

The regional policy of Bulgaria and the European city

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Abstract

The present article aims at presenting the types of regional policy and through their comprehensive implementation to contribute to improving the living standard of the people. Regional policy in Bulgaria has its own peculiarities. They are the result of changes in the country's economic system in 1989. The institutions, economic and financial instruments for conducting an effective and efficient regional policy are indicated. The implementation of all types of regional policy are a prerequisite for the development of settlements and of cities in modern Europe in particular. Big cities are a driving force in the development of the European Union.

Keywords: regional policy, economic and financial instruments, European city.

1. Introduction

The implementation of an adequate regional policy achieves good results in the overall development of a country. The end result is accelerated economic development, increased economic growth, thus reaching higher standard of living. Regional policy in Bulgaria is one of the most dynamic areas of development in recent years. With the adoption of the Regional Development Act [1] and the related by-laws, real conditions have been created for conducting a modern regional policy in our country. A huge achievement in the process of implementing regional policy is the experience gained in planning. Strategies and development plans have been prepared at various levels - local, district, regional levels. They are summed up in the National Agenda for Development. [2]

The object of this publication is the regional policy and the European city.

The implementation of the types of regional policy in the European city is **the subject of study**.

The aim of the study is to increase the standard of living of the population through complex implementation of the types of regional policy.

The regional policy in the Republic of Bulgaria has its own specific features.

They are a consequence of the changes in the economic system of the country in 1989. **The following basic principles** must be taken into account when implementing regional policy:

1. All management decisions must be aimed at improving the standard of living of the population. High standard of living leads to an increased life expectancy;
2. The regional policy must be effective and efficient. This stems from the country's limited financial capabilities;

3. The regional policy must accelerate the regional economic growth and overcome the regional imbalances.

2. Theoretical basis. Types of regional policy

Fundamentally, regional policy is a set of actions (economic, legislative, administrative, etc.) and has a direct complex impact on the life of the population. This includes living and recreation conditions, employment problems, unemployment, job creation, transport, services, the quality of the environment, etc. Regional policy can be classified as:

I. According to the territorial scope:

1. European regional policy;
2. National regional policy;
3. Local regional policy.

II. According to the functions it performs:

1. Sectoral regional policy;
2. Regional policy in the individual branches;
3. Regional industrial policy;
4. Regional construction policy;
5. Regional educational policy;
6. Regional health policy;
7. Regional social sphere policy;
8. Regional cultural policy;
9. Regional sports policy, etc.

III. Regarding the time period for Bulgaria, the following types can be distinguished:

1. Regional policy in the centrally planned economy;
2. Regional policy in the transition to market economy;
3. Regional policy in market economy.

IV. After the change of the economic system, the following periods can also be distinguished:

- Regional policy until the accession of Bulgaria to the European Union;
- Regional policy after the accession of Bulgaria to the European Union.

European regional policy is implemented by the European Union. Its main objective is to strengthen the economic and social cohesion in the Union mostly using regional, structural and social measures and employment policy events. The work of the European Union on European regional policy is based on the following principles:

- Solidarity;
- Equality;
- Justice;
- Mutual assistance;
- Sustainable development.

The financial instruments and institutions implementing regional policy in the Community are the following:

- The European Regional Development Fund;
- The European Social Fund;
- The Cohesion Fund;
- The European Agricultural Guarantee Fund;
- The European Investment Bank;
- The European Bank for Reconstruction and Development;
- The European Investment Fund;
- The European Central Bank, etc.

The national regional policy is implemented by the state. It aims at reducing the differences between Bulgaria and the European Union. To achieve this goal the following main task must be solved:

- overcoming the significant differences between the different regions in the country.

The task can be solved efficiently by:

- developing a competitive economy based on knowledge and innovation;
- protecting the environment and preventing risks;
- increasing the efficiency of investments made by Bulgarian and foreign institutions;
- meeting the requirements for the use of the Structural Funds and the Cohesion Fund of the European Union; administrative capacity for project preparation and implementation needs to be developed here;
- stimulating the development of underdeveloped border, rural and mountainous areas, areas in industrial decline, etc.;
- overcoming migration processes by creating new jobs, developing human capital, improving the general well-being of the population;
- effective state administration at all levels.

The institutions implementing the national regional policy are the Ministry of Regional Development, the Ministry of Finance, the Ministry of Economy, the Ministry of Labour and Social Policy, the Ministry of Agriculture and Forestry, the Ministry of Transport and Communications, the Road Infrastructure Agency, the Ministry of Environment and Water, the Regional Councils, Municipal Councils.

The institutions exercising control over the activity of the above-mentioned ministries are: the Bulgarian National Audit Office, the State Financial Inspection Agency, internal audit in the payment units, joint audits with the European Court of Auditors, etc.

The work of the institutions pursuing national regional policy is governed by the same principles that the European Union uses to pursue European regional policy, namely solidarity, equality, justice, mutual assistance and sustainable development.

Local regional policy has a territorial scope of municipalities and town halls. It aims at reducing the differences between the individual settlements included in the municipalities. This goal can be achieved by solving the following tasks:

- developing an environmentally sustainable economy;
- developing modern infrastructure;
- increase in human potential.

The possibilities for solving the above mentioned tasks are the following:

- Coherence with the objectives of the socio-economic cohesion policy of the European Union and the country to be achieved.
- An integrated approach for the development of the territory to be applied. This means appropriate combination and complementarity of the individual measures affecting the infrastructure, innovation and the natural and cultural potential of the territory.

Restrictive conditions should be observed in the implementation of local regional policy:

- in terms of protection of the primary natural elements - water, land, air;
- compliance with the rule that the structure of the local economy must be based on the natural resources of the territory.

The institutions making the local regional policy are the municipal council, the mayor and the municipal administration.

