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# Regional Policies, Strategies and Concepts

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The regional policies are important mechanisms for enhancing the socio-economic development of the state and territorial-administrative units, for improving the living standard of the people.

A rich country is a consequence of the wealth, prosperity and conscious freedom of the communities of its constituent territorial-administrative units.

Regional disproportions are sources of severe and conflict situations in the regions concerned and have extremely negative influence on their stability and prosperity, as well as on the overall development of the country. The poorer regions cannot be an oasis of public peace and social stability.

The regions that do not create the necessary socio-economic conditions for an adequate standard of living as a rule have a lower rate of economic development, a low social status, a high level of crime and antisocial acts.

**Regional policy** is a combination of economic, legislative and administrative measures, implemented by the state, regional and territorial authorities in order to accelerate the regional economic growth and to overcome the regional disproportions.

By the term of regional policy we understand a system of normatively regulated documents and instruments aimed at implementation of objectives of regional development in the European Union (EU), the country and its constituent administrative-territorial units.

The regional policy of the Republic of Bulgaria aims to reduce the economic and social disparities within the country in line with the EU policy of economic and social cohesion.

The idea for **territorial and social cohesion** is an expression of humanity of European social model.

The main objectives of regional policy of the Republic of Bulgaria come from Article 20 of the Constitution of the republic of Bulgaria and Regional Development Act as follows:<sup>1</sup>

- Reducing of inter-regional and intra-regional differences in the level of economical, social and territorial development;
- Providing conditions for economic growth and high level of employment;
- Developing of territorial cooperation.

Spatial development policy (spatial development), as a part of part of regional policy of the Republic of Bulgaria has the following strategic guidelines and objectives:<sup>2</sup>

1. Balanced and sustained development of the country and regions;
2. Development of balanced polycentric network of urban centers;
3. Enhancing the processes of European territorial cooperation by preparing of strategies for spatial development of the regions for transborder cooperation and of network of urban centers in them;
4. Spatial integration of Bulgarian regions and the regions in the European Union and regions of neighbouring countries

Basic principles of Regional policy of the republic of Bulgaria are as follows:<sup>3</sup>

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<sup>1</sup>Regional Development Act – Article 2, paragraph 2

<sup>2</sup>Regional Development Act –Article 2a, paragraph 2

<sup>3</sup>Regional DevelopmentAct–Article3

- ✓ Integrated approach to planning and programming;
- ✓ Concentration of resources;
- ✓ Co-financing;
- ✓ Interdepartmental coordination of activities of competent authorities;
- ✓ Coordination of regional policy with other structural policies of the country;
- ✓ Partnership, openness and transparency at all levels.

The basic principles of EU regional policy implemented mainly through the structural funds, are as follows:<sup>4</sup>

- ✓ Principle of programmed approach;
- ✓ Principle of complexity;
- ✓ Principle of integrity;
- ✓ Principle of co-financing;
- ✓ Principle of partnership;
- ✓ Principle of decentralization.

Strategic planning of Regional Development in the republic of Bulgaria is carried out by the following system of documents:<sup>5</sup>

- National Development Programme;
- National Strategic Reference Framework;
- Operational programs co-financed by European Union funds;
- National strategy for regional development;
- Regional development plans;
- District development strategies;
- Municipal development plans.

**National Development Programme<sup>6</sup>** is a strategic and planning document, containing socio-economic analysis and unified strategy for development of the country for a certain period of time.

**National Strategic Reference Framework<sup>7</sup>** is a strategic document that provides compliance of the support of European Union funds with the Community strategic guidelines on cohesion and identifies the link between the priorities of European Union and national and regional priorities for sustainable development and employment.

**Operational programs co-financed by EU funds<sup>8</sup>** are documents defining strategies and interrelated development priorities, which are implemented with the support of European Union funds.

Current operational programmes co-financed by the Structural funds in Bulgaria are:

- 1 Operational programme „Transport“;
- 2 Operational programme „Environment“;
- 3 Operational programme „Regional Development“;
- 4 Operational programme „Competitiveness“;
- 5 Operational programme „Human resources development“;
- 6 Operational programme „Administrative capacity“;
- 7 Operational programme „Technical assistance“.

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<sup>4</sup>[http://regionalnorazvitie.com/index.php?option=com\\_content&view=article&id=56:2010-02-14-18-10-22&catid=7:2009-12-26-20-11-34&Itemid=12](http://regionalnorazvitie.com/index.php?option=com_content&view=article&id=56:2010-02-14-18-10-22&catid=7:2009-12-26-20-11-34&Itemid=12)

<sup>5</sup>Regional DevelopmentAct–Article9

<sup>6</sup>Regional DevelopmentAct- & 1, point 2

<sup>7</sup>Regional DevelopmentAct- & 1, point 3

<sup>8</sup>Regional DevelopmentAct- & 1, point 4

**National strategy for regional development**<sup>9</sup> defines long term objectives and priorities of state policy for regional development, as well as its compliance with other structural policies.

**Regional development plans**<sup>10</sup> define medium-term objectives and priorities for sustainable integrated regional and local development on the territory of respective region in line with provisions of National strategy for regional development and other structural policies.

