THE REGIONAL POLICY OF BULGARIA IN THE PROCESS OF ACCESSION TO THE EUROPEAN UNION

Lecture by
Valentin Cerovski,
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regarding the launching of the Master’s Program on “Project Management”
in Varna Free University “Chernorizets Hrabur”

Dear Mrs. Rector,
Dear Professors,
Dear Students, Colleagues,

I am glad that in such short terms and with joint efforts we managed to accomplish this splendid idea of cooperation between the Ministry of Regional Development and Public Works (MRDPW) and Varna Free University “Chernorizets Hrabur” through the elaboration and implementation of the Master’s Program on “Project Management”. I already had the opportunity of expressing my deep conviction in the necessity of the implementation of the overall policy in training of people of the national and local administration in successful project management and effective commitment of the EU pre-accession funds. This policy should be based on the adroit use of the existing potential of the academic community, the non-governmental sector as well as all the other partners, who could contribute to the enhancement of the administrative capacity.

The social and economic cohesion policy plays a major part in the EU accession process. The implementation of this policy provides considerable funding on behalf of the Community, but at the same time lays down specific terms towards the member-states and particularly to those, that apply for EU membership. This policy is based on the principle of territorial solidarity that requires the establishment of comparatively equivalent living conditions in the separate parts of the each country’s territory. It is certainly clear that the gap between the regions’ development causes social and political problems, that the regional and national economy are inter-related and that balanced regional development could not be secured through market mechanisms only. Experience shows that regional gap sharpens in the period of transition. Due to the inherited social, economic and spatial structures, the previous policies and the recent years’ dynamics in development, the existent gap in economy, infrastructure, employment, income and living standards among the different parts of the Bulgarian territory deepened. Problems of the type “centre – periphery” increased as a result of the specific ability to conform of the separate regions and zones. These are real facts that accompany us and have direct impact on the elaboration and implementation of the national policy of regional development.
That is why I decided to concentrate my lecture on the Bulgaria’s regional policy in the context of EU accession process. I will highlight the vision, major objectives and principles of this policy, as well as the process of negotiations on Chapter 21 “Regional Policy and Coordination of the Structural Instruments” and the major provisions of the Law on Regional Development.

Major strategic objective of the social-economic policy of Republic of Bulgaria up to 2006 is to achieve the EU economic, social and administrative standards to the extent, which will allow its EU membership. In order to achieve this strategic objective Bulgaria should accomplish some short-term goals: sustainable and balanced economic growth, decrease of the existing gap between the rich and the poor through general rise of the living standards and decrease of the unemployment rates, as well as harmonization of the Bulgarian legislation with the aqcuis communitaire.

**The regional development policy of Bulgaria** is strictly related with the goals of social-economic strategy for the country’s development. The regional policy is focused on overcoming of the gap between the level of development and the living standards in the Bulgarian regions, through supporting their structural adaptation, development of territories, lagging behind, as well as through overall social and economic revival.

*In terms of strategic view*, regional development is focused on:

- Achievement of a balanced and sustainable development of the Bulgarian regions;
- Creation of prerequisites for economic growth and reaching a high level of employment, based on their potential for development, as well as
- Strengthening the economic and social integrity of the regions during the accession process of Bulgaria.

The efforts of the Bulgarian Government *are focused on the following issues*:

- Conclusion of the process of negotiations on Chapter 21 “Regional Policy and Coordination of the Structural Instruments”;
- Providing conditions for balanced development of the regions within the country;
- Fostering the borer regions’ development through cross-border cooperation;
- Effective commitment of the pre-accession instruments;
- Approximation of the legislation with EU aquis communitaire;
- Establishment of an information system for regional planning and management on the basis of the planning regions.

*The process of negotiations with the EU on Chapter 21 “Regional Policy and Coordination of the Structural Instruments”* started in November 28th 2001 and is currently developing within the framework of implementation of the Strategy for the participation of Bulgaria in the structural Funds and the EU Cohesion Fund, the adoption of the framework legislation for accession of Aqcuis communitaire, establishment of institutional structures and administrative capacity for utilization of EU funding,
distribution of responsibilities among the different bodies at a national and regional level, broadening of the inter-institutional cooperation with the bodies of self-government, economic and social partners.

