

# Some administrative conflicts in implementing the Operational programs financed by the funds of the European Union

Ivanka Bankova<sup>1</sup>

*Abstract* The aim of the article is to identify some specific administrative conflicts in implementing the Operational programs financed by the European Union and to try to offer methods for handling the problems.

*Key words* - administrative conflicts, structural funds, operational programs, European Union, administrative capacity, beneficiary.

## I. INTRODUCTION

The full membership of the Republic of Bulgaria in the European Union (EU) coincides with the new program period of the Structural funds (SF) 2007-2013 [2] and offers a number of new challenges concerning the European integration processes as a major financial support. For this particular period Bulgaria has the opportunity to acquire 6 673 628 244 € while these funds are distributed in seven Operational programs (OP) [2]. However, the complicated procedure of the European Commission (EC) approving these programs for approving these programs delayed their start, which led to a low degree of acquisition. The Republic of Bulgaria through the state policy described in the National strategic reference framework (NSRF) [3] takes part in working out and applying the European policies for implementing the strategic goals of the European Community. The structural funds are the basic financial instruments of the policy for bringing together EU whose main goal is to achieve bigger economic and social integration, growth and employment.

The essence of the analysis of this article is some of the specific administrative conflicts ensuing from the specific characteristics and the complexity of the procedures in applying the Structural instruments of the European Union. The **thesis** to defend is that in the current stage the administrative conflicts are part of the activity of state administration in implementing the Operational programs. They come from the contradictory documents, the untimely notification about changes in them and are fueled by the weak regulation of social relations; improving the regulatory framework and the communication processes between the various OP levels are the basic instrument for avoiding and handling these conflicts.

## II. ADMINISTRATIVE ASPECT OF THE CONFLICTS CONCERNING THE IMPLEMENTATION OF THE OPERATIONAL PROGRAMS

The administrative conflict comprises the whole scope of administrative relations and conflict interactions - on the one hand between the administration and the state organs which it ought to help and, on the other hand - between the administration, citizens and the legal entities - clients of public services in their didactic unity. [9]. The operational program [2] is a document provided by a member-country and approved by EC that defines the strategy of development in compliance with a number of priorities which have to be made with the help of the respective European fund within various rules that are strictly determined and legally stipulated. Studying the reasons for the origin and development of the administrative conflicts concerning the implementation of OP gives sufficient ground for defining in general two main groups of conflicts [9]:

- *Conflicts with objective reasons:* The basic issues of management identified at the beginning of implementing NSRF and the Operational programs are a set of the complicated administrative procedures and the insufficient administrative capacity as well as the responsible institutions - the governing bodies and the intermediary divisions together with the end recipients of the funds. The difficulties, which seldom turn into conflicts stem from the fact that all participant sides in this process encounter for the first time unfamiliar and strict administrative requirements that are not to be, compromised whatever. Some of the governing bodies gathered some experience in implementing the pre-accession instruments which, unfortunately, turned out to be insufficient and badly shared while the beneficiaries lacked the necessary official information about the terms of participation and implementation of the Operational programs. [4]

The basic reasons for the problems which cause real conflicts and pre-conflict situations come from the very start of the process of preparing the strategic documents regulating the terms for applying for and implementing the Operational programs of Either strategic documents of each member country undergo certain changes and editing before they are finally accepted. For more than a year Bulgaria has been consulting and complying with the contents of NSRF and OP

---

<sup>1</sup> Ivanka Bankova, honorary assistant, Faculty of "International economics and administration" – Varna Free University "Chernorizets Hrabar", "Administration and management" Department, Varna, 9007, к.к. Chaika, tel.: 052 359 568, e-mail: [bankova\\_i@abv.bg](mailto:bankova_i@abv.bg)

both with the respective experts and divisions of the European commission and through social consultations. Conflicts occur when current information is untimely and inappropriately published on the official sites of the respective ministries, which are managing OP organs. Among the more serious reasons for conflicts at the beginning of the implementation of strategic documents one can outline [4]:

- the insufficient accessibility specific focus of information concerning the opportunities for applying for the specific OP;

- delay in preparing and accepting the regulations that go with every operational program, as well as the instructions, directions for beneficiaries and application forms;

- rules for work and accounting that change often;

- changing requirements for the outline, control and monitoring of OP;

- delay in signing contracts because of the complicated administrative procedures;

- difficulties in introducing and using the Information systems for managing and monitoring OP;

- the communication strategies of OP do not perform their function effectively enough. It is necessary to focus the attention on ways of informing better the society as a whole and more specifically the potential beneficiaries in every OP;

- as part of the Communication strategy one needs to focus more on training the governing organs on central and local level;

- last but not least, the delay in introducing adequate controlling procedures for implementing the OP program priorities.

