	Renewable energy: solar	35 641 422
64	Development of special services for employment, training and support in connection with restructuring of sectors ...	34 850 000
78	Housing infrastructure	32 325 734
14	Services and applications for SMEs (e-commerce, education and training, networking, etc.)	31 875 000
68	Support for self-employment and business start-up	30 525 719
39	Renewable energy: wind	27 760 748
79	Other social infrastructure	27 357 779
65	Modernisation and strengthening labour market institutions	24 650 000
15	Other measures for improving access to and efficient use of ICT by SMEs	23 233 333
06	Assistance to SMEs for the promotion of environmentally-friendly products and production processes (...)	23 233 333
27	Multimodal transport (TEN-T)	22 015 000
03	Technology transfer and improvement of cooperation networks ...	20 825 000
80	Promoting the partnerships, pacts and initiatives through the networking of relevant stakeholders	20 635 783
55	Promotion of natural assets	18 074 389
57	Other assistance to improve tourist services	16 783 361
13	Services and applications for citizens (e-health, e-government, e-learning, e-inclusion, etc.)	16 673 273
10	Telephone infrastructures (including broadband networks)	13 610 835
24	Cycle tracks	5 104 063
11	Information and communication technologies (...)	3 402 709
42	Renewable energy: hydroelectric, geothermal and other	3 089 660
	Total Convergence Objective	6 673 628 244

Source: DG Regio

Annex Table D – Rating of the themes and OPs, sorted by financial indicators (1–first place/largest amount or share, 5 – lowest amount or share)

Policy Area	OP	By theme and policy area		By OP				
		Financial allocation	Commitments	Budget of OPs	Expenditures paid out by OPs beneficiaries	Implementation rate – certified eligible expenditure paid by beneficiaries as share of Total funding of the OP	Paid out funds as % of contracted funds	Paid out funds as % of the total budget of the programme
Transport	OP Transport	1	1	1	3	2	3	3
Environment and energy	OP Environment	2	2	2	1	4	2	4
Enterprise environment	OP Competitiveness	3	4	4	4	5	5	5
Territorial development	OP Regional Development	4	n.a.	3	2	3	4	2
Technical assistance	OP Technical Assistance	5	3	5	5	1	1	1

Note: The energy as policy area is group together with the environment, while in the OPs it is in Regional Development.

Source: Data sent by DG Regio and Bulgarian Ministry of Finance

Annex Table E – Achievement and progress in implementing the OPs, (ERDF, Cohesion Fund)**OP Transport**

	Baseline value (2007)	Target (B)		Achievement (A)		Difference (A-B)	Achievements in % (A/B)
		Value	Year	Value	Year		
Core Indicators							
Transport projects (number)	0	15	2015	2	2009	-13	13.3%
New roads (km)	0	81.7	2010	0	2009	-81.7	0.0%
	0	248.9	2015	0	2009	-248.9	0.0%
New TEN roads (km)	0	81.7	2010	0	2009	-81.7	0.0%
	0	248.9	2015	0	2009	-248.9	0.0%
Reconstructed roads (km)	0	290	2010	0	2009	-290	0.0%
	0	880	2015	0	2009	-880	0.0%
Value for time savings in Euro (roads) (million euros per year)	0	150	2013	0	2009	-150	0.0%
New railroads (km)	0	11.9	2010	0	2009	-11.9	0.0%
TEN railroads (km)	0	269.6	2010	0	2009	-269.6	0.0%
	0	817	2015	0	2009	-817	0.0%
Reconstructed railroads (km)	0	269.6	2010	0	2009	-269.6	0.0%
	0	817	2015	0	2009	-817	0.0%
Value for time savings in Euro (railroads) (million euros per year)	0	0.79	2010	0	2009	-0.79	0.0%
	0	2.39	2015	0	2009	-2.39	0.0%
Additional population served with improved urban transport (number)	0	190000	2013	0	2009	-190000	0.0%
Priority Axis I – “Development of Railway Infrastructure along the Trans-European and Major National Transport Axes”							
All indicators: Average speed, Time savings, Traffic capacity, Built rail tracks, Rehabilitated track, Electrified track		-	-	0	2009	-	0.0%
Priority Axis II – “Development of Road Infrastructure along the Trans-European and Major National Transport Axes”							
Reduction of fatalities on road (number)		1171	2010	901	2009	-270	130.0%
		585	2015	901	2009	316	64.9%
All other indicators: Built motorways, Built bypasses, Rehabilitated class I roads, Time savings, Operating costs (VOC) savings/ 1000 km, Average speed on I class network for light vehicles, Average speed on I class network for heavy vehicles, Average speed on I class network for light vehicles, Average speed on I class network for heavy vehicles		-	-	0	2009	-	0.0%
Priority Axis III – “Improvement of Inter-Modality for Passengers and Freight”							

All indicators: Time savings, People using the metro (number), Number cargo handled, Average speed of public transport for central itineraries, Capacity of metro system (number of wagons), Capacity of handling of inter-modal terminal, Length of metro line, Metro stations, Modernised intermodal terminal, Length of rail tracks for transport terminals, Areas prepared for freight villages		-	-	0	2009	-	0.0%
Priority Axis IV "Improvement of the Maritime and Inland- Waterway Navigation"							
Part of sea travel along Bulgarian coast covered by safety system (%)	10.3	39.9	2010	18	2009	-21.9	45.1%
	10.3	100	2015	18	2009	-82	18.0%
Supervised coast length (nautical miles)	24.7	95	2010	35	2009	-60	36.8%
Supervised river length (km)	24	126.6	2010	60	2009	-66.6	47.4%
All other indicators: Part of river travel along Bulgarian banks covered by safety system (%), Cost saving for modal shift from rail to IWT per km (euro), Navigability period in the year (%), Vessel Traffic Management Information System implementation, Information System in the Bulgarian stretch of Danube (BULRIS), Length of the sections to be corrected (km).		-	-	0	2009	-	0.0%
Priority Axis V - "Technical Assistance"							
Communication plan implementation (number)	0	1	2010	1	2009	0	100.0%
Trained people according to training programmes (%)	0	100%	2010	8.20%	2009	-91.8%	8.2%
Publicity actions at national level (number)	0	9	2010	16	2009	7	177.8%
	0	24	2015	16	2009	-8	66.7%
All other indicators: General transport master plan, Strategic business plan for development of the railway transport, General plan for monitoring of the environment and its implementation		-	-	0	2009	-	0.0%

