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* Particularly useful for studying EU structural and cohesion funds in general.
# APPENDIX I. POST-ACCESSION FUNDS IN VARIOUS EU COUNTRIES: EXPERIENCES AND LESSONS

The experience gained and challenges faced by the member states regarding EU funds absorption may provide some useful lessons and are summarized in this Appendix (Table 5).

Table 5. The Main Success Factors and Obstacles of EU Funds’ Absorption

<table>
<thead>
<tr>
<th>Main success factors</th>
<th>Main obstacles</th>
</tr>
</thead>
<tbody>
<tr>
<td>Political commitment</td>
<td>Poor administrative capacity, insufficient skills and resources</td>
</tr>
<tr>
<td>Forceful and effective inter-ministerial coordination and capable institutions</td>
<td>Inconsistency in the modules of the management and control systems of various OPs</td>
</tr>
<tr>
<td>Simplified planning and implementation system</td>
<td>Fragmentation of the process</td>
</tr>
<tr>
<td>Prompt support to weaker areas in overcoming gaps and weak capacity</td>
<td>Confused processes with no guidance provided and cumbersome application procedures</td>
</tr>
<tr>
<td>Effective systems for management and control of the OPs implementation, including to fight corruption</td>
<td>Large administrative burden</td>
</tr>
<tr>
<td>Transparent and user friendly legislative procedures, including in public procurement area</td>
<td>Lack of beneficiaries’ capacity for preparation of projects</td>
</tr>
<tr>
<td>Promotion of financial instruments supporting the beneficiaries</td>
<td>Insufficient financing of beneficiary to sustain the process</td>
</tr>
<tr>
<td>Promoted partnership and consensus of different parties regarding the process</td>
<td>Problems with tender procedures</td>
</tr>
<tr>
<td></td>
<td>Problem with land appropriations for big infrastructure projects</td>
</tr>
<tr>
<td></td>
<td>Long deadlines for payments to the beneficiaries</td>
</tr>
<tr>
<td></td>
<td>Weak monitoring systems</td>
</tr>
<tr>
<td></td>
<td>Lack of transparency in technical and financial validation by the MAs</td>
</tr>
<tr>
<td></td>
<td>Financial instruments are inaccessible and not promoted</td>
</tr>
<tr>
<td></td>
<td>No active involvement of IFIs and banks</td>
</tr>
<tr>
<td></td>
<td>Financial irregularities and frauds during the implementation of the projects.</td>
</tr>
</tbody>
</table>

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82 The Scotland Europa Report “Best Practice for Simplification of EU Programs”, January 2011, underlines that partnership is one of the more important success factors. Establishment of effective specialized organizations can contribute to a coherent partnership among different parties and promote a country’s interest across EU institutions. Such organizations foster successful relationships, providing guidance on European policies and funding. They help the authorities to explore and identify best practices, which could be adopted, or promoted in future programs.
The old EU members’ experience shows quite different results. The impact of the SCFs absorption on GDP per capita of Ireland, Spain, Portugal and Greece during the two EU program periods 1989–93 and 1994–99\(^3\) show that there is no single recipe, but a variety of contributing factors to success (Table 6).

Table 6. The Experience of Ireland, Spain, Portugal and Greece in the 1989–99 Period

<table>
<thead>
<tr>
<th>Country</th>
<th>Experience</th>
</tr>
</thead>
</table>
| Ireland (joined the EU in 1973) | In part due to the efficient absorption of SCFs, Ireland managed to achieve enormous increase in GDP per capita—from 64 percent of the European average in 1986 to 111 percent in 1999—and thus became one of the best examples among the old member states. The Economic and Social Research Institute in Dublin in its Report on Mid-Term Evaluation of the CSF for Ireland, 1994–99\(^4\) identified three main reinforcing factors contributed to Ireland’s success:  
  • Gradual accumulation of human capital;  
  • Fiscal control;  
  • Maintenance of wage competitiveness.  
  Partnership became a part of culture and was integrated in the general policy making process. |
| Spain (joined the EU in 1986) | SCFs absorption probably contributed to Spain’s increase in GDP per capita from 70 percent of the European average at the time of EU membership in 1986 to 80 percent of the European average in 1999, although a range of other factors may also have contributed. |
| Portugal (joined the EU in 1986) | The SCFs disbursement in Portugal coincided with an increase in GDP per capita from 54 percent of the European average in 1986 to 74 percent in 1999. Several factors may have contributed to this success:  
  Portugal focused on strong regional coordination. Before EU accession, municipalities were delegated specific authority over certain public investments, which facilitated SCFs absorption. Municipalities were able to take decisions and prioritized their projects.  
  Regional structures were established. Municipal associations were encouraged to foster the implementation of the regional OPs. |
| Greece (joined the EU in 1973) | Greece joined the EU in 1973, but in spite of SCFs disbursement, GDP per capita only rose from 61 percent of the European average to 69 percent in 1999. |


The CEE countries have showed initially very different level of preparedness and applied their own specific strategies to boost the SCFs absorption\(^\text{85}\) (Table 7)\(^\text{86}\).

