

EU STRUCTURAL FUNDS AND THE BULGARIAN ECONOMY

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Abstract. *The Operational Programme "Regional Development" 2007-2013 will have to reach the following mid-term objectives. Programme general objective - Enhancement of the quality of life and working environment with better accessibility to the basic services and new opportunities for improved regional competitiveness and sustainable development. Programme specific objectives: Developing sustainable and dynamic urban centres connected with their less urbanized hinterlands, thus enhancing their opportunities for prosperity and development; Ensuring in regions significantly lagging behind better accessibility to road-, ICT- and energy networks; Enhancing the regional tourism potential to develop and market sustainable and diversified, territorially specific and higher value-added tourist products; Mobilising regional and local technical and institutional opportunities and resources for implementing regional development policies. Based on the outcomes of socio-economic analysis and SWOT analysis, the OP "Regional Development" is a strategic focus on limited issues in response to the EU objectives for achieving growth and jobs in the light of the re-launched Lisbon Strategy using the instruments of the Cohesion policy and the Community Strategic Guidelines for Cohesion 2007-2013. The focus is on a selective mix of several strategic items mostly falling within the scope of the first main guideline.*

Key Words: *EU structural funds, regional development*

INTRODUCTION

The Operational Programme "Regional Development" 2007-2013 will have to reach the following mid-term objectives. **Programme general objective** - Enhancement of the quality of life and working environment with better accessibility to the basic services and new opportunities for improved regional competitiveness and sustainable development.

Programme specific objectives:

- Developing sustainable and dynamic urban centres connected with their less urbanized hinterlands, thus enhancing their opportunities for prosperity and development;

- Ensuring in regions significantly lagging behind better accessibility to road, ICT- and energy networks;
- Enhancing the regional tourism potential to develop and market sustainable and diversified, territorially specific and higher value-added tourist products;
- Mobilising regional and local technical and institutional opportunities and resources for implementing regional development policies

Based on the outcomes of socio-economic analysis and SWOT analysis, the OP "Regional Development" is a strategic focus on limited issues in response to the EU objectives for achieving growth and jobs in the light of the re-launched Lisbon Strategy using the instruments of the Cohesion policy and the Community Strategic Guidelines for Cohesion 2007-2013. The focus is on a selective mix of several strategic items mostly falling within the scope of the first main guideline.

The strategy will be implemented through five priority axes that are:

1. Sustainable and integrated urban development
2. Regional and local accessibility
3. Sustainable tourism development
4. Regional and local networking, co-operation and capacity
5. Technical Assistance

In accordance with the Strategy for Participation of Bulgaria in Structural and Cohesion Funds and the provisions of the Accession Treaty, one single operational programme for regional development is envisaged to cover all NUTS II planning regions. Therefore, significant emphasis is put on the coordination of this cross-cutting programme with the other sectoral programmes, which appeared as an important issue largely discussed in the course of the programming process. The OPRD (as opposed to SOPs) seeks to mobilise and harness regional and local (institutional) capabilities and resources and focus especially on the areas of activity that are most relevant to balanced economic and social development and are complementary to sectoral/national interventions.

The essential point is that the OPRD does not aim at being a comprehensive territorial programme, but has its specific scope and focus based on its own intervention logic clearly delimited from the scope of the sectoral programmes. The main marks of its identity are the following:

- The emphasis is on the integrated local development approach, specifically stressed in Priority axis 4;
- Encouraging the local initiatives and partnership combined with particular support for specific small scale investments in realization of activities identified through inter-municipal planning processes;
- Selective focus on urban centers and urbanized areas as engines for development and key gateways for effectively addressing the problematic intra-regional disparities in combination with access points for smaller municipalities to the financial resources of the programme in response to their specific local problems and the overcoming of inter-municipal disparities;
- Taking into account the registered intra-regional disparities, all investments regarding the urban centers and their related hinterlands will receive specific territorial concentration preferably at NUTS IV municipal level;

- OPRD is built on municipal competencies and investments. Thus it differs from most sectoral programmes where the state is the author and implementer of the investment projects. The OPRD encourages regional and local stakeholders to undertake proactive role in the development process and to realize investments locally.

