



**Expert evaluation network
delivering policy analysis on the
performance of Cohesion policy 2007-2013
Year 3 – 2013**

**Task 2: Country Report on Achievements of
Cohesion policy**

Bulgaria

Version: Final

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

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List of abbreviations

- AIR Annual Implementation Report
- EEN Expert Evaluation Network
- CBC Cross-Border Cooperation
- CEAOEF Committee on European Affairs and Oversight of the European Funds
- EIF European Investment Fund
- FDI Foreign Direct Investments
- FEI Financial Engineering Instrument
- JEREMIE Joint European Resources for Micro to medium Enterprises
- MA Managing Authority
- MC Monitoring Committee
- NSI National Statistical Institute
- NSRF National Strategic Reference Framework
- OP Operational Programme
- OPC Operational Programme Competitiveness
- OPE Operational Programme Environment
- OPRD Operational Programme Regional Development
- OPT Operational Programme Transport
- OPTA Operational Programme Technical Assistance
- PA Priority Axis
- RES Renewable Energy Sources
- SFC Structural and Cohesion Funds

Executive summary

EU Funds have continued to be one of the main sources of investment in the Bulgarian public and private sectors in 2012 - 2013. They have also been a counter-cyclical factor during the ongoing economic downturn. Increasing disparities between best performing and lagging regions and rising unemployment rates, however, suggest that the provided support has not been able to fully offset the effects of the recession. In 2012-2013, a sustained level of national co-financing has been guaranteed by historically prudent fiscal policy.

Evaluation experience from the last three years since the publication of the first Country Report for Bulgaria in 2010 has identified many positive outcomes from ERDF-funded interventions. Despite the presence of this tangible body of evidence, a general assessment of the overall impact of Cohesion policy in the country is still to come. A recent adaptation of the HERMIN econometric model has provided a best case scenario, an ideal world case of what can be expected in terms of Cohesion policy impact in Bulgaria should all assumptions be met. The model estimated a cumulative contribution of the Cohesion policy to GDP equal to 9.3%, and 4.8% to employment by 2015. Even though it is hard to quantify the impact of Cohesion policy yet, its significance is displayed by the fact that the available budgets of all analysed Operational Programmes (OPs) (EUR 6,600 million) is higher than the total planned capital investments of the Bulgarian government for the period 2007-2013 (EUR 5,200 million).

Since the 2012 Country Report, **all five ERDF-financed OPs have experienced acceleration in terms of both contracted and paid-out funds.** Three of them have contracted almost their entire budgets by August 2013. In order to reduce the risk of de-commitment due to non-absorption, the Managing Authority (MA) of Operational Programme Environment (OPE), which has been the programme with the lowest rate of absorption up to 2013, has adopted an aggressive strategy of over-contracting and has undertaken commitments reaching 151.9% of the available programme budget. Since the beginning of the 2007-2013 programming period, the funding paid out to beneficiaries under all seven Structural and Cohesion Funds (SCF)-financed OPs amounts to over EUR 3,596 million and equals to 44.7% of their entire budget. All the MAs' interviewed representatives, as well as the Committee on European Affairs and Oversight of EU Funds at the Bulgarian Parliament, consider that the risk of de-commitment due to the N+2/N+3 rule is minor.

Notable examples of the important role of ERDF in Bulgaria can already be provided from more and more spheres of the economy including the implementation of large capital intensive infrastructure projects such as the Sofia Metro, the construction of rail and highways, the rehabilitation of roads, the technological modernisation of SMEs, and the renovation of education, social and health infrastructures. A commonly expressed view of interviewed MAs' representatives and other experts is that, in the absence of EU support, the national government and municipalities in particular would not have been able to bear the investment costs of the realised projects. The extent to which this assertion holds true has not yet been substantiated by specific evaluations so far. The reported programmes' achievements in terms of physical implementation in the 2012 Annual Implementation Reports (AIRs) registered notable improvements since the last Country

Report. A number of projects have been finalised and their effects have been already captured by the indicator system. The following achievements of ERDF in Bulgaria can be highlighted:

- Enterprise support and RTDI (Operational Programme Competitiveness (OPC)): EUR 242.4 million investments induced in enterprises; 133 supported projects for improvement of ICT in enterprises; 2,770 new jobs created; 749 projects seeking to promote businesses, entrepreneurship, new technologies;
- Transport (Operational Programme Transport (OPT)): 438,600 additional citizens were served with improved urban transports and 13 new metro stations;
- Territorial development (Operational Programme Regional Development (OPRD)): over 2,740,000 people benefited from refurbished buildings;
- Environment (OPRD): 526,000 people benefited from reinforced landslides protection; and an area of 2,073,663 sq. m. has received improved parks, green areas, playgrounds, etc.

Even more rapid acceleration in reported performance is expected to become visible by 2015 as a large number of projects are still in the implementation phase and no progress can be reported until their finalisation. However, during interviews with MAs it was brought forward that, due to a lack of adequate and sustained sector strategies, some areas of intervention, such as health and ICT infrastructures, are under risk of delays. Some experts noted that the unstable political environment in the country since the beginning of 2013 might further complicate the finalisation of projects already underway, in particular those with public bodies as final beneficiaries financed under Operational Programme Technical Assistance (OPTA).

In the period 2012-2013, an overwhelming number of **evaluations** have been completed and published. With the exception of the OPTA-funded adaptation and launch of the econometric model HERMIN (under the Bulgarian name SIBILA), all evaluations carried out so far have been process oriented. They intended to shed light on topics such as absorption rates, main obstacles, beneficiaries' and administrations' capacity, quality of indicator systems, adaptation to the changing business environment, and horizontal principles. According to their findings, the **main factors hindering the better absorption** of OPs include:

- improper application of the Public Procurement Act;
- lack of established procedures and legal grounds to impose financial corrections in case of irregularities on the part of third-party contractors of infrastructure projects;
- lack of or insufficient capacity of beneficiaries (especially municipalities);
- difficulties related to securing co-funding in times of economic crisis, and reluctance of local financial institutions to provide bridging capital due to perceived high levels of risk;
- burdensome reporting procedures and limited number of IT services for beneficiaries.

Considering the high number of reported recommendations included in the evaluations and taken on board by MAs, it can be concluded that a steep learning process is taking place.

Over the entire programming period, **shifts in expenditures** within ERDF-funded OPs have amounted to approximately EUR 862 million. There is little evidence that decisions to relocate funds between Priority Axes (PAs) and procedures have been linked to evaluation findings and

recommendations. They have rather been prompted by a general concern on the part of MAs with regards to low absorption rates, and their steps to prevent risks of de-commitment.

Interviews with MAs have outlined the most relevant **challenges** for the successful delivery of Cohesion policy in Bulgaria in the next programming period 2014 – 2020 as follows:

- prevent a late start of OPs by fully preparing in advance all strategic programming documents, and a long project pipeline;
- prioritise certain sectors, regions, large infrastructure projects;
- further improve public procurement procedures;
- devise a better system for assessment of OPs' broader effects; and
- enhance electronic submission and reporting for all OPs.

1. The socio-economic context

Main points from the previous country report:

- After an increase up to 1.8% in 2011, GDP growth slowed down in 2012;
- According to the latest available data, in the period 2008-2009, the level of GDP per capita in PPS increased in only two regions - Southwest and South Central (respectively 75% and 31% of the EU average in 2009). The remaining four regions either retained their position (Southeast at 36% of the EU average) or showed a decline to about 31% of the EU average level;
- While NUTS 2 disparities vary between 10-15% for the different economic development indicators, those at NUTS3 level reach 30-40%. To alleviate them, the OPRD MA has planned to focus on the 36 biggest urban conglomerations and to introduce direct contracting;
- To counter the problem of the difficult access of SMEs to co-financing, the OPC MA has introduced a Funded Risk Sharing Product as part of the Joint European Resources for Micro to medium Enterprises (JEREMIE) initiative. The launch of the Financial Engineering Instruments (FEIs) under JEREMIE has been seen as one of the main ERDF-funded measures undertaken to counter the economic crisis in 2011 – 2012 in Bulgaria.

Developments since the 2012 report

The economic climate in which ERDF programmes are delivered in Bulgaria continues to be challenging. During the whole 2012 and in the first two quarters of 2013, the Bulgarian economy experienced sluggish growth of below 1% year over year. Even though the Bulgarian economy was not so severely hit by the recession in comparison to a handful of other peripheral European countries, the relative resilience to outside shocks failed to translate into a solid recovery. According to preliminary data, while in 2012 GDP grew by 0.8%, in the second quarter of 2013 growth decelerated to 0.2% (National Statistical Institute (NSI)). **Rising unemployment continues to represent the most pressing concern for the country.** The number of unemployed persons in the second quarter of 2013 was 437,300 (12.9%), which represents an increase of 0.6% compared to the second quarter of the previous year (NSI). The size of some of the most vulnerable groups on the labour market, the long-term unemployed and young job seekers (15-24 years) continued to increase and according to the most recent data, since the second quarter of 2013 were respectively equal to 7.2% and 28.7% (NSI). At the same time, according to NSI business surveys, in June 2013 7.5% of industrial enterprises pointed out to labour shortage as a factor limiting their activity, a sign of the growing mismatch between the available and the demanded labour pool. Foreign direct investments (FDI), the major booster of economic growth in the years before the credit crunch, remain in 2012 and the first two quarters of 2013 on relative low levels similar to those recorded since 2010. The six fold contraction of FDIs in comparison to 2008 signifies a continuous lack of fresh capital for growth (Bulgarian National Bank).

Socio-economic **disparities between the six Bulgarian planning regions (NUTS 2) remain pronounced.** Most recent regional data in Eurostat covering the period 2008-2010 show that the

change in GDP per inhabitant in PPS for that period was positive only for two Bulgarian regions, namely Southwest and South Central, and amounted to respectively 2.6% and 0.2%. The remaining four regions experienced economic decline ranging from -1.8% in Northwest and -0.3% in Southeast region. Data from NSI for 2011 confirm the general trend of increasing disparities between best performing and lagging regions in the country. The considerable gap in economic performance indicates that the crisis is affecting the economically weaker parts of Bulgaria more adversely. Signs of economic recovery are palpable only in the most prosperous region - the Southwest, where the capital Sofia is situated.

The overall macro-economic conditions in Bulgaria are characterised by contrasting performances. On the one hand, Bulgaria has manageable public deficit levels (-2% in 2011 and -0.8% in 2012), and the fourth lowest general government debt in Europe ranking only after Norway, Iceland and Estonia (18.5% in 2012) (Eurostat). On the other hand, the country remains the poorest EU Member State and demonstrates high unemployment rates (12.4% in 2012). In crisis-stricken Europe, most countries have already introduced a number of **austerity measures** in order to bring state expenditures more in line with revenues and thus curb sharply rising deficits. Bulgaria is an exception, with a negligible in size tax increase (10% tax on deposit interests of physical persons, which came into effect in 2013) and increasing spending. The Bulgarian government updated its budget in August 2013 increasing its deficit from 1.3% of GDP to 2.0%. The update foresees the issuing of EUR 500 million of new debt. Past experience has demonstrated that increased public expenditure in Bulgaria rarely translates into higher economic growth due to the very high openness of the economy and the fairly low efficiency of public spending. In any case, it is unlikely that the additional increase in the deficit spending will contribute to help economically disadvantaged regions overcome the crisis. At this backdrop, one of the very few levers available to Bulgarian policy makers to reduce regional disparities has been the new policy of direct awarding which the OPRD and OPE MAs have introduced.

The Regional Development Councils are the primary bodies for implementing government policy and planning at the regional level. It is noteworthy that the funding for all initiatives with a regional focus in the strategic Regional Development Plans stems from the EU Structural Funds. At the backdrop of this institutional set-up for policy design and delivery, fiscal discipline does not reduce funds available to support regional development. Even though the political discourse revolves increasingly around low growth and high unemployment, OPs as main sources of investments and key policy tools display no shifts in strategic orientation.

2. The regional development policy pursued, the EU contribution to this and policy achievements over the period

The regional development policy pursued

Main points from the previous country report:

- The main priorities of the regional development support laid down in the National Strategy for Regional Development and the National Strategic Reference Framework (NSRF) have not changed since the 2011 Country Report. It is difficult to discern a clear-cut national regional development policy in the different NUTS 2 as it is designed, funded and coordinated on a national level with no regional dimension;
- ERDF support addressed youth unemployment, a big and rising challenge, only indirectly by providing better physical education environment through OPRD, and by supporting the Bulgarian enterprises for new job creation through OPC.

Developments since the 2012 report

The main priorities of the regional development support, including the cross-border objective, have not changed since the 2012 Country Report. The priorities laid down in the NSRF include:

- improvement of basic infrastructure (46.3% of all available EU funds);
- support for a balanced territorial development (20.4%);
- enhancement of the quality of the human capital (15.5%);
- promotion of entrepreneurship, good governance and business environment (14.8%).