OP Environment

	Baseline value (2007)	Target (B)		Achievement (A)		Difference (A-B)	Achievements in % (A/B)
		Value	Year	Value	Year		
Core indicators							
Priority Axis 1: Improvement and development of water and wastewater infrastructure in settlements over 2000 PE within urban agglomeration areas							
Indicator 1: Additional population served by waste water projects	45000	1295000	2010	0	2009	-1295000	0.0%
	45000	1845000	2015	0	2009	-1845000	0.0%
Indicator 2: Constructed and completed integrated waste management systems	5	12	2010	0	2009	-12	0.0%
	5	27	2013	0	2009	-27	0.0%
Indicator 3: Population connected to urban WWTP	40.50%	58.04%	2010	0	2009	-58.04%	0.0%
	40.50%	66.46%	2013	0	2009	-66.46%	0.0%
Indicator 4: New and rehabilitated WWTP	1	22	2010	0	2009	-22	0.0%
	1	65	2013	0	2009	-65	0.0%
Priority Axis 2: Improvement and development of waste treatment infrastructure							
Indicator 5: Population served by integrated waste management systems	467000	1983264	2010	0	2009	-1983264	0.0%
	467000	3967000	2013	0	2009	-3967000	0.0%
Priority axis 3: Preservation and restoration of the biodiversity							
Indicator 6: Percentage of total NATURA 2000 (protected zones and protected areas) to be mapped/managed	0	2.6	2010	0	2009	-2.6	0.0%
	0	8	2013	0	2009	-8	0.0%
Indicator 7: Number of mapped protected areas and zones of NATURA 2000 network	0	14	2010	0	2009	-14	0.0%
	0	44	2013	0	2009	-44	0.0%
Indicator 8: Number of elaborated management plans for protected areas and zones of NATURA 2000 network	0	14	2010	0	2009	-14	0.0%
	0	44	2013	0	2009	-44	0.0%
Priority Axis 4: Technical Assistance							
There are no defined indicators under priority axis 4 in the OPE.	-	-	-	-	-	-	-

OP Regional Development

	Baseline value (2007)	Target (B)		Achievement (A)		Difference (A-B)	Achievements in % (A/B)
		Value	Year	Value	Year		
Priority Axis 1: Sustainable and integrated urban development							
Population benefiting from refurbished buildings (except educational and healthcare institutions)	0	230000	2015	18165	2009	-211835	7.9%
All other indicators: Reduction of greenhouse emissions (CO2 and equivalents, kt), Energy savings from refurbished buildings, Students benefiting from improved educational infrastructure, Patients benefiting from improved healthcare infrastructure, New enterprises attracted at the renewed, rehabilitated, renovated industrial zones, Use of urban public transport (incl. disabled), Projects improving the physical environment, attractiveness of the towns and risk prevention, Renovated multi-family buildings and social housing and renewed/rehabilitated industrial zones, Improved healthcare infrastructure, Improved educational infrastructure, Improved cultural infrastructure, Improved social infrastructure, Drafted/implemented integrated urban development plans	0	-	-	0	2009	-	N.A.
Priority Axis 2: Regional and local accessibility							
Reconstructed roads (km)	0	500	2009	12.2	2009	-487.8	2.4%
	0	1300	2015	12.2	2009	-1287.8	0.9%
Number of projects (road, ICT, gas)	0	30	2009	2	2009	-28	6.7%
	0	70	2015	2	2009	-68	2.9%
All other indicators: Reduction of greenhouse gas emissions (CO2 and equivalents, kt), Value for timesaving in Euro / year stemming from reconstructed roads for passengers and freight, Additional population covered by broadband access (key indicator), Increase passengers		-	-	0	2009	-	N.A.

and freight traffic on the rehabilitated roads (based on a year 2006), % of municipalities with gas distribution licences granted (key indicator), ICT network constructed, Constructed high-pressure gas pipelines							
Priority Axis 3: Sustainable tourism development							
Culture facilities improved	0	90	2015	2	2009	-88	2.2%
All other indicators: Net annual revenues from international tourism, Bed occupancy rate, Number of nights spent outside developed areas, Additional annual number of visitors of attractions supported, Satisfaction of visitors with attractions and information services, Annual number of participants (organisations, companies) in international, national and regional tourism fairs and exhibitions, Total number of projects for tourism development, Number of developed tourist attractions, Number of national programmes for marketing and promotion supported and projects for destinations product development and marketing, Active National TIC (Tourist Information Centres) network		-	-	0	2009	-	N.A.
Priority Axis 4: Local development and cooperation							
Population benefiting from small scale investments	0	75000	2009	54277	2009	-20723	72.4%
	0	166000	2015	54277	2009	-111723	32.7%
Small scale investment projects implemented	0	60	2009	4	2009	-56	6.7%
	0	250	2015	4	2009	-246	1.6%
All other indicators: Innovative practices transferred and adopted based on interregional cooperation, Inter-regional cooperation projects		-	-	0	2009	-	N.A.
Priority Axis 5: Technical Assistance of OPRD							
Technical support, consultancies, etc.	1500	5500	2009	465	2009	-5035	8.5%
	1500	15500	2015	465	2009	-15035	3.0%
Number of trained people from MA (incl. regional	600	1500	2009	4442	2009	2942	296.1%
		4500	2015	4442	2009	-58	98.7%

departments) and beneficiaries							
Number of Monitoring committee meetings	0	6	2009	6	2009	0	100.0%
	0	14	2015	6	2009	-8	42.9%
Information and publicity activities undertaken according to communication plan	6	20	2009	95	2009	75	475.0%
	6	60	2015	95	2009	35	158.3%
Evaluations undertaken (number)	0	3	2009	1	2009	-2	33.3%
	0	10	2015	1	2009	-9	10.0%
Level of general public awareness about the OPRD	0	40	2015	10	2008	-30	25.0%