Based on the above arguments, the strategy defines the selection of the following **strategic choices**:

Firstly, it recognises the primacy of urban centres and the need to develop them, for themselves and for their adjacent hinterlands (Priority axis 1) arguing that optimal impact would be derived from these investments if they were connected as much as possible, internally, to each other and to nearer and wider hinterlands (Priority axis 2). This approach is based on the understanding that the future and long-term revitalization of less urbanised areas will largely be dependent on the successful outcome of urban development. Successful cities, well connected to their less populated hinterlands, will, in the long run, engender spill-overs that will benefit areas currently undergoing significant decline and depopulation, thus practically addressing the problem of intra-regional disparities. Intervention on cities to increase their attractiveness and competitiveness will encourage the overall competitiveness of the regions. It will contribute to the reduction of intra-regional disparities and, in particular, allow the regions to catch up with the more developed EU regions. On the other hand, improving the cities' connectivity to their surrounding areas, not only to transport network and services but also to the ICT network, services and accessibility to efficient energy resources will lead to better opportunities for these areas. Although the territorial scope of interventions of Priority axis 1 is comparatively limited, when combined with interventions under Priority axis 2 their impact will be much wider, and will contribute to the reduction of intra-regional disparities and to a balanced territorial development and cohesion. This is in line with the enhanced emphasis on competitiveness, growth and jobs, the interpretation of cities as major contributors to promoting growth and creating jobs, the enhancement of the urban dimension of cohesion policy and the emphasis on spatial planning strategies, promoting a polycentric approach and improving the interactions between urban and rural areas as expressed in the Community Strategic Guidelines on Cohesion and the Commission's working paper "Cohesion Policy and cities: the urban contribution to growth and jobs in the regions".

Secondly, it recognises that in many cases there remains a need to directly assist a large number of smaller municipalities, which cannot rely on "connectivity" to bigger centres to ensure appropriate living and working conditions (Priority axis 2). For this reason, small-scale investments will be permitted under a separate operation, but on the condition that the process of selection of investments has been based on active inter-municipal cooperation (Priority axis 4).

Thirdly, a series of areas have been defined appropriate for tourism diversification envisaged in the tourism sector (especially in the National Tourism Development Strategy under preparation) and will be enabled to undertake a series of integrated investments (Priority axis 3). By encouraging the development and marketing of diverse and higher value-added tourist products in less developed areas but which possess significant tourism potential, this priority axis seeks to address the dual challenge of enhancing the opportunities for sustainable growth of the tourism nationally (thus contributing to national com-

petitiveness, growth and development) and simultaneously enabling a wider distribution of tourism income regionally. This creates growth and jobs, mainly in peripheral areas. This approach is consistent with the concept of tourism as a regional and local development tool and as a priority for development in the National Strategy for Regional development, in all regional development plans and district development strategies as well as in most municipal development plans.

Fourthly, the integrated regional and local development, promotion of regional and local networking, cooperation and capacity of local actors will be considered as priority. Priority axis 4 will address the issue of the weakness of institutional infrastructure to promote regional development and particularly the planning and implementation of integrated approaches and operations that would promote a rational territorial dispersion of key infrastructures and services, especially among smaller municipalities. Special emphasis will be put on promoting inter-municipal cooperation and project development as a key issue of high priority and a catalyst for regional development processes. Therefore, appropriate methodological approach combined with related investments will be used for the activation of development processes and exchange of best practices with European regions. It will be required that all beneficiaries of this priority will have to elaborate firstly a simple integrated action plan relevant to their proposed area of intervention. For this, a specific support is foreseen.

