



EUROPEAN UNION



NATIONAL
STRATEGIC
REFERENCE FRAMEWORK
2007 – 2013



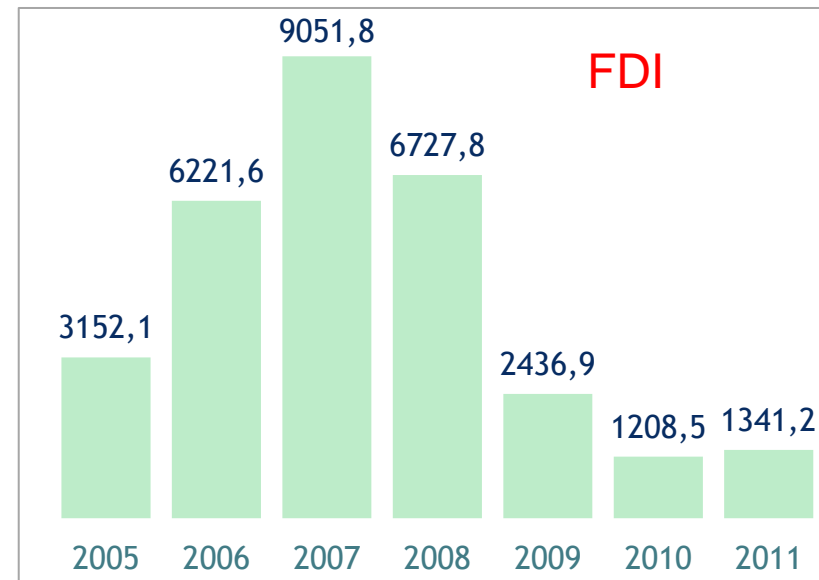
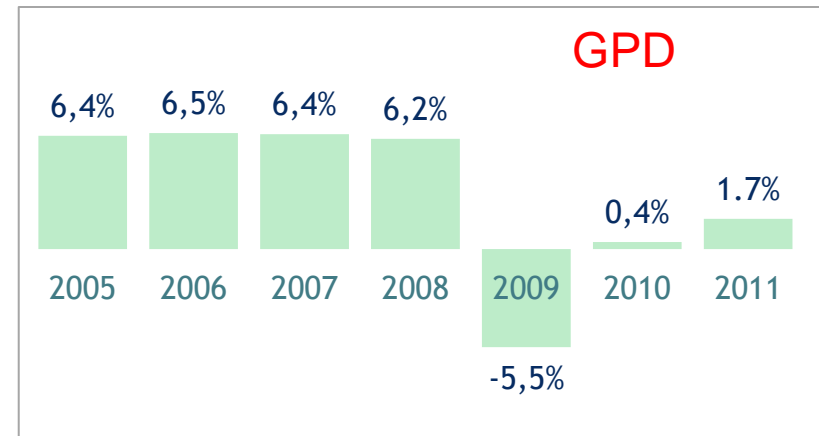
2012 STRATEGIC REPORT

Bulgaria

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Socio-economic development and the global economic crisis (2009-2011)

- Decline of GDP, limited private investments, slow economic growth (2011: 1.7%)
- Significant drop in FDI (€ 1.3 billion in 2011)
- Restricted budget deficit (2.0% of GDP in 2011), but limited public investments
- Stable banking system
- Increased unemployment rate (11.2% in 2011)



Socio-economic development:

Main challenges

- Education and labour market participation: improving situation but still low level of participation in lifelong learning
- Research, innovations and competitiveness: relatively high rate of innovation system growth but still very limited investments in R&D
- Infrastructure and IT: developed road network but significant renovation is needed; high level of investments in ICT but still lower internet penetration rates than EU-27
- Energy efficiency: highest energy intensity of economy in EU, high dependence on imported energy resources, although slightly decreasing
- Business and institutional environment: e-government is being introduced but major changes (including development and upgrade of IT infrastructure) are still pending