OP Competitiveness of the Bulgarian Economy

	Baseline value (2007)	Target (B)		Achievement (A)		Difference (A-B)	Achievements in % (A/B)
		Value	Year	Value	Year		
Context indicators							
GDP per capita in PPS	32.10%	51.20%	2013	41.30%	2008	-9.90%	80.7%
Expenditures on R&D as % of GDP	0.51%	1.15%	2013	0.49%	2008	-0.66%	42.6%
Export/GDP ratio	60.80%	89.77%	2013	34.80%	2009	-54.97%	38.8%
	60.80%	91%	2015	34.80%	2009	-56.20%	38.2%
Energy intensity of economy (ktoe)	1628.2	1250	2013	1016.29	2007	-233.71	1.23
	1628.2	1150	2015	1016.29	2007	-133.71	1.13
Foreign investments as % of GDP	26.20%	32.80%	2013	9.50%	2009	-23.30%	-
	26.20%	34.50%	2015	9.50%	2009	-25.00%	-
Indicators at OP level (Core indicators)							
Jobs created	0	626	2010	19	2009	-607	3.0%
		2120	2013	19	2009	-2101	0.9%
Number of R&D projects supported for commercialization of innovative ideas	0	85	2010	0	2009	-85	0.0%
	0	275	2013	0	2009	-275	0.0%
Number of cooperation project enterprises-research institutions	0	30	2010	0	2009	-30	0.0%
	0	110	2013	0	2009	-110	0.0%
Research jobs created	0	80	2010	0	2009	-80	0.0%
	0	300	2013	0	2009	-300	0.0%
Number of implemented investment projects in target sectors	194	300	2010	8	2009	-292	2.7%
	194	1100	2013	8	2009	-1092	0.7%
Investment induced (million €)	0	200	2010	0.728	2009	-199.272	0.4%
	0	570	2013	0.728	2009	-569.272	0.1%
Number of projects seeking to promote ICT in enterprises	0	9	2010	0	2009	-9	0.0%
	0	33	2013	0	2009	-33	0.0%
Number of renewable energy projects	0	75	2010	0	2009	-75	0.0%
	0	310	2013	0	2009	-310	0.0%
Additional capacity of renewable energy production	20	21	2010	0	2009	-21	0.0%
	20	36	2013	0	2009	-36	0.0%

(GwH)							
Number of projects seeking to promote businesses, entrepreneurship, new technology	0	553	2010	11	2009	-542	2.0%
	0	2219	2013	11	2009	-2208	0.5%
Impact indicators							
Labour productivity	34.10%	39.20%	2009	37.30%	2009	-1.90%	95.2%
	34.10%	45.60%	2013	37.30%	2009	-8.30%	81.8%
Contribution of SMEs to GDP	23.41%	32.30%	2013	N.A.	N.A.	N.A.	N.A.
Priority Axis 1: Development of knowledge-based economy and innovative activities							
All indicators: Number of supported innovative start-ups, Survival rate of innovative start-ups, Number of innovations introduced/ready to be introduced at the market, Number of R&D projects supported for the stages of industrial research and experimental development, Number of hired R&D personnel in enterprises, Number of successful projects developed by hired R&D personnel, Number of applications for trade marks, designs, utility models, patents, by supported enterprises and research organizations, Number of registrations of trademarks, designs, utility models, patents, by supported enterprises and research organizations, Number of technology transfer offices, technology incubators, technology centres, technology parks and other pro-innovative intermediaries supported/created, Number of enterprises using services of pro-innovative intermediaries, Number of projects supported for upgrade of applied equipment in research institutions, Number of R&D projects implemented with supplied applied R&D equipment, Number of institutions/organisations participating in the national innovation network	-	-	-	-	2009	0	0
Priority Axis 2: Increasing							

efficiency of enterprises and promoting supportive business environment							
Increase of production capacity in supported enterprises (%)	0	15%	2010	32.75%	2009	17.75%	218.3%
	0	15%	2013	32.75%	2009	17.75%	218.3%
Decrease in average age of equipment in supported enterprises	45.50%	35.50%	2010	8.53%	2009	-26.97%	24.0%
	45.50%	30%	2013	8.53%	2009	-21.47%	28.4%
Number of supported SMEs introducing new technologies/products	0	60	2010	5	2009	-55	8.3%
	0	160	2013	5	2009	-155	3.1%
Number of certificates introduced in supported enterprises	0	200	2010	4	2009	-196	2.0%
	0	537	2013	4	2009	-533	0,7%
All other indicators: Share of enterprises using general and specialised consultancy services, Number of organizations participating in BSOs network, Share of enterprises/entrepreneurs using services from the BSOs network, Satisfaction rate of enterprises provided with consultancy organizations services, Number of regional business incubators created/upgraded, Share of energy from RES in all energy consumed by supported enterprises, Number of energy effective technologies/processes/solutions introduced in supported enterprises, Number of cluster initiatives created/already established supported	-	-	-	-	2009	0	0
Priority Axis 3: Financial Resources for Developing Enterprises (FREDE)							
All indicators: Increase of share of enterprises receiving loans, Share of venture capital funds in sources of financing, Share of external financing sources for investment needs of enterprises, Number of investment projects supported by supported risk capital funds, Number of financial products created/developed	-	-	-	-	2009	0	0
Priority Axis 4: Strengthening the international market positions of Bulgarian economy							

