

EU Funds in Bulgaria in 2014-2020 perspective

Progress summary 2014-2016

General observations

In the 2014-2020 programming period nine operational programmes in Bulgaria will receive a Cohesion Policy funding amounting to €7.4 billion in total (including the allocation for the Youth Employment Initiative). Bulgaria will also receive €2.4 billion for rural development and €88 million for fisheries and the maritime sector.

The EU investments strive to tackle unemployment and boost competitiveness and economic growth through support to innovation, training and education in cities, towns and rural areas. They also aim to promote entrepreneurship, fight social exclusion and help to develop an environmentally friendly and a resource-efficient economy.

During 2014-2016 Bulgarian authorities had to complete negotiations and secure the adoption of the new programmes as well as to finalize the implementation of the 2007-2013 programmes successfully.

The Partnership Agreement setting out investment priorities for 2014-2020 and determining strategy for optimal use of the available EU funding was adopted in August 2014. All ten ESIF programmes were approved by the European Commission by the end of 2015.

EU program information



Population

71 M



EU Membership

1 Jan 2007

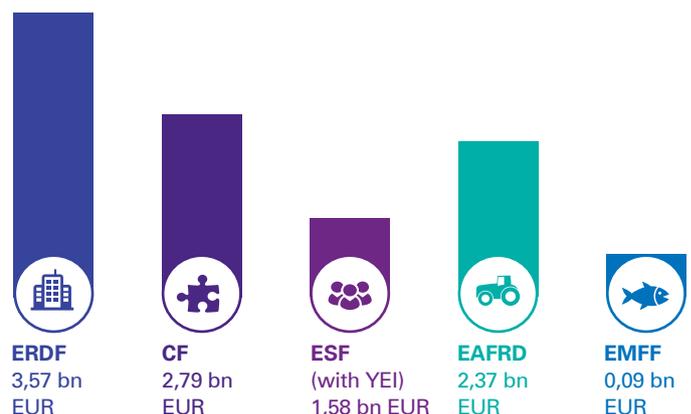


GDP per capita

6 630

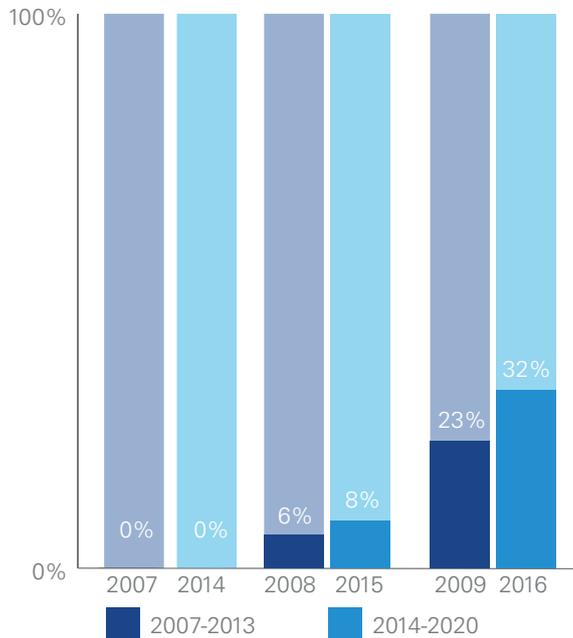
Source: Eurostat

European Structural and Investment Funds 2014-2020 – allocations for Bulgaria



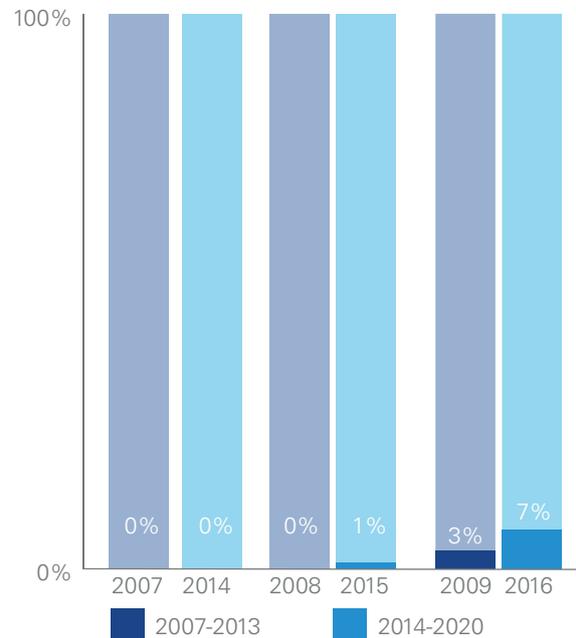
Source: Central Coordination Unit in Bulgaria

Contracting ratio – comparison with the beginning of 2007-2013 perspective (first 3 years) – including ERDF, CF, ESF with YEI*



*YEI includes only 2014-2020 perspective

Payment ratio – comparison with the beginning of 2007-2013 perspective (first 3 years) – including ERDF, CF, ESF with YEI*



*YEI includes only 2014-2020 perspective

Trends

With regard to the 2014-2020 programming period, the late adoption of the legislation governing the ESI Funds, as well as the continuous process related to fulfillment of the country ex-ante conditionalities had a knock-on effect on the relatively late start of the program adoption and implementation process.

However, the implementation with regard to all five ESIF shows a gradual acceleration in terms of contracting and 29% of the available budget was contracted by the end of 2016. Payment ratio is 7% and EC certification is 3.5%.