The Analysis of the Progress in Achieving the Priorities of the NSRF published in May 2012 reveals that the **policy areas with the highest payment rates are transport, enterprise support and environment**¹. The most recent data (September 2013) from the Information System for Management and Control of EU Structural Instruments in Bulgaria confirm this finding. The support for regional development has been provided primarily through OPRD, which is perceived as the “growth engine for urban agglomerations and a main source of investments for municipalities”². In 2012, the MA of OPRD launched three new calls which amounted to EUR 109 million. They concerned the areas of urban environment in 36 urban centres, development of regional tourist products and marketing, as well as development of municipal and urban centres investment projects for the next programming period 2014-2020. By a large margin, the largest part of newly signed contracts (114 out of 257) and contracted funds in 2012 (EUR 226.8 million out of EUR 328 million) is dedicated to sustainable and integrated urban development³.

¹ www.eufunds.bg/document/2846

² Annual Report on the Absorption of EU Funds in the Republic of Bulgaria in 2011, Committee on European Affairs and Oversight of the European Funds at the National Assembly, December 2012.

³ OPRD 2012 AIR.

Although the general objectives of the NSRF and the OPs have not undergone any changes, from 2012 to September 2013 **MAs have relocated funds from one measure or axis to another**. A review of the decisions of all OPs Monitoring Committees (MCs) reveals that, in the examined period, they have approved relocations within OPT (EUR 10 million), OPC (EUR 173 million⁴) and OPTA (EUR 4.7 million), as well as allowed a relocation of resources within OPRD (EUR 23.7 million) (notably enhanced priority areas of interventions include green and accessible urban environment and fire damage prevention and support in urban agglomeration areas). Added up over the entire programming period, shifts in expenditures amount to about EUR 880 million⁵. MAs have sought to achieve faster absorption rates of available resources by broadening the scope of the programme beneficiaries or activities and securing additional funding for project proposals evaluated positively. All interviews conducted with representatives of MAs confirmed that there have been **no changes in the EU co-financing rates** in 2011 and 2012.

ERDF is considered to be a vital source of funding for Bulgaria, especially considering dried-out public and private investments in the context of the on-going stagnation. Notable examples of its important role include the implementation of large capital intensive infrastructure projects such as the Sofia Metro, the construction of rail and highways, as well as the rehabilitation of roads. In the absence of EU support, the national budget alone would not have been able to bear the investment costs⁶. In addition, ERDF is considered the main source of investment for municipalities⁷. Even though no counterfactual evaluations have been carried out so far to assess what would have happened in the absence of ERDF-funded interventions, the sheer volume of available (EUR 6,600 million) and absorbed (EUR 3,100 million) funds substantiate such claims. For comparison, total general government budgetary capital investments in the period 2007-2013 equal EUR 5,200 million⁸.

OPC is the only OP in Bulgaria delivering direct support to SMEs. After a delayed launch in 2010, up to end-2012 many of the targets for core performance indicators have not yet been achieved (for details see Table 2). As concerns the support for enterprises seeking favourable financing opportunities, the OPC MA reports a total of 1,347 SMEs supported through different schemes under JEREMIE. The performance represents a substantial progress since 2011, which can be primarily explained by the successful introduction of the so called First Loss Portfolio Guarantee instrument⁹. The purpose of this financial instrument is to stimulate bank lending to SMEs by

⁴ According to OPC 2012 AIR, in 2012 the European Commission has approved a revision of OPC requested by the Ministry of Economy and Energy including a relocation of additional funds in the amount of EUR 150 million to PA 3 (JEREMIE initiative) with the purpose of setting up a new debt instrument for risk sharing.

⁵ Own calculations based on publicly available protocols from MCs meetings.

⁶ Interview with Mr. Lyubomir Sirakov, Senior Expert, Monitoring, Information and Communication Department; Coordination of Programmes and Projects Directorate, Ministry of Transport, Information Technology and Communications (MA of OPT)(04.09.2013).

⁷ Interview with Ivan Popov, Director, and Dimitar Boshikyov, Senior Expert, Programming, Evaluation, Information and Publicity Department, Directorate General Programming of Regional Development (MA of OPRD)(10.09.2013).

⁸ Own calculations.

⁹ OPC 2012 AIR

providing credit risk protection, which translates into preferential conditions for obtaining loans¹⁰. The mid-term evaluation of OPC pinpointed the reluctance of bank institutions to provide bridging loans and matching funds as one of the main challenges in front of SMEs applying for grants.

Policy implementation

Main points from the previous country report:

- About 20% of the total actual payments (over EUR 400 million) took place during the first half of 2012;
- The Southwest region, where the capital of Bulgaria is located, attracted the largest number of contracts - 1,736 by 01.09.2012, followed by the South Central region - 973 contracts;
- Despite improvements in procedures, administrative capacity, control mechanisms, wider use of electronic project application, etc. some outstanding problems causing delays in the implementation remain, mostly notably related to the still burdensome reporting procedures, lack of capacity in project implementation of some beneficiaries and capacity-related problems within the MAs.

Developments since the 2012 report

Up to September 2013, the funding paid out to beneficiaries **under all seven OPs combined** amounts to over EUR 3,596 million (44.7%). Out of this figure, resources stemming from EU Structural, Cohesion and Social Funds are equal to EUR 3,035 million, or 84.3% of actual payments¹¹. According to the Annual Report of the Committee on European Affairs and Oversight of EU Funds, published in December 2012, MAs have largely achieved pre-set targets and the sustainable rise in contracting. Furthermore, payments eliminate the risk of de-commitment in the 2007-2013 programming period in accordance with the rule N+2/N+3¹². The same expectation was expressed by all interviewed MA experts.

When **analysed separately**, by August 2013 three out of five OPs (OPT, OPRD, OPTA) have contracted almost their entire budgets, each following an individual pattern in terms of contracting speed since 2011¹³. In order to face the slow and problematic implementation (50.2% contracted funds in end-2011), the MA of OPE has adopted an aggressive strategy of over-contracting and by August 2013 has undertaken commitments reaching 151.9% of the available programme budget. Despite this progress, with 17.7% actual payments in 2012 and 30% by August 2013, **OPE remains the programme with the lowest rate of absorption**. With 85.5% of contracted budget, OPC is lagging behind in terms of contracting. However, it displays the highest rate of actual payments (50.9% of the total budget). OPC is also the leader in speeding up payments over the whole period

¹⁰ Official website of the JEREMIE initiative: <http://jeremie.bg/flpg/>

¹¹ Source: Unified Management Information System for the EU Structural Instruments in Bulgaria, accessed on 05.09.2013, <http://umispublic.minfin.bg/opOperationalProgramms.aspx>

¹² Management of EU Funds in Bulgaria, Progress and Effects, Committee on European Affairs and Oversight of the European Funds, National Assembly (December 2012).

¹³ Most recent data from Unified Management Information System for the EU Structural Instruments in Bulgaria, accessed on the 05.09.2013.

between end-2011 and August 2013 (mainly due to closeness to full allocation of funds under PA3, JEREMIE initiative). Its MA managed to increase payments up to 27.6%. Its performance has been closely followed by OPRD and OPT MAs with an increase of respectively 27.5% (from 20.2% to 47.7%) and 26.9% (from 22.7% to 49.6%) within the same period. Finally, the increase in payments under OPTA amounts to 23.3% (from 21.4% to 44.7%). *For more information see the Annex Table B.*

In terms of **regional distribution** of the EU-funds (both ERDF, Cohesion Fund and ESF-funded OPs), Southwest region, where the capital of Bulgaria is located, registers the highest absolute number of attracted contracts. The number of on-going and implemented contracts by end-2012 reached a total of 960, or 33% of all contracts, which is an annual increase of more than 36% (suspended projects filtered out from the statistics). The distribution of contracts is highly uneven and this implies that economically more advanced regions are better prepared to absorb EU funds. This observation suggests that competitive allocation of EU support on national level contributes to the exacerbation of economic disparities across regions. *For more information on number and value of contracts, number of beneficiaries and percentage change see Annex Table D and E.*

Although, as presented above, MAs have achieved considerable progress in the rates of both contracted and paid-out funds since the 2012 Country Report, they continue to report diverse problems with programme implementation. Interviewed representatives of the MA of **OPE** outlined as main factors impeding the faster absorption of funds the unsatisfactory quality of project proposals, the lacking capacity in municipalities to manage infrastructure projects, difficulties in co-financing expenditures from the scarce revenue streams at their disposal, numerous appeals associated with public procurement procedures, as well as long-delayed national reform in the water supply sector. The latter reform has not been carried through and aims, among other things, at reducing the number of water operators and clarifying ownership relationships between private investors, municipalities and national government in order to simplify the implementation of large infrastructure projects in the field. Unclear ownership of invested resources keeps both public and private investors wary of spending additional resources on water infrastructure. Interviewed **OPT** experts shared that individual projects experience delays most frequently because of slow procurement procedures, force majeure events, discoveries of archaeological finds on building sites, and unexpected need for additional land expropriations. **OPC**, the programme with the largest number of applicants and a relatively small size of individual grants, faces challenges related to the reductions of the procedural time necessary for evaluation, contracting, and monitoring and reimbursement of expenditures. The other side of slow approval procedures is the difficulties the beneficiaries experience in securing the necessary co-financing. Financial institutions are reluctant to provide loans due to a high level of perceived risk of project delay or failure. Interviewed representatives of **OPRD** MA pointed out at the continuing problem caused by the numerous appeals associated with public procurement procedures which disgruntled candidates submit, often without legal grounds defensible in court. One way to deal with such appeals is to factor in the possibility of them being launched already at the planning stage of the procedures. An internal

analysis of a total of 280 procedures in the period 2010-2012 (with a value close to EUR 264 million) showed that, in some cases, delays reach up to 9 months¹⁴. Another central challenge consists in the low-quality construction work and time-consuming procedures for removing defects. According to the 2012 AIR of **OPTA**, one of the central reasons for delays consists in reoccurring omissions by beneficiaries in preparing the technical and financial parts of mid-term reports, as well as frequent changes in the vision and priorities of beneficiaries, which lead to termination or alternation of already started projects. Additionally, representatives of the programme's MA highlighted difficulties stemming from political turnover of high-ranking administrative personnel and uncertainties associated with the stability of the government.

Between 2011 and 2012, **MA**s have undertaken a number of measures geared at facilitating the process of EU funds' absorption and at accelerating the OPs' implementation. The main elements that emerged during interviews with MAs include:

- Reducing administrative burden for beneficiaries and simplifying MA-internal procedures:
 - Part of the functions of the OPC's administration were outsourced to a third party in order to ensure the necessary technical expertise in project proposal evaluation phase under Energy Efficiency and Green Economy Procedure (BG161P0003-2.3.02), as well as to speed up verification process (OPC);
 - External consultants were contracted to perform investment control (on-site checks concerning the progress and quality of the construction process), preliminary and successive public procurement control to prevent appeals, accelerate the processing of irregularity signals and strengthen the principle of transparency in the work of the evaluation commission (OPRD);
 - The option for a fully electronic application has been further enhanced to cover more procedures;
 - A procedure for requesting additional information or administrative documents up to two times have been introduced (OPC);
- Signing preliminary memoranda of agreement with beneficiaries to enable them to launch a public procurement procedure on an earlier stage (OPE);
- Accelerating the reform in the water sector via an OPE-funded project with beneficiary the Ministry of Regional Development as a responsible government body (OPE);
- Forming of departments in charge of managing and implementing projects in two of the largest OPT beneficiaries – Road Infrastructure Agency and National Company Railroad Infrastructure (OPT);
- Enhancing beneficiaries capacity via series of seminars and awareness-raising campaigns (OPRD, OPE, OPC);
- Introducing working meetings with beneficiaries, whose projects have been evaluated as risky (OPRD);

¹⁴ OPRD 2012 AIR.

- Updating the information on the most frequent irregularities in project implementation, public procurement procedures, together with a list of recommendations (OPRD, OPE);
- Enhancing MA's capacity by recruiting additional staff (OPTA, OPRD);
- Broadening the scope of the predefined circle of eligible programme beneficiaries (OPT, OPTA).

During interviews, MA experts placed an emphasis on a series of recent amendments of the legal framework related to the problematic **procedures for public procurement** (a sequence of amendments in force since 2012). The requirements' simplification of the Public Procurement Act includes a reduced number of different procedure types, improved model for preliminary control and reduction of the threshold triggering a control procedure. The latter leads to a higher number of public procurements being subject to preliminary control by the Public Procurement Agency. This is considered a guarantee for a better implementation of the Law on Public Procurement¹⁵.

