

LEGAL FRAMEWORK OF REGIONAL DEVELOPMENT IN BULGARIA

Boris Kolev

The legal framework

The Constitutional basis for regional development and regional policy is its Art. 20. According to it: "The State creates conditions for balanced development of the individual regions of the country and supports the regional bodies and activities by means of its financial credit and investment policy."

Another very important document is the Regional Development Act, approved in March 1999 by the National Assembly of the Republic of Bulgaria. On this legal basis was elaborated a National Plan for Regional Development (NPRD).

General national objectives for regional development

There have been defined several general national objectives for regional development. Among them are:

- overcoming of existing regional disparities,
- diminishing the number of municipalities and districts that have attained a crucial level of poverty, unemployment, depopulation, environmental damage, social and ethnic tension,
- application of a differentiated regional approach to the economic restructuring,
- development of projects for participation in EU programmes for regional development and cross-border co-operation.

Responding to the second of these objectives (i.e. optimising the number and size of the administrative-territorial units), the National Assembly approved a special law. According to it the number of districts was increased from 9 to 28. As basic units of local self-government were adopted 262 municipalities. Six planning regions were adopted as a spatial premise of the National Plan for Regional Development. Each of them includes various number of administrative districts. It's important to underline that these 6 regions aren't administrative level.

Diagnosis of the current state of the regional development problems

As a result of the natural and socio-economic conditions, there are well-defined interregional differences in the economic and social level, employment rates, income and living standards. For example the difference between the leading region and the most underdeveloped one is 1,4 times with respect to income – 2.5 times in terms of unemployment rates and 24 times in terms of direct foreign investments (for the period 1992–1998). The districts of Sofia city, Plovdiv, Bourgas, Varna, Rousse, Sofia, Lovech, Gabrovo, Blagoevgrad, Stara Zagora and Haskovo play a leading role in the present period of transition to the market economy. These restructuring processes evolve at the lowest place and mark a great number of acute problems in the districts of Montana, Vratsa, Vidin, Targovishte, Smolyan, Silistra, Pazardjic, etc. Most of their municipalities have a border-line location in the periphery of the country. The economic and regional policies in the past aggravated all these problems of the “centre–periphery”. The predominant share of these territorial units with their settlement network is located in mountain and rural areas with mono-structural economy. A typical feature of theirs is the absence of production facilities, processing a final product, while the production of agricultural, forest and mineral raw materials, offered at the domestic market or for export at a minimum price, is predominant. Another important problem, reflecting on them, is the demographic situation. The very low natural increase rate, the internal migration and emigration led to depopulation in certain areas, especially in North-western Bulgaria, in the rural, mountain and border territories. The Republic of Bulgaria has recorded a negative natural increase of the population in the recent ten years. A very serious problem is the ageing of the population in active age. For this period the emigration has reached about 30–40 thousand people per year. The majority of the emigrants have been young people. It has to be noted that mainly people with high educational and professional level are involved in migration movements.

Other problems are the ecological ones. Many areas confronted with serious environmental have emerged, featuring a varying intensity of environmental pollution, as a consequence of the industrial development policy of the near past. These areas cover about 0.3% of the national territory. The above mentioned ecological problems have a direct impact on the living conditions and deteriorate the investment attractiveness of the respective regions of the country.

Principles of planning

The elaboration of the NPRD was based on the following general principles

- good information for the regional economic, demographic, social, infra-structural, ecological, etc. situation,
- long-term horizons, determined by the future demands of the society,
- compliance with regulations, related to efficient use of the regional factors and potentials of national and local significance,
- prioritisation, governed by the ranking of the objectives with a view to defining their impact on the undergoing phenomena and processes in a short- and long-term period in the various regions, as well as, application of an adequate management of the districts in conditions of local self-government of the municipalities and shortage of financial, economic and other potentials
- continuity, that is imposed by the provisions of the law for annual reporting on implementation processes and monitoring of attainment of the set objectives and tasks of the development plans for each region.

It is note worthy that these principles of the regional development policy are also valid for the elaboration of the plans for the lower planning levels (planning regions, administrative units as districts and municipalities).