The negotiation position is being periodically updated in accordance with the progress of implementation of the assignments undertaken, regarding the accession. It registers the implementation of the specific measures in the priority spheres and territorial organizations, legislation framework, institutional framework, administrative capacity, programming capacity, management of the finance and budget, training of the civil servants of the administration in management of the pre-accession funding and consequently, the aid of the EU Structural and Cohesion funds.

The tasks of the negotiation process in the field of regional policy could be separated into two groups: first: requirements, that our country has to meet, in order to close temporarily the negotiations on this Chapter and second: requirements, according to which Bulgaria has to present clear-cut intentions and action plans, time schedules including, which to indicate the progress of Bulgaria’s preparation for membership up to the accession date.

**The first group of requirements includes decisions, regarding:**

- Preliminary classification of the territory organization – planning regions, districts, municipalities, mayoralities;
- Legislation framework, which to provide correspondence with the texts of the “European Accession Agreement”, envisaged in its instruments, as well as with the Community’s policy and activities, including the loyal competition regulations, public procurement, environmental protection, elimination of inequality and enhancing equality among men and women, as well as the legislation framework for multi-annual budget programming, aimed at provision of national co-financing of the Structural and Cohesion Funds;
- Determining institutions and bodies, that will assume responsibility for the preparation and implementation of measures of the Structural and Cohesion Funds, as well as providing means for guaranteeing the effective inter-institutional coordination;
- Determining institutions or bodies that will be responsible for the implementation of a specific financial control.

Those requirements are already accomplished and currently we are in the process of final arrangements before closing the negotiations on this Chapter.

**The second group of requirements includes decisions, regarding:**

- Provision of an administrative capacity, which, practically speaking, will mean to determine the tasks and responsibilities of the institutions and bodies, included in the preparation and commitment of the Structural and Cohesion Funds, in compliance with the requirements of the EU regulations and adoption of decisions, that guarantee the effective inter-institutional coordination;
- Building of the necessary programming capacity – presentation of a Development plan in front of the European Commission, in compliance with the EU regulations;
- Establishment of partnerships at all levels of management with the business and the civil organizations.

Now, I would like to inform you in brief about the major provisions of the negotiation position on the two groups of requirements that we have to meet, as a candidate country for EU accession:

In terms of territorial organization – planning regions, districts, municipalities, mayoralties – Bulgaria assumes the conditional classification, negotiated between the National Institute of Statistics and Eurostat. The Bulgarian NUTS classification is as follows:
- NUTS 2 – planning regions
- NUTS 3 – districts
- NUTS 4 – municipalities
- NUTS 5 – settlements

By the Decree of the Council of Ministers № 145/07.07.2000 six planning regions are being regulated, in compliance with the negotiated classification:
- North-western planning region with central town – Vidin;
- North-central planning region with central town – Rousse;
- North-eastern planning region with central town – Varna;
- South-eastern planning region with central town – Bourgas;
- South-central planning region with central town – Plovdiv;
- South-western planning region with central town – Sofia.

The indicated planning regions are applied in the Law on Regional Development, approved by Resolution of the Council of Ministers № 127 of February 28th 2003 and it has been passed at first the reading by the National Assembly.

In its position concerning Chapter 21 “Regional Policy”, Bulgaria ensures that the country will adopt and apply a legal framework which shall provide a full adequacy of operations, financed by the funds via policies and regulations of the Community, and also it shall provide conformity with the rules of competitiveness, signing of public procurement contracts, protection of the environment and its improvement, elimination of the inequality and promotion of equality between men and women. Bulgaria confirms that from the date of accession the country will apply directly the provisions of the Treaty concluded with the European Union and those of the secondary legislation. Regarding the above stated commitments, Bulgaria has achieved in a great extent compliance with the policies of the Community in the afore-mentioned fields, and in addition to the adopted laws and regulations, the institutions ensuring the application of those legal acts are built up in a great extent.
In the negotiation position on Chapter 21 “Regional Policy” the institutions and bodies that shall undertake the responsibility for preparation and implementation of the measures set up in Structural funds and the Cohesion Fund are identified as well as the ways for provision of effective intergovernmental coordination.