Physical Progress: Indicators

- Significant progress against baseline values for most indicators
- Negative trends in indicators affected by the crisis: *GDP growth, FDI, labour market indicators*
- Most target values estimated feasible by the end of 2015
- Core indicators:
 - Modest performance against target values, but 60% of all indicators with significant improvement as compared to the 2009 Strategic report
 - Over-achievement of the target values for 2 indicators
 - No progress has been reported yet under 10 indicators, but achievement will be reported based on completed projects
- Non-core indicators follow similar performance trends

Physical Progress: Achievements

- 13 km. of metro lines and 13 new metro stations constructed; 380 000 of Sofia citizens with access to improved public transport
- 82 km. of new roads and 16,3 km. of new railroads constructed
- 454 km. of roads and 126 km. of railroads reconstructed
- additional population served by waste water projects - 194 970 p.e.
- one regional waste management system constructed
- 63 investments made for improvement of the cultural infrastructure and 60 other for improvement of the social services' infrastructure
- 622 367 people using the improved small-scale infrastructure
- 565 346 people benefitted from the renovated buildings
- 1 647 jobs created; investments amounting to € 225 million induced
- 130 SMEs introducing new technologies/products supported
- 911 enterprises supported through loan instruments

Physical Progress: Achievements (2)

- 59 692 unemployed persons involved in professional trainings; 51 619 persons employed after training
- 88 223 persons involved in measures for prevention of early school leaving
- 820 forms of social services launched and 256 existing ones supported
- 146 judiciary bodies have introduced a system for case management
- 100 administrations with systems for internal flow of documents
- 2 100 administrative services being provided online
- 25 499 employees of civil society structures trained
- 174 trainings for local authorities and other structures working under SCF conducted; 3 323 experts trained
- 299 experts trained to work with UMIS
- 28 information centres established and being functional

