

REGIONAL POLICY AND SUSTAINABLE GROWTH IN BULGARIA

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Abstract

Regional policy in Bulgaria is oriented towards increasing economic growth and creating an intelligent, sustainable and inclusive economy. It is coordinate with the primary goal of the European Union's regional policy during the new programme period 2014 – 2020. On the national level, the current document base is being updated and a new one is prepared, which determines the basic goals and priorities in the regional policy and regional development of Bulgaria. A new approach and method of planning and programming of regional development, with an emphasized accent on territorial cohesion is also necessitated by the development and application of macro-regional strategies for integrated development within the EU. The goals, that the policy on regional development is oriented towards, are directed at reducing economic and social inequalities, as well as the integrated development of cities and strengthening their role in the rural regions, in order to achieve territorial homogeneity.

Key Words: EU Regional Policy, Regional Development, Rural Regions, Planning and Programming of Regional Development

BULGARİSTAN'DA BÖLGESEL POLİTİKA VE SÜRDÜRÜLEBİLİR BÜYÜME

Özet

Bulgaristan'da bölgesel politika; ekonomik büyümenin artışına ve sürdürülebilir, kapsayıcı bir ekonomi yaratmaya yöneliktir. Bu, 2014-2020 yeni program dönemi boyunca AB bölgesel politikasının temel amacıyla koordine edilmektedir. Ulusal düzeyde, Bulgaristan'da bölgesel politika ve kalkınmanın temel hedef ve önceliklerini belirleyen geçerli belge güncellenmekte ve yenisi hazırlanmaktadır. AB içinde entegre kalkınma adına makro-bölgesel stratejilerin uygulanması ve geliştirilmesi ile bölgesel uyuma vurgu, bölgesel kalkınmanın planlama ve programlanmasına yeni yöntem ve yaklaşımları gerekli kılmıştır. Bölgesel kalkınma ile ilgili politikalara yönelik hedefler, şehirlerin entegre kalkınması ve kırsal bölgelerdeki rolünün güçlendirilmesi ile homojenlik elde etme amacının yanı sıra ekonomik ve sosyal eşitsizlikleri azaltmaya da yöneliktir.

Anahtar Kelimeler: AB Bölgesel Politikası, Bölgesel Kalkınma, Kırsal Bölgelerde bölgesel kalkınmanın plan ve programlanması

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1. Introduction

Regional policy in Bulgaria is oriented towards increasing economic growth and creating an intelligent, sustainable and inclusive economy. It is coordinate with the primary goal of the European Union's regional policy during the new programme period 2014 – 2020 and the Strategy "Europe 2020," which is completely aimed towards stable economic growth, high levels of employment, productivity and social unity. Five ambitious goals have been set in the fields of employment, innovations, education, social inclusion, and climate/energy, which have to be achieved until 2020. Every member-state accepts its own national goals in these fields. Specific actions at the EU and national level serve as the foundation of the strategy.

On the national level, the current document base is being updated and a new one is prepared, which determines the basic goals and priorities in the regional policy and regional development of Bulgaria:

The national concept for spatial development for the period 2013 – 2025 is a medium-term strategic document, which gives directions for the building, management and preservation of the national territory and aquatory, and creates precursors to special orientation and coordination of sector policies. Along with the National Strategy for Regional Development 2012 – 2022, it is a primary document in our newest legislation and a necessary tool for integrated planning and sustainable spatial, economic and social development.

Investments, which will be funded by the Programme for Regional Development in the period 2014 – 2020, will be done on the basis of the concept for spatial development. *The operative programme "Regions in growth"* will be the name of the Programme for regional development in the next programme period 2014 – 2020.

2. Results and Discussion

In the *National Strategy for Regional Development 2012 – 2022*[§], about 17 billion BGN are necessary to overcome the inequalities between regional differences in the country, so that Bulgaria can come closer to fulfilling the European policy applied towards regional development.

The strategy determines the primary goals and priorities aimed at accelerated development of the regions by improving the population's access to transport, educational, and healthcare infrastructure within the less developed regions of the country. Measures for stimulating priority economic activities, such as the development of tourism, information technologies, etc., have been planned as well. If these funds are provided, the larger part of them (over 13 billion BGN) are planned to come from European funds.

It is planned that the largest share of the funds will be allocated to the construction of transport and water infrastructure, for investments in urban environment, for the improvement of access to educational, healthcare and social services, as well as for sports infrastructure. The possibility for the funds for infrastructure and development

[§] The document was accepted with Decision No. 696 of the Council of Ministers from 24 August 2012.

of villages to encompass smaller populated areas as well has been discussed as well, and this can be accomplished by regrouping the municipalities in Bulgaria, which will be supported by the European Agricultural Fund after 2014.**

The improvement of the urban infrastructure has been set as a primary priority until 2020, and the goal is that life and work conditions in the big cities have to be coordinated with the contemporary requirements. The construction and repairs of streets, parks, cycling alleyways, sidewalks and others have been planned. Special importance is placed upon projects related to the improvement of public transportation systems by stimulating the introduction of energy-efficient and ecological technologies.