Forecasts presented in 2012 AIRs of all five ERDF-funded OPs indicate that **all or close to all planned expenditures will be carried out by end-2015**. Similar expectations based on on-going programmes' implementation were also expressed during the round of interviews with MA experts. However, some concerns were raised with regards to potential future risks. For instance, interviewees from the MA of **OPT** contended that difficulties with full absorption of the planned budget may emerge in case some of the large road or railroad infrastructure projects experience delays and expenditures cannot be carried out within the foreseen timeframe. It was noted that a large portion of on-going projects are expected to be implemented in 2014 and 2015. During interviews, representatives of the **OPRD MA** brought forward that the areas of intervention most under risk of delays were health and ICT infrastructures. The cited reasons for such delay risks consist, among others, in the lack of adequate national strategies in the two areas.

With regards to **FEIs**, 2012 was the year in which the process of setting up the institutional arrangements of the JEREMIE instruments was completed. First support measures reached final beneficiaries by the beginning of 2013. A considerable challenge faced by the selected intermediary bodies managing equity financial instruments (Risk Capital Fund, Co-Investment Fund, Mezzanine Fund) consisted in attracting sufficient private funds in order to become operational. Missing interest for riskier ventures on the part of private investors is viewed as part of a larger tendency in Central and Eastern Europe in recent years, which is additionally exacerbated by the on-going economic recession¹⁶. As a result of lacking progress, at the beginning of 2013 the European Investment Fund (EIF), as managing body of JEREMIE Holding Fund, took the decision to dissolve one of the funds (Growth Fund managed by Axes Capital) and redirect freed up resources equal to EUR 30 million to the loan risk sharing instrument¹⁷. The Portfolio Risk Sharing Loan, together with

¹⁵ OPC 2012 AIR.

¹⁶ Interview with Ms Daniela Malhasian, Deputy Director, and Ms Miryana Dragomirova, Chief Expert Directorate General European Funds for Competitiveness, Ministry of Economy, Energy and Tourism; Lyudmila Tozeva, Director Programming, Monitoring and Evaluation Department, Ministry of Economy, Energy and Tourism, (MA of OPC)(12.09.2013).

¹⁷ OPC 2012 AIR.

the First Loss Portfolio Guarantee instrument and the Entrepreneurship Acceleration and Seed Financing Instrument represent most of the progress registered under JEREMIE (*for detailed information see Table 2*). According to OPC 2012 AIR, the considerable progress under the First Loss Portfolio Guarantee instrument came as a result of the actions taken by the EIF, in coordination with the MA and MC of OPC, to speed up implementation. They included:

- broadening the scope of the eligible transactions subject to guarantee – revolving credit lines;
- removing the requirements for intermediaries' portfolio risk management concerning the concentration of enterprises with low credit ratings, start-ups, enterprises from the same industry;
- increasing the maximum investment credits repayment period from 6 to 10 years;
- removing the financial intermediaries' limit of 2% portfolio exposition to a single project.

Experience with OPs management gathered so far suggests that a faster implementation is hindered by an excessive administrative burden, lacking internal capacity and unexpected delays. Actions which could potentially be taken to address these challenges include the transfer of administrative functions to private sector intermediaries. More efficient project applications processing, monitoring and expenditures verification would be most beneficial to OPs supporting large number of beneficiaries, in particular OPC. Another policy measure which could contribute to an improved planning by potential beneficiaries consists in introducing more detailed indicative programmes, which MAs publish well in advance to proposal calls and which contain extensive guidelines for applicants.

Achievements of the programmes so far

Main points from the previous country report:

- Transport, environment and regional development are the main areas, in which most of the allocated and contracted budgets have been focused.
- Though slightly increased, the rate of actual payments remains low. Delay in project implementation is also a relevant problem with respect to the Cross Border Cooperation (CBC) programmes.
- The reported achievements in terms of physical implementation in the 2011 AIRs remain scarce, with no achievements reported for a number of indicators. With the progress of the first programming period for Bulgaria it is becoming clear that the targets set in 2007 have been overly ambitious.
- The indicators used for monitoring the progress of some OPs have not always proven realistic. In addition, many of them have not been altered since the beginning of the programme period and/or fail to properly address OPs' actual priorities. Some MAs have acknowledged plans for updating existing indicators.

Developments since the 2012 report

Enterprise support and RTDI

OPC is the main programme which supports enterprises and RTDI. In 2012, it registered a significant, yet highly uneven acceleration of actual payments under individual PAs. While the average level of payments at the end-2012 reached almost 40% for the entire programme, this value was mainly due to the closeness to 100% implementation of PA3 (FEIs under JEREMIE). Payments under the remaining 4 axes vary between 2.6% and 19.6%¹⁸. Furthermore, the pattern of significant differences in the levels of individual performance indicators identified in the OPC mid-term review persists. For example, the OPC MA reports 0% implementation for: the majority of indicators under PA2 (“Increasing efficiency of enterprises and promoting a supportive business environment”); 20% of the indicators under PA1 (“Development of a knowledge-based economy and innovation activities”); and all indicators under PA4 (“Strengthening the international market positions of Bulgarian economy”). The delay is primarily due to the fact that plenty of projects were still in the implementation or reporting phase¹⁹. As indicators track progress only on the basis of completed projects and payments made, more rapid acceleration in reported performance is expected to become visible by 2015. The official position of OPC MA is that necessary preconditions for achieving all target values within the negotiated timeframe are in place²⁰.

The following indicators are beyond target values and can be considered as the main achievements:

- 261 supported SMEs, which put into service new technologies/products;
- 133 supported projects for improvement of ICT in the enterprises;
- 577 international certificates introduced in supported enterprises;
- 749 projects supported seeking to promote businesses, entrepreneurship, new technologies;
- 331 supported investment projects;
- EUR 242.4 million investments induced (gross investments made by the supported enterprises);
- 6 newly developed financial products.

As in 2011, no progress is yet achieved with regards to the support of newly created or existing clusters, the creation of regional business incubators, as well as the cooperation projects between enterprises and research institutions.

¹⁸ OPC 2012 AIR.

¹⁹ OPC 2012 AIR.

²⁰ Interview with Ms Daniela Malhasian, Deputy Director, and Ms Miryana Dragomirova, Chief Expert Directorate General European Funds for Competitiveness, Ministry of Economy, Energy and Tourism; Lyudmila Tozeva, Director Programming, Monitoring and Evaluation Department, Ministry of Economy, Energy and Tourism, (MA of OPC)(12.09.2013).

Table 1 - Allocation and commitment by policy area

	Allocations by end-2012 (EUR million)	Allocations by end-2012 (% of the total)	Commitments by end-2012 (EUR million)	Commitments by end-2012 (% of the total)
1. Enterprise environment	824.9	12.4	730.9	11.8
1.1 RTDI and linked activities	255.9	3.8	157.9	2.6
1.2 Support for innovation in SMEs	170.7	2.6	164.2	2.7
1.3 Other investment in firms	370.0	5.5	375.2	6.1
1.4 ICT and related services	28.4	0.4	33.6	0.5
2. Human resources	912.6	13.7	778.9	12.6
2.1 Education and training	487.2	7.3	422.7	6.8
2.2 Labour market policies	425.4	6.4	356.1	5.8
3. Transport	1,931.9	28.9	1,530.0	24.8
3.1 Road	1,012.1	15.2	696.4	11.3
3.2 Rail	312.0	4.7	340.6	5.5
3.3 Other	607.8	9.1	493.0	8.0
4. Environment and energy	1,781.2	26.7	1,738.5	28.2
4.1 Energy infrastructure	317.8	4.8	172.3	2.8
4.2 Environmental infrastructure	1,463.4	21.9	1,566.2	25.4
5. Territorial development	650.5	9.7	590.0	9.6
5.1 Tourism and culture	165.3	2.5	163.9	2.7
5.2 Planning and rehabilitation	153.3	2.3	123.9	2.0
5.3 Social infrastructure	332.0	5.0	302.1	4.9
6. Technical assistance	572.6	8.6	806.5	13.1
Total Objective	6,673.6	100.0	6,174.8	100.0

Source: DG REGIO.

Human Resources

The majority of supporting measures for the development of human resources are financed by the European Social Fund (ESF). Generally, ERDF-funded OPs have only indirect and second-order effects on employment and quality of human resources. Although almost all MAs monitor employment effects of interventions to some degree, the MA of OPC is the only one that compiles information on jobs created in a systematic manner²¹. In the absence of uniform reporting standards, each MA employs a differentiated approach based on its own information needs. In 2012, 1,371 new jobs were created as a result of implemented projects. Cumulatively over the whole programming period, the indicator shows a value of 2,770, which presents an over fulfilment of the 2015 target value of 2,120 by 30%. The number of researchers hired by supported enterprises amounts to 68 (behind the 2010 target value of 80 and the 2015 target of 110). The only measure contributing indirectly to reduce youth unemployment consists in supporting start-ups and emerging entrepreneurs through the Acceleration and Seed Funds (joint budget of EUR 21 million) under the JEREMIE initiative. In 2012, a total of 40 enterprises were supported in the

²¹ EEN Report: Job creation as an indicator of outcomes in ERDF programmes, Task 1, 2013.

initial stages of their business development. Through improving physical educational environment, increasing energy efficiency of educational institutions, and creating a better living environment in the Bulgarian regions, OPRD also indirectly fosters employment and contributes to the enhancement and retention of human capital.

Transport

Like all other OPs, OPT demonstrates a clear acceleration and diversification of implemented projects in 2012. The MA has managed to somewhat narrow the previously pronounced gap in implementation levels between individual PAs. Lagging financial performance under PA1 and PA2 (Development of railway and road infrastructure) experienced a 100% increase in 2012 reaching respectively 52.3% and 36.2% of actual payments²². Despite this progress, the achievement of pre-set targets remains a challenge as shown by many indicators with delayed implementation. Examples of indicators with no reported progress include Part of river waterways along the Danube covered by safety system, Savings in railway transport, and Railroad traffic capacity (trains/day).

The 2012 AIR reports satisfactory and excellent performances with the following indicators:

- 15 Projects in Transport Sector;
- 175.9 km of TEN railroads;
- Reduction of fatalities on the roads from 1,006 in 2007 to 599 in 2012 (number on national level provided by Traffic Police Department);
- 13 new metro stations;
- 13.3 km metro lines;
- 438,600 additional passengers served with improved urban transport;
- 340 km rehabilitated/reconstructed municipal roads (funded under OPRD).

Several notable infrastructure projects, which are currently in implementation and will contribute significantly to a better performance statistics, were highlighted during an interview with the MA. These include railroad reconstruction (railroad lines Plovdiv-Svilengrad, Plovdiv-Burgas, Septemvri-Plovdiv), motorway construction (Trakia, Maritsa, Struma motorways), as well as metro extension projects in Sofia.

Environment and Energy

More than 80% of the total budget of OPE is dedicated to PA1 (Improvement and development of water and wastewater infrastructure), which is funded through the Cohesion Fund. Up to end-2012, the level of actual payments under PA1 and PA2, both making up almost the entire indicative budget, amounts to respectively 18.1% and 14.5%. Yearly increase in paid out funds varied between 4.5 and 5%²³. During 2012, the delayed implementation of all indicators identified in previous year Country Report was not compensated. Almost all indicators continue to register

²² Management of EU Funds in Bulgaria, Progress and Effects, Committee on European Affairs and Oversight of the European Funds, National Assembly, December 2012; 2012 AIRs.

²³ OPE 2012 AIR.

delayed implementation of targets and, in some cases, virtually no progress from baseline values. Committee on European Affairs and Oversight of the European Funds (CEAOEF) warns that acceleration of payments is necessary in 2013 in order to reach the minimal certification threshold and to avoid de-commitment²⁴. During an interview with experts from OPE MA, the following achievements were put in the foreground:

- 300 km reconstructed water-supply and sewerage network;
- 1 Regional Waste Management System (first finished investment project in the area of waste treatment);
- About 247,000 sq. m. area at risk of landslides, which are strengthened and/or there is control and measuring system built upon;
- About 526,000 people benefiting from the initiatives against landslides.

The two other OPs with planned measures in the field of Environment and Energy (OPRD and OPC) experienced delays in reaching target values. The 2012 OPRD AIR reports 38,103 MWh/y energy savings from refurbished buildings, which falls well short of the 2015 target value of 230,000 MWh/y and even below the 2009 target of 44,400 MWh/y. The reported population benefiting from such measures is more than 2.7 million people, whereby the 2015 target is 230,000 (refurbished schools, universities, administrative and cultural buildings). The OPC MA has reported neither on the share of Renewable Energy Sources in the total energy consumed by the supported enterprises nor on the number of energy efficient technologies/processes/solutions implemented in the supported enterprises as there were no supported projects in that area of intervention up to end-2012²⁵. Progress on energy-related indicators is expected in future reporting periods when projects funded under recently opened procedures will be concluded (BG161PO003-2.3.01 Investment in green industry, BG161PO003-2.3.02 Energy efficiency and green economy)²⁶.