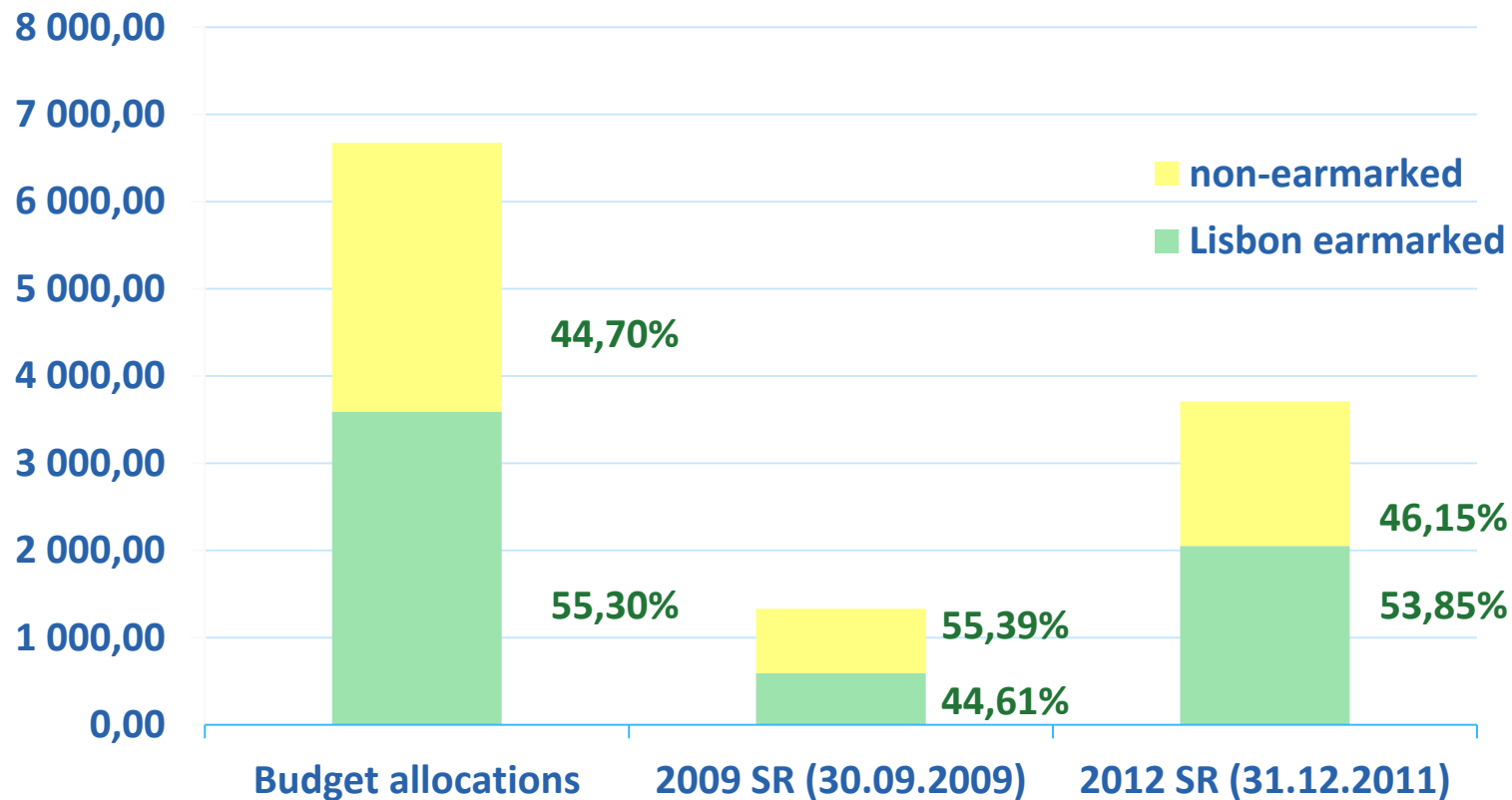
Financial Progress /million €/

	2009 Strategic Report /30.09.2009/	2012 Strategic report	
		as of 31.12.2011	as of 30.10.2012
contracted funds	1 609,96	5 250,89	7 588,02
contracted funds (%)	20,08%	65,48%	94,62%
payments	161,68	1 505,63	2 458,74
payments/ contracted funds (%)	10,04%	28,67%	32,40%
certification	94,39	1 121,90	1 998,98
certification/ payments (%)	58,38%	74,51%	81,30%

