NATIONAL REGIONAL DEVELOPMENT STRATEGY OF THE REPUBLIC OF BULGARIA FOR THE PERIOD 2005-2015

Sofia , 2005

LIST OF USED ABBREVIATIONS

ABBREVIATION	DEFINITION
AAQ	Atmospheric Air Quality
AM QAA	Assessment and Management of the Quality of Atmospheric Air
CBC	Cross-Boarder Co-operation
EBRD	European Bank for Reconstruction and Development
EC	European Commission
EIB	European Investment Bank
EFRD	European Fund for Regional Development
EU	European Union
FLGR	Foundation for Local Government Reform
GDP	Gross Domestic Product
ICTs	Information and Communication Technologies
MEUFD	Management of EU Funds Directorate, MF
MoEW	Ministry of Environment and Waters
NDP	National Development Plan
NGO	Non-Governmental Organisation
NPP	National Power Plant
NRDS	National Regional Development Strategy
NSI	National Statistical Institute
NUTS	Nomenclature of Territorial Units for Statistics
R&D	Research and Development
SMEs	Small and Medium Enterprises

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INTRODUCTION

Bulgaria implements a socio-economic policy aimed at development of efficient and competitive economy and equitable integration in the European structures. The regional development policy, which is gaining in importance, is part of this policy.

The National Regional Development Strategy (NRDS) for the period 2005-2015 is the fundamental document formulating the long-term objectives and priorities of the country's regional policy. It outlines the strategic directions and levels of the regional policy and acts as a starting point for getting and distributing EU assistance for implementation of the programmes related to regional development.

More specifically, the tasks of the NRDS are as follows:

- To define the strategic objectives of the regional development of the country during the period 2005-2015.
- To outline achievable strategy for achievement of these objectives through identification of the major priority directions of regional development and setting in place the institutional framework for implementation of the strategy.
- To provide milestones for formulation and application of sectoral policies of regional impact and to lay the basis for coordination of the regional development policy with the rest of the policies in the planning regions.
- To provide a framework for the planning and programming documents at the other territorial levels.
- To ensure coordination between the regional development policies and spatial planning policies with a view to achieving a balanced territorial development.
- To involve all stakeholders in the implementation of the policies laid down in the NRDS.

The place and the role of the NRDS in the system of strategic planning and programming documents related to regional development have been defined in the Regional Development Act. The NRDS defines the strategic directions of the regional development policy. It outlines the "top-down" approach, serving in this way as a milestone for the district strategies for regional development, the municipal and regional development plans and the National Operational Programme for Regional Development. They should transpose the goals and priorities of the NRDS in compliance with the specific regional circumstances and the designation of the individual documents.

The NRDS builds on and develops further the positive practices of the regional development policy of recent years by integrating them into the goals and priorities of the National Development Plan. It takes account of the already enforced and the newly approved objectives of the EU structural and cohesion policies.

The object of the national strategy is regional development in its multi-objective and multi-functional nature. While the rest of the policies do not have as their specific object the development of regions and minimizing of regional disparities, the regional development policy should focus on them and propose a set of integrated measures designed to contribute to achievement of the long-term development goals of the country by incorporating also the territorial factors of growth. For this reason the strategy is a summary document, comprising all the key elements of the future regional development. Some of the proposed policies will be implemented in partnership with other sector-specific policies of the national economy, while others are the objects of the regional policy

alone. In all the cases the envisaged actions are always connected with mandatory participation of the regional and local authorities.

The National Regional Development Strategy will be implemented in compliance with the fundamental principles of the EU regional policy. The principle of programming specifies that the recourses from the Structural Funds shall be allocated on the basis of multi-annual programmes, defining the priorities, the use of resources and agreements on the use of the funds. The principle of partnership requires that the identified partners shall participate and submit their comments and proposals in a transparent manner as from the very beginning of the process of planning and programming, as well as in the process of preparation, financing, monitoring and evaluation. This principle comprises mechanisms for consultation and participation at the national, regional and local level, which will ensure the involvement of businesses and associations of employers, the syndicates and NGOs. The principle of additionality means that the funds allocated by the European Community shall be additional to those allocated by the state for public investments. The principle of sustainability is related to attainment of sustainable regional development and consideration for the environmental impact of the activities undertaken by the regional policy. Equal opportunities for men and women and all social groups are other important principles to be implemented.