All indicators: Number of investment projects in target sectors, Number of services offered to investors, Number of enquiries from potential investors in target sectors, Increase in the number of users of BSMEPA web-page, Number of export-oriented enterprises registered in BSMEPA databases, Volume of export in supported enterprises, Number of enterprises participating in promotion projects, Awareness of harmonised technical legislation and NQI services, Number of information events for promotion of conformity assessment, certification and quality of products, Number of laboratories supported, Number of new or improved services for business offered by NQI organizations	-	-	-	-	2009	0	0
Priority Axis 5: Technical Assistance							
Number of information activities carried out	0	19	2010	3 Nat. campaigns and 80 participations in info events	2009	-	-
	0	45	2013	3 nat. campaigns and 80 participations in info events	2009	-	-
Evaluations of the OP performed	0	3	2010	0	2009	0	0
	0	5	2013	0	2009	0	0

OP Technical Assistance

	Baseline value (2007)	Target (B)		Achievement (A)		Difference (A-B)	Achievements in % (A/B)
		Value	Year	Value	Year		
Priority Axis 1: Support to the implementation of the activities, performed by the Structures at Central level: Central Coordination Unit, Certifying Authority, Audit Authority, OPTA Managing Authority, NSRF Monitoring Committee and OPTA Monitoring Committee; Capacity building measures for other SF implementing structures							
Payments under OPTA from the funds allocated	0	40%	2009	4.84%	2009	-35.16	12.1%
	0	95%	2013	4.84%	2009	-90.16	5.1%
Certified expenditures under OPTA of total expenditures under OPTA	0	30%	2009	86%	2009	56	286.7%
	0	95%	2013	86%	2009	-9	90.5%
Reduced turnover of Beneficiaries' staff per year	14.60%	12%	2009	8%	2009	-4%	150.0%
	14.60%	10%	2013	8%	2009	-2%	125.0%
Total number of training sessions for the beneficiaries	82	350	2009	251	2009	-99	71.7%
	82	500	2013	251	2009	-249	50.2%
Average number of participations in training events per Beneficiaries' expert	4	25	2009	10.3	2009	-14.7	41.2%
	4	40	2013	10.3	2009	-29.7	25.8%
Total No of training sessions for the local authorities and other SF implementing structures	33	120	2009	36	2009	-84	30.0%
	33	200	2013	36	2009	-164	18.0%
Number of trained people from local authorities and other SF implementing structures	600	2000	2009	820	2009	-1180	41.0%
	600	3500	2013	820	2009	-2680	23.4%
Level of satisfaction of the trainees with the provided training	0	70%	2009	90%	2009	0.2	128.6%
	0	80%	2013	90%	2009	0.1	112.5%
Priority Axis 2: Further development and support to the functioning of the Unified Management Information System							
Number of training sessions organised	10	80	2009	13	2009	-67	16.3%
	10	130	2013	13	2009	-117	10.0%
No. of trained people	100	800	2009	193	2009	-607	24.1%
	100	1300	2013	193	2009	-1107	14.8%
Duration of UMIS unavailable/not used	7	3	2009	3	2009	0	100.0%
	7	1	2013	3	2009	2	300.0%
Training effectiveness assessment based on the participants evaluation	50%	75%	2009	95%	2009	20%	126.7%
	50%	90%	2013	95%	2009	5%	105.6%
Users satisfaction index with UMIS	30%	50%	2009	43%	2009	-7%	86.0%
	30%	75%	2013	43%	2009	-32%	57.3%
Users satisfaction with the services provided by the Help Desk	0%	50%	2009	N.A.	2009	N.A.	N.A.
	0%	75%	2013	N.A.	2009	N.A.	N.A.
Priority Axis 3: Promotion of the European Cohesion Policy in Bulgaria							

and ensuring the provision of general and statistical information							
Number of all publications (guides, fact-sheets, booklets, brochures and information leaflets)	10	30	2009	16	2009	-14	53.3%
	10	65	2013	16	2009	-49	24.6%
Level of satisfaction of the target groups with the publications	45%	70%	2009	94%	2008	24%	134.3%
	45%	85%	2013	94%	2008	9%	110.6%
Number of organised events (forums, conferences, seminars, press-conferences, workshops) promoting EU and national strategic documents and guidelines, structural funds policies and measures	20	55	2009	27	2009	-28	49.1%
	20	90	2013	27	2009	-63	30.0%
Level of satisfaction among the targeted audience with the organised events/campaigns	42%	65%	2009	97%	2008	32%	149.2%
	42%	85%	2013	97%	2008	12%	114.1%
Establishment of functioning and equipped 28 District Info points	0%	100%	2009	0%	2009	-100%	0.0%
	0%	100%	2013	0%	2009	-100%	0.0%
Satisfaction rating among the users of the Info-points services	0%	60%	2009	N.A.	2009	N.A.	N.A.
	0%	80%	2013	N.A.	2009	N.A.	N.A.
% of citizens informed about the EU Cohesion Policy and Community Support Framework	45%	55%	2009	65%	2009	10%	118.2%
	45%	70%	2013	65%	2009	-5%	92.9%
Average number of connections on the web site/month	30000	60000	2009	1143 39	2007	54339	190.6%
	30000	100000	2013	1143 39	2007	14339	114.3%
Adapted HERMIN model for assessing the impact of the EU funding on macroeconomic situation in Bulgaria	0	Methodology	2009	0	2009	-	0%
	0	Functioning model	2013	0	2009	-	0%
Number of trained people from OPTA beneficiaries (indicator, not included in the OP, presented for information only)	0	500	2009	826	2009	326	165.2%
	0	2200	2013	826	2009	-1374	37.5%

Source: Annual Implementation Reports 2009.