The institutions and bodies, responsible for preparation and implementation of the measures set up in Structural funds and the Cohesion Fund are:

- **Programming of the assistance from structural funds** – “Agency for Economic Analyses and Forecasting” within Ministry of Finance;
- **Coordination of the assistance from structural funds** – Directorate “Management of EU funds” within Ministry of Finance;
- **Management of the assistance from structural funds** – Directorate “Programming of Regional Development” within MRDPW, Directorate “Coordination and Management of Programs and Projects” within Ministry of Economy; Directorate “Pre-accession Funds and International Programs and projects” within Ministry of Labour and Social Policy, Directorate “Development of Rural areas” with Ministry of Agriculture and Forests
- **Disbursement body for the assistance from structural funds** – Directorate “National Fund” within Ministry of Finance
- **Coordination and Management of the Cohesion Fund** - Directorate “Management of EU funds” within Ministry of Finance;
- **Implementation of the activities of the Cohesion Fund** – MOEW, MRDPW, Roads Executive Agency and MTC.
- **Disbursement bodies of the Cohesion Fund** - Directorate “National Fund” within Ministry of Finance

The institutions and bodies responsible to implement specific financial control are:

- **Agency for State Internal Financial Control** – internal audit in the disbursement units in charge with the national and European financing and internal audit of the assistance from the Structural funds and the Cohesion Fund
- **National Court of Auditors** – independent internal audit and joint audits with the European Court of Auditors

As I already mentioned, the second group of requirements includes decisions, related with: the provision of administrative capacity, which in practice means the assignment of tasks and responsibilities to the institutions and bodies involved in the preparation and utilization of the Structural funds and the Cohesion Fund, in accordance with the requirements of the EU regulations and adoption of decisions which ensure effective intergovernmental coordination.

During the pre-accession period, Bulgaria will set up an administrative capacity to apply the European legislation and to manage the financial aid allocated from the Structural
funds and the Cohesion Fund. Giving priority to the issue of development and consolidation of an administrative capacity, in 2002 the Government adopted two strategic documents:

- Strategy for the training of the civil servants, as an important element of the policy for human resource management and development. The aim is to set up a system for a continuous qualification and upgrading of the civil servants through general and specialized training.
- Strategy for modernization of the state administration, which will outline the measures for the improvement of the administrative servicing and will create a new institutional culture. It outlines measures for the strengthening of the administrative capacity to apply the European legislation, as well as for setting up a capacity for the management of the Community funds.

**Programming:**

As a factor for sustainable development of the Bulgarian economy and grounds for the drafting of a Community Support Framework, the Development Plan for 2007-2013 will be elaborated based on a broad consultation and with the involvement of social and economic partners and in a close cooperation with governmental institutions. The Development Plan for 2007-2013 will be elaborated in compliance with the EU legislation in force. Procedures for the elaboration of a national plan 2007-2013 – the institutional responsibilities and competencies, their reference to the state budget and public investments program will be finalized by the end of 2003. The effective intergovernmental coordination of the Programming process shall be ensured through the Coordination Council of the Development Plan and other sector working sub-groups.

**The social and economic partners** with a broad national representation in the related economic sectors will take part in the process of the elaboration of the Development Plan, through Working groups, committed with the elaboration of sector strategies for development and operational programs. The list of the partners that will be invited to take part in the Working group concerning the Development Plan includes regional authorities, local authorities (National Association of the municipalities in the Republic of Bulgaria), representatives of the employers' associations (Bulgarian Chamber of Trade and Commerce - BCTC, Bulgarian Industrial Chamber - BIC), representatives of professional organizations (being represented nationally in accordance with the Labour Code), non-governmental organizations, Bulgarian Academy of sciences and the universities, line ministries (managing bodies of the operational programs) – Ministry of Regional Development and Public Works, Ministry of Economy, Ministry of Labour and Social Policy and Ministry of Agriculture and Forests.

**Dear Ladies and Gentlemen, Dear Colleagues,**

Allow me within my lecture to brief you with the basic provisions of the draft law on Regional Development. I am well aware with the importance of this law for the conduction of regional development policy and that is why I find it extremely necessary to
discuss it in a wide range of interested parties. Your opinion of scientists and experts is particularly important to me. For this reason I would like you to be duly informed about the objectives, main principles and provisions anchored in this draft law.