Table 7. The Experience of CEE EU Countries during the 2007-13 Program Period

<table>
<thead>
<tr>
<th>Country</th>
<th>Experience</th>
</tr>
</thead>
<tbody>
<tr>
<td>Latvia</td>
<td>Latvia’s absorption rate of SCFs was 56 percent at end-2012. Latvia increased the efficiency of the institutions through promoting a client-oriented approach and reducing the administrative and financial burdens on beneficiaries, facilitating the application procedures through legislative modifications. It introduced weekly reports to follow-up the improvement of payment rates and further measures if needed.</td>
</tr>
<tr>
<td>Lithuania</td>
<td>Lithuania’s absorption rate of SCFs was 59 percent at end-2012. It was the best in dealing with the European Regional Development Fund. It developed the Economic Stimulus Plan bolstering employment, business promotion and energy efficiency.</td>
</tr>
<tr>
<td>Slovenia</td>
<td>Slovenia’s absorption rate of SCFs was 50 percent at end-2012. It has a strong inter-ministerial coordination and quality institutions, which organized meetings with potential applicants and advised smaller companies. It simplified the procedures for payments and approved VAT as an eligible expenditure. It also relied on timely announcement of public tenders, separating them for small and large-scale projects and exercising on-the-spot control.</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>The Czech Republic’s absorption rate of SCFs was 57 percent at end-2012. The Czech Republic introduced a national model for cost-benefit analysis and a risk control system in order to speed up the implementation of the major infrastructure projects and managed to triple disbursed funds in one year.</td>
</tr>
<tr>
<td>Estonia</td>
<td>Estonia’s absorption rate of SCFs was 59 percent at end-2012. Estonia introduced a procedurally simpler and faster implementation system. Priority was given to projects with the higher EU funding, such as transport, environment and economic development. In 2010, the authorities reallocated some of the resources to overcome the consequences of the economic crisis.</td>
</tr>
<tr>
<td>Slovakia</td>
<td>The authorities took additional measures to boost the process and now the MAs can provide advance payments to all beneficiaries.</td>
</tr>
</tbody>
</table>


\(^{86}\) Obviously, correlation between an increase of EU funds absorption and GDP per capita does not necessarily imply causality.
Table 7 cont. The Experience of CEE EU Countries during the 2007-13 Program Period

<table>
<thead>
<tr>
<th>Country</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hungary</td>
<td>Hungary’s absorption rate of SCFs was 40 percent at end-2012. Hungary concentrated its efforts on the implementation of the New Hungary Development Plan and reallocation among and within the various OPs. It relied on creating less strict eligibility criteria through increasing support and grant sums from the national budget and decreasing growth expectations for the period after the realization of the programs. The payment deadline was reduced from 60 to 15 days and authorities have to pay penalty interest in case of late payments. A system of ex-ante control of the documentation was introduced.</td>
</tr>
<tr>
<td>Poland</td>
<td>Poland’s absorption rate of SCFs was 49 percent at end-2012. Poland contracted promptly large infrastructure projects and its average contract ratio of 53 percent but has experienced delays in payments following the pace of the implementation of various projects. The Ministry of Regional Development has been vested with management of all EU funds and coordination of the activities of respective ministers, self-government units and socio-economic partners within the area of the development policy.</td>
</tr>
<tr>
<td>Bulgaria and Romania</td>
<td>At end-2012, the absorption rate of SCFs was 34 percent for Bulgaria and 12 percent for Romania (IPP, 2013). Bulgaria and Romania joined the EU three years later than other CEE countries, but at the beginning of the program period 2007–13, the problems were quite similar. However, Bulgaria seems to have overcome the shortcomings faster than Romania (IPP, 2013), as the absorption rate at end-June 2013 was 41 percent for Bulgaria and 18 percent for Romania.</td>
</tr>
</tbody>
</table>
This Appendix provide details on Bulgarian OPs financed from Structural Funds, the Cohesion Fund, European Agricultural Fund for Rural Development, and the European Fisheries Fund.