Annex Table F – Expenditure paid out by the beneficiaries as share of the total funding of the OP (Union and national)

OP	Name of Priority Axes	Expenditure paid out by the beneficiaries included in payment claims sent to the managing authority	Total funding of the OP (Union and national)	Expenditure paid out by the beneficiaries as share of the total funding of the OP (Union and national)
OP Regional Development	Priority axis 1 – Sustainable and Integrated Urban Development	12 784 296	839 067 973	1.52 %
OP Regional Development	Priority axis 2 – Regional and Local Accessibility	14 991 078	400 318 689	3.74 %
OP Regional Development	Priority axis 3 – Sustainable Tourism Development	0	218 093 623	0.00 %
OP Regional Development	Priority axis 4 – Local development and co-operation	10 434 718	89 671 387	11.64 %
OP Regional Development	Priority axis 5 – Technical Assistance	440 926	54 123 087	0.81 %
OP Technical Assistance	Priority axis 1 – Support to the implementation of the activities, performed by the Structures at central level: Central Coordination Unit, Certifying Authority, Audit Authority, OPTA Managing Authority, NSRF Monitoring Committee and OPTA Monitoring Committee; Capacity building measures for SF implementing structures	2 488 619	29 411 765	8.46 %
OP Technical Assistance	Priority axis 2 – Further development and support to the functioning of the Unified Management Information System	2 224 280	11 363 886	19.57 %
OP Technical Assistance	Priority axis 3 – Promotion of the European Cohesion Policy and its objectives in Bulgaria and ensuring the provision of general and statistical Information	1 282 214	16 043 776	7.99 %
OP Competitiveness	Priority 1 – Development of knowledge-based economy and innovative activities	195 586	246 500 000	0.08 %
OP Competitiveness	Priority 2 – Increasing efficiency of enterprises and promoting supportive business environment	10 925 302	593 837 780	1.84 %
OP Competitiveness	Priority 3 – Financial Resources for Developing Enterprises (FREDE)	0	200 000 000	0.00 %
OP Competitiveness	Priority 4 – Strengthening the international market positions of Bulgarian economy	0	87 011 870	0.00 %
OP Competitiveness	Priority 5 – Technical Assistance	1 186 031	34 865 901	3.40 %
OP Transport	Priority axis 1 – Development of railway	3 596 920	580 000 000	0.62 %

	infrastructure along the major national and Pan-European transport axes			
OP Transport	Priority axis 2 – Development of road infrastructure along the major national and Pan-European transport axes	0	989 587 365	0.00 %
OP Transport	Priority axis 3 – Improvement of intermodality for passenger and freight	30 013 534	211 093 801	14.22 %
OP Transport	Priority axis 4 – Improvement of the maritime and inland-waterway navigation	0	156 850 000	0.00 %
OP Transport	Priority axis 5 – Technical Assistance	2 714 467	65 950 000	4.12 %
OP Environment	Priority axis 1 – Improvement and development of water and wastewater infrastructure in settlements with over 2000 PE and in settlements below 2000 PE within urban agglomeration areas	2 981 662 880	1 284 207 841	232.18 %
OP Environment	Priority axis 2 – Improvement and development of waste treatment infrastructure	86 891 267	366 743 574	23.69 %
OP Environment	Priority axis 3 – Preservation and restoration of biodiversity	5 364 282	103 308 048	5.19 %
OP Environment	Priority axis 4 – Technical Assistance	59 036 648	46 488 622	126.99 %

Source: Annual Implementation Reports 2009 and information from DG Regio.

Annex Table G – Allocation of contracted amounts per programme priority axes during the reporting period

Priority axis	Total budget of the priority axis, in Euro	Number of projects approved for financing	Value of the grants for the approved projects (in Euro)	Number of contracts signed	Value of the grants under the contracts signed (in Euro)
1. Sustainable and integrated urban development	839 067 972	198	298 559 841.45	100	172 968 173.80
2. Regional and local accessibility	400 318 689	14	110 609 873.31	15	113 153 294.82
3. Sustainable tourism development	218 093 623	5	3 706 277.03	5	3 706 277.03
4. Local development and cooperation	89 671 387	79	89 671 387	75	11 794 712.70
5. Technical assistance	54 123 087	16	25 198 826.07	16	25 198 826.07
Total	1 601 274 759	312	449 869 530.56	211	328 352 146.83

Source: Annual Report on Implementation of Operational Programme “Regional Development” 2007 – 2013 for 2009.

Annex Table H – Share of innovative companies and companies with contracts from the National Innovation Fund, 2007, %

	NSI, %	NIF, %
North West	2.6	0.72
North Central	17.81	10.43
North East	13.62	6.12
South West	31.67	58.99
South Central	24.71	20.14
South East	9.58	3.6

Source: National Science Fund, National Statistical Institute and the Annual Report on the Bulgarian National Innovation Policy 2007, Ministry of Economy and Science, 2008.

ANNEX

Annex 1. Description of the Cross-border programmes with Bulgarian participation

The Cross-Border Cooperation Programme “Greece–Bulgaria”⁷⁹ (2007CB163PO059) is co-funded at 85% by ERDF (EUR 110.7 million⁸⁰) for support of 6 Greek and 4 Bulgarian NUTS 3 regions. The main priorities are: Quality of Life, Accessibility, Competitiveness and Human Resources, Technical Assistance. According to its Annual Implementation Report 2009 however, **no achieved results** on finished projects have been reported, regarding for example the preservation of the natural environment, the networking between Business Organizations and Research Institutions, the rehabilitation of the road networks, etc. During the first year of implementation (2008), only preparatory work took place. In 2009, there was a significant restructuring of the Managing Authority and preparation of all necessary documents for the 1st Call for Proposals. Managing Authority is the Greek Management Organisation Unit of Development Programmes.

The Cross-Border Cooperation Programme “Romania–Bulgaria”⁸¹ (2007CB163PO021) is co-funded by ERDF (EUR 218 million) for support of 15 NUTS 3 regions, seven in Romania and seven in Bulgaria. Its main priorities are Accessibility, Environment, Economic and Social Development, Technical Assistance. Currently there is no information available on the achieved results regarding people with access to ICT facilities, joint management systems for environmental protection, joint flood prevention systems, business facilities, employment opportunities, etc. With the first two calls, 25 contracts were signed by 13.08.2010.⁸² The Managing Authority is the Romanian Ministry of Development, Public Works and Housing.