Building partnerships is a component part of the process of preparation and implementation of the National Strategy.

During the strategy preparation phase consultations were held with all stakeholders: ministries and institutions, district governors, represented at the national level socio-economic partners and representatives of the NGO sector active in the field of regional development. At a meeting of the National Expert Board on Territorial Development and Regional Policy the partners presented their standpoints and proposals on all the sections of the Draft National Strategy. Prior to its submission to the Council of Ministers the draft with the reflected proposals was once again submitted to co-ordination with the partners.

During the phase of application of the strategy the partnership will be supported through the activity of the proposed Partnership Board under the NRDS. The major functions of the Board will be current review of the process of implementation of the National Strategy, monitoring and evaluation of its implementation and recommendation of appropriate measures for attainment of the regional development objectives and priorities.

In this way broad public support for the strategy will be achieved, manifested not only in the process of design of the strategy but also in the course of the different phases of its implementation, monitoring and evaluation. It will have a positive impact also on the financing of the envisaged policies, while the realized process of public-private partnership in its design and broad public review will contribute to the comprehensive transparency and mobilization of financial resources from not only the central and local authorities, but also from the private sector and NGOs with a view to attainment of its objectives.

Besides conducting consultations with the stakeholders, broad dissemination of the National Strategy is planned. One of the mechanisms to that effect will be its publishing in the State Gazette following its approval by the Council of Ministers. In addition, it is envisaged to organize comprehensive debates with the public authorities and all stakeholders at the regional and local level with a view to its application and reflection into the bulk of other planning and programming documents concerning regional development. In this way closing of the planning cycle of regional development will be achieved.

1. COMPARATIVE ANALYSIS OF THE SOCIO-ECONOMIC DEVELOPMENT OF THE PLANNING REGIONS

The creation of the six planning regions, which are not administrative-territorial units in the sense of the Law on Administrative-territorial Division of the Republic of Bulgaria is predetermined by the requirements of regional planning and more specifically of the requirements related to Bulgaria's accession to the European Union, where the regions of the second level of the Nomenclature of Territorial Units for Statistics (NUTS) are the main subject of planning, programming, implementation and monitoring under Objective 1 of the Structure Funds. Table 1 shows some major data about the six planning regions in Bulgaria.

Fig.1. *Administrative-territorial structure of the country*



Table 1. Planning regions (2003)

Planning regions	Area 2003 (km^2)	% of the total area of the country	Population 2003 (persons)	% of the national total	Population density (persons / km^2)	Arable land 2003 (dca / capita)	Number of districts	Number of municipalities
Republic of Bulgaria	**111001.9**	**100.0**	**7801273**	**100.0**	**70.3**	**6.4**	**28**	**264**
Northwestern	10288.2	9.3	512593	6.6	49.8	11.9	3	32
North Central	18320.0	16.5	1165806	14.9	63.6	8.6	5	41
Northeastern	19923.4	17.9	1285803	16.5	64.5	9.3	6	49
Southeastern	14647.6	13.2	782653	10.0	53.4	8.6	3	22
South Central	27516.2	24.8	1944382	24.9	70.7	5.0	6	68
Southwestern	20306.5	18.3	2110036	27.0	103.9	2.5	5	52

Sources: *Cadastre Agency; NSI, current demographic statistics*

1.1. POPULATION AND DEMOGRAPHIC SITUATION

A population drop has been observed in all planning region during the period 1997-2003, however it is the most significant in the Northwestern Region (-2.2%) and the North Central Region (-1.4%). The drop in the Southwestern Region is the lowest (-0.3%). The major reasons for that are the negative natural population growth and domestic migration.