- *Conflicts with subjective reasons:*

- the lack of beneficiaries' operational funds for preliminary financing of projects;

- submitting incomplete project proposals on behalf of the beneficiaries;

- delaying the assessment in some Operational programs because of the numerous project proposals filed and the need of a longer period of time or engaging more evaluators in comparison to the preliminary expectations of GO;

- lack of enough administrative capacity both on central and, in a more considerable degree, local level;

- incompetence of operational leaders assigned for sheer political reasons;

- turnover of the qualified staff working on OP;

- unsatisfactory communication processes between the various structural-and-hierarchical levels of OP. In the Republic of Bulgaria there are policies for introducing and applying the full scope of controlling and auditing activities with preventive character concerning the projects approved for financing. [4] This invariably leads to using more administrative resources and time in order to do all checks and guarantee maximum accessibility and legality of expenses. Definitely there are conditions for another conflict that is difficult to manage - it is caused by the low speed of reimbursing the expenses made by the beneficiaries and the end recipients of the help. On this early stage of implementing the Cohesion policy in the Republic of Bulgaria there are not found any

weaknesses that refer to the administrative costs and prove the need of strengthening the preventive activities concerning the control and acquisition of the structural instruments at the expense of ensuring greater flexibility of beneficiaries in implementing projects and exercising follow-up control. This will lead also to a real opportunity for regulating conflict situations and favorable conditions for solving conflicts.

### III. PROBLEMATIC CONFLICT AREAS IN IMPLEMENTING OP.

The most common conflicts are those caused by legging behind and delaying real payment in almost Operational programs. Here one can report about the tendency for Managing organs to "reinsure themselves" in giving finance on projects that have already been approved, having in mind the irregularities found out by the EC and the blocked funds on the pre-accession instruments. [4] In most cases the beneficiaries are required to give a 100 % guarantee concerning the advance payments they have received. The negative contribution of the global economic crisis had an unfavorable effect on the economy of the Republic of Bulgaria and as a result of this beneficiaries' potential for co-financing projects decrease. On the one hand, lower demand global-wise worsens the short- and middle-term prospects for business, on the other hand - the access to borrowing resources becomes more difficult and more expensive. The following specific areas in implementing OP are still problematic:

- Delayed acceptance of some regulatory and inside rules even despite the established necessary regulatory procedure that guarantees the setting up and functioning of the systems for managing the funds from the Structural and Cohesion funds in accordance with the applicable EU regulations. There are cases of inconsistency between the functions, assigned with various acts, of the organs that participate in the management process of the money from the Structural and Cohesion funds. Often there have been made also changes in the regulatory procedure, there has been allowed untimely update or lack of update of strategic, regulatory and inside act and documents. There are gaps in the regulatory procedure, as well as a need of translating documents into Bulgarian. There have been found cases of bad coordination and consistency in making and accepting inside acts.

The gaps and inconsistencies in the regulatory procedure are a risk factor that threatens the application of systems; they are also an indicator for harmed communication and coordination in managing the process of establishing a regulatory procedure.

- There are also inconsistencies between the responsibilities and rights of the organs that are assigned managing functions - until July 2008 [6] the ministers were not duly empowered as heads of the Managing organs of the Operational programs which created prerequisites for dualism in management and lead to various practices in the Operational programs. In part of the Operational programs there has been allowed wrong combination of the functions of chairman of the Monitoring committee, Head of the Managing organ and Head of the contracting organ on behalf of a single person. Realizing the functions of Head of the

managing organ and chairman of the Monitoring committee concerns certain responsibilities and has to be assigned to different employees.