Territorial Development

The main achievements reported by Bulgarian authorities under this policy area were implemented through OPRD and included projects for the development of the urban environment, green areas and prevention of landslides. According to information provided by the Ministry of Regional Development and Public Works, the main achievements of OPRD in 2012 were:

- 226 repaired/reconstructed buildings of educational, social and cultural infrastructure;

²⁴ Management of EU Funds in Bulgaria, Progress and Effects, CEAOEF, National Assembly, December 2012.

²⁵ OPC 2012 AIR.

²⁶ Interview with Ms Daniela Malhasian, Deputy Director, and Ms Miryana Dragomirova, Chief Expert Directorate General European Funds for Competitiveness, Ministry of Economy, Energy and Tourism; Lyudmila Tozeva, Director Programming, Monitoring and Evaluation Department, Ministry of Economy, Energy and Tourism, (MA of OPC)(12.09.2013).

- 1.3 million people benefiting from the repaired/reconstructed buildings of educational, social and cultural infrastructure (as of August 2013)²⁷;
- 2,073,663 sq. m. improved parks, green areas, playgrounds;
- 1,888,102 people benefiting from the improved urban environment;
- 427,638 sq. m. constructed/reconstructed pedestrian zones, bikeways, sidewalks;
- 1,767 parking spaces constructed close to key transport points of the peripheral urban areas.

Interviewed experts from the OPRD MA noted that some of the indicators under the programme remain without reported results. In the case of indicators such as *Health facilities improved* and *Patients benefiting from improved healthcare infrastructure*, the lack of progress in reporting indicators can be explained by the lack of achievements in the healthcare sector overall, e.g. the inconsistent implementation of a long-term hospital sector strategy. Furthermore, as no projects have been fully implemented under some PAs or calculation of net effects is due years after their completion, other indicators report zero progress, too (Annual no. of participants international, national and regional tourism fairs and exhibitions and Additional annual no. of visitors of attractions)²⁸.

With regards to FEIs managed by OPRD MA, in 2012 two funds under JESSICA initiative became operational – Sustainable Urban Development Fund for Sofia and Regional Urban Development Fund for the six largest Bulgarian cities outside Sofia, namely Plovdiv, Varna, Bourgas, Stara Zagora, Rousse and Pleven²⁹. In the beginning of 2013, the first agreement for financing with funds under JESSICA initiative was signed. A loan in the amount of close to EUR 1.4 million was granted to Stara Zagora Municipality for the full renovation of the Central Municipal Market³⁰.

²⁷ Interview with Ivan Popov, Director, and Dimitar Boshikyov, Senior Expert, Programming, Evaluation, Information and Publicity Department, Directorate General Programming of Regional Development (MA of OPRD)(10.09.2013).

²⁸ Interview with Ivan Popov, Director, and Dimitar Boshikyov, Senior Expert, Programming, Evaluation, Information and Publicity Department, Directorate General Programming of Regional Development (MA of OPRD)(10.09.2013)

²⁹ OPRD 2012 AIR

³⁰ Regional Urban Development Fund official website: www.jessicafund.bg/en

Table 2 – Main physical indicators and achievements

Policy area	Main indicators	Actual outcomes and results (physical outcomes plus brief note on what has been achieved)
Enterprise support including ICT	Investment induced (gross investments made by supported enterprises) (OPC)	EUR 242.4 million (ahead of the 2010 target value of EUR 200 million)
	Increase of the production capacity in the supported enterprises (OPC) ³¹	80.1% (ahead of the 2010 and 2013 target of 15%)
	Reduction of the average age of technological equipment in the supported enterprises (OPC) ³²	29.8% (behind of the 2010 target of 35.5% and 30% for 2013)
	No. of enterprises supported by debt products (OPC)	1,388 (in line with the 2015 target of 2,000)
	No. of enterprises supported by risk capital funds (OPC)	20 (out of the 2015 target of 158)
RTDI	Supported innovative start-up enterprises (OPC)	21 (behind the target of 55-65 for 2010 and the 2015 target of 95-130)
	No. of projects seeking to promote businesses, entrepreneurship, new technology (OPC)	749 (ahead of the 2010 target of 553 and behind the 2015 target of 2,219)
	Applications for trademarks, designs or patents from the supported enterprises (OPC)	57 (behind the target of 80 by 2015)
	Supported SMEs which put into service new technologies/products (OPC)	261 (ahead of target of 160 by 2013 and behind the 2015 target of 550)
	Certificates introduced in the supported enterprises (OPC)	577 (in line with the 2010 target of 200 and the 2015 target value of 537)
Human Resources (ERDF only)	Jobs created (OPC)	2,770 (in line with the 2015 target value of 2,120)
	Researches hired by the supported enterprises (OPC)	68 (behind the 2010 target value of 80 and the 2015 target of 110)
	Total No. of training sessions for the beneficiaries (PA1 of OPTA)	547 (in line the 2009 target of 350 and the 2013 target of 500)
	Total No. of training sessions for the local authorities and other SF implementing structures (OPTA)	207 (in line with the target of 120 for 2009 and 200 for 2013)
	No. of trained people (PA2 of OPTA)	812 (in line with the 2009 target of 800 and behind the 2013 target of 1,300)
	No. of trained people from the beneficiary structures under OPTA	1,949 (in line with the 2009 target of 500 and behind the 2013 target of 2,200)
	Students benefiting from improved educational infrastructure (no.) (OPRD)	57,488 (ahead of the target values – 6,300 for 2009 and 20,000 by 2015).
	Education facilities improved (no.) (OPRD)	214 (far ahead of the 2015 target of 45)
Transport	Km of new TEN roads (OPT)	82 (delayed implementation from the 2015 target of 248.9)
	Km of reconstructed roads (OPRD)	501.4 (delayed implementation from the 2015 target of 1,300)
	Km of TEN railroads (OPT)	175.9 (far short of the 2010 target of 269.6 and the 2015 target of 817), out of which 17.9 km

³¹ Indicator dropped out from the indicator system with EC decision № C(2012) 5768 from 10.08.2012, OPC 2012 AIR.

³² Indicator dropped out from the indicator system with EC decision № C(2012) 5768 from 10.08.2012, OPC 2012 AIR.

Policy area	Main indicators	Actual outcomes and results (physical outcomes plus brief note on what has been achieved)
		newly build railroads (in line with 2010 target of 11.9 and 2015 target of 36)
	Km of reconstructed railroads (OPT)	158 (delayed implementation, the 2015 target is 817)
	Reduction of fatalities on road (number)(OPT)	775 in 2010, 657 in 2011, 599 in 2012 (progress compared to 2007 level of 1006 fatalities and in line with the 2015 target of 585)
	Metro stations built (no.) (OPT)	Indicator under PA1 - 6 Metro stations (in line with the 2013 target of 6) Indicator under PA3 - 7 Metro stations (in line with the 2015 target of 7)
	Passengers using the metro (no.) (OPT)	Indicator under PA1 - 73,664 (in line with the 2015 target of 92,460) Indicator under PA3 - 74,000 (in line with the 2015 target of 90,600)
	Metro lines built (km) (OPT)	Indicator under PA1 - 6.7 (ahead of the 2013 target of 6) Indicator under PA3 - 6.5 (in line with the 2015 target of 6.5)
	Savings (EUR million per day) from improved inter-modality for passengers and freight (OPT)	28.8 (in line with the 2015 value of 35.27)
	Time savings (thousands of hours per day) from improved inter-modality for passengers and freight (OPT)	15.76 (in line with the target value of 19.3 by 2015)
	Additional population served with improved urban transport (no.) (OPT)	438,600 (far ahead of the 2013 target of 190,000) ³³
Environment and energy	Supervised coast length (nautical miles) (OPT)	35 (delayed implementation from the 2010 target of 95 and the 2015 target of 238.4)
	Supervised river length (km) (OPT)	60 (delayed implementation from the 2010 target of 126.6 and the 2015 target of 407.7)
	New and rehabilitated wastewater treatment plants (OPE)	3 (delayed implementation from the 2010 target of 22 and the 2015 target of 45)
	Constructed Integrated Waste Management Systems (OPE)	1 (delayed implementation from the 2010 target of 12 and the 2015 target of 24)
	Additional population connected to Urban Wastewater Treatment Plants (OPE)	1.7% (OPE contribution only) (delayed implementation from the 17.5% target for 2010 and the 2013 target of 25.9%)
	Population served by Integrated Waste Management Systems (OPE)	52,691 (far behind the 2010 target of 1,983,264 and the 2015 target of 3,967,000)
	Additional population served by waste water projects (OPE)	185,991 (delayed implementation from the 2010 target of 1,295,000 and the 2015 target of 1,500,000)
	Energy savings from refurbished buildings (MWh/y) (OPRD)	38,103 (behind the 2009 value of 44,400 and the 2015 target of 245,000)
	Population benefiting from refurbished buildings (number) (OPRD)	2,740,355 (ahead of the 2015 target of 230,000)
	Area of landslides, which are strengthened	About 567,170 sq. m. (247,000 sq. m. in 2012)

³³ Indicative figure based on the application documents for the extension of Sofia Metro, stage I and II, OPRD 2012 AIR.

Policy area	Main indicators	Actual outcomes and results (physical outcomes plus brief note on what has been achieved)
	and/or there is control and measuring system built upon (sq. m.) (OPRD)	only, no target)
	People benefiting from the strengthened landslides (OPRD)	About 786,500 (526,000 in 2012 only, no target)
Territorial development (urban areas, tourism, rural development, cultural heritage, health, public security, local development)	Repaired/reconstructed buildings of educational, social and cultural infrastructure (OPRD)	355 (226 in 2012 only, no target)
	Area of improved parks, green areas, playgrounds (sq. m.)(OPRD)	2,073,663 sq. m. (entire progress achieved in 2012, no target)
	People benefiting from the improved urban environment (OPRD)	Over 1,913,000 (1,888,102 in 2012 only, no target)
	Area of constructed/reconstructed pedestrian zones, bikeways, sidewalks (sq. m.) (OPRD)	Over 427,600 sq. m. (entire progress achieved in 2012, no target)
	Parking spaces close to the key transport points of the peripheral urban areas (OPRD)	1,767 (entire progress achieved in 2012, no target)
	Projects improving the physical environment, attractiveness of the towns and risk prevention (number) (OPRD)	39 (behind the 2009 target of 80 and the 2015 target of 200)
	Culture facilities improved (OPRD)	66 (in line with the 2009 target of 35 and behind the 2015 target of 90)
	Social services facilities improved (no.) (OPRD)	75 (in line with the 2015 target of 70)
	Innovative practices transferred / adopted based on interregional cooperation (OPRD)	152 (far ahead of the 2015 target of 80)
	Small-scale investment projects implemented (OPRD)	118 (in line the 2009 target of 60 and behind the 2015 target of 250)
Population benefiting from small-scale investments (OPRD)	685,585 (far ahead of the 2015 target of 216,000)	

Source: AIRs 2012. Note: OPs, funded by ESF are excluded.

In previous years, MA representatives have often contended during interviews that many of the selected indicators fail to assess real progress in implementation and outcomes and that many of them have not been altered since the beginning of the programming period. In 2012, a number of indicators in most OPs have been updated. In each case, AIRs elaborate on why an indicator has been dropped or a new one adopted.

In the case of Bulgaria, benchmarking achieved progress against the state-of-the-art as of 2007 is not feasible since almost all indicators across different OPs have no baseline values. This is mostly due to the fact that the current programming period 2007-2013 is the first one for the country. Notable exceptions are policy areas such as environment where baseline values reflect the progress achieved under pre-accession funding instruments.

With respect to the **CBC** programmes, the Annual Report on the Absorption of EU Funds in the Republic of Bulgaria by the CEADEF at the National Assembly (December 2012) registers more than two fold acceleration of payment rates in 2012 (under individual PA even higher). However, despite this progress and due to a delayed start, over EUR 2 million have already been de-committed under two CBC programmes, those with Romania and FYR of Macedonia. Calculations on the basis of the report show that up to 31.10.2012 a total of more than EUR 77 million has been paid out under all

five CBC programmes. According to most recent data from the MA of Romania-Bulgaria CBC Programme, a total of 162 projects equal to EUR 240 million have been approved up to 30.08.2013. In 2012, two calls were launched under Greece-Bulgaria Programme with a combined budget of EUR 27 million^{34,35}. With 123 contracts (amounting to EUR 43 million) at the end-2012, the CBC Programme with Serbia ranks first among the programmes with partners from non-EU countries. The Annual Report on the Absorption of EU Funds in the Republic of Bulgaria concludes that, due to the very limited number of fully implemented projects, it is difficult to analyse the achievements of CBC programmes yet. The responsibility for both ERDF-funded CBC programmes (with Romania and Greece) does not lie with Bulgarian MAs.