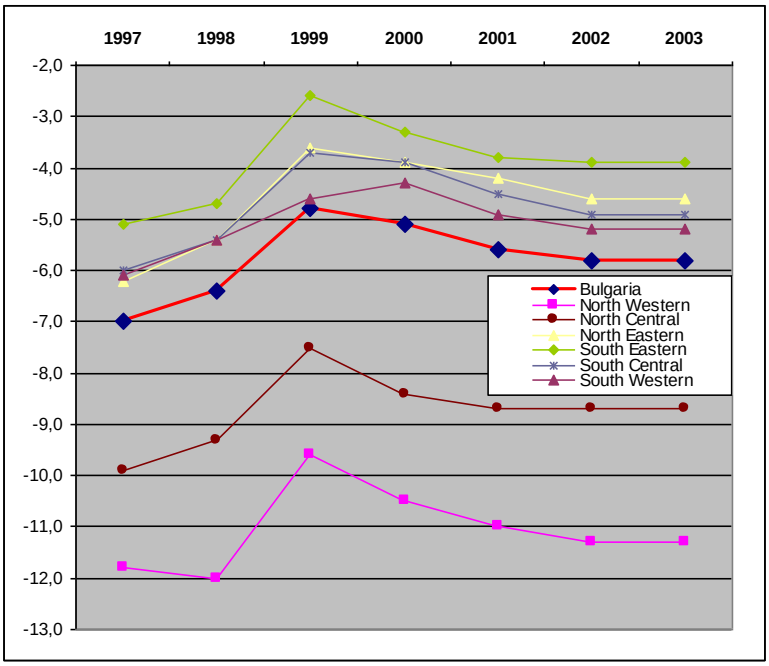
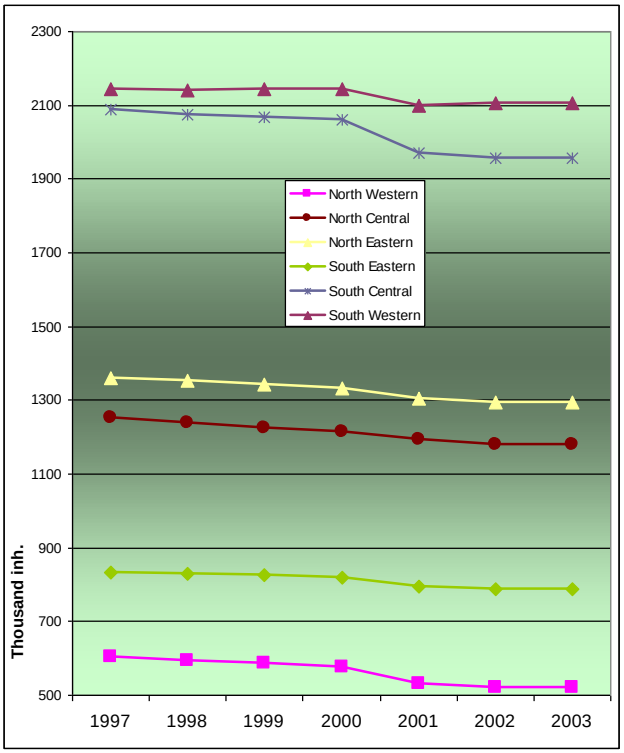


Fig.2. *Dynamics of the natural population growth, NSI*

The natural population growth for the period 1997-2003 is negative in all planning regions. The highest negative values are maintained in the Northwestern Region (-11.8 ‰, which is twice the national average of –5.7‰), followed by the North Central Region (-8.6 ‰). The rest of the regions have lower values of negative natural population growth as compared to the national average. The steadiness of these values is the result of the ageing of the population and the changes in its reproductive aptitudes, which in recent years are to a large extent the consequence of the low living standards.



The intensity of ***domestic migration*** for the period 1997-2003 is approximately 22.5 ‰ (418 thousand people), however a diminishing trend has been observed (19.5 ‰ in 2003). About 2/3 of the migrants are in the age range of 10 to 39 years. As a whole, in the majority of regions the negative values of domestic migration increase or remain steady. Only in the Southwestern region the net migration rate is positive and demonstrates constant increase in intensity (from 2.4 ‰ in 1997 to 7.6 ‰ in 2003). ***This region attracts the domestic migration flows mainly because of the higher opportunities for diverse employment in the capital and the dense network of educational infrastructure*** (particularly in the field of higher education).

Fig.3. *Population growth, 1997-2003, NSI*

The trends in development of migration are as follows: persisting concentration of the population in the developed urban centers because of the better (or still reckoned to be better) employment opportunities, the increase of the relative share of urban migration in "urban-urban" or

"urban-rural" direction, the redistribution of the population among the various cities and the ongoing concentration in the large cities for the account of the small and medium-size cities/towns.