The Cross-Border Cooperation Programme Bulgaria – Macedonia 2007–2013 is financed by ERDF and IPA funds.⁸³ The consultation procedure of the Memorandum of Understanding (MoU) between the Government of the Republic of Bulgaria and the Government of Macedonia has been completed on the Bulgarian side. The Head of the Bulgarian side of the Joint Technical Secretariat has been appointed, thus providing grounds for starting the evaluation of the 93

⁷⁹ Operational Programme 'Greece – Bulgaria',

http://ec.europa.eu/regional_policy/country/prordn/details_new.cfm?gv_PAY=BG&gv_req=ALL&gv_PGM=1320&LAN=7&gv_per=2&gv_defl=7

⁸⁰ Source: European Territorial Cooperation Programme “Greece–Bulgaria” 2007–2013 Annual Implementation Report 2009, June 2010.

⁸¹ Cross Border Cooperation Programme Romania–Bulgaria 2007–2013, <http://www.cbcrromaniabulgaria.eu/index.php>

⁸² Cross-Border Cooperation Programme “Romania–Bulgaria” website, <http://www.cbcrromaniabulgaria.eu/index.php?page=proiecte-lista>

⁸³ Cross-Border Cooperation Programme ‘Bulgaria – Macedonia’, <http://www.ipa-cbc-007.eu/en/>

project proposals received under the first call launched on 14 September 2009, with a total indicative budget of EUR 4.1 million⁸⁴. There is still no information on the achieved results.

The Bulgaria – Serbia IPA Cross–Border Programme is also financed by ERDF and IPA funds.⁸⁵

The consultation procedure of the Memorandum of Understanding between the Government of the Republic of Bulgaria and the Government of the Republic of Serbia has been **completed on the Bulgarian side**. A total of 75 project proposals with Bulgarian Lead Partner and 27 with Serbian Lead Partner were submitted under the first call announced in 2009.⁸⁶ The first open calls under Cross–Border **Cooperation Programme ‘Bulgaria – Turkey’**⁸⁷, financed by ERDF and IPA funds, were launched at the beginning of 2010.

Annex 2. Description of the evaluation procedures of the operational programmes

OP Transport

So far, **OP Transport** has not undergone an official assessment of the whole programme by independent experts. The MA summarises the data from the on–going monitoring of project implementation in the **Annual reports for 2008**⁸⁸ and **2007**⁸⁹. In 2008, the Managing Authority developed an **Indicative Plan for Assessment**,⁹⁰ and the first results from the assessment by external experts should be ready at the end of 2010. The assessment will be implemented in 2010 and 2011, with possibility for extension until 2013. The Plan envisages current assessments and ex–post evaluations, and regulates the preparation of procedures for conducting the ex–ante (preliminary) assessment of OP Transport for the next programming period. According to the Annual Report for 2008, the first evaluation is to be carried out in the second half of 2009 on the topic “Examination of Project Implementation Process at Final Beneficiary Level”. Main issues to be evaluated are the effectiveness of implementation procedures, the capacity of the final beneficiaries, and the identification of good practices and analysis of the scope for transferability. In accordance with the Indicative Evaluation Plan, the

⁸⁴ Source: Implementation of the Structural funds in Bulgaria Monthly brief, June 2010, <http://www.eufunds.bg/en/page/783>

⁸⁵ Cross–Border Cooperation Programme ‘Bulgaria – Serbia’, <http://www.ipacbc-bgrs.eu/eng/page/programme/overview>

⁸⁶ Source: Implementation of the Structural funds in Bulgaria Monthly brief, June 2010, <http://www.eufunds.bg/en/page/783>

⁸⁷ Cross–Border Cooperation Programme ‘Bulgaria – Turkey’, <http://www.ipacbc-bgtr.eu/eng/page/programme/overview> and <http://www.ipacbc-bgtr.eu/bul/announcements/view/1>

⁸⁸ Annual report of OP Transport for 2008, http://optransport.bg/upload/docs/2008_OPT_Annual_Report_revised_17.08.2009.pdf

⁸⁹ Annual report of OP Transport for 2007, <http://optransport.bg/page.php?c=140&d=146>

⁹⁰ Indicative Plan for Assessment of OP Transport: http://optransport.bg/upload/docs/2008_OPT_Annual_Report_revised_17.08.2009.pdf

following evaluations are going to be carried out in 2010 – “Evaluation of the OPT Monitoring System” and “Interim evaluation of progress and the overall programme performance”⁹¹. Currently no reports are available.

In 2009, OP Transport launched an open call for external experts to implement the assessment of the programme. The procedure proved the lack of experience among the firms in this area, since only 4–5 unsuitable applications have been received. Currently, a new open call with a deadline 26.08.2010 is launched for four independent evaluations, following the Indicative Plan for Assessment.⁹²

OP Transport implements monitoring on two levels: a) programme (by priority axes), and b) project (on every individual project). The criteria and indicators for implementation of the usually large infrastructure projects under OP Transport follow the EC requirements. They are provided as a framework in the TOR, and later on, they are provided in detail by the beneficiaries in their application forms (i.e. the beneficiaries provide the methodology). The indicators are usually quantitative and measurable, such as volume of used concrete, etc. The Managing Authority makes assessments of the projects **in case that**: a) there is 20% deviation from the project plan, or b) during revision, or c) as per the decision of the Monitoring Committee. The Managing Authority also has monthly meetings with the beneficiaries to monitor and provide guidance on the preparation and the implementation of the projects. Due to the large scale of the projects, informal assistance at the preparatory stage before the submission of the project proposals is allowed. This proved to be necessary due to the substantial delay in submitting applications. The main reasons for the delays are the technical and financial difficulties that the beneficiaries face in meeting the requirements for proposal submission – expropriations (which sometimes could last 3–4 years), environmental impact assessments, archaeology studies, and cost–benefit analyses. These are non–reimbursable costs.

The assessments (to be financed through the Technical Assistance axis of OP Transport) **will include**:⁹³

- Assessment of the individual beneficiaries (October–November 2010)
- Assessment of the monitoring System (beginning of 2011)
- Assessment of the incomplete implementation (first quarter of 2011)

⁹¹ Source: Annual report of OP Transport for 2008, http://optransport.bg/upload/docs/2008_OPT_Annual_Report_revised_17.08.2009.pdf

⁹² Source: interview. Open call for evaluators of OP Transport is available at: <http://optransport.bg/page.php?c=67&d=434>

⁹³ Source: interview.