3. Effects of intervention

Main points from the previous country report:

- Formal modelling exercises have not been employed in Bulgaria to assess the overall impact of the ERDF interventions. In 2012, the HERMIN model (rebranded as SIBILA) was introduced but it is still not actively used due to the lack of input indicators from concluded projects.
- Currently the MAs use the information system LOTHAR to monitor projects' implementation. However, it provides information only on the contracted, verified and paid out funds, and not on their economic impact.
- According to MAs representatives, Bulgaria would not have achieved its current economic and regional development level without the ERDF support, especially regarding the modernisation of the basic regional infrastructures.
- OPC has introduced measures supporting investments in green industries, energy efficiency and green economy.

Developments since the 2012

Evidence on the effects of interventions funded through ERDF is still scarce but improving. AIRs provide almost no commentary on the broader impact of administered support measures and present individual projects as achieved results. Furthermore, no comprehensive academic research studies on the topic have been conducted and published and OP-specific evaluations are mostly process oriented. Finally, the Annual Report on the Absorption of EU Funds in the Republic of Bulgaria for 2012 (CEAOEF at the National Assembly) focused on the overall financial progress, certain individual projects, as well as on the efficiency and effectiveness of OP management. Alike, the evaluation of the NSRF from 2012 summarises performance progress with respect to both national and regional programmes, identifies problems and risks, analyses the institutional

³⁴ MA of the European Territorial Cooperation Programme Greece-Bulgaria: http://www.greece-bulgaria.eu/index.php?option=com_content&view=article&id=66:4th-call-for-project-proposals&catid=3

³⁵ MA of the European Territorial Cooperation Programme Greece-Bulgaria: http://www.greece-bulgaria.eu/index.php?option=com_content&view=article&id=62%3A3rd-call-for-proposals&catid=3&Itemid=4

framework and monitoring systems³⁶. The combined evidence from all the above reports though allows to conclude that progress in the absorption and hence impact is improving steadily.

At this backdrop, the adaptation of the HERMIN econometric model (known under the name SIBILA) is an important contribution to the understanding of ERDF's impact on the Bulgarian economy. Despite some intrinsic methodological deficiencies, such as the assumption of 100% OPs implementation and the resulting probable overestimation of positive effects, it is the only tool currently used to disentangle complex cause and effect relationships. SIBILA's results are expected to consistently improve with the increase of the available input data as ERDF programmes draw further to their conclusion. *For more details on methodology and results see next section.*

All interviewed MAs representatives confirmed that in many areas of intervention ERDF support accounts for all available fresh resources for investments. Moreover, it was highlighted that allocated funding has, in some cases, a significant counter-cyclical economic effect. Technological base upgrades, construction of vital infrastructure and urban renewal emerged as major direct effects of interventions. Furthermore, the partial compensation of the sharp loss of employment in times of continuing economic downturn was pointed out as the most important indirect effect. Positive employment effects are also confirmed within a representative survey among public and private beneficiaries (a sample of almost 300), conducted at the beginning of 2012 within the evaluation of the NSRF. Increasing the beneficiaries' capacity for project management was pointed out as an unintended positive effect of provided support.

Interviewed experts from the OPT MA featured as most successful projects those related to the extension of Sofia metro and the Trakia highway construction. Both have significantly contributed to reduce traffic as well as to increase travel speed, security and comfort³⁷. Wastewater and waste management facilities funded under OPE have a strongly positive effect on water quality, preservation of animal and plant species and ecological balance as a whole³⁸. The MA of OPRD emphasised that detailed information on the overall effect of the programme will be available after the completion of the impact evaluation of OPRD in the period 2007-2013, for which a public procurement procedure has already started³⁹. Although all interviewed MAs stated that strategic OP goals were largely achieved, verifiable and robust statistical data on effects of interventions at programme level are not available at present.

While the interventions in some policy areas perform relatively well, little achievements can be reported in others. Although it can be argued that the slow progress registered under a number of

³⁶ Analysis and Assessment of the Progress in Achieving the Goal/Priorities of the NSRF, May 2012

³⁷ Interview with Mr. Lyubomir Sirakov, Senior Expert, Monitoring, Information and Communication Department; Coordination of Programmes and Projects Directorate, Ministry of Transport, Information Technology and Communications (MA of OPT)(04.09.2013).

³⁸ Interview with Ms Irena Dimitrova, Expert, and Mr. Spiridon Aleksandrov, Director, Monitoring and Reporting Department, Directorate Cohesion Policy for Environment, Ministry of Environment and Water (MA of OPE)(04.09.2013).

³⁹ Interview with Ivan Popov, Director, and Dimitar Boshikyov, Senior Expert, Programming, Evaluation, Information and Publicity Department, Directorate General Programming of Regional Development (MA of OPRD)(10.09.2013).

indicators might reflect unrealistic goal setting at the beginning of the current programming period 2007-2014, the absence of any progress in some indicators (e.g. number of supported clusters and regional business incubators, cooperation projects between enterprises and research institutions, energy efficient solutions implemented in SMEs, number of mapped protected areas and zones of NATURA 2000 network and elaborated management plans, health care facilities improved, additional visitors of supported touristic attractions) is indicative of the general inability of both MAs and beneficiaries to produce the intended outcome of interventions without considerable delays. Even though other policy areas, as for instance improvement of transport, educational, water infrastructure or enterprise support, perform relatively better, further analysis is required in order to establish whether individual projects can form the critical mass necessary for producing a broader economic impact.

4. Evaluations and good practice in evaluation

Main points from the previous country report:

- all OPs have elaborated Indicative Evaluation Plans, though these have not always been made publicly available;
- the round of mid-term reviews of the OPs experienced delays due to protracted public procurement procedures;
- MAs have relied predominantly on external experts for the implementation of evaluations;
- recommendations from the mid-term reviews and other specific evaluations have resulted in, among others, simplification of administrative procedures, modification of indicator systems and target values, over-contracting as a tool for preventing the loss of funds at the end of the project period, and exploration of direct instead of competitive contracting.

Developments since the 2012

The Evaluation Plan of each OP embodies the strategy for evaluating the effects of the interventions co-financed by the ERDF and Cohesion Fund. Evaluation plans have been adopted at the beginning of the programming period and undergo regular reviews. No major changes have been introduced in the strategy or the resources made available for evaluating the effects of the interventions since the 2012 report.

Due to differing publicity practices of MAs, evaluation plans are publicly available only for three out of the five⁴⁰ ERDF and Cohesion Fund-funded OPs - Transport, Regional Development and Technical Assistance. However, all MAs provided an up-to-date copy of the document for the purposes of the current report. Even though in some cases Evaluation Plans have been revised as much as 6 times (OPT), introduced changes have been operational in character and have not changed the general evaluation strategy. Financial resources for performing evaluations are provided both under the respective OP and under the TAOP. Practices differ across MAs in terms of reporting indicative

⁴⁰ The programmes for trans-border cooperation with Romania and Greece are also funded through the ERDF and Cohesion Fund. However, they are managed by Authorities in the respective countries.

budgets earmarked for evaluations. Some provide total indicative budgets only, while others report financial breakdowns for each evaluation. Still others provide no indicative figures but prices of individual evaluations are announced publicly with the opening of each tender procedure. There have been no any centrally coordinated rules for announcing budgets and each MA has decided individually how to handle the issue. MAs that are more transparency prone opted for a more disaggregated breakdown.

In line with adopted evaluation plans, MAs have, with very few exceptions, solicited the services of external evaluators. Existing capacity building measures aim to enhance the competencies of MA staff in charge of monitoring and evaluations with the purpose of strengthening the on-going control, collecting better quality evaluation data and supporting external consultants. The number and sophistication of the provided evaluations of interventions have grown since 2012 when all mid-term and several specific evaluations were completed and published. By implication, this points to an increasing capacity for monitoring and evaluation. For example, in 2012 Bulgaria has for the first time implemented the HERMIN model for measuring the macroeconomic impact of ERDF funds. However, there have not been any quantitative or qualitative studies so far as to the extent of the overall improvement in capacity.

Evaluation studies are done after an open tender. A frequent model for applying for and implementing evaluations is establishing a consortium of evaluators of local and well-established foreign consultancy firms. In other cases, public procurement contracts are won individually by local subsidiaries of European-wide consultancy firms. The presence of open tendering and of multinationals should guarantee adherence to the principles of good project management and a relatively high level of independence of evaluators. There have not been any independent studies on how independent evaluators have been in their work and the findings once they have been contracted to perform an evaluation. In view of the process orientation of all but one evaluations and the lack of sophisticated methodologies that aim at quantifying interrelated economic effects, the results of the evaluation exercises can be considered as reliable.

The emergence of an increasing body of independent evaluations of public policies and programmes is mainly driven by EU Commission's requirement. Even though, in addition to the obligatory ex-ante, mid-term and ex-post evaluations, Evaluation Plans contain other indicative evaluations, MAs have launched only a small number of them. At the same time, important decisions such as relocation of funds are not grounded into evaluation findings and many formulated recommendations remain on paper. The current evaluation activity in Bulgaria suggests that MAs underutilise the potential of independent evaluations for gathering the policy intelligence, which is necessary for overcoming existing bottlenecks, assessing long-term impact and designing future policies.

The table provided below includes only the evaluations, which have become available after the preparation of the 2012 report.

Table 3 - List of evaluations published since 2012 Country Report

Title and date of completion	Policy area and scope (*)	Main objectives and focus (*)	Main findings	Method used (*)	Full reference or link to publication
OP Environment Mid-term Evaluation for the Period 2007-2010 (2012)	5	2	Identified positive trends include improvements of the administrative capacity of the MA, simplification of management and control systems and better cooperation with beneficiaries. Low rates of absorption are attributed to lack of established procedures and regulatory framework for imposing financial sanctions in cases of irregularities. To accelerate absorption the MA has shifted away from competitive distribution of funds to direct contracting. The lack of indicators for PA4 Technical Assistance is identified as a major omission in the programme development phase. The evaluation has concluded that the indicator system needs updating and refinement.	3+4	http://ope.moew.government.bg/files/useruploads/files/Evaluation/resume_interim_evaluation.pdf (Resume)
OP Environment On-going Evaluation for the Period 01.01.2012-31.12.2012 (April 2013)	5	2	In 2012, the implementation of OPE has accelerated significantly. This is largely due to the shift towards direct contracting with municipalities. Since the launch of the OP, 122 projects have been completed, out of which 21 investment facilities have been put in operation (20 under PA1 Water and Waste-water Infrastructure and 1 under PA2 Waste Treatment). The deficiencies in the indicator system identified in the mid-term review of the OP remain unaddressed. Positive developments include: the publication and regular updating of a list with common mistakes in the project implementation and management; reduction of the time necessary for verifying eligible expenditures and faster reimbursement; introduction of additional measures under PA4 Technical Assistance designed to strengthen the capacity of government institutions in charge of environmental policies; significantly improved communication activities.	3+4	http://ope.moew.government.bg/files/useruploads/files/Evaluation/resume_doklad_tekushta_ocenka_2012.pdf (Resume)
OP Technical Assistance Mid-term Evaluation (January 2013)	8	2	OPTA has a relatively narrow scope of activities and a pre-set circle of potential beneficiaries. Contracting has increased sharply in 2011. However, as of 2013 there remains a risk of de-commitment of close to EUR 13.5 million unless certification is accelerated and funds are re-allocated to PA1 Strengthening Centralised Governance Structures. The target values for a number of indicators have already been achieved with very few problematic indicators. Both the number of MA personnel and their capacity needs to be strengthened, especially in the fields of administrative control related to public procurement procedures, risk assessment and on-spot checks, monitoring and forecasting the financial implementation, as well as monitoring of projects	3+4	www.eufunds.bg/document/4906