With respect to the ***population density*** the least populated are the Northwestern Region (49.8 persons/km^2) and the Southeastern Region (53.4 persons/km^2). Close to the latter are the values for the North Central Region (63.6 persons/km^2) and the Northeastern Region (64.5 persons/km^2), as well as those of the South Central Region (70.7 persons/km^2). The highest population density is characteristic for the Southwestern Region (103.9 persons/km^2). Vast areas with low population density (mainly mountainous and rural areas) exist in each of the planning regions, while the large cities and district centers stand out with high population density.

In terms of the Population Density Indicator the disparities in Bulgaria are quite moderate (the correlation between the highest and the lowest levels in 2003 was 2.1) and rank as the lowest in comparison with those in the European regions.

The gender structure of the population is characterized by predominance of women over men. There are 106 women (105 in the EU) to every 100 men and that level has been steady for several decades now. The ratios at the regional level are identical.

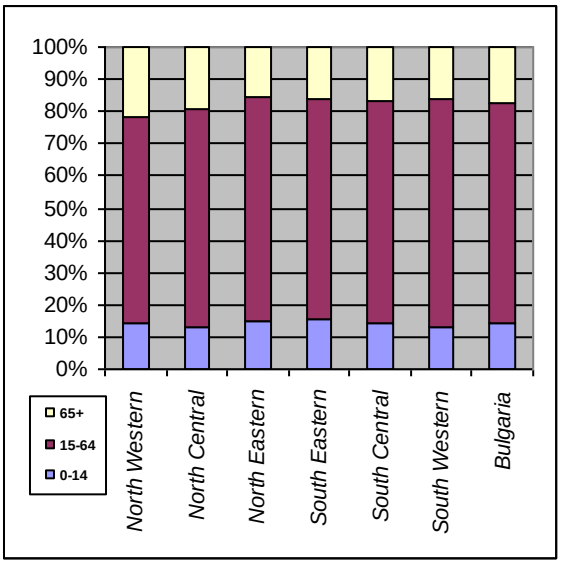


Fig.4. *Age structure of the population by planning regions, 2003*

The age structure of the population in all planning regions is of the regression type: the number and the share of the aged population are increasing and those of the younger generations show a downward trend.

There are definite disparities in the age structure of the population among the different planning regions (Fig. 4). It is more unfavourable in the Northwestern Region and North Central Region, where the relative shares of the population above 65 years of age are the highest and those of the population below 15 years of age are the lowest. The low share of the population below 15 years of age in the Southwestern Region is due to the predominance of population aged 15-64 as a consequence of the concentration of workforce in the city of Sofia. The parameters for the age structure of the population in the rest of the regions are close to the national average. Increase of the relative share of the population aged 65 and above and diminishing of the population below 15 years of age is observed in all the regions. With the exception of the Southwestern Region, diminishing of the absolute figures for the population in the age group 15-64 is observed in all the rest of the regions. The internal disparities within the individual regions are much higher.

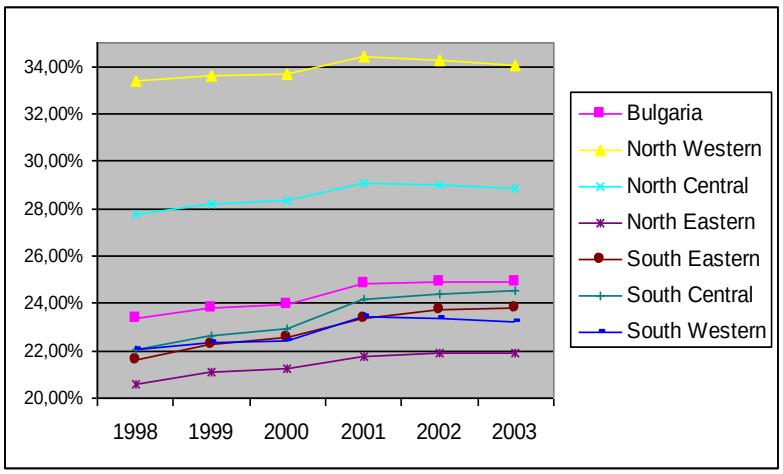


Fig.5. *Coefficient of elderly dependence*

The negative change in the age structure of the population leads to higher economic burden on the population in the age group 15-64. For the period 1997-2003 the

coefficient of dependence of the elderly population[1] shows an increasing trend. The manifestation of this trend is particularly crucial in the Northwestern Region (34.0%) and North Central Region (28.9%) (Fig. 5). The growth and the high rates of this coefficient indicate that the costs for the elderly in terms of health care and social services are becoming ever higher.