**District development strategy**<sup>11</sup> defines medium-term objectives and priorities for district development as well as strategic guidelines for drawing up the municipal development plans.

**Municipal development plan**<sup>12</sup> defines medium-term objectives and priorities for municipality development in line with the district development strategy and the concept for spatial development of the municipality.

Strategic planning of spatial development (spatial planning) is done using the following documents:

- National Concept for Spatial Development;
- Regional scheme for spatial development of level 2 region;
- Regional scheme for district spatial development;
- Concept for municipality spatial development.

**National concept for spatial development**<sup>13</sup> defines the strategy for development of national territory and its links with neighbouring and countries and regions.

**Regional scheme for spatial development of level 2 region**<sup>14</sup> defines the strategy for region spatial development and its links with other level 2 regions in the country and neighbouring countries in the macroregion.

**Regional scheme for spatial development of level 3 region**<sup>15</sup> (district) defines the strategy for district spatial development and its links with other districts within the level 2 region and neighbouring regions in the country and neighbouring states.

**Concept for municipality spatial development**<sup>16</sup> defines the strategy for spatial development on its territory and its links with the neighbouring municipalities.

From the standpoint of different levels of government in the republic of Bulgaria, the following types of regional policies are distinguished:

- ❖ Local (municipal) regional policy;
- ❖ District regional policy;
- ❖ Regional policy of individual regions (statistical regions);
- ❖ National regional policy;
- ❖ Regional policy of European Union.

All these policies are in strictly hierarchical relationships and their basic principles, objectives and methods may not contradict.

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<sup>9</sup>Regional Development Act–Article10, paragraph1

<sup>10</sup>Regional Development Act–Article 11, paragraph2

<sup>11</sup>Regional Development Act–Article 12, paragraph1

<sup>12</sup>Regional Development Act–Article 13, paragraph1

<sup>13</sup>Regional Development Act–Article 7b, paragraph1

<sup>14</sup>Regional Development Act–Article 7c, paragraph1

<sup>15</sup>Regional Development Act–Article 7d, paragraph1

<sup>16</sup>Regional Development Act–Article 7e, paragraph1

In most general terms, this system of policies is „built“ using the “bottom-up” design, while their essential content and strategic management, control and coordination is of “top-down” type.

**Local (municipal) regional policy** is formed and implemented by the local self-government authorities, which define its primary objective and its strategic directions in line with macroeconomic framework of the higher hierarchical levels. Local regional policy is linked to the development of a system of planning documents providing community development in long-term programmes and their implementation with specific investment projects.

**District regional policy** is implemented by the District Governors and District Development Councils on the basis of district development strategies.

**Regional policy at statistical regions level** is implemented by Regional Development Councils, supported by the territorial unit of Ministry of Regional Development and Public Works in line with requirements of Regional Development plans.

**National regional policy** is developed and implemented by the Council of Ministers and Minister of Regional Development and Public Works on the basis of National Development Plan, National Strategic Reference Framework, National Strategy for Regional Development and EU operational programmes.

**Regional Policy of the European Union** is a pan-European policy, aimed at overcoming the territorial disproportions among the regions in the Community. The regional policy aims at achieving maximum of territorial and social cohesion throughout the European Union.

As it is well known, the implementation of EU regional policy is carried out by means of financial instruments called structural funds:

- European Regional Development Fund (ERDF);
- European Social Fund (ESF);
- The Guidance Section of the European Agricultural Guidance and Guarantee Fund (EAGGF) called European Agrarian fund;
- The Financial Instrument for Fisheries Guidance (FIFG);
- Cohesion Fund (CF).

Financing of regional development in the republic of Bulgaria is done from the following sources:<sup>17</sup>

- ✓ The state budget;
- ✓ The budgets of municipalities;
- ✓ Resources of individuals and legal entities;
- ✓ Resources from EU funds;
- ✓ International financial institutions;
- ✓ Other sources specified by law.

General problems related to effective and efficient implementation of the different types of regional policies in the republic of Bulgaria are as follows:

- Insufficient potential for management and programming;
- Limited financial resources in some localities, especially in the municipalities due to continued centralization of resources at national level;
- Lack of strictly defined competencies and resources of District Governors in conducting the district regional policy;
- Detachment of management bodies of statistical regions for planning from the local communities. Lack of viable regional communities;

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<sup>17</sup>Regional Development Act–Article 26

- Inconsistency and incoordination of actions of different decentralized governmental structures in the field of so-called "sectoral EU policies";
- Lack of competitiveness of the projects developed by the municipalities for absorption of resources from structural EU funds;
- Presence of large-scale and comprehensive corruption in all levels of state and local government.

The republic of Bulgaria is already eight years a member state of the European Union, but the results of applying the pan-European regional policy on the territory of the country, to say the least, are not particularly good.

Absorption capacity of resources from the structural funds is still relatively low, despite the cheery optimism of any new government.