Title and date of completion	Policy area and scope (*)	Main objectives and focus (*)	Main findings	Method used (*)	Full reference or link to publication
			and collecting data for the indicator system. In terms of horizontal policies, there is a lack of understanding and no clear mechanism for their implementation mainly due to missing guidelines for beneficiaries. The MA of OPTA has largely taken into account the recommendations from previous evaluations and has fully implemented half of them (12 out of 23) as well as partly followed or considered the rest.		
OP Transport Evaluation of the Integration of Horizontal Principles in the Management, Monitoring and Implementation of OPT (July 2012)	10	2	The report identifies and elaborates on six horizontal principles, the application of which is deemed appropriate within the framework of OPT. These include: sustainable development (physical and socio-economic accessibility, security, clean environment, and energy efficiency); employment (both during and after the project implementation); competitiveness, incl. state aid and public procurement; innovative decisions and information technologies; equal opportunities and prevention of discrimination; partnership with stakeholders throughout the whole project life cycle. Horizontal principles are considered mainly in the selection and evaluation phases of investment projects. They have only limited applicability in projects related to technical capacity building and preparation of investment projects. The evaluation has found out that both on project and programme level, reporting on horizontal issues is unsatisfactory in terms of coherence and details. Information has been collected and reported in a well-structured manner only on public procurement.	4	http://optransport.bg/page.php?c=201&d=1034 (Resume)
Annual Report on the Absorption of EU Funds in the Republic of Bulgaria in 2011, CEAOEF at the National Assembly (CEAOEF) (December 2012)	1 – 10 (all)	2	CEAOEF highlights that the funding provided under Bulgarian OPs is a crucial factor for reducing intra and inter-regional disparities. The achieved high rates of contracting from 2011 have been sustained, and by November 2012 an average of 95% of the total available budgets have been contracted. Some OPs have embarked on a strategy of direct contracting and over-contracting to ensure better absorption and prevent the risk of losing funds from projects which have been contracted but which might not be certified in the future. Average actual payments amount to 31% with OPC being the forerunner with 42%. The regulatory framework necessary for the functioning of the OPs in Bulgaria is in place but is fragmented and there is a lack of predictability of introduced changes. The matter is regulated by means of ordinances and decisions of the Council of Ministers as well as guidelines issued by MAs and the Central Coordination	3+4	http://www.parliament.bg/pub/cW/201302220134132012 Annual report 2012.pdf

Title and date of completion	Policy area and scope (*)	Main objectives and focus (*)	Main findings	Method used (*)	Full reference or link to publication
			Unit. An effective system for management and control is in place and Certifying and Auditing Authorities report low levels of financial corrections and errors. Transparency and visibility is ensured by making considerable parts of statistical data publicly available through the Information System for Management and Control and by operating 28 Regional Information Centres. Across all OPs, application, reporting and verification processes have been simplified and accelerated through optimisation of procedures and, in some cases, the introduction of e-services.		
SIBILA (September 2012)	1-10	3	Simulation (model) of Bulgaria's Investment in Long-term Advance, or SIBILA, is the result of an OPTA-financed project aiming at adapting the HERMIN econometric model for the Bulgarian context and applying it in order to assess the net effect of EU funds on the national economy as a whole. The study provides assessment of the overall contribution of EU funds' interventions on key economic indicators such as GDP, employment, exports, budgetary balance and private investment. According to the results, the additional effect on GDP growth generated by EU funds alone for 2010 and 2011 is estimated to be 0.5% and 1.0% respectively. Projections into 2015 estimate that EU funds will contribute to a cumulative GDP growth of 9.3%. The expected net effect on nominal incomes up to 2015 amounts to 34.6% and on employment 4.8%. The study includes counterfactual and sensitivity analyses.	1	http://www.iki.bas.bg/files/5_Ganev.pdf (Presentation)

Note: (*) Legend:

Policy area and scope: 1. RTDI; 2. Enterprise support and ICT; 3. Human Resources (ERDF only); 4. Transport; 5. Environment; 6. Energy; 7. Territorial development (urban areas, tourism, rural development, cultural heritage, health, public security, local development); 8. Capacity and institution building; 9. Multi-area (e.g. evaluations of programmes, mid-term evaluations); 10. Transversal aspects (e.g. gender or equal opportunities, sustainable development, employment)

Main objective and focus: 1. assess the arrangements and procedures for managing or administering programmes; 2. support monitoring, or check the progress made in implementing programmes, such as many mid-term evaluations; 3. assess the outcome or effects of programmes in terms of the results achieved and their contribution to attaining socio-economic policy objectives

Method used: 1. Counterfactual; 2. Cost-benefit analysis; 3. Other quantitative; 4. Qualitative

The round of mid-term evaluations carried out in the period 2010-2013 together with all specific evaluations looking into individual PAs, communication plans and monitoring systems have been process oriented. In general, most evaluations have focused on issues such as relevance and consistency of provided support as well as financial and physical implementation of OPs. Typically, evaluation questions have been intended to shed light on topics such as absorption rates, obstacles, beneficiaries' and administrations' capacity, quality of indicators systems, adaptation to changing business environment, and horizontal principles. Most commonly used methods are qualitative, such as desk research (analysis of statistical data, documentation review, legislation analysis), questionnaires to and interviews with beneficiaries, expert panels and benchmarking. So far, there have been no examples of theory based or counterfactual evaluations. Some representatives of the MAs contacted for the report have noted that more advanced quantitative methods such as cost-benefit analysis and macroeconomic modelling are foreseen for the round of final evaluations in 2014 and 2015.

The sole example of an econometric evaluation has been the use of the SIBILA model (rebranded HERMIN model) which was designed in 2010 to analyse the net effects of SCF on the Bulgarian economy as a whole, as well as the contribution of each OP, PA and procedure or a combination of these⁴¹. According to the last available actualisation of the model results from the end-2012, the expected cumulative net impact of SCF on Bulgarian GDP under the assumption of full absorption until 2015 would amount to 9.3%⁴². The development of the model and the first simulation were conducted as part of a research project funded under OPTA.

Throughout the first programming period in Bulgaria, the main concerns of the MAs have been process, and not content related issues, e.g. the late launch of OPs, the low absorption rates, and the risk of de-commitment of funds. Hence, except for the SIBILA exercise, evaluations carried out until mid-2013 focus primarily on the effectiveness of procedures and institutional setup rather than the results of Cohesion policy. The introduction of many revisions of OP-specific Guidelines for Programme Management and Implementation (e.g. 8 in the case of OP Transport), the constant refinement of monitoring systems and simplification of administrative procedures, etc. are indicative of the learning processes taking place within MAs. Individual evaluations conducted throughout the current programming period 2007-2013 have arrived at a number of common process-related conclusions regarding the financial and physical implementation of individual OPs. A summary of the most relevant ones are listed below:

- the lack of regional focus of Bulgarian OPs and the pattern of competitive allocation at national level do not actively contribute to the reduction of regional disparities;
- a delayed start of the OPs puts a considerable strain on MAs to meet pre-set targets and avoid the loss of funds;

⁴¹ The econometric model contains 170 endogenous and 32 exogenous variables and uses data from the Management and Control Information System, LOTHAR, National Statistical Institute, the Bulgarian Central Bank, Eurostat, IMF, and international indices. The impact is measured on the basis of actual payments while budgeted and contracted funds received only secondary importance.

⁴² Background Documents for the Presentation of the SIBILA Model at an International Conference, Post-crisis Economic development of EU and Bulgaria, October 2012.

- securing liquidity and co-funding in times of economic crisis is a major challenge aggravated by limited advance payments and reluctance of local financial institutions to provide bridging capital to beneficiaries due to perceived high level of risk;
- high number of projects are rejected on administrative grounds which indicates the need for (i) clearer and more detailed guidance to beneficiaries concerning preparation of documentation, (ii) more effective capacity building measures among beneficiaries, (iii) working procedure for requesting additional documents or correcting submitted ones during the evaluation phase; the enhancement of IT services for beneficiaries is vital for the optimisation of application and reporting procedures;
- the application of the Public Procurement Act is problematic and often leads to appeals and delays;
- the indicator system in place needs updating and refinement in order to guarantee availability, ease of use and aggregation of information on sub-programme level, in particular as efficiency indicators at scheme level or pre-set target values hinder the the assessment of efficiency;
- over-contracting reduces the risk of losing financial aid due to delays and direct contracting is preferable to competitive allocation in the cases of limited and known circle of beneficiaries, large projects or high rates of omissions in the documentation (mainly applicable for OPT and OPRD)⁴³;
- relocation of funds between PAs proved necessary for better financial implementation.

In addition to the common lessons learned, evaluations have identified a number of OP-specific factors related to each of the broad policy areas. They are presented in Table 4 below.

⁴³ Interviewed MA experts underlined that within the current legal and institutional framework of support delivery direct contracting is essential for speeding up implementation rates. Even though such an approach overrides competition principles, it is considered beneficial given the challenges with timely absorption faced so far.

Table 4 - Factors influencing the results of Cohesion policy

Policy area	Lessons learned
RTDI, Enterprise support and ICT	<ul style="list-style-type: none"> • The minimal grant size is too large for the average SME in Bulgaria (varies between EUR 25,000 and 100,000 depending on the scheme); • better planning of timing and duration of new procedures is necessary to avoid bottlenecks; • before launching new calls, an analysis of the changing economic environment is necessary to establish real business needs; • reduction of procedural time is crucial for the approval of measures supporting innovative companies as project proposals can quickly become obsolete.
Human Resources	<ul style="list-style-type: none"> • Not applicable (policy area in Bulgaria funded exclusively by the ESF)
Transport	<ul style="list-style-type: none"> • The implementation of OPT is uneven with a large share of the achievements attributable to the implementation of only one project (the construction of the Sofia underground)⁴⁴; • the MA of OPT might benefit from additional training and capacity building in the management of large infrastructure projects;
Environment	<ul style="list-style-type: none"> • Strengthening the capacity of municipalities as main beneficiaries and providing them with on-going support is crucial for achieving the goals of OPE; • external contractors (building firms) do not strictly adhere to technical specifications; • there is no established procedures and legal ground to impose financial corrections in case of irregularities.
Territorial development, Energy	<ul style="list-style-type: none"> • OPRD has been exposed to both positive changes in government priorities (e.g. infrastructure), as well as negative ones - lack of consistency in policy implementation (e.g. healthcare); • municipalities in agglomeration areas act as engines of growth; • the budget currently envisaged for the development of e-Government and wider broadband coverage is insufficient; • announcing shorter calls with fixed deadlines is preferable to an open deadline scheduling method.
Capacity and institution building	<ul style="list-style-type: none"> • Civil servants in beneficiary bodies are functionally overburdened; • knowledge sharing within beneficiaries is crucial for the effectiveness of seminars and workshops funded under OPT; • frequent changes in national and EU legislative framework lead to the need of frequent updating of the Management and Control Information System.

Source: OP Evaluation reports.

The common practice of MAs for responding to recommendations stemming from evaluations is to adopt a recommendation implementation plan containing an indicative timeframe and concrete measures to be taken. In the cases when recommendations have been rejected, the provided justifications have referred to the advanced stage of implementation of the programme, the lack of MA competencies or the too broad character of the recommendation. Publicly available and officially requested evaluations contain plenty of examples of evaluation results, which have been fed back into the management system. With an overwhelming majority of process evaluations, recommendations have tended to refer to procedures than policies. Evaluation findings and recommendations tend to remain outside of media interest with debates restricted to MCs sessions and parliamentary hearings. Table 5 below provides a summary of examples of actions taken in response to evaluation recommendations.

⁴⁴ The conclusion comes from the mid-term review published on 09.01.2012. The situation in terms of implemented large projects as of September 2013 has further developed to include other examples too. For more information see Achievements Section.

Table 5 - Example of actions taken in response to evaluation recommendations

OPE	<ul style="list-style-type: none"> • changes in legislation in cooperation with the Ministry of Agriculture and Foods and the Ministry of Health with the aim of reducing administrative requirements; • concretisation of the responsibilities of the Intermediate Body and strengthening its capacity; • more detailed guidelines for beneficiaries, especially in the fields of public procurement procedure and quality control of finished work; • refinement of indicator system; • transition from competitive bidding to direct contracting; • pilot introduction of full electronic application and reporting; • consultations between MA experts and beneficiaries prior to application submission; • additional remuneration for municipality employees involved in projects.
OPC	<ul style="list-style-type: none"> • better planning of procedures in the Annual Indicative Working Programme to avoid stalls and peaks; • analysis of the changes in the socio-economic environment prior to launching procedures in order to establish sufficient demand and interest on the part of potential beneficiaries; • additional points / higher intensity of support for beneficiaries in priority economic areas or less developed geographical regions; • eligibility of expenditures incurred prior to the project approval (Council of Ministers Ordinance № 258 from 07.09.2011); • introduced option to submit full application package for administrative review only as well as to file missing documents at a later stage; • merged the Intermediary body with the MA.
OPTA	<ul style="list-style-type: none"> • improved feedback mechanism to better understand demand and benefits from performed trainings (a new feedback form); • improved knowledge management in the form of more systematic dissemination of seminar knowledge in beneficiary institutions (reports, presentations); • use of external expertise for the application of the Public Procurement Act; • inclusion of indicators related to the monitoring of horizontal principles (number of participants by gender); • introduced option for an oral presentation of project proposals.
OPT	<ul style="list-style-type: none"> • transfer of functions between different departments within the MA, as well as better delineation of responsibilities between Project Implementation and Management Units and respective departments in beneficiary companies; • provision of salaries comparable to these of MA experts to employees working in beneficiary companies in charge of strategic development and investment projects; • improved risk assessment by beneficiaries thanks to a OPTA-funded capacity building project; • discontinuation of the practice to provide MA experts with “double remuneration” and introduction of a bonus system with performance targets and rewards; • development of proposals for amendments to the Spatial Development Act; • high-level coordination with the Romanian Ministry of Transport to guarantee the timely launch of joints projects in the beginning of the next programming period; • elaboration of better definitions of horizontal principles.
OPRD	<ul style="list-style-type: none"> • introduction of direct contracting; • establishment of permanent working groups with relevant ministries and key government agencies (Tourism, Invest Bulgaria and SME Promotion Agencies) to assist with programming and consult applicants guidelines; • shift of OP focus on larger projects with strategic importance, which complement the achievement of national and regional central goals; • obligatory elaboration of Plans for Information Events to accompany scheme design; • prioritisation of project proposals that are based on up-to-date Municipal Master Plans; • opening of 30 additional work places in the MA funded by OPTA to deal with the substantial workload resulting from the overlapping of the current and next programming periods.