The comparisons on the European scale reveal that as far as the values of this coefficient are concerned the planning regions in Bulgaria are close to those in the Member States of EU15 and worse placed as compared to the New Associated States and Romania except for Hungary (with which they are similar).

According to the 2001 population census the group of ethnic Bulgarians comprises 83.9% of the total population of Bulgaria, the Turkish ethnic group – 9.4%, the Roma ethnic group – 4.7% and miscellaneous – 0.9%. The regional disparities in the ethnic composition of the population are manifested in the higher share of the population from the Turkish ethnic group in the Northeastern Region (22.5%) and of Roma population – in the Northwestern Region (8.5%). The share of the population of the Turkish ethnic group is the lowest in the Northwestern Region (0.4%) and the Southwestern Region (1.8%), and that of the Roma population – in the North Central Region and the Southwestern Region (2.8%). The intra-regional disparities are characterized by a higher share of the population of the Roma ethnic group in the districts Montana and Sliven (12%) and Dobrich, and the lowest – in Smolyan and Kardjali (below 1%).

The analysis of the demographic development of the planning regions in Bulgaria reveals the below-detailed characteristics:

- The population in all regions is diminishing and along with it there is also a drop in the contingents in reproductive age and of the active population.
- The demographic situation is the most unfavourable in the Northwestern Region, marked by great losses of human resources, gravely deteriorated age structure and reproduction rate featuring high negative natural growth. Similar poor characteristics of the demographic situation are observed in the North Central Region as well.
- Specific demographic development is noted in the Southwestern Region, in which the capital Sofia is located with its high reproductive and labour potential.

1.2 ECONOMIC DEVELOPMENT AND COHESION

1.2.1 Economic growth and development level

In the recent six years the economic growth in Bulgaria is positive, whereat since the year 2000 it is characterized by a steady rate of about 4% per annum.[2] The observed GDP growth in Bulgaria is higher than the average of the EU15, which in 2003 was below 1% for a third successive year.

Table 2. GDP by planning regions at current prices, 1997-2003 (BGN million), NSI

Planning regions	1996	1997	1998	1999	2000	2001	2002	2003
Northwestern	**109395**	**940633**	**1407787**	**1409**	**1783**	**1829**	**1916**	**1991**
North Central	**227415**	**2153405**	**2874669**	**3017**	**3515**	**3882**	**4223**	**4386**
Northeastern	**254077**	**2639248**	**3355099**	**3365**	**3943**	**4285**	**4498**	**4836**
Southeastern	**150470**	**2047171**	**2448528**	**2492**	**2710**	**2539**	**2674**	**3129**
South Central	**405487**	**4230383**	**4927625**	**4996**	**5589**	**6186**	**6508**	**6976**
Southwestern	**614327**	**5421714**	**7407434**	**8511**	**9212**	**10989**	**12517**	**13093**

[1] With a view to compatibility of the data with those of the EU the coefficient of age-based dependence has been calculated as the number of people aged 65 and above related to the number of the population in active age (15-64).
[2] Bulgaria by the end of 2006: Socio-Economic analysis, Agency for Economic Analyses and Studies, 2004.

National total	**1761172**	**17432554**	**22421142**	**23790**	**26753**	**29709**	**32335**	**34410**

The majority of the planning regions also report GDP growth. The highest rate of GDP growth during the period has been noted for the Southwestern and South Central regions. The Southeastern Region, which in the 1990's was one of the most dynamically developing regions, manifested lower development rates in the period 2000-2002, as different from 2003 when its GDP growth rate was the highest nationwide.

The contribution of the planning regions to the national GDP is uneven. In 2003 the Southwestern Region generated 38% of it and the South Central Region contributed 20.3%. The Northwestern Region ranked the last with 5.8%. The remaining three regions participate with about 9-14% in the generation of the national GDP (Fig. 6).