Why there has been a need for elaboration and adoption of a new Law on Regional Development?
The Law on Regional Development, which came into force from 23 March 1999, was the first attempt to arrange the public relations and processes related with the regional development in Republic of Bulgaria. The main problem at the time of its elaboration and adoption, and consequently during its enforcement was the lack of an overall national strategy for regional development. At the same time the law has not been fully complied with the European legislation that is one of the prerequisites for successful negotiations for EU membership of Bulgaria concerning Chapter 21 “Regional Policy and Coordination of Structural Instruments”. For those reasons and in compliance with the principles of the Law on statutory acts, a necessity has arisen to adopt a new Law on Regional Development that is supposed to address the current needs for legal arrangement of the actions of the Government within the current context.

The draft law is structured in seven chapters, additional, transitional and final provisions. The draft law defines the objectives of the law; the principles of the regional policy, measures off regional development and their territorial scope. Regulated are the strategic and planning documents as well as the programming process in this field. Identified are the bodies for management and consulting, as well as the relations and the order of agreement of the documents. Through the elaboration and implementation of the planning and programming documents the Bulgarian legislation is approximated with the European practices including those in financial control, monitoring and assessment of regional development.

The final wording of Law on Regional Development is a result of the work of experts and consultants and a contribution of a number of bodies and organizations at national, regional and local level. The opinions and proposals on the problems of regional development and its regulatory framework provided during the broad public discussion have been taken into account. A number of workshop have been held in the six planning regions of the country with the participation of the District Governors, Mayors, social and economic partners, and non-governmental organizations. A national discussion forum has been organized in cooperation with the Foundation for Local Government Reform concerning the provisions, which are the subject of this law. Some international consultants took part in the working phase of the draft law. The legislative and practical experience in the field of regional development of a number of European countries and with the participation of Local Government Initiative of USAID has been applied. The academic community has also been involved in the drafting of the law, and a number of reviews on the structure and content of the law have been done. A comparative analysis with the correspondent laws, adopted by other candidate countries for EU membership
has been carried out. The opinion of the Ministries on some key provisions of regional development has been studied – what kind of planning and programming documents are necessary, financing of the activities, planning regions for the purposes of the regional development.

The adoption of the Law on Regional Development will make it possible to set up an operational system of planning documents and adequate administrative structures, that will ensure the implementation of the activities, envisaged by the law. A system for monitoring, supervision and assessment of activities in the field of regional development shall be built up and it will ensure their legal and effective implementation. This law provides a better regulatory and institutional framework for effective commitment of funds allocated for the regional development by the pre-accession instruments, and also it will facilitate the preparation of the country for participation in the EU Structural Funds and the Cohesion Fund.

**Now I will consider briefly the main provisions anchored in the law:**

This law regulates public relations concerning planning, programming, management of the financing, state support, monitoring and assessment of the regional development.

*The objectives* of the law are: creation of conditions for sustainable and balanced development of the regions in Republic of Bulgaria, diminishing of interregional and in-regional differences in their economic development, ensuring of conditions for the increase of employment and income of the population in the regions with specific problems and border regions.

This law is subjected to the *principles* of unified approach for planning and programming, concentration of resources for the achievement of the objectives of regional development, partnership, publicity and transparency at all planning levels, programming, financing, monitoring and assessment, co-financing of the national public resources with other financial sources, intergovernmental coordination of the competent bodies in the process of planning and programming, provision of resources, implementation, monitoring and assessment, agreement with other structural policies.

The law regulates two kinds of regions – planning regions and target regions (regions for purposeful impact).

*Planning Regions* are:

- North-western planning region with central town – Vidin, including the districts of Vidin, Vratsa and Montana;
- North-central planning region with central town – Rousse, including the districts of Rousse, Veliko Tarnovo, Gabrovo, Pleven and Lovech;
- North-eastern planning region with central town – Varna, including the districts of Varna, Targovishte, Shoumen, Razgrad, Silistra and Dobrich;
- South-eastern planning region with central town – Bourgas, including the districts of Bourgas, Sliven and Jambol;
- South-central planning region with central town – Plovdiv, including the districts of Plovdiv, Kardjaly, Haskovo, Pazardjik, Smolyan and Stara Zagora;
- South-western planning region with central town – Sofia, including the districts of Sofia, Sofiyska, Kyustendil, Blagoevgrad and Pernik.