Source: Internal Plans for the Implementation of Recommendations provided especially for the purposes of the study.

Policy goals have remained unaltered throughout the programming period 2007-2013. Recommendations put forward as part of the evaluation exercises have referred largely to operational issues such as optimisation of procedures, capacity building of MA staff and beneficiaries, rearrangement of organisational setup, proper application of the Public Procurement Act, use and refinement of the indicator system, etc. With the advancement of the programming period, MAs display a general willingness to incorporate the recommendations

stemming from evaluations in the support delivery system. Considering their operational character and the accelerating implementation rates of OPs it can be concluded that a favourable learning process is taking place. However, it should be also acknowledged that the system for delivering ERDF support is inherently complex and its success hinges on a number of other equally important factors such as beneficiaries' capacity, regulatory framework and reforms, overall economic environment and political stability.

Within the framework of different OPs and with the sole exception of OPE, there have been a number of relocations of funds between PAs, procedures and measures over the entire programming period 2007-2014. However, there is no evidence that these decisions are linked to evaluation findings and recommendations. It seems that shifts in expenditures are prompted by a general preoccupation on the part of MAs with regards to low absorption rates and capacity rather than policy making consideration or shifts in policy priorities. Important changes in the management of some OPs (OPT, OPTA) resulting from the findings and recommendations of evaluation reports include the broadening of the scope of eligible beneficiaries and the introduction of the practice of direct instead of competitive award of grants.

Following the requirements of the EC, each MA has laid down in its Evaluation Plan the performance of a final evaluation of the implementation, achievement and management of the respective OP. The indicative plans of MAs also foresee external evaluations of the on-going implementation in 2013 and 2014 (OPE, OPTA), the application of horizontal principles (OPC), and the strengthening of internal capacity for carrying out evaluations (OPC).

With regards to evaluations currently underway, the MA of OPRD has recently closed a public procurement procedure for the execution of a broad evaluation aiming to assess (i) the impact of interventions funded under OPRD, (ii) their contribution to the implementation of EU horizontal policies, and (iii) OPRD communication plan. In addition, as specified in the technical documentation, the evaluation exercise will aid the preparation of 2013 and 2014 AIRs, the final evaluation of OPRD by the MA and the ex-post evaluation by the EC. OPE and OPRD have also launched public procurement procedures for selecting external consultants to perform ex-ante evaluations of the OP for the next programming period 2014-2020⁴⁵⁴⁶.

In addition to a number of specific evaluations, in line with EC requirements all OPs have undergone a mid-term review, thus covering all important policy areas funded through ERDF and Cohesion Fund. The existing body of evaluations concentrate mainly on financial and physical progress achieved in implementing programmes using basic statistical methods and qualitative analysis. As already mentioned, there is only one attempt to measure the net, long-term impact of interventions and to forecast future developments, namely the SIBILA econometric model presented above. The fact that most evaluations are process oriented is understandable given that due to the late start of OPs and delays in implementation, the central

⁴⁵ Interview with Ms Irena Dimitrova, Expert, and Mr. Spiridon Aleksandrov, Director, Monitoring and Reporting Department, Directorate Cohesion Policy for Environment, Ministry of Environment and Water (MA of OPE)(04.09.2013).

⁴⁶ Ivan Popov, Director, and Dimitar Boshikyov, Senior Expert, Programming, Evaluation, Information and Publicity Department, Directorate General Programming of Regional Development (MA of OPRD)(10.09.2013).

concern of MAs is absorption. But this process focus will make it more difficult for policy-makers to extract policy-related guidance from the existing body of evaluations. In this context, it is difficult to point at many examples of good practices in evaluation as most of them employ similar assessment methods. A notable exception from this rule is the rebranded HERMIN econometric model which is the only attempt to calculate the net contribution of SCF on the Bulgarian economy. *For more information see Annex 1.*

In view of the limited number of evaluations traditionally commissioned by MAs and the competitive and open market for evaluation services in Bulgaria, evaluation activities could be improved by:

- encouraging the demand for evaluation services, in particular for specific and impact evaluations, beyond the binding minimal requirements of the EU Commission;
- ensuring better planning and predictable implementation the Indicative Evaluation Plans.

5. Further Remarks - New challenges for policy

Main points from the previous country report:

- Concentration of the European and national resources on few key priorities with better defined targets and indicators, which correspond to the specific needs of the country and are in line with the Europe 2020 Strategy;
- Introduction of a better system for assessment of the OPs' efficiency;
- Increasing the efficiency of the OPs' regional coordination by strengthening the Regional Development Councils (at NUTS 2 level) and prioritising certain sectors and/or regions;
- Further improvement of public procurement procedures and strengthening the capacity of the Public Procurement Agency and beneficiaries;
- Introducing electronic submission and reporting for all OPs;
- Timely conclusion of the large infrastructure projects.

The Annual Report on the Absorption of EU Funds in the Republic of Bulgaria (December 2012) outlines a number of challenges for the successful delivery of Cohesion policy in the next programming period. The concentration of MAs' efforts on financial implementation during the country's first programming period is considered a necessary step towards an emphasis on achieving and reporting positive results and impact during the second one (2014-2020).

According to the report, in order to tackle persistent socio-economic challenges (high energy intensity, low labour productivity, high unemployment, low R&D spending, lagging introduction of e-government) in the future period, in addition to the measures listed above, MAs need to prevent a repeated late start of OPs by fully preparing all strategic programming documents in advance and securing a pipeline with projects ready to be launched right after the start of the programmes.

The report also recommends competitive allocation of funds among municipalities to be further limited. Experience so far has shown that direct contracting can help alleviate the problem of unevenly distributed administrative capacity on the local level and thus prevent EU support from exacerbating economic disparities within Bulgaria. On the other hand, interviewed MAs

representatives put an emphasis on maintaining financial and political stability in Bulgaria and in the EU (OPRD), reaching national consensus about the prioritisation of large infrastructure projects (OPT), as well as implementing currently running OPs to a full extend as a justification for receiving similar indicative budget in the next programming period (OPTA).

References

Relevant evaluations by type, indicating the coverage and focus, the method used, when they were carried out and the period they relate to:

Nation-wide evaluations across OPs

An Analysis and Evaluation of the Progress towards Achieving the Goals and Priorities of the NSRF and the Respective Contribution of the OPs, Consortium of consultants including ICAP Group, Bulgarian Consultancy Organisation, etc., May 2012,

<http://www.eufunds.bg/document/2847>

Method used: Documentary review; administrative data; monitoring indicators; interviews; focus-groups; surveys of beneficiaries; SWOT; statistical methods; HERMIN; qualitative analysis; intervention logic analysis; theory-based assessment; benchmarking.

Period covered: January 2007 - May 2012

Annual Report on the Absorption of EU Funds in the Republic of Bulgaria in 2012, CEADEF the National Assembly, December 2012, Full report in Bulgarian:

http://www.parliament.bg/pub/cW/201302220134132012_Annual_report_2012.pdf

Method used: The report draws on the input received from the respective state administration structures responsible for the programmes management and coordination. The report also includes information provided by the Central Coordination Unit to the Council of Ministers via the instrument for financial planning and forecasting – LOTHAR.

Period covered: January 2007- October 2011

Presentation of Simulation (model) of Bulgaria's Investment in Long-term Advance (SIBILA), Consortium of partners RYS Research and Consulting, SPM, NEWI, September 2012

www.eufunds.bg/document/3422

Method used: adaptation of HERMIN econometric model.

Period covered: January 2007 – December 2015

Evaluations of specific OPs

Resume Mid-term review of OPE, European Analyses and Evaluations Association, November 2012,

http://ope.moew.government.bg/files/useruploads/files/Evaluation/resume_interim_evaluation.pdf

Method used: Documents checks, structured interviews with MA experts and beneficiaries, financial analysis, qualitative analysis, comparative analysis.

Period covered: January 2007 – December 2010

On-going Evaluation of OPE, European Analyses and Evaluations Association, February 2013, http://ope.moew.government.bg/files/useruploads/files/Evaluation/resume_doklad_tekushta_ocenka_2012.pdf

Method used: Review of documents, structured interviews with MA experts and beneficiaries, financial analysis, expert analysis.

Period covered: January 2007 – December 2012

Mid-term review of OPTA, ECORYS Research and Consulting, January 2013, www.eufunds.bg/document/4906

Method used: desk research, interviews with beneficiaries, focus groups, descriptive statistics, a model for forecasting absorption, which was developed for the purposes of the mid-term evaluation.

Period covered: January 2007 – September 2012

Evaluations of specific aspects of OPs

Evaluation of the Integration of Horizontal Principles in the Management, Monitoring and Implementation of OPT, ECORYS Research and Consulting, July 2012, not publicly available (provided by MA for the preparation of the Country Report 2013)

Method used: stakeholder analysis, review of national and European strategic and administrative documents, expert panels, online questionnaire, face to face interviews, working seminar.

Period covered: January 2007 – April 2012

Other relevant research studies and impact assessments carried out in the Member State

Strategic Report of Republic of Bulgaria for 2012, Council of Ministers, December 2012, www.eufunds.bg/document/4200

Analytical review of the implementation of OPRD and the challenges in adhering to the N+2/N+3 rule, MA of OPRD, May 2013,

<http://www.bgregio.eu/media/OPRD/Komitet%20za%20nabludenie/03%20Analytical%20review%20presentation%20final.pdf>

Other references

Action Plan for the implementation of the recommendations from the mid-term evaluation of OPC, Ministry of Economy, Energy and Tourism (not publicly available, provided for the purposes of the current report)

Action Plan for the implementation of the recommendations from the mid-term evaluation of OPTA (10.05.2013), Ministry of Finance, www.eufunds.bg/document/5663

Action Plan for the implementation of the recommendations from the mid-term evaluation of OPRD, Ministry of Regional Development and Public Works (not publicly available, provided for the purposes of the current report)

Eurostat, <http://epp.eurostat.ec.europa.eu/portal/page/portal/eurostat/home/>

Indicative Evaluation Plan of OPTA, Ministry of Finance (latest version from 2008), www.eufunds.bg/document/2310

Indicative Evaluation Plan of OPC (latest version from 08.04.2009), Ministry of Economy and Energy (not publicly available, provided for the purposes of the current report)

Indicative Evaluation Plan of OPT (latest version from 01.02.2013), Ministry of Transport, Information Technology and Communication, http://www.optransport.bg/upload/docs/IEP_V_6_BG.pdf

Indicative Evaluation Plan of OPE (latest version from 15.04.2008), Ministry of Environment and Water (not publicly available, provided for the purposes of the current report)

Indicative Evaluation Plan of OPRD (latest version from 2008), Ministry of Regional Development and Public Works,

http://www.bgregio.eu/media/old/File/Plan%20za%20cenka%20na%20PRR_fin.ppt

Ministry of Regional Development and Public Works, Open call for Conducting ex-post evaluation in of OPRD 2007 – 2014, <http://www.bgregio.eu/obshtestveni-porachki/aktualni-obshtestveni-porachki-po-prioritetna-os-5.aspx>

Ministry of Environment and Water, Open call for Conducting ex-post evaluation of OPE 2007-2014, <http://ope.moew.government.bg/bg/pages/obshtestveni-porachki/62#1>

NSI, <http://www.nsi.bg>

Unified Management Information System for the EU Structural Instruments in Bulgaria, <http://umispublic.minfin.bg/opOperationalProgramms.aspx>

Interviews

Ms Daniela Malhasian, Deputy Director, and Ms Miryana Dragomirova, Chief Expert Directorate General European Funds for Competitiveness, Ministry of Economy, Energy and Tourism; Lyudmila Tozeva, Director Programming, Monitoring and Evaluation Department, Ministry of Economy, Energy and Tourism, (MA of OPC)(12.09.2013);

Mr. Lyubomir Sirakov, Senior Expert, Monitoring, Information and Communication Department; Coordination of Programmes and Projects Directorate, Ministry of Transport, Information Technology and Communications (MA of OPT)(04.09.2013);

Ms Irena Dimitrova, Expert, and Mr. Spiridon Aleksandrov, Director, Monitoring and Reporting Department, Directorate Cohesion Policy for Environment, Ministry of Environment and Water (MA of OPE)(04.09.2013);

Irena Parvanova, Director, OP Technical Assistance Directorate, Council of Ministers (27.08.2013);

Ivan Popov, Director, and Dimitar Boshikyov, Senior Expert, Programming, Evaluation, Information and Publicity Department, Directorate General Programming of Regional Development (MA of OPRD)(10.09.2013).