- The independence of the Auditory organ on the Certifying one that happen to be in one institution is not without doubt having in mind the fact that the ministers happen to be central single organs of executive power, while the deputy-ministers only help them in fulfilling their rights and thus they are not functionally independent on them. In this respect a correct step to make is the setting up of an Executive agency for Auditing the funds from the European Union at the Minister of finance whose job cannot be assessed because it started to function outside the period reviewed here.

- Lack of enough administrative capacity and turnover of qualified staff both on central and local level.

- There is a delay in starting the Operational programs, which is a risk factor for acquiring the funds on time. The managing decisions and acts made for correcting the mistakes and aimed at speeding up the process of acquiring the funds are not effective enough and timely; setting up the system of terms for implementing the Operational programs is done parallel to starting their implementation which has a negative impact on their efficiency. [5]:

- Lack of fully functioning Information system for managing and monitoring (ISMM) the operational programs based in the Ministry of finance. Reliable systems for accounting and report in accordance with the EU requirements have not been set up yet. Establishing and putting into practice the full functioning of ISMM as a significant factor for achieving good financial management of the funds has not only finished until the start up of the Operational programs, but it continues also after their start which hinders monitoring and managing the processes and leads to delay in entering the information on behalf of the Managing organs on the Operational programs.

- The established mechanisms for coordination and interaction on horizontal and vertical level between the structural divisions in managing the EU funds show numerous weaknesses in regulating and carrying out the coordination and interaction between the participants in the process of managing EU funds although changes have been made in the last couple of months.

- The communication strategies of the operational programs do not perform their functions effectively enough even though there have been created the necessary prerequisites for providing publicity and awareness in managing the funds from the Structural and Cohesion funds of EU.

#### IV. CONCLUSION

The weaknesses and problematic areas that have been found in acquiring money from the European funds from the point of view communication, coordination, control and development in conditions of full membership show also that as soon as possible there has to be established an effective specialized structure that is to form and assign a new architecture for the right and

timely acquisition of the money from the funds and programs of EU. The European commission has also made an explicit recommendation for the overall improvement of the systems of control for using the European funds in the respective ministries that are responsible for managing the European funds. It is more than necessary to improve the system of management itself because of the proven and existing risks for its decentralization. In order to do this there has to be established such management that is to minimize the systematic risks and show the direct and visible managing responsibility in respect to managing the process. The system of managing European funds needs to have common information flows that are a prerequisite for adequate and reliable control. Bulgarian authorities have the political will and determination to continue working with the same speed and to apply strictly the European rules and procedures for acquiring European funds for Bulgaria because success in acquiring the European funds will be for Bulgaria rather than the executive or legislative power.

#### REFERENCES

- [1] Constitution of the Republic of Bulgaria. 1991.
- [2] Regulation 1083/ 2006. Official Gazette of the EU. 2006.
- [3] Национална стратегическа референтна рамка на България 2007-2013. изготвена в съответствие с чл. 27 и чл. 28 от Регламента на Съвета на ЕС (№1083/2006 от 11.07.2006 г.).
- [4] Годишен доклад за състоянието и степента на усвояване на европейските фондове в Република България за 2009.
- [5] ПМС № 121 от 31.05.2007 г. относно определяне на реда за предоставяне на безвъзмездна финансова помощ по оперативните програми съфинансирани от СКФ на ЕС.
- [6] ПМС № 172/14.07.2008 г., обн. бр. 66 от 25.07.2008.
- [7] Димитров, Д.В. Управление на конфликтите. София, 2005.
- [8] Павлов, П., Св. Михалева, Л. Николова, С. Инджова. Структурни инструменти на ЕС и използването им в България. Учебно помагало. УИ ВСУ „Ч. Храбър”. Варна. 2010.
- [9] Павлов, П., Св. Михалева. Трансформация на административната система. Административен реинженеринг. Учебно помагало. УИ ВСУ „Ч. Храбър”. Варна. 2008.

#### INTERNET SOURCES

- [10] <http://www.eufunds.bg>
- [12] <http://www.mlsp.government.bg/equal/>
- [13] <http://www.europa.eu>