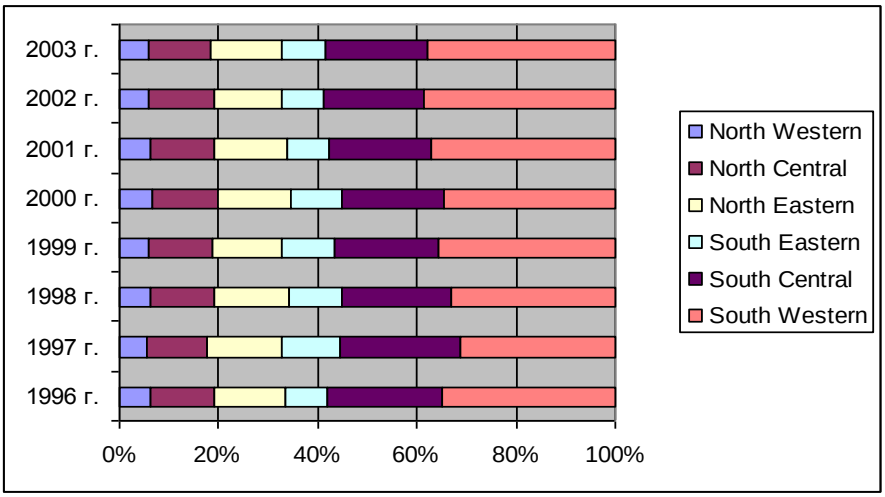
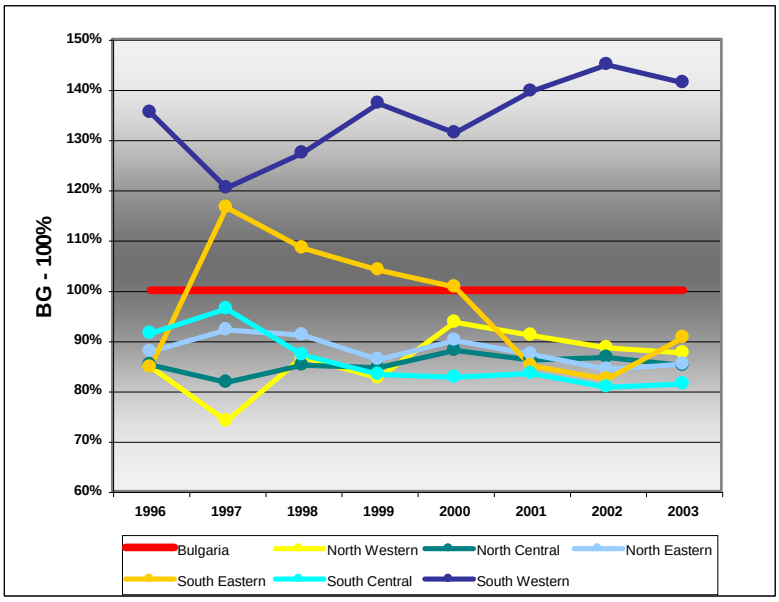


Fig.6. *Contribution of the planning regions to the national GDP (%), 1997-2003, NSI*

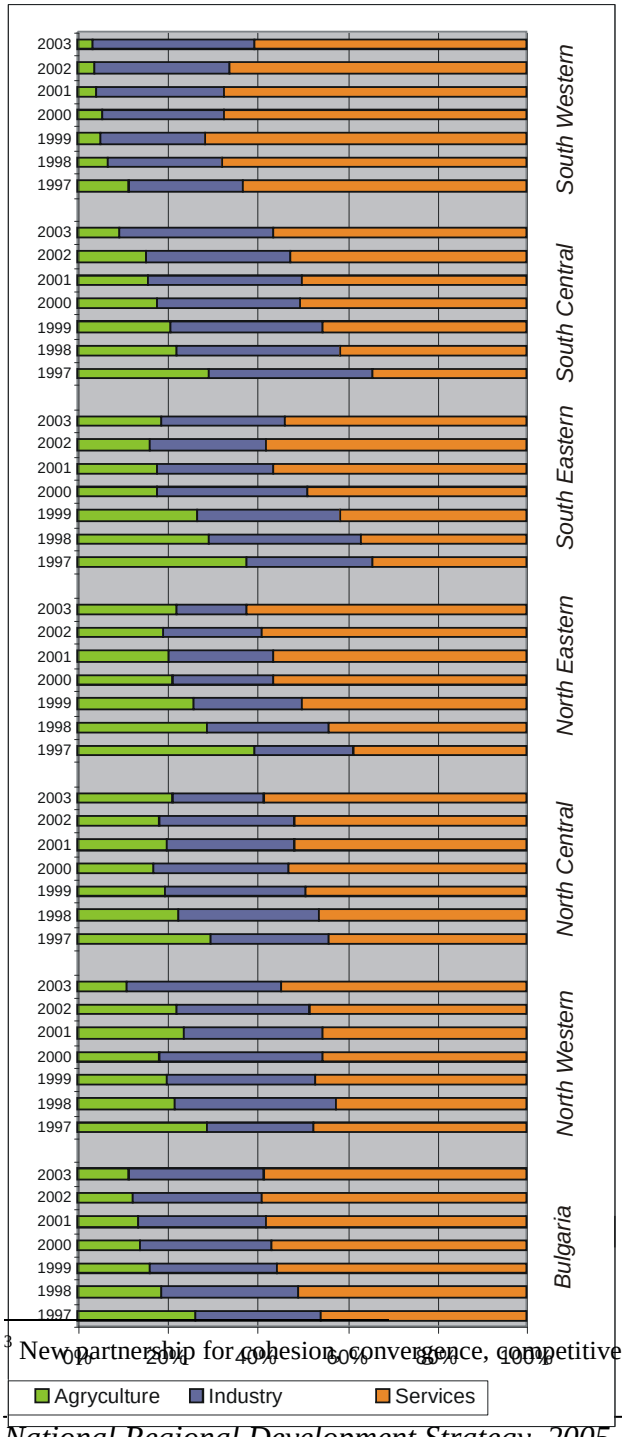
Fig.7. *Relative share of per capita GDP per planning regions, 1997-2003, (Republic of Bulgaria = 100%), NSI*