Annex 1 - Evaluation grid for examples of good practice in evaluation

Evaluation Grid A - Impact assessment of SCF on the Bulgarian Economy: SIBILA

BASIC INFORMATION	
Country: Bulgaria	
Policy area: Multi-area (no policy area focus)	
Title of evaluation and full reference: Impact assessment of SCF on the Bulgarian Economy: SIBILA	
Intervention period covered: 2009-2012	
Timing of the evaluation: 18.12.2008 - 31.12.2011	
Budget: 132 400 EUR	
Evaluator: External evaluator	
Method: econometric model, alternative scenarios	
Main objectives and main findings: The main objective of the study was the adaptation of the HERMIN econometric model and its application in Bulgarian. The net effect of SCF on the Bulgarian economy is calculated by comparing a baseline scenario without SCF-funded interventions with the actual achievements of Cohesion policy. The contribution to Bulgarian GDP for 2010 and 2011 is estimated to be respectively 0.5% and 1.0% with projections into 2015 reaching a cumulative contribution to GDP growth of 9.3%. The expected net effect on nominal incomes up to 2015 amounts to 34.6% and on employment – 4.8%.	
Appraisal: The evaluation exemplifies a good practice because it adopts a European model and is the only evaluation carried in Bulgaria so far, which aims to disentangle the net contribution of SCF on the Bulgarian economy. The evaluation team draws upon an EU-wide established econometric methodology and adapts it to country specifics. In addition, the project also included capacity building in the Central Coordination Unit for on-going use of the model for performance management and policy-steering purposes. On the downside, the model and its functioning still remains inaccessible for external peer review, both in terms of its design and in terms of produced outputs so far. Besides, the model tends to overestimate the positive effects of interventions as it is based on the assumption of full absorption of indicative budgets.	
CHECK LIST	
Score each item listed below from 0 to 2 as follows: 0: No; 1: Yes, but not fully; 2: Yes	
Report	
Are the objectives, methods and findings of the evaluation clearly set out?	2
Are the findings and recommendations clearly supported by the analysis?	1
Are the methods used suitable given the objectives of the valuation and have they been well applied?	1
Are the quantitative and qualitative data used reliable and suitable for the purpose of the evaluation?	1
Are the potential effects of other factors (e.g. the economic situation) on the outcome fully taken into account?	1
Is a serious attempt made to distinguish the effects of the intervention from these other factors?	1

Evaluation Grid B - Mid-term Evaluation of OPTA

BASIC INFORMATION	
Country: Bulgaria	
Policy area: Capacity and institution building	
Title of evaluation and full reference: Mid-term Evaluation of OPTA	
Intervention period covered: 2007-2012	
Timing of the evaluation: end-2012	
Budget: 85 700 EUR	
Evaluator: External evaluator	
Method: process analysis, descriptive statistics	
Main objectives and main findings: The main objective of the Mid-term Evaluation of OPTA was to improve the quality, effectiveness, impact and sustainability of the support provided to beneficiaries. The study established that (i) the majority of previously formulated recommendations were fully or partially implemented; (ii) beneficiaries lack enough guidelines for implementing horizontal policies; (iii) MA's administrative capacity needs strengthening; (iv) the main area of future improvement is the Information System for Management and Control.	
Appraisal: The Mid-term Evaluation of OPTA provides in a concise and well-structured manner a full list of conclusions, identified problems and recommendations. The latter are presented with attached weights and clearly divided into such relevant for the current programming period and others with a more long-term character. The report also features a detailed account on the actions taken to implement previous recommendations. A clear graphical depiction of stakeholders and bodies involved in the management structure of the OP contribute to a better understanding of the institutional setup. Finally, a comparison to OPs in other EU countries (Spain, Poland and Romania) in terms of PAs and beneficiaries is provided.	
CHECK LIST	
Score each item listed below from 0 to 2 as follows: 0: No; 1: Yes, but not fully; 2: Yes	
Report	
Are the objectives, methods and findings of the evaluation clearly set out?	2
Are the findings and recommendations clearly supported by the analysis?	2
Are the methods used suitable given the objectives of the valuation and have they been well applied?	2
Are the quantitative and qualitative data used reliable and suitable for the purpose of the evaluation?	2
Are the potential effects of other factors (e.g. the economic situation) on the outcome fully taken into account?	1
Is a serious attempt made to distinguish the effects of the intervention from these other factors?	1

Annex 2 - Tables

See Excel file for Tables 1-4

Excel Table 1 – Regional disparities and trends

Excel Table 2 – Macro-economic developments

Excel Table 3 - Financial allocation by main policy area

Excel Table 4 - Commitments by main policy area (by end-2012)

Annex Table A - Broad policy areas and correspondence with fields of intervention (FOI)

Policy area		Code	Priority themes
1. Enterprise environment	RTDI and linked activities	01	R&TD activities in research centres
		02	R&TD infrastructure and centres of competence in a specific technology
		05	Advanced support services for firms and groups of firms
		07	Investment in firms directly linked to research and innovation (...)
		74	Developing human potential in the field of research and innovation, in particular through post-graduate studies ...
	Innovation support for SMEs	03	Technology transfer and improvement of cooperation networks ...
		04	Assistance to R&TD, particularly in SMEs (including access to R&TD services in research centres)
		06	Assistance to SMEs for the promotion of environmentally-friendly products and production processes (...)
		09	Other measures to stimulate research and innovation and entrepreneurship in SMEs
		14	Services and applications for SMEs (e-commerce, education and training, networking, etc.)
		15	Other measures for improving access to and efficient use of ICT by SMEs
	ICT and related services	11	Information and communication technologies (...)
		12	Information and communication technologies (TEN-ICT)
		13	Services and applications for citizens (e-health, e-government, e-learning, e-inclusion, etc.)
	Other investment in firms	08	Other investment in firms
2. Human resources	Education and training	62	Development of life-long learning systems and strategies in firms; training and services for employees ...
		63	Design and dissemination of innovative and more productive ways of organising work
		64	Development of special services for employment, training and support in connection with restructuring of sectors ...
		72	Design, introduction and implementing of reforms in education and training systems ...
		73	Measures to increase participation in education and training throughout the life-cycle ...
	Labour market policies	65	Modernisation and strengthening labour market institutions
		66	Implementing active and preventive measures on the labour market

Policy area		Code	Priority themes	
		67	Measures encouraging active ageing and prolonging working lives	
		68	Support for self-employment and business start-up	
		69	Measures to improve access to employment and increase sustainable participation and progress of women ...	
		70	Specific action to increase migrants' participation in employment ...	
		71	Pathways to integration and re-entry into employment for disadvantaged people ...	
		80	Promoting the partnerships, pacts and initiatives through the networking of relevant stakeholders	
3. Transport	Rail	16	Railways	
		17	Railways (TEN-T)	
		18	Mobile rail assets	
		19	Mobile rail assets (TEN-T)	
	Road	20	Motorways	
		21	Motorways (TEN-T)	
		22	National roads	
		23	Regional/local roads	
	Other transport	24	Cycle tracks	
		25	Urban transport	
		26	Multimodal transport	
		27	Multimodal transport (TEN-T)	
		28	Intelligent transport systems	
		29	Airports	
		30	Ports	
31		Inland waterways (regional and local)		
32		Inland waterways (TEN-T)		
4. Environment and energy	Energy infrastructure	33	Electricity	
		34	Electricity (TEN-E)	
		35	Natural gas	
		36	Natural gas (TEN-E)	
		37	Petroleum products	
		38	Petroleum products (TEN-E)	
		39	Renewable energy: wind	
		40	Renewable energy: solar	
		41	Renewable energy: biomass	
		42	Renewable energy: hydroelectric, geothermal and other	
		43	Energy efficiency, co-generation, energy management	
		Environment and risk prevention	44	Management of household and industrial waste
			45	Management and distribution of water (drink water)
	46		Water treatment (waste water)	
	47		Air quality	
	48		Integrated prevention and pollution control	
	49		Mitigation and adaption to climate change	
	50		Rehabilitation of industrial sites and contaminated land	
	51	Promotion of biodiversity and nature protection (including Natura 2000)		
	52	Promotion of clean urban transport		
53	Risk prevention (...)			

Policy area		Code	Priority themes
		54	Other measures to preserve the environment and prevent risks
5. Territorial development	Social Infrastructure	10	Telephone infrastructure (including broadband networks)
		75	Education infrastructure
		76	Health infrastructure
		77	Childcare infrastructure
		78	Housing infrastructure
		79	Other social infrastructure
	Tourism and culture	55	Promotion of natural assets
		56	Protection and development of natural heritage
		57	Other assistance to improve tourist services
		58	Protection and preservation of the cultural heritage
		59	Development of cultural infrastructure
		60	Other assistance to improve cultural services
	Planning and rehabilitation	61	Integrated projects for urban and rural regeneration
	Other	82	Compensation of any additional costs due to accessibility deficit and territorial fragmentation
		83	Specific action addressed to compensate additional costs due to size market factors
6. Technical assistance		84	Support to compensate additional costs due to climate conditions and relief difficulties
		81	Mechanisms for improving good policy and programme design, monitoring and evaluation ...
		85	Preparation, implementation, monitoring and inspection
		86	Evaluation and studies; information and communication

Annex Table B - Implementation rate as of end-2012 and August 2013, actual payments (national and EU funds)

OP	Total budget (million EUR)	Payments (million EUR by end-2011)	Payments (million EUR by end-2012)	Payments (million EUR by August 2013)	Payments (% of total end-2011)	Payments (% of total by end-2012)	Payments (% of total August 2013)
OPC	1,162	271	564	592	23.3	39.9	50.9
OPE	1,806	198	321	540	11	17.7	30
OPRD	1,601	323	558	765	20.2	34.8	47.7
OPT	2,003	454	807	993	22.7	40.3	49.6
OPTA	56	12	19	25	21.4	34	44.7

Source: AIRs 2013, Source: Unified Management Information System for the EU Structural Instruments in Bulgaria.

Annex Table C - Implementation rate as of end-2012 and August 2013, contracted funds (national and EU funds)

OP	Total budget (EUR million)	Contracted funds (EUR million by end-2011)	Contracted funds (EUR million by end-2012)	Contracted funds (EUR million by August 2012)	Contracted funds (% of total by end-2011)	Contracted funds (% of total by end-2012)	Contracted funds (% of total by August 2013)
OPC	1,162	567	821	995	48.8	70.7	85.5
OPE	1,806	907	2,517	2,738	50.2	139.4	151.9
OPRD	1,601	924	1,180	1,557	57.7	73.7	97.1
OPT	2,005	1,537	1,947	1,975	76.7	97.1	98.5
OPTA	56	24	42	54	42.9	73.9	96.2

Source: AIRs 2013, Source: Unified Management Information System for the EU Structural Instruments in Bulgaria.

Annex Table D - Regional distribution of the support under all OPs in Bulgaria in terms of number of contracts and volumes

Region	Total No. of contracts by end-2011	Total No. of contracts by end-2012	Change (%) 2011-2012)	Total value, EUR million by end-2011	Total value, EUR million by end-2012	Change (%) 2011-2012)
North West	287	389	35.5	69	119	72.5
North Central	286	391	36.7	77	115	49.4
North East	255	363	42.4	88	146	65.9
South West	704	960	36.4	122	233	91.0
South Central	397	539	35.8	110	228	107.3
South East	232	316	36.2	76	110	44.7
Total (without international projects)	2,161	2,958	36.9	542	949	75.1

Source: Unified Management Information System for the EU Structural Instruments in Bulgaria.

Annex Table E - Regional distribution of the support under all OPs in Bulgaria in terms of number of beneficiaries

Region	Total No. of beneficiaries (by end-2011)	Total No. of beneficiaries (by end-2012)	Total No. of beneficiaries (as of end-2013)	Total No. of beneficiaries change (%) 2011-2013)
North West	195	248	314	27.2
North Central	187	235	322	25.7
North East	166	221	336	33.1
South West	581	735	1076	26.5
South Central	269	335	464	24.5
South East	178	223	306	25.3
Total (without the international projects)	1,576	1,997	2,818	26.7

Source: Unified Management Information System for the EU Structural Instruments in Bulgaria.