**Target regions are:**
- regions for economic growth
- regions in industrial decline
- border regions
- rural and mountainous regions
- regions with a high level of unemployment

**Strategic planning** of the regional development is ensured by two basic documents – **National Regional Development Strategy and District Development and Territorial Planning Strategy**. Following the policy for decentralization those documents are elaborated at two levels – at Ministry of Regional Development and Public Works and by District Governance administrations. National Regional Development Strategy determines the objectives and priorities of the regional policy in Republic of Bulgaria, and the activities required for their achievement for a specific period. The District Development and Territorial Planning Strategy determines the objectives and priorities for the development of the district and the activities required for their achievement. It is elaborated in compliance with the National Regional Development Strategy and according to the visions for the regional territorial planning of the district.

**The programming of the regional development** is carried out at three levels – national (MRDPW); planning regions and at a local level – municipalities. There are three main planning documents:
- National Operational Program
- Regional Development plan
- Municipal Development plan

The programming and provision of resources for the regional development is carried out within the framework of the **National Operational Program** for regional development. It appears to be an integrated expression of the policy for the development of planning regions and it is elaborated as a part of the National Development Plan for the country. For the planning regions **Regional Development Plans** are elaborated. They are a structural element of the National Operational Program for regional development and they are elaborated in compliance with its forecasts, as well as with the priorities and specific objectives included in the district development strategies for the respective programming period.
The Municipal Development Plan identifies objectives and priorities for the development of the municipalities and the financial resources for its implementation. It is elaborated in compliance with the forecasts of the Regional Development Strategy.

The institution, responsible for the management of the regional development is Ministry of Regional Development and Public Works. According to the provisions of the regional development law, The Minister of Regional Development and Public Works is responsible for the following:

- arrangement of the elaboration of the National Regional Development Strategy, Regional development plans for the planning regions;
- coordinates and agrees the main objectives, priorities and measures of the National Operational Program for regional development and its Programming annex and organizes its implementation;
- provides methodological guidance to all bodies, involved in the elaboration and enforcement of the acts;
- participates in the negotiations with EU institutions within his competencies;
- ensures the approximation of the regulatory framework in the field of regional development with the national and the related European legislation.

In the Planning regions are established Regional Development Councils. The Regional Development Council is a consultative body to the Minister of Regional Development and Public Works for the conduction of the governmental policy for regional development. The main office of the Council is in the central town of the planning region. All District Governors that belong to the related planning region become Chairman of the Council on a rotary principle. Members of the Council with voting rights are a Deputy-Minister of Regional Development and Public Works, appointed representatives of the Ministry of Finance, Ministry of Environment and Waters, Ministry of Agriculture and Forests, ministry of Economy, Ministry of Labour and Social Policy, Ministry of Transport and Communications, District Governors of districts belonging to the related planning region, as well as one representative from municipalities within a given planning region. The Chairman of the Council can invite to the meetings some representatives of citizens associations, non-governmental organizations, and other physical and legal entities, which deal with the issues of regional development. The Regional Development Councils discuss and agree the district development strategies and the Regional development plan of the related planning region, discuss and agree the measures, which shall be included in the National Operational Program for Regional Development, establish cooperation with the District Development Councils and with the central bodies of the executive power.

Within the administrative structure of the district administrations in the central towns for the planning regions Directorates “Technical assistance, coordination and management of regional programs and plans” are established. Within the administrative structure of the district administrations in the central towns for the planning
regions Directorates “Technical assistance, coordination and management of regional programs and plans” are established. They support the activities and act as a secretariat of the Regional Development Council; arrange the elaboration and agreement of the Regional Development Plans and submit them for consideration by the Regional Development Councils; take part in the discussion of the basic measures, programming sub-programs, activities and projects during the elaboration of the National Operational Program for development of the planning regions; take part in the pre-selection procedure of projects proposed by the final beneficiaries for the implementation of measures set up in the National Operational Program in the part concerning the given planning region; provide methodological assistance to the final beneficiaries of the aid during the implementation of the approved projects; provide advice to the applicants concerning the compliance with the requirements stated in the regulatory acts; carry out coordination with the central structures of the executive power aimed at achievement of horizontal coordination of the envisaged measures, programs, sub-programs and activities; assists the process of collection of information needed for analyses and assessment and provide regular information about the planning process and the implementation of the National Operational Program for regional development.

This law also regulates the responsibilities of the District Governors, District Councils, District Development Councils, Mayors of Municipalities and the Municipal Councils.

Dear Mrs. Rector,
Dear Professors,
Dear Students, Colleagues,

At the end, allow me to thank you for your attention and to wish success to all participants in this interesting and extremely important for us program!

Varna, 10 October 2003