As of 31<sup>st</sup> March 2014, the absorption capacity of resources from the funds is as follows:<sup>18</sup>

- European Social Fund: 62.06%;
- European Regional Development Fund: 54.44%;
- Cohesion Fund: 43.87%;
- The Financial Instrument for Fisheries Guidance: 47.00%;
- European Agricultural Guidance and Guarantee Fund: 63.21%.

The total amount of money utilized is EUR 5 131 billion or 55.16% of funds earmarked for Bulgaria for the period from 2007 – 2013.

Bulgaria rated the second lowest within the European Union, only Romania is after Bulgaria. The level, which reached some time ago Ireland, Portugal, Spain, Greece and others in this respect is still very far from us.

The over expectations about massive European investments at the beginning of our membership did not materialize. They gradually gave way to realism, healthy skepticism and negativism.

The reasons for poor absorption of funds are many, but one of the most important of them is related to the administrative and territorial structure of the country.

Lack of second level of local self-government of so-called regional self-government is one of the fundamental reasons about the current poor state of our regional policy. It is directly related to another reason and it is rooted in the **insufficient depth and intensity of decentralization process**.

The common view that only rich countries can afford decentralized forms of governance, but the poorer countries, like our country, have to consolidate their limited resources through increasing the decentralization, is **false and detrimental**.

Opposite is true. ***Only optimal decentralized countries are capable of sustainable economic growth and overcoming the regional disparities.***

Regional self-government of classic regions, with consolidated regional communities will inevitably unleash the asleep national energy and will give powerful impetus to our social-economic development.

**Administrative-territorial reform is inevitable** and it will happen, sooner or later, when there are the necessary political conditions and public consensus.

The need to create a regional self-government was unequivocally supported in early 2010 also by the current President of the country, Mr. Rosen Plevneliev, in his previous capacity as a Minister of Regional Development and Public Works.

The question about territorial consolidation of Bulgarian municipalities is not less important element than the introduction of regional self-government.

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<sup>18</sup>Nikolova, Irena "EU Funds for Bulgaria", page 80  
[www.ibsedu.com/bg/sections/download\\_file/535/1/](http://www.ibsedu.com/bg/sections/download_file/535/1/)

An indisputable fact is that 2/3 of them do not have the necessary resources to implement effective and qualitative self-government.

Currently three major trends dominate in the United European space of local and regional democracy:

- ❖ Consolidation of municipalities;
- ❖ Introduction of regional self-government in the countries where there has never been such;
- ❖ Enhancing the process of transfer of power, resources and responsibilities from national to regional and local level.

These trends are irreversible in the general context of democratization on the European continent and they rule from the Urals to the Atlantic Ocean.

Lately, there has been much talk about so-called integrated approach in EU regional policy.

The essence of integrated approach is to promote the development through closer coordination of public policies.

However, similar coordination is only possible at regional level, as the growth factors of different regions vary significantly. As a result, the cohesion policy relies primarily on the strategies for integrated regional development.

In recent years, European cohesion policy has adopted a new model for regional economic development.

It passed from a policy aimed at compensating the regions for their shortcomings, in a policy aimed at strengthening the regional growth and their competitiveness.

Numerous studies of regional development experts suggest that **the economic growth does not only depend on availability of sufficient resources, but also on the effective management of growth factors**. The report of the Organization for Economic Co-operation and Development (OECD) for 2009<sup>19</sup> for example points out that improvement of infrastructure by themselves do not automatically lead to higher growth. But if they are in combination with improvement in education and innovations, the impact of infrastructure investments on the growth becomes significant.

Currently, Regional policy of European Union is aimed at achieving the three strategic objectives of Europe 2020 Strategy.

- smart growth by increasing the competitiveness, especially in less developed regions;
- inclusive growth by promoting employment and improving human welfare;
- green growth by protecting and improving the quality of the environment.

The ongoing global financial crisis has affected to a great extent and highly developed countries of Europe.

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<sup>19</sup> Magazine Panorama, issued by General Directorate of Regional Development of EC for 2010, page 2

[http://ec.europa.eu/regional\\_policy/sources/docgener/panorama/pdf/mag34/mag34\\_bg.pdf](http://ec.europa.eu/regional_policy/sources/docgener/panorama/pdf/mag34/mag34_bg.pdf)

The European Union faces the challenges related not only to the future of eurozone, but also to the nature of currently implemented pan-European regional policy.

Some of the larger EU member states have enhanced their restrictive opinions that the forms and objectives of cohesion policy should be re-considered.

Said in simple words – the resources designated for regional policy should be reduced.

This has aroused the reaction of EU Committee of the Regions, Association of European Regions and other similar associations insisting on continuation and deepening the policy of cohesion and concentration of financial resources in the least developed countries and regions.

The call was and is aimed at maintaining the level of investments and their utilization based on the principles of justice, solidarity and proportionality.

Due to this upward pressure, a reform of structural funds was conducted based on the principles of simplification, concentration, integrated approach, flexibility and effectiveness.

Ladies and Gentlemen, dear colleagues and students, conducting of effective regional policy is one of the most important mandatory conditions for improving the negative state in the economic and social sphere, for overcoming the backwardness and widespread poverty, for returning the optimism and faith of Bulgarian people.

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- 3 Regional Development Act.