The assessment indicators specified in the text of the OP are relevant and concrete. Still, some of the indicators are currently being updated in the OP Transport Annual reports. The problem is not in the adequacy of the indicators. This is necessary due to the fact that the information and statistical data for these indicators is difficult to gather and calculate. There are **impact indicators** available in the text of the OP Transport. The results of their assessment are summarised in the Annual Reports. The **Monitoring System** of OP Transport follows the systems of ISPA and SAPARD – i.e. establishment of Managing Authority, Monitoring Committee, monthly meetings with beneficiaries, monthly and semi-annual reports by the beneficiaries, and establishment of Implementation units within each beneficiary with technical and financial experts involved. The **Steering and Evaluation Group** of OP Transport has been established in 2008; however it had only one meeting.⁹⁴

On 15 June 2010 a contract was signed for “Elaboration of model for managing infrastructure projects under OP Transport”⁹⁵.

OP Competitiveness

There has been no evaluation of the whole OP Competitiveness after the 2006 preparatory assessments for its start and the Environmental Impact Assessment report of OP Competitiveness⁹⁶ from May 2007 (also linked to the ex-ante evaluations).

Although an Evaluation Plan (not publically available) was presented for discussion and adoption during the first official meeting of the Monitoring Committee,⁹⁷ no external consultant has been appointed to assess the work of the OP Competitiveness (similar to other OPs). There is a public procurement open call for assessment of the procedures in order to propose improvements of the processes and their coherence with the programmed objectives. No open call is published, however, for the assessment of the whole OP Competitiveness by external consultants.⁹⁸ Thus, there is lack of analyses to suggest the right focus for the MA’s efforts.

Current internal controls are implemented through internal rules and checklists. In addition, every project, scheme, and procedure has indicators to be reached by the beneficiaries.

OP Environment

⁹⁴ Source: interview.

⁹⁵ Implementation of the Structural funds in Bulgaria Monthly brief, June 2010, <http://www.eufunds.bg/en/page/783>

⁹⁶ Environmental Assessment report to OP Competitiveness, May 2007, http://www.opcompetitiveness.bg/bg/uploadfiles/documents/projects/6/2opk_eo_okoncatelen_doklad_310507_bg.pdf

⁹⁷ Source: interview and the meeting notes of the Monitoring Committee, available at: http://www.opcompetitiveness.bg/bg/articles/id_5/documents/index.html

⁹⁸ Source: interview.

In accordance with EC Regulation №1083/2006, the implementation of OP Environment (OPE) is monitored by a Monitoring Committee (MC), which had eight meetings in the period January 2008 – June 2010. To date, OP Environment has conducted no formal evaluations of the whole programme. By the end of 2010 however, this evaluation will be implemented for assessing the programme itself, incl. impact indicators, to determine whether there is a need to change the programme. By April 2010, the MA concluded one contract for formal evaluation of the effectiveness of the procedures and the implementation, however, the results from this evaluation are still not available.⁹⁹ Only results will be assessed and not impact, which can not be assessed at the time due to delayed absorption.

In April 2010, the MA carried out an internal efficiency evaluation of the **first open procedures** and an assessment on the capacity building and a three-year training programme.¹⁰⁰ The key findings of the Review¹⁰¹ and analysis of the first **185 projects** funded in 2008 under priority axis 1 of OP Environment show that the procedures had a wide range of eligible beneficiaries and activities, and minimum technical requirements for the investment projects. The assessment of the content of the projects lacked depth and the technical and financial evaluation lacked a minimum threshold. A large number of projects have been approved, yet, due to the abovementioned shortcomings in the applied procedures, the approved projects are not strategic as regards their compliance with the requirements of Directive 91/271/EEC concerning urban waste-water treatment, the objectives of the OP Environment, and efficiency in terms of the proportion 'invested resources – achieved results'. All these are not consistent with the principles of sound financial management. Most infrastructure projects are in the area of water supply and improving the water sector. Mostly small municipalities with population under 10,000 people won these projects, hence disregarding the priority larger agglomerations according to Directive 91/271/EEC. Some technical parameters have also not been considered, such as lack of justification for the number of populations served by the new infrastructure, or a failure to examine the options for most economically advantageous solutions, resulting in high values of the project budgets. Similar problems were also experienced in the technical assistance projects. Corrective measures are applied in accordance with Regulation (EC) 1083/2006. Some projects were temporarily suspended until conclusion of additional agreements, including optimising the budget and setting more concrete activities; for some projects payments were stopped pending an audit by the Audit of EU Funds Executive Agency (beginning on March 15, 2010); and for some projects funding was withdrawn from the OP.

⁹⁹ Source: interview.

¹⁰⁰ Source: interview.

¹⁰¹ Presentation on the Review and analysis of projects funded under priority axis 1 of OP Environment, available at: <http://ope.moew.government.bg/bg/docs> (only in Bulgarian)

Currently, the projects to be financed are selected more carefully and the MA focuses on the direct dialogue with the municipalities and on the trainings.