Spatial framework of the implementation of the regional development policy

The Regional Development Act envisages two types of regions different in content, spatial scope and functions. They are: planning regions and the so-called areas for purposeful impact. The second type (areas for purposeful impact) is fixed by an Act of the Council of Ministers (Government) and in the NPRD. According to this Regional Development Act the principal functions in the sphere of the regional development are assigned to the districts. They work out their own plans.

Planning regions

As it was mentioned, the regions of this type are 6 in the country. Single plans for regional development are worked out for each planning region. These plans are integrated in the NPRD. They are integral parts of it. Those plans are a result of local initiative (bottom-up approach).

The planning regions have a diverse natural, socio-economic, demo-graphic and infrastructure potentials. Their basic parameters by 1999 are as follows:

- The territory of the regions varies from 10,588 sq. km. for the North-western to 27,552 for the South-central region. The highest share of arable land is to be found in the North-eastern (58,7%) and the North-western region (58%), while the mountain areas in the South-western region are above 60% of its total territory;
- The differences in the number of population range from 585,512 for the North-western to 2,142,700 inhabitants for the South-western region, half of which is the population of the capital Sofia. Population density varies from 44.9 for the North-western to 105.6 inhabitants/sq. km for the South-western region (the national average figure is 73,4 inhs./sq. km.);
- The North-western, the North-central and the North-eastern regions have a principal economic specialisation in the secondary and primary sectors. The main specialisation in the southern parts of the South-western, South-central and South-eastern regions is in the field of ore-mining and forestry. The secondary sector is developed in the centres of growth and development and the declining industrial areas. The gravest problems are related to the prospects for social and economic development of the North-western region and the southern parts of the South-eastern and South-central regions. The plans for regional development of individual regions combine the following main directions:
 - development of innovative environment and entrepreneurship,
 - development of the technical infrastructure of regional and local importance (mainly construction and reconstruction of road network, water supply and sewerage systems),
 - improved living standards for the population (regional and local facilities in health care, education, social care, environmental protection, upgrading of the conditions of life in residential areas, work and recreation zones in the settlements and gravitating areas),
 - development of new small and medium-size enterprises,
 - creation of conditions for alternative employment (mainly elaboration of projects and programmes related to restructuring of existing activities and creation of conditions for such an employment in declining industrial areas),
 - technical assistance (it covers measures and activities related to funding of regional studies and strategies, plans and programmes for regional development, etc.).

These 6 planning regions have been formed to correspond to the regions at level NUTS 2. The second type regions are, the so called, areas for purposeful impact.

Areas for purposeful impact

This group is defined by the Council of Ministers Decree No 105 of 2 June 1999 for the period of action of the NPRD (years 2000–2006). It covers only some specific areas of the country's territory, respectively the planning regions. These regions play an important role with a view to create maximum efficiency of the regional policy at a lower level. That's why various kinds of areas of the country are defined as important and comprehensive parts of the spatial location and application of specific measures for their development.

The following types of areas for impact have been defined:

- areas of growth,
- areas for development,
- areas for cross-border co-operation and development,
- areas with specific problems and priorities. This type includes two subtypes: declining industrial areas and underdeveloped areas).

The total number of areas for purposeful impact is 77. They cover 63% of the territory of the country and 73.9% of its population.

Areas of growth

The areas of this type have as a centre a large city of more than 100,000 inhabitants. They have an important place in the national economy. Their basic characteristics are: highest rates of economic development, well-developed social infrastructure of highest rank, established complex technical infrastructure of national importance. These areas and especially their centres form the skeleton of the settlement network of 1st rank (Sofia) and 2nd rank (most of the district centres). During the period of action of the NPRD they will be the factor for accelerated development of the national economy. Their main objectives are: attainment of advanced economic growth with GDP growth twice as high as the country's average; sharp increase of investment activity.

Areas for development

These areas have as a centre a medium-size town of 30,000 to 100,000 inhabitants, good and complex technical and social infrastructure of regional importance. This group includes municipalities, for which the regional centre is at a distance of more than 50 km versus another centre of an area of growth or for development. These areas will play an important role for balanced development on regional level. Their development objectives are: attainment of accelerated economic growth at GDP growth rate above the country's average; creation of conditions for development of economic activities; enhancement of the quality of existing human resources in

compliance with the demands of socio-economic development; upgrading and development of elements of technical, social and market infrastructures of regional importance.