The level of economic development, measured by the indicator per capita GDP, demonstrates significant disparities between the Southwestern Region (BGN 6,200 in 2003), which shows a steady upward development trend, and the remaining five planning regions, for which no significant differences have been noted (between BGN 3,600 and BGN 4,000 GDP/capita). The South Central Region appears to manifest since 1999 steadily the lowest value for this indicator (Fig. 6). In the Northwestern Region and part of the Southwestern Region the indicator depends strongly on the state of the large industrial enterprises and the migration of the population. In the Northwestern Region, for instance, if the value added of the *Kozloduy* NPP were excluded, the per capita GDP would be very low. With the forthcoming decommissioning of part of the generation capacities at *Kozloduy* NPP the Northwestern Region will fall drastically behind the rest of the planning regions provided no action is taken for enhancing its economic activity.

Despite the systematic growth of the GDP in the country, Bulgarian regions are economically the least developed as compared to the EU[3]. In 2002 the value of the per capita GDP in the most developed region of Bulgaria – the Southwestern Region – amounted to respectively 36.3% of the average for EU15 and 40% for EU 25. The rest of the planning regions feature values between 23.7% (Northwestern Region) and 21.7% (South Central Region) as compared to the average for EU15 and respectively 26% and 24.3% in the case of EU25. Compared to the regions of New Associated States their level ranges between 57% and 65% and in relation to the least developed among them – between 62% and 71%.

There are, however, no fundamental differences among the regions in Bulgaria themselves in terms of the per capita GDP – with the exception of the Southwestern Region (40% of that of EU25), the level in the five other regions is about 25% of the average for EU25. No other country demonstrates such closeness to the NUTS 2 level, which is definitely an advantage in terms of the regional development of Bulgaria in terms of higher development rate.



1.2.2 Sectoral structure

The structure of the gross added value by planning regions for the period 1997-2003 is characterized by differing trends of participation of the economic sectors, which leads to the conclusion that the economic restructuring in these sectors is still underway and they are still seeking for their sustainable economic structure (Fig. 7).

Industry turns out 30% of the gross added value and was the most dynamically developing sector of the national economy in 2003 (7.1% actual increase in the gross added value). In material expression the sector accounts for the highest contribution to the gross added value of the Southwestern Region (36.1%), in which alone a steady trend of increase of its relative share has been observed, followed by the Northwestern Region (34.7%) and the South Central Region (34.3%). In the Northeastern and North Central regions the sector demonstrates a variable participation, close to that of agriculture, whereat in 2003 its share in these regions was below the share of agriculture (Fig. 7).

The Southwestern Region has the highest contribution to the value added in industry nationwide (38.1% in 2003), exceeding almost twice the contribution of the region ranking the second – the South Central Region (20.3%). The region ranking the last is the Northwestern Region (5.8%). The share of the North Central Region (12.7%) and the Northeastern Region (12.7%) is also low, bearing in mind the potential of these regions.

[3] New