The financing from the European funds will be directed towards the implementation of regional policies, as well as the development of tourism and culture. The intended budget features pre-planned funds for the improvement of energy efficiency of state and municipal buildings, or the renewing of multiple-family living buildings. Considering the existent major imbalance in the development of the separate regions in the country, the investments in the next programme period should be directed towards the cities with the lowest parameters of economic and social development.

The unequal development in the different regions is observed in tourism as well, as the analysis indicates that the field achieves good results primarily on the Black Sea coast and the mountain resorts, at the expense of weak development in the other regions, such as Northwestern Bulgaria, etc. In this relation, the state administration should encourage business in all regions of the country, so that Bulgaria can become known as an interesting tourist destination with a combined development of historical, cultural, mountain and rural tourism.

A new approach and method of planning and programming of regional development, with an emphasised accent on territorial cohesion is also necessitated by the development and application of macro-regional strategies for integrated development within the EU, with the acceptance of the EU Strategy for the Development of the Danube region being of specific importance to Bulgaria.††

The primary challenges before the possibilities for sustained growth in Bulgaria are related to the considerable structural problems, such as the advancing age of the workforce, the adaptation of education and vocational training to the requirements of the labour market (more specifically the skills related to new technologies), the slowdown in the field of science and innovation, the completion and development of infrastructure, balanced development of all regions in the country and the efficient functioning of public institutions in service of the citizens and business. They are addressed within the *National Programme for Development: Bulgaria 2020 (National Programme for Development, BG2020)*††, through the policies and measures formulated in the programme. Despite the

** Proposal by the Institute for Economic Studies of the National Academy of Sciences during a discussion on regional development and the country's priorities until 2020;
<http://economic.bg/news/6417/1/1/Predlagat-novo-grupirane-na-obstinite.html>

†† Methodological instructions for developing a National strategy for regional development of the Republic of Bulgaria (2012-2022), Regional plans for level 2 regional development (2014-2020), District development strategies (2014-2020) and Municipal plans for development (2014-2020), Ministry of Regional Development and amenities, Main Directorate of Strategic Planning of Regional Development and Administrative-Territorial Advancement, S., 2011, p. 8

†† The document was accepted with decision No. 1057 of the Council of Ministers from 20 December 2012

limited funding, the effective fulfillment of the NPD BG2020 will guarantee the achievement of the set goals. The policies have been aimed at generating long-term economic growth on a national and regional level, as well as ensuring the effective action of the defense mechanisms in the public sector with regard to social inclusion and fighting poverty.

NPD BG 2020 is an integrated document for the social-economical development of Bulgaria up to the year 2020, which shows the relation between the priorities of the EU in the context of the strategy “Europe: 2020” and Bulgaria’s national priorities. It encompasses the full set of state actions in the field of socio-economic development, while at the same time determines the place of the measures for accomplishing the national goals, whose implementation is set in the National Reforms Programme, the Convergent Programme, and all acting strategic and programme documents. Because of that, NPD BG2020 also provides a foundation for the programme document on the Cohesion policy of the EU from the period 2014 - 2020.

The priorities in the NPD BG2020 are tied to the potential for economic growth, development of market relations on the basis of clearly defined rules, as well as the presence of effective action of the protective mechanisms in the public sector with regard to social inclusion and fighting poverty.^{§§}

The priority of *Achieving sustained integrated regional development and using the local potential* has been directed towards the development of the potential of the Bulgarian regions and turning them into an attractive place for living and business, with preserved nature and unique cultural monuments and traditions. The goals, that the policy on regional development is oriented towards, are directed at reducing economic and social inequalities, as well as the integrated development of cities and strengthening their role in the rural regions, in order to achieve territorial homogeneity. It is a basis of the policy for regional development, which Bulgaria will conduct in the period 2014 – 2020, and reflects the policy’s frame and regions of action. The priority encompasses activities in different fields – economy, culture, tourism, environment, development of the administrative and institutional capacity, urban and rural regions development, development of the road network with regional and local significance, and is based on an integrated approach, i.e. combining activities in different sectors, which are coordinated in time and related in nature. The integrated approach allows for the achievement of connection and synergy of policies in the different sectors, and achieving stronger effect and a higher added value for the regions.

The actions that are to be performed per this priority will contribute to reducing inequality in the socio-economic and infrastructural development of the regions and enhance the processes of economic, social and territorial homogenization. A specific feature of this priority is that it is synchronous with the goals and priorities of the policies in the separate sectors, yet it has its own goals, whose achievement envisions actions in various sectors.

The key field of effect is the enhancement of the system for strategic planning and improving regional governance. Another important field of effect is the support and development of the backwards rural regions and increasing the competitiveness of the regional economy through mobilization and improvement of the local potential

^{§§} National Programme for Development: Bulgaria 2020, S. 2012, p. 8-9

(development of sustainable forms of tourism, preservation and valorization of the cultural and natural potential of the regions, preservation of the environment, prevention and protection from natural and technological risks, building of technical infrastructure in the field of water supply, development of broadband infrastructure in populated areas, including for the rural regions). The emphasis is on using the local potential, the active participation of the business and NGO's, as well as the development of European territorial cooperation, as an opportunity to increase the quality of life and overcome the problems in the peripheral and backward regions of the country.