Structural Funds and Cohesion Funds

1. OP Transport

Strategic objectives
Development of sustainable transport system, integration of the national transport system into the European transport system, and achievement of a balance between different transport types.

Supports motorways, first class roads, and some second class roads.

Priority axes
1 "Development of railway infrastructure along the trans-European and major national transport axes".
2 "Development of road infrastructure along the trans-European and major national transport axes".
3 "Improvement of inter-modality for passenger and freight".
4 "Improving the conditions for navigation on the maritime and inland waterways"
5 "Technical assistance"

Program Budget
Total amount: €2,003,481,166
European funding: €1,624,479,623
National co-financing: €379,001,543

Managing authority
Ministry of Transport: Coordination of Programs and Projects Directorate.

Main beneficiaries
National Railway Infrastructure Company
Road Infrastructure Agency
Sofia Metropolitan
Danube Exploration and Maintenance Agency
State Enterprise "Port Infrastructure"

Major projects
1. Modernization of Vidin-Sofia railway line (along Trans-European transport corridor IV)
2. Modernization of Sofia- Plovdiv railway line (along Trans-European transport corridors IV and VIII)

87 The operational programs are Transport, Environment, Regional Development, Human Resources Development, Competitiveness, Administrative Capacity, and Technical Assistance.

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3. Renewal of railway sections along Plovdiv-Bourgas railway line
4. Modernization of Sofia-Pernik-Radomir railway line (as part of Modernization of Sofia-Kulata railway line)
5. Modernisation of Sofia-Dragoman railway line (along Trans-European transport corridor X)
6. Renewal of railway sections along Mezdra-Gorna Oryahovitza railway line. Rail track renewal and related maintenance activities for signaling, telecommunications and catenary equipment
7. Reaching the technical and operational parameters of the road infrastructure in accordance with the European standards
8. Upgrading of road I-1 (E 79) Vratza-Botevgrad
9. Construction of bypasses along TEN-T network, Phase I
10. Construction of Struma Motorway
11. Construction of Maritsa Motorway
12. Extension of the Metropoliten Sofia from “Hemus” Hotel to Central Station and Central Bus Station”, “Drujba” and new terminal at the Sofia Airport
13. Improvement of the navigation on the Danube in joint Bulgarian-Romanian parts: from rkm 530 to rkm 520 - Bathin from rkm 576 to rkm 560 – Belene.

Main components of the projects
Construction works, signaling, telecommunications and information systems, supervision and long-term assistance.
Rail track renewal and related maintenance of signaling, telecommunications and catenary equipment.
Corridors IV, VIII and IX previously rehabilitated under the Transit Roads Rehabilitation Projects 1 and 2.
Upgrading the existing two lanes road to four lanes expressway with total length of 31.5 km.
Construction of several city bypasses.
Various construction works.
Improvement of the navigational conditions in the two critical sections on the Danube river at low water levels.
### 2. OP Environment

<table>
<thead>
<tr>
<th>Strategic objectives</th>
<th>Improvement, preservation and restoration of the natural environment and development of environmental infrastructure.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Specific objectives</td>
<td>Conservation and improvement of the water; improvement of waste management and soil protection; conservation of biodiversity and nature protection. Investment in sewage systems and water supply infrastructure for settlements with population equivalents above 2000 inhabitants.</td>
</tr>
</tbody>
</table>
| Priority axes        | 1 “Improving and developing infrastructure for water and wastewater in settlements with over 2000 inhabitants and settlements with below 2000 inhabitants within the urban agglomeration areas”  
                        2 “Improvement and development of infrastructure for waste treatment”  
                        3 “Preservation and restoration of biodiversity”  
                        4 “Technical assistance” |
| Program Budget       | Total amount: €1,800,748,085  
                        European funding: €1,466,425,481  
                        National co-financing: €334,322,604 |
| Managing authority   | Environment Cohesion Policy Directorate, Ministry of Environment and Water |
| Intermediate unit    | EU Funds for Environment Directorate in the Ministry of Environment and Water |
| Beneficiaries        | Municipal administrations, associations of municipalities, basin directorates, regional inspectorates of environment and water, Department of National Parks, management structures of Natura 2000, and NGOs. |
| Major projects       | 1. Kurjdaly waste water and sewage project  
                        2. Yambol waste water and sewage project  
                        3. Plovdiv waste water and sewage Project  
                        4. Kocherinovo - Construction of regional waste management centre  
                        5. Construction of regional waste treatment facilities in Stara Zagora region  
                        6. Construction of regional waste treatment facilities in Varna region  
                        7. Closure of the existing landfill for municipal solid waste – Rouse |
| Main components of the projects | Reconstruction of sewerage network  
                        Construction of sewerage network  
                        Extension of sewerage network  
                        New regional landfill  
                        Development of material recovery facilities  
                        Invessel composting facilities  
                        Windrow composting facilities for green waste  
                        Transfer station  
                        Development of recycling centers. |
3. **OP Regional Development**

**Strategic objectives**

Improving the quality of life and working environment with better access to major services and creating new opportunities for regional competitiveness and sustainable development.