Areas for cross-border co-operation and development

This group includes municipalities located close to the state borders and municipalities connected with them, having potentials for such a co-operation and development. The territorial identification of these areas complies with the practice of the European Union. The objectives of these areas for CBC (cross-border co-operation), are: opening to the national space; resolution of some cross-border economic and transport problems; creation of economic and financial conditions for economic growth based on existing local and cross-border potentials; implementation of CBC in economic activities, employment tourism, etc.

Declining industrial areas

This type of areas includes one or more municipalities with mono-structural economy in the past, now with bad economic results and growing unemployment. Grave social problems are anticipated in these municipalities during the period of action of the NPRD. The main development objectives during this period are: creation of conditions for utilisation of existing assets for purposes of socio-economic development; transformation of the economic structure from mono- into multi-structural; creation of opportunities for alternative employment.

Underdeveloped rural areas

These areas with specific problems include municipalities comprising villages and small towns. They are with predominantly rural areas or forestry functions. Their problems ensue from demographic and mono-structural economy, lack of direct investments, etc. They must realise the following development objectives: to stop the further decline of rural activities by means of better utilisation of available arable land and other rural potential adaptation to the market-based economic conditions; diversification of the economy based on local traditional activities as rural tourism, handmade souvenirs and other goods, carpetry, etc.

The institutional framework

The institutional framework is very important for the implementation of the regional policy. At a national level, there are two main structures responsible for implementation of the regional development in Bulgaria. The first of them is the

Ministry for Regional Development and Public Works, and the second one is the Council for Regional Development, affiliated to the Council of Ministers. Members of this structure are deputy-ministers of Regional Development, Agriculture and Forestry, Public Health, Environment and Waters, Transport and Communications, etc., Its President is the Ministry of Regional Development and Public Works. In fact, it is an intraministerial organ. There are formed six commissions in this Council for each of the planning regions. There is also a group of NGO such as the National Association of Municipalities in Bulgaria, Association of the Danubian Municipalities, the Bulgarian Black Sea Coastal Association of Municipalities, many regional agencies for regional development, etc. There was founded a special Directorate General to the Ministry for Regional Development and Public Works, responsible for the harmonisation of the national policy for regional development and spatial planning with the Aquis Communautaire of the EU regional regulations. There is no special unit organising co-ordination the national regional policy and spatial planning with the neighbouring countries till now.

The financial framework

The general requirements governing the elaboration of a special financial plan for the needs of the regional development are the implementation of an approach that could ensure application of the available variety of financial mechanisms among the different funds and sources. In this aspect there are two special programmes:

- Programme for development of the CBC,
- Programme for development of the planning regions.

The first of these programmes will finance activities related to the construction of new border cross points and measures ensuing from Regulation No 3760/1998 of the European Commission.

All financial funds necessary for the implementation of the second programmes include two types of sources: national and foreign. The national sources are: subsidy from the state budget; non-budgetary funds and organisations; local budgets, trade companies; bank loans and private funds. The foreign are: EU programmes and funds (ISPA, SAPARD, PHARE, etc.), state guaranteed credits and free aid from abroad. The total amount for the period of action of the NPRD (2000–2000) is 1.146 billion EUR from which capital costs 1.078 billion EUR and current expenses – 67.4 million EUR. The following proportions are defined in the framework of the national financial plan for regional development:

- 50% should go to the areas of growth and areas for development,
- 20% should go to the declining industrial areas and underdeveloped rural areas,
- 20% should go to the areas for CBC and development and
- 10% are for the rest of the regions.

In accordance with the requirements of the Regulation for the European Structural Funds a current and follow-up financial control on the expenditure of funds and the processes of implementation of all plans, programmes and projects will be taken up by the Ministry of Finance of Republic of Bulgaria.

Finally, all state officials and experts have expectations that this first attempt for elaboration of a new modern regional development and policy will be successful.

References

- Council of Ministers Decree N 105/02.06.1999 for approval of Regulations for the criteria to determine the districts for purposeful impact and their territorial range. The State Gazette, N 53/1999, Sofia
- Geshev, G.–Kolev, B. 1998: Comparative Perspectives of Spatial Development and Planning in Bulgaria. In *Proceeding of the First ESTIA Project Meeting.* Thessaloniki, 16–17 Oct. 1998.
- National Plan for Regional Development. Sofia, 1999.