Regional Plans for Development will be directed towards achieving a socio-economic effect on the planned goals and priorities for development of the given region, as well as towards achieving a positive effect on the environment.

District Strategies for Development (DSD) are an important part of the system for strategic planning of sustainable integral regional and local development, and are processed within the context of the current socio-economic condition of the district and in accordance with the strategic orientation of the EU's regional policy, and the national goals and priorities for regional development, while respecting the normative and institutional environment for its implementation, observation and evaluation.

The used approach, methods and principles in the development and acceptance of the *Municipal Plan for Development (MPD)* should guarantee to a great extent the compliance of the strategic document with the normative requirements in the field of regional development, as well as with certain national and regional goals and priorities for the development of Bulgaria. The plan should be coordinated with the specific conditions, procedure and requirements for the application of the normative documents related to local governance, territorial development, environmental protection, the cadastre and the real estate registry for the territory of the municipality.

Achieving interaction between the various documents for strategic planning is done during the process of their development, taking into account the hierarchical levels and the logical connections between them, determined by the national legislation on regional development.

One of the traditional parameters for standard of living and welfare – GDP per capita – illustrates clearly the existing great differences in the development of the separate district of Bulgaria. GDP per capita in the poorest district, Silistra, is about 1/5 of its value in Sofia (the capital) in 2009. The second “richest”, from the point of view of average welfare of its citizens, Varna, has a GDP that is more than twice as low as the capital's. Stara Zagora exhibit values slightly above the average for the country and takes fourth place after Sofia (capital), the districts of Varna and Sofia^{***}. The district is one of the few, in which GDP per capita continued to grow throughout the crisis year of 2009.

The Stara Zagora District is located in the eastern part of southern Bulgaria and falls under the Southeastern region of planning (level NUTS 2). It is divided into 11 municipalities – Stara Zagora, Kazanlak, Radnevo, Maglitzh, Bratya Daskalovi, Gurkovo, Galabovo, Nikolaevo, Opan, Pavel Banya and Chirpan, which encompass 206 populated

^{***} Nikolova, D. In which fields does the economy work best?, *An overview of business policy*, ISSN 1313 – 0544, issue. 603 dated 09 November 2012; <http://ime.bg/bg/articles/v-koi-oblasti-ikonomikata-raboti-nai-dobre/#ixzz2NVifHeic>

areas. Nine of them are municipalities located within rural areas. Two of the larger municipalities – Stara Zagora and Kazanlak – are urban. The population (2011) is 332 340 people, and the employment rate (2011) is 45.1 %. GDP per capita (2009) is BGN 9207.^{†††}

In the rating of districts per socio-economic development for the period 2007 – 2010, Stara Zagora has exhibited improvement.^{†††} The evaluations for the economy and the business environment in the district are at relatively high levels compared to other districts, and healthcare is assessed as the second best in the country. The weak aspects include the natural and social environment.

The district of Stara Zagora is distinguished with the fourth highest production per capita, which is largely due to the large companies in the field of energy production, such as the “Maritsa-Iztok 2” thermal power plant and “Mini Maritsa-Iztok.” However, the emissions of harmful substances are distinguished with the highest volume compared to other districts, which is due to the large energy production plants, as well as the extensively developed heavy industry.

Local taxes, as well as unregulated payments in the district are among the lowest levels for the country, with dissatisfaction being the highest with the social environment and the infrastructure. Every tenth inhabitant of the district lives in a household with low intensity of economic activity.^{§§§}

3. Main Results

Sustainable growth should be coordinated with:

- Knowing the specific peculiarities of the local environment and its integration into the regional and national environment, determining its strong and weak sides, identifying the obstacles and the factors for socio-economic development;
- Good team management by managers and professionals;
- Responsibly planned development, building a clear perspective, defining achievable goals;
- Good quality of human resources in the territorial community;
- Good knowledge of the various financial sources, which can provide funding to various projects, as well as conditions, under which they function to achieve the set goals and ensuring good socio-economic development of the territorial unit;
- Mobilization of the actors and establishing a strong partnership – local authorities, local business organisations; development agencies; central authorities; leading local business; financial institutions;
- Local social and economic development cannot be viewed as an isolated process with an exclusive internal character. The dynamics of development necessitate that local economies emphasise the accountability of the correlation and dependency with the other territorial levels – regional, national, international;

^{†††}MEI, Regional profiles, Parameters of development, http://www.regionalprofiles.bg/var/docs/Profiles-2012/Stara_Zagora_2012.pdf, p. 137

^{†††} MRDA, *Primary results from the analysis of the socio-economic development of the regions in Bulgaria*, 4 July 2012, www.mrrb.government.bg

^{§§§} MEI, Region profiles, Parameters of development, <http://www.regionalprofiles.bg/bg/>, p. 138

- Improving infrastructure and effective communications on an intraregional and interregional level;
- Achieving actual, fast and measurable results.

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