Development of the second and third class roads as well as municipal roads in the urban agglomeration areas.

Investment in sewage systems and water supply infrastructure in settlements with population at or below 2000 inhabitants.

**Specific objectives**

Development of sustainable and dynamic urban centers associated with their less-urban peripheral areas, thereby increasing opportunities for prosperity and development.

Providing better access to travel, telecommunication and energy networks in underdeveloped regions.

Developing regional tourism and marketing of the region-specific tourism products with higher added value.

Mobilization of regional and local technical and institutional capacities and resources to implement regional development policies.

**Priority axes**

1 “Sustainable and integrated urban development”
2 “Regional and local accessibility”
3 “Sustainable tourism development”
4 “Local development and cooperation”
5 “Technical assistance”

**Program Budget**

Total amount: €1,601,274,739
European funding: €1,361,083,546
National co-financing: €240,191,213

**Managing authority**

General Programming of Regional Development Directorate, Ministry of Regional Development and Public Works.

**Beneficiaries**

Companies and public institutions (municipalities and associations of municipalities, municipal or state enterprises, companies, public transport, medical and health facilities, social and educational institutions, local, regional and national tourism associations, regional administrations and others.

**Major projects**

1. Burgas Integrated Urban Transport Project
2. Varna Integrated Urban Transport Project
3. Sofia Integrated Urban Transport Project

**Main components of the projects**

Modernization of public transport
Alternative modes of transport
4. OP Human Resource Development

Strategic objectives
Improving the quality of life of Bulgaria’s people through improving human capital, achieving higher levels of employment, increased productivity, access to quality education and lifelong learning, and promoting social inclusion.

Specific objectives
More and better jobs and higher productivity.
Increased investment in human capital through better and more accessible education.
More social capital, networks and partnerships and the development of social economy.

Priority axes
1 “Promotion of economic activity and development of the labor market”
2 “Increase productivity and adaptability of employees”
3 “Improving the quality of education and training in accordance with the needs of the labor market to build a knowledge-based economy”
4 “Improving access to education and training”
5 “Social inclusion and promotion of social economy”
6 “Increasing the efficiency of market institutions, labor, social and health services”
7 “Transnational and interregional cooperation”
8 “Technical assistance”

Program Budget
Total amount: €1,213,869,575
European funding: €1,031,789,139
National co-financing: €182,080,436

Managing authority
European Funds, International Programs and Projects Directorate, Ministry of Labor and Social Policy.

Intermediate unit

Beneficiaries
Socio-economic partners, municipalities, NGOs, governmental institutions, social enterprises, community centers, representatives of different communities, education, training and research institutions, scientific organizations, employers, industry and sector organizations, and others.
5. OP Competitiveness

Strategic objectives
Development of dynamic economy through stimulating the development of the knowledge economy and innovation, competitiveness of Bulgarian enterprises, increasing investment and exports and creating a favorable business environment.

Priority axes
1 "Development of a knowledge-based economy and innovation activities"
2 "Increasing efficiency of enterprises and promoting supportive business environment"
3 "Financial resources for development of enterprises"
4 "Strengthening the international market positions of Bulgarian economy"
5 "Technical assistance"

Program Budget
Total amount: €1,162,215,551
European funding: €987,883,219
National co-financing: €174,332,332

Managing authority
Directorate General “European Funds for Competitiveness, Ministry of Economy and Energy.

Intermediate unit
The Bulgarian small and medium enterprises promotion agency, Ministry of Economy and Energy.