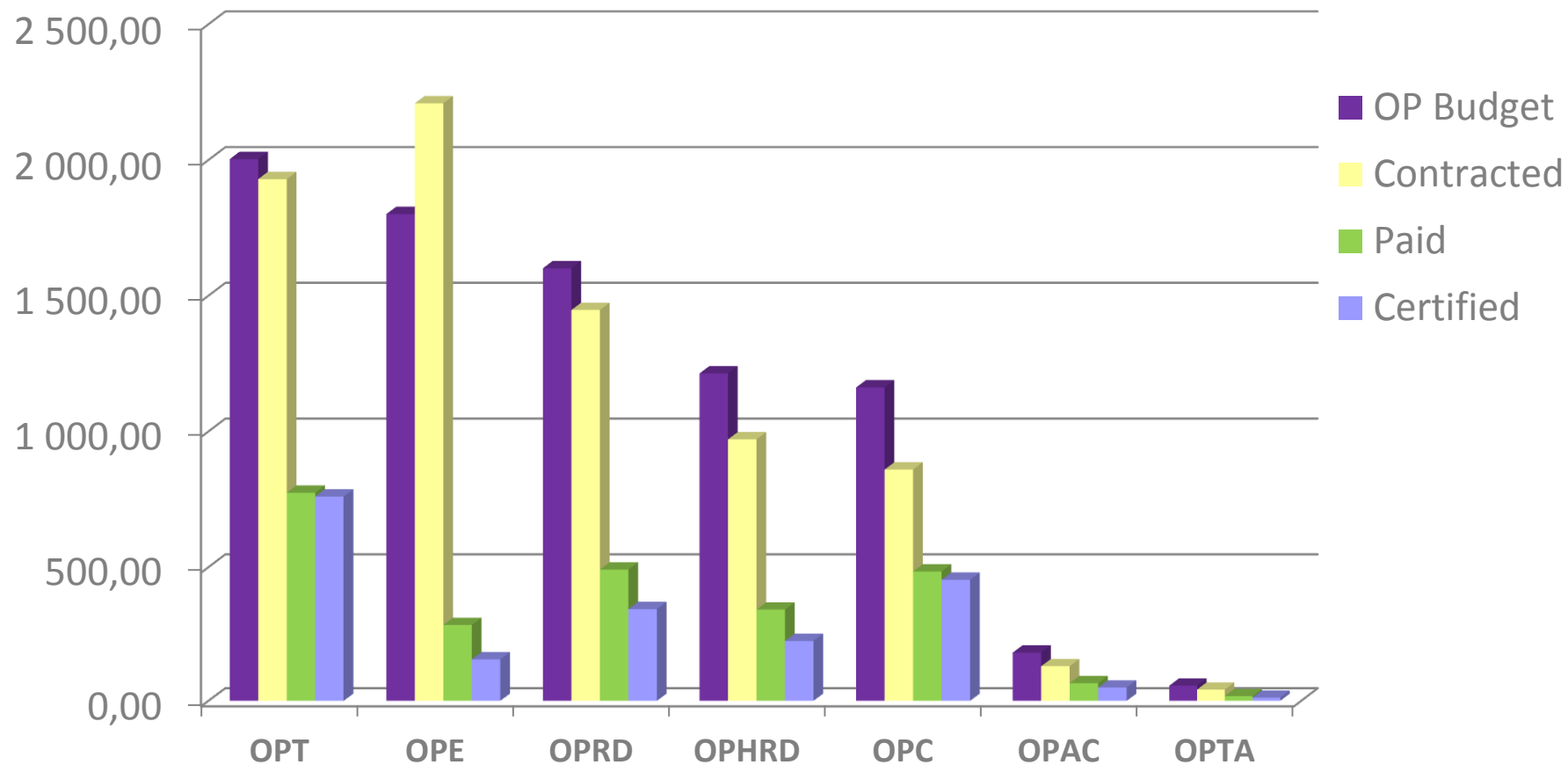
- 94,62% of the total OP budget contracted by the end of October 2012
- 30,7% of the funds – paid to beneficiaries
- Growth in payments rate is lower than the growth in contracting
- Tranches received by EC (advance and interim) amount to 1 900 mln. €
- 78,8% of all contracted funds have been awarded since September 2009
- More than 1/3 of all grant contracts signed in January-October 2012

Allocations to operations selected and Lisbon strategy

Contracted funds /million €/



Financial Progress by OPs /million €/



Supported areas and EUROPE 2020

National objectives set in NRP:

- ❖ Better infrastructure - OPT, OPE and OPRD
- ❖ Competitive youth - OPHRD
- ❖ Better business environment - OPC and OPAC
- ❖ Greater trust in state institutions - OPC and OPAC

Complemented by activities focused on:

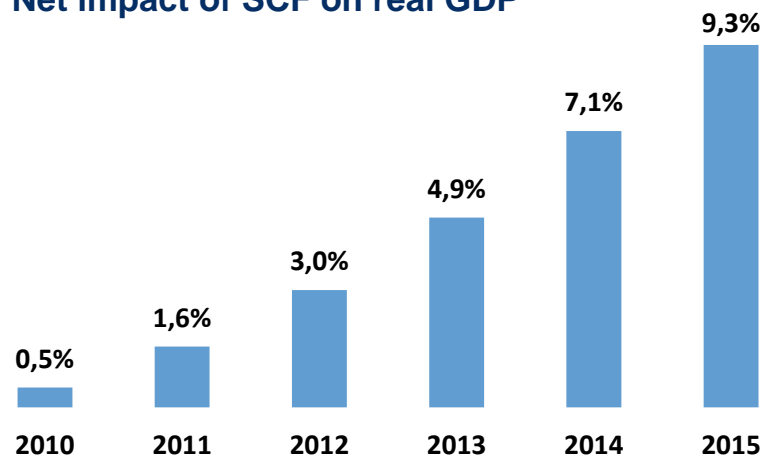


- ❖ Improving the efficiency of public expenses in support of growth - OPHRD and OPRD
- ❖ Providing institutional and financial support for the enterprises - OPC
- ❖ Reducing unemployment among the most vulnerable groups of society (youth, low-qualified and discouraged persons and elderly) - OPHRD