The institutional structure of the OP Environment is also not the most efficient, because the MA and the Intermediate body are both Directorates in the Ministry of Environment and Water.¹⁰²

OP Regional Development

One evaluation of the first open schemes under OP Regional Development has been implemented by November 2009. This assessment was not obligatory according to the rules for managing the operational programmes, and hence proved to be a good practice. It follows the **Evaluation Plan of OP Regional Development**¹⁰³. The methods used include: review of the documents and audits, interviews and consultations, survey with potential beneficiaries. The evaluation gives more guidance on the implementation of schemes rather than their quality and the quality of control procedures. As a result, 14 reports and a summary report with conclusions and recommendations were prepared. A mid-term review of the OP is foreseen before the end of the year to present more strategic information on objectives and indicators and show whether the MA follows the line of the OP. It will facilitate the preparation of strategic priorities for the next period. In March 2010, DG Regio, following the approval of the Directorate “Management of EU Funds” at the Ministry of Finance, made a **positive assessment** that the systems for management and control meet the requirements of Regulation № 1083/2006 and EC requirements for established structures, roles, and responsibilities, incl. financial management and control, audit, audit trail, and appropriate procedures.¹⁰⁴

The Summary of the **Review of the First 14 opened schemes in 2008 under OP Regional Development 2007–2013**¹⁰⁵ (January 2010) used as **methods**: a review of the documents and the information from the information system UMIS, interviews and consultations with experts from MA of OPRD at central and regional level, a survey with municipalities, NGOs, and specific beneficiaries, eligible or applicants under the reviewed schemes, a survey with members of OPRD Monitoring Committee, a review and analysis of conducted reports, and audits of MA of OPRD.

The **main findings and recommendations** for improving the execution of aid schemes under OPRD included a list of the deficiencies in and recommendation for corrective measures

¹⁰² Source: interview.

¹⁰³ Evaluation Plan of OP Regional Development, http://www.bgregio.eu/FCKeditor/UserFiles/File/Plan%20za%20ocenka%20na%20OPRR_fin_en.ppt

¹⁰⁴ Source: interview.

¹⁰⁵ Summary of the Review of the First opened schemes under OP Regional Development 2007–2013, Ministry of Regional Development and Public Works, January 2010, <http://www.bgregio.eu/Content.aspx?menu=left&pid=97>

regarding: the preparation and design of schemes, project selection and contracting, implementation, monitoring and results of approved projects.

A **good practice** is the case of the Managing Authority of OP Regional Development, which invited representative from the National Association of Municipalities in the Republic of Bulgaria (NAMRB), a representative of the beneficiaries, to participate in the working group defining the evaluation criteria for the whole programme. An external expert will follow these criteria to evaluate the OP Regional Development **by the end of 2010**. The indicators used are the EC standard indicators: number of citizens, length of roads.

In this context, the indicators used are objective and easy to measure and understand. The **mid-term assessment** should show if the initial priorities, assessment, and impact indicators have been adequately set, or if they should change. The assessment should also show if any financial resource should be redirected to other priorities and identify the efficient and the inefficient processes and procedures and propose corrective measures. For example, the OP Regional Development has exhausted its resources for some of the schemes due to the large number of quality projects received. The mid-term assessment should indicate whether these schemes need additional financial resources or not.¹⁰⁶

OP Technical Assistance

The MA of OP Technical Assistance monitors the programme (mostly on project level) and summarises its findings in the **Annual report** for the implementation of OPTA (2007¹⁰⁷ and 2008¹⁰⁸), **Report on the compliance of management systems and controls** of OP Technical Assistance with Articles 58 to 62 of Council Regulation № 1083/2006¹⁰⁹ (including audit results); **Presentations on the implementation**¹¹⁰ (internally prepared by the MA); **Evaluation of the implementation of OP Technical Assistance 2007–2008**¹¹¹ (prepared by external experts on **projects level**, including strategic recommendations on achieving the programme's objectives);

These documents are presented during the meetings of the Monitoring Committee.

¹⁰⁶ Source: interview.

¹⁰⁷ Annual report for the implementation of OP Technical Assistance 2007, <http://www.minfin.bg/document/5596:1>

¹⁰⁸ Annual report for the implementation of OP Technical Assistance 2008, <http://www.minfin.bg/document/6737:2>

¹⁰⁹ Report on the compliance of management systems and controls of OP Technical Assistance, <http://www.minfin.bg/document/6142:3>

¹¹⁰ Presentation on the implementation of OP Technical Assistance, 26.05.2009, <http://www.minfin.bg/document/6573:4>

¹¹¹ Evaluation of the implementation of OP Technical Assistance 2008 (presentation), <http://www.minfin.bg/document/6577:2> and Evaluations of the implementation of OP Technical Assistance 2007–2008 (presentation), <http://www.minfin.bg/document/7586:4>

The **Evaluation Plan of OP Technical Assistance**¹¹² (presented at the second meeting of the Monitoring Committee) lists the types of evaluation, coordination activities, and timeframe for the assessment. The MA of **OP Technical Assistance** has also elaborated a **Methodology for evaluating the programme**¹¹³. In April 2008, they approved an OPTA project through which an evaluation of the implementation of OPTA by an external evaluator will be financed. The project includes three ongoing programme evaluations aiming to improve the quality, effectiveness, impact, and sustainability of the aid. A firm was selected to evaluate the programme. It is to prepare and submit three evaluation reports **by 30.11.2010**. The purpose of the assessments is implementation of analysis of the progress of OPTA in 2007–2008; the system of indicators used for OPTA reporting; and of the progress of OPTA in 2009.

No information is available of already prepared and submitted reports (as of 14 May 2010) and their results in the framework of this project.¹¹⁴

Additionally, the **Communication Plan of Operational Programme Technical Assistance**¹¹⁵ envisages monitoring and assessment of activities and regular reports (annual reports and final report) on the implementation of the Communication Plan. In accordance with Article 4 of Commission Regulation № 1828/2006, the Managing Authority is obligated to present regular reports on the implementation of the Communication Plan to the Monitoring Committee of the Programme and to the European Commission. According to the Communication Plan, the monitoring and evaluation of the communication activities will be **outsourced**, and qualitative and quantitative data will be utilised. For the purposes of the midterm and ex post evaluations, and in order to measure impact and sustainability, further research, sociological surveys, focus groups, and other tools will be used. The Communication Plan also presents concrete **indicators** to monitor and evaluate the communication activities.

¹¹² Plan for Evaluation of OP Technical Assistance, <http://www.minfin.bg/document/5600:2>

¹¹³ Methodology for evaluating OP Technical Assistance, <http://www.minfin.bg/document/6574:3>

¹¹⁴ Source: interview.

¹¹⁵ Communication Plan of Operational Programme Technical Assistance, <http://www.minfin.bg/document/6175:2>