In addition to that, and in order to encourage coordination of certain development initiatives, establishment of regional development facility will be foreseen within each district territory. The logic of this is to support the institutional and organisational capacity to plan, drive forward and sustain effective integrated regional and local development processes and activities.

In summary, the logic of intervention is the following:

- Enhance the physical, economic and social living and working environments of urban centres;
- Connect these centres to each other;
- Connect the hinterlands with their centres to ensure appropriate access to opportunities;
- Insofar as these hinterlands cannot be adequately assisted by connectivity to opportunities in urban centres, support key investments in these areas will be made consistent with cost-effectiveness, efficiency and equity.
- Through all interventions, and principally with regard to hinterlands and to certain "networked" activities, promote a rational and cost-effective approach to investment through (a) co-operation between large urban centres and their hinterland municipalities and (b) where appropriate, among small municipalities whose size and inadequate level of resources precludes viable independent action (c) for all municipalities encourage an appropriate integrated approach.
- Ensure adequate support to the regional development process and to spatial planning as well as project development.

Priority axis 1 interventions will be focused on urban agglomerations as defined initially in the National Strategy for Regional Development (2005). Priority axis 4 (especially operation 4.3) will address smaller municipalities in the periphery that are municipalities with the population of up to 25 000 outside urban agglomerations (see also Annex 5).

Interventions to enhance tourist attractions and related infrastructure which form the main bulk of investments develop and offer high quality integrated tourist products which are competitive on the international tourist market (see also section 3.9.1 in the socio-economic analysis). To address the problem of extreme territorial concentration of tourism development, ensuring sustainability of tourism development, and to focus the interventions on the areas where public support is more needed, the already developed (in many cases "over-developed") tourist areas are excluded (all Black Sea coastal municipalities, the mountain resorts Chepelare and Bansko, the capital Sofia and Plovdiv).

Based on the above considerations for the intervention logic, the following architecture of the OPRD has been designed, further including descriptions of the key priorities and operations. In summary, the structure is as follows:

Priority Axis 1: Sustainable and integrated urban development

- Operation 1.1. Social Infrastructure
- Operation 1.2. Housing
- Operation 1.3: Organisation of Economic Activities
- Operation 1.4. Improvement of Physical Environment and Risk Prevention
- Operation 1.5. Sustainable Urban Transportation Systems

Priority Axis 2: Regional and local accessibility

- Operation 2.1. Regional and Local Road Infrastructure
- Operation 2.2. ICT Networks and Services
- Operation 2.3. Access to Sustainable and Efficient Energy Resources

Priority Axis 3: Sustainable Tourism Development

- Operation 3.1. Enhancement of Tourist Attractions and Related Infrastructure
- Operation 3.2. Development of Tourist Product and Marketing of Destinations
- Operation 3.3. International Tourism Marketing

Priority Axis 4: Regional and local networking, co-operation and capacity

- Operation 4.1. Integrated Development Partnerships
- Operation 4.2. Planning and Project Development
- Operation 4.3. Small-scale Local Investments
- Operation 4.4. Inter-regional Cooperation

Priority Axis 5: Technical Assistance

- Operation 5.1. Management, Monitoring, Evaluation and Control
- Operation 5.2. Communication, Information and Publicity
- Operation 5.3. Technical Administration

This programme aims at improving the quality of life in the regions and cutting their disparities. Therefore, the impact on unemployment should be studied together with sectoral OPs, at NSRF level. However, the following impact on macro-economic level can be anticipated from the investments foreseen in the OPRD by 2014:

- the growth of the Bulgarian GDP x %
- the inter-regional disparities (NUTS 2) cut by x % compared with national average
- inter-regional migration cut by x %
- depopulation stopped by the middle of the programme and slightly positive in 2014.

REFERENCES

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EVROPSKI STRUKTURNI FONDOVI I BUGARSKA PRIVREDA**Rosen Ivanov Kirilov**

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Ključne reči: *evropski strukturni fondovi, regionalni razvoj*