- The principles of work for the implementation of local regional policy are equality and justice.

Regional policy in the planned economy is not subjected to the rule that the industries which determine the structure rely on the natural resources of the territory.

Conditions for industries, such as chemistry, metallurgy, etc. were created in order to be developed.

Regional policy in the period of change of the economic system contains the signs of spontaneity, inconsistency and confusion due to the lack of knowledge and experience. This is evidenced by the very long transition period.

The Ministry of Regional Development and Public Works plays a central role in the making of the national regional policy. The work of the Ministry is aimed at:

- ensuring the regulations harmonized with the European regulations;
- developing the institutional and administrative capacity for absorption of funds from the pre-accession and accession funds and the Cohesion Fund;
- effective partnership between local government, business, non-governmental organizations, civic engagement, international financial institutions, etc.

The regional policy in the market economy coincides with the time of Bulgaria's accession to the European Union. It is characterized by clear regulations and application of the

experience gained in the implementation of European regional policy. Along with the positive effects, the regional policy is accompanied by a number of problems, such as:

- Insufficient administrative capacity - lack of professional skills of the administration at all management levels, lack of motivation for active participation;
- There is a lack of experience in using alternative sources of financing and attracting private capital;
- Lack of information about the planned activities and inability to use it, if any;
- Need for coordination between sectoral policies and funds received from the state budget, extra-budgetary funds, etc.
- Bureaucracy at all management levels / the result of carelessness and fraud /;
- The limited financial capacity of the municipalities. In this regard, local authorities are assessed as an unreliable partner when co-financing projects;
- Payment and control mechanisms;
- Setting up clear rules and guidelines how to work with European Union funds;
- The absence of a computerized system for full data exchange for management, monitoring and evaluation;
- Imperfections in the Regional Development Act adopted in 1999. It was subsequently amended and a new Regional Development Act was adopted; [3].
- Municipalities have little experience in the use of pre-accession instruments [4]. Most municipalities do not have approved projects under the pre-accession funds and only 7% of them have more than three approved projects under these funds.
- Most municipalities experience difficulties how to apply in order to absorb funds, the financial resources for co-financing are limited, the procedures complicated and the deadlines too short; [4]
- The project capacity is missing in the small municipalities, there are no registered non-governmental organizations;
- It is not profitable for small municipalities to maintain all the project capacity needed to develop projects in different areas;
- There are areas where it is necessary for all municipalities to have internal capacity. Administrative capacity is needed to identify problems, develop partnerships and mobilize resources; to develop projects in accordance with the procedural requirements, to exercise internal monitoring and do project evaluation. [4]

We can conclude that the efforts should be focused on the weakest points of small municipalities, to stimulate partnerships between municipalities, to stimulate partnerships with the private business, NGOs, to achieve co-financing between municipalities, businesses, etc.

The implementation of an effective regional policy is conducive to the stable macroeconomic environment, the stable banking sector, increases the contribution of small and medium enterprises, the European transport corridors crossing our country, the diverse natural environment, cultural heritage, etc. These are the strengths of the regional policy. At the same time, there are many negative aspects, such as declining working-age population, low employment and labour mobility, low incomes, poor quality of vocational training, weak links between the business, science and education, low productivity, low technological level, energy-intensive economy and insufficient use of renewable energy

sources, poor quality of transport infrastructure, problems with waste, water, areas with polluted air, insufficient administrative capacity - trained and prepared to absorb funds from the Structural Funds and the the Cohesion Fund.

Financial and economic instruments are the basis for making an effective and efficient regional policy. The variety of economic, political, geographical, cultural and other conditions predetermine the chosen financial and economic mechanisms, financial initiatives influencing the different types of policies. The impact on industrial policy includes the restructuring of industries, etc. The impact on social policy includes job creation, income growth, etc. The impact on the infrastructure policy includes construction of modern and reliable transport corridors, etc. This influence is often multiplied and has a complex character on regional development. Regional policy instruments can be divided into **financial** and **economic** instruments.

3. Practical implementation of the regional policy

The implementation of all types of regional policy is a prerequisite for the development of settlements and of cities in modern European settlements in particular. Big cities are a driving force for the development of the European Union. As a member state Bulgaria is given the opportunities and resources to improve the condition of Bulgarian cities. "Urban development will offer better opportunities for those who live in them, those who live close to them and, where possible to those who are further away. **They will become places where people want to live, work, invest and visit.** They will be linked to each other, the larger ones to the larger European Union, so that the benefits given to those living in urban centers to be also available to those living outside them "[5]. Two policy documents remain relevant:

Territorial Agenda of the European Union and the Leipzig Charter on Sustainable European Cities. The Territorial Agenda is related to issues of long-term economic development and policies in the field of the labour market, modern understanding of urban and spatial development, the links between urban regions, etc.

The Leipzig Charter on Sustainable European Cities emphasizes the crucial importance of an integrated approach to urban planning as a prerequisite for the long-term development of the European city. The document focuses on modernizing urban enterprises, improving local economies, environment-friendly urban transport, etc.

4. Conclusions

To achieve the final result of the pursued regional policy, namely the improvement in the quality of life of the population in the territorial units, the following can be applied:

1. Good practices from the use of financial instruments in the countries of the European Union,
2. Use of economic instruments for stabilization of the economy, such as:
 - determining the structure of the economy in the six planning areas through economic and mathematical models;

- attracting foreign investors by providing convenience to the business, stabilization of the free economic zones - by concentrating investments in two or maximum of three zones;
- development of the activity of the Regional Development Agencies, Business Incubators, etc.;
- using the great potential of the Structural Funds and the Cohesion Fund by improving the administrative capacity engaged in this field;
- application of e-technologies in the administrative activities, Geographic information systems, etc.

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