Compared to the previous programming period there is an increase in the percentage of the contracted funds with regard to CF, ERDF and ESF. Experience gained during 2007-2013 programming period is a prerequisite for successful project management and proper implementation of EU programmes. In particular, at the end of the third implementation year of 2007-2013 programming period 23% of the available budget was contracted and only around 3% were paid while over the same period in the current programming period the contracted grants constitute 32% of the budget under the three EU funds and paid grants are 7%.

Successes

Considerable emphasis is placed on financial instruments during the 2014-2020 programming period. To ensure professional management, coordination and consistency in the implementation of financial instruments, all resources budgeted for the financial instruments under the ESIF programmes have been pooled into a joint Fund of Funds which will perform based on the principles of specialization and economies of scale.

Part of the ERDF contribution was allocated to the SME Initiative for a loan guarantee instrument providing a continuous impetus towards appropriate financial instruments to enable easier access to finance for Bulgarian SMEs. In this regard a separate Operational Programme "Initiatives for Small and Medium Enterprises" 2014-2020 was established in order to make use of the possibilities available to support SMEs' access to finance, through the combination of ERDF with other EU Budget funding under COSME and Horizon 2020.

2014-2020 progress report (at the end of 2016)

European Structural and Investment Funds (ERDF, CF, ESF - with YEI)	
Available Budget	7,42 bn EUR
Contracted grants	2,48 bn EUR
Contracting Ratio ¹	33,37 %
Paid grants	0,57 bn EUR
Payment Ratio ²	7,70 %
EU Certification	0,33 bn EUR
EU Certification Ratio ³	4,49 %

Source: Central Coordination Unit in Bulgaria

EAFRD and EMFF (at the end of 2016)

Description	EAFRD	EMFF
Available Budget	2,37 bn EUR	0,09 bn EUR
Contracted grants	0,40 bn EUR	0 EUR
Contracting Ratio	17 %	0 %
Paid grants	0,15 bn EUR	0 EUR
Payment Ratio	6 %	0 %
EU Certification	0,15 bn EUR	0 EUR
EU Certification Ratio	6 %	0 %

Source: Central Coordination Unit in Bulgaria

Lessons learned

The electronisation of the process of project application for the 2014-2020 programming period results in saving a significant amount of time and administrative resources for all participants in the process of absorption of EU funds. Since the start of the current programming period, the Unified Management Information System for the EU Structural and Investment Funds 2020 (UMIS 2020) has been entirely operational, and project application, communication and reporting is performed entirely in it. It also ensures an adequate audit trail allowing for faster and more efficient aggregation data related to programs implementation. Thus the overall process of project management, monitoring and control of the ESIF implementation is carried out more effectively and efficiently.

Areas for improvement

There were continuous rounds of negotiation with the European Commission with respect to the fulfilment of ex-ante conditionalities for Bulgaria. By the end of 2016 there were some ex-ante conditionalities that had not been entirely fulfilled.

During the first years of the 2014-2020 programming period the focus of the Managing Authorities was put mainly on the closure of the 2007-2013 programs. This led to frequent changes and significant delays in the announcement of some of the grant procedures. The delayed start of the „Maritime and Fisheries programme 2014-2020“ is particularly critical as by the end of 2016 there had been no contracted funds under the programme.

R&D Case Study

Technology and Innovation Network (T+IN) or "Sofia Tech Park" is the first science and technology park in Bulgaria designed and created to act as a platform for the exchange of knowledge and ideas between academia, business, government and society. The construction of the park is implemented through a project divided into two phases and financed jointly under OP "Development of the Competitiveness of the Bulgarian Economy" 2007-2013 and OP "Innovations and Competitiveness" 2014-2020.

The primary goal of the project is to create a physical and virtual environment in which ideas with broad applicability meet diverse support and opportunities for practical implementation. The focal areas of the park are information and communication technologies, life sciences (biotechnologies, pharmaceuticals, agriculture and food) and green energy.

¹ Contracting ratio is equal to the amount of actual contracted grants in 2014-2016 divided by budget available for 2014-2020

² Payment ratio is equal to the amount of actual paid grants in 2014-2016 divided by budget available for 2014-2020

³ EC Certification ratio is equal to the amount of certified funds by the EC in 2014-2016 by budget available for 2014-2020



Photo: Sofia Tech Park

Source: Ministry of Economy of Bulgaria

The project implementation has been assigned to "Sofia Tech Park" Ltd., which is a 100% state-owned joint stock company. Sofia Tech Park JSC was founded in early June 2012. It is owned by the Ministry of Economy and the State Consolidation Company. Between 2012 and 2015 the company developed scientific research infrastructure in support of the Bulgarian innovative business and created around 40, 000 sq. m. new and renovated building spaces to accommodate applied research laboratories, general incubator, innovative lecture, education, discussion forums, places to demonstrate new technology office space, car parking and pedestrian green spaces.

Sofia Tech Park is located in Sofia on an area of 250,000 square meters. The location has easy transportation access, it is close to universities, with good infrastructure and growth potential.

The park is aimed to become a prestigious location for national, regional and global researchers and innovative companies, showing examples of a knowledge – based economy in Bulgaria and the Balkans region. There are already established partnerships with leading universities, the Bulgarian Academy of Science, business clusters and large international companies, Sofia Municipality, Ministry of Education and Science, Ministry of Labour and Social Policy, NGOs and other institutions.

Contact



Gergana Mantarkova

Managing Partner
KPMG in Bulgaria
T: +359 2 9697 500
E: gerganamantarkova@kpmg.com



Iva Todorova

Director, Public Sector
KPMG in Bulgaria
T: +359 2 9697 650
E: itodorova@kpmg.com