Beneficiaries
SMEs (including start-up), large enterprises, NGOs, universities and research institutions, experimental laboratories and research institutions, municipalities, district administrations, other institutions and organizations in support of business.
6. OP Administrative Capacity

<table>
<thead>
<tr>
<th>Strategic objectives</th>
<th>Improving the functioning of public administration to implement effective policies, quality service to citizens and businesses and creating conditions for sustainable economic growth and employment.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Increasing the professionalism, transparency and accountability in the judiciary.</td>
</tr>
</tbody>
</table>
| Priority axes        | 1 “Good governance”  
|                      | 2 “Human Resources Management”  
|                      | 3 “Quality of administrative services and e-government development”  
|                      | 4 “Technical assistance” |
| Program Budget       | Total amount: €180,789,087  
|                      | European funding: €153,670,724  
|                      | National co-financing: €27,118,363 |
| Managing authority   | OP Administrative Capacity Directorate, Ministry of Finance.  
|                      | The composition, structure and functions of MA remain unchanged after moving the MA from the Ministry of State Administration and Administrative Reform to the MoF in 2009. |
| Beneficiaries        | Central, regional and municipal administrations, bodies of the judiciary, socio-economic partners and NGOs. |
7. OP Technical Assistance

Strategic objectives

Improvement of coordination, monitoring, implementation and evaluation of Structural Funds in Bulgaria for the period 2007–13.

Provides tools and resources to ensure efficient functioning of the structures involved in coordination, management, certification, auditing and evaluation of Structural Funds absorption.

Specific objectives

Strengthening the capacity and functioning of the structures of the central and local administrations involved in SCFs absorption.

Improving awareness and public awareness of effective and efficient use of Structural Funds and Cohesion Fund in Bulgaria.

Priority axes

1. “Supporting the activities’ implementation of the central level structures; Capacity building measures for other SF implementing structures”

Program Budget

Total amount: €56.819.427
European funding: €48.296.513
National co-funding: €8.522.914

Managing authority

OP Technical Assistance Directorate, Council of Ministers.

Beneficiaries

Central Coordination Unit;
Central Information Office;
Certifying Authority;
Audit Authority;
Managing Authority of OPTA;
AFCOS Directorate, Ministry of Interior;
Municipalities, on whose territory the administrative centers of 28 districts in the Republic of Bulgaria are;
Archives State Agency;
Public Procurement Agency;
State Agency for Child Protection;
National Association of Municipalities in the Republic of Bulgaria;
Real Sector Finance Directorate, Ministry of Finance;
Ministry of Economy and Energy
European Agricultural Fund for Rural Development (EAFRD) and European Fisheries Fund (EFF)

1. OP Rural Development

Strategic objectives
Improving the competitiveness of agriculture, forestry and processing industries, building local capacity and partnerships, diversifying the economy and improving quality of life in rural areas, protection of biodiversity and water resources.

Priority axes
1 "Improving the competitiveness of agricultural and forestry sector"
2 "Improving the environment and countryside (land management)"
3 "Quality of life in rural areas and diversify the rural economy"
4 "Leader"
5 "Technical assistance"

Program Budget
Total amount: €3.279 billion
EU funding: €2.642 billion, incl. €36.830 million allocated to Bulgaria under the European Economic Recovery Plan
National co-financing: €637 million

Managing authority
Rural Development Directorate, Ministry of Agriculture and Food.

Intermediate unit
The Payment Agency at the Agricultural Fund, Ministry of Agriculture and Food.

Beneficiaries
 Farmers, younger farmers, producer organizations, SMEs, municipalities, NGOs, and educational institutions.
### 2. OP Fisheries’ Sector Development

**Strategic objectives**
Transforming the fisheries sector into a competitive, modern and dynamic one based on sustainable development of fisheries and improving the quality of life in fishing areas.

**Specific objectives**
- Ensuring competitiveness and sustainability of the fisheries sector;
- Developing the market of fisheries products and aquaculture production;
- Supporting the sustainable development of fisheries areas and improving the quality of life in those areas;
- Supporting the implementation of operational programs within the Common Fisheries Policy of the EU.

**Priority axes**
1 "Adaptation of the fishing fleet"
2 "Development of aquaculture production, processing and marketing"
3 "Promotion of activities of collective interest"
4 "Sustainable development of fisheries areas"
5 "Technical assistance"

**Program Budget**
- Total amount: €106,679,611
- European funding: €80,009,708
- National co-financing: €26,669,903

**Managing authority**
European Fishery Fund Directorate, Ministry of Agriculture and Food.

**Intermediate unit**
Payment Agency at the Agricultural Fund, the Ministry of Agriculture and Food.

**Beneficiaries**
Owners of fishing vessels, fishermen associations and owners of fishing vessels and fishermen, private, public or public-private companies / organizations, associations or organizations of producers, ship owners for inland fishing; individuals; veterinary authorities; NGOs; State Enterprise "Fishery Resources of Foods"; national, regional and local authorities; market organizations; scientific and educational organizations.