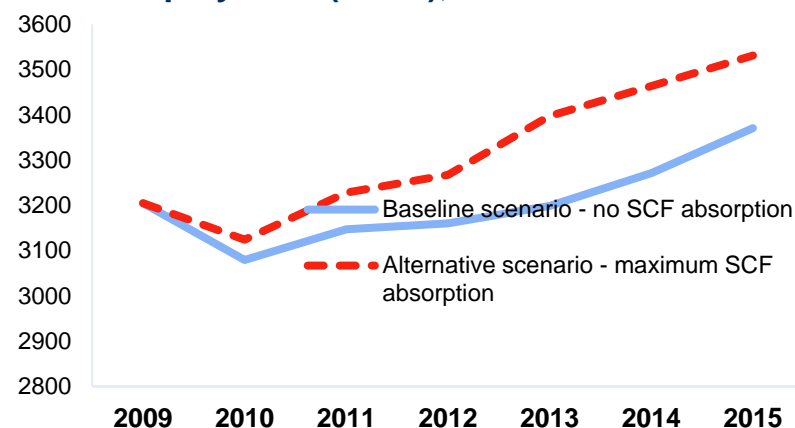
Net impact of SCF on economic development

- Growing positive role of SCF for the economic development due to:
 - Higher absorption level
 - Very limited public and private investments caused by the economic crisis
 - Focus of the funds on the growth engines: technological development and human capital and infrastructure
- Crucial effect on the positive levels of GDP
 - Almost full absorption of SCF is expected to lead to 9.3% higher levels of real GDP by 2015
 - The impact does not end with the end of the programming period: a positive impact on real GDP is currently estimated up to 11.6% by the end of 2020

Net impact of SCF on real GDP



Employment (15-64), 1000s



Net impact of SCF on economic development (2)

- The net impact of Structural instruments for 2009–2012 on other core macro-economic indicators is as follows:
 - Private consumption is 3.9% higher in real terms compared to the scenario with zero absorption
 - Government consumption is 8.8% higher in real terms
 - Private investments are 5.4% higher in real terms
 - Government investments are 26.3% higher in real terms
 - The number of employees is 4.0% higher (on average for the period 2011-2012 employment generated in the economy as a result of funding under the OPs amounts to 105 000)
 - The unemployment rate is 2.4 p.p. lower
 - The average salary in the country is 5.9% higher in nominal terms
 - Inflation is not affected by the funds spent under SCF
 - The budget balance is improved by 0.8 p.p.
 - The share of public debt in GDP is 1.7 p.p. lower

With a view to next programming period...

CHALLENGES

- scattering of investments
- lack of former experience with SCF
- lack of resources for pre-financing and co-financing project activities
- heavy procedures and excessive administrative burden for beneficiaries
- overlapping of controls – both between the MAs and IBs, and between control bodies

LESSONS LEARNT

- importance of high-quality strategic planning and programming based on an active dialogue with partners
- focus on "growth engines" leading to regional convergence
- importance of measures for strengthening the administrative capacity
- e-procedures as the most effective tool for reduction of administrative burden
- balance between sound financial management and efficiency

Conclusions



- SCF - crucial factor for the economic recovery of the country and the real convergence to EU-27
 - Contribution of SCF in 2012 GDP growth is 80%
 - 2009-2012 net impact on the number of employed people is 4.0% (approximately 105 000 jobs) and 2.4% lower unemployment
 - Positive impact on incomes - in 2012 it is 5.9% higher in nominal terms due to SCF, and by 2015 this effect is expected to reach 33.6%
- The results of SCF interventions are now visible
- Further efforts towards achieving the targets set are still needed, however significant progress has been made since 2009

THANK YOU FOR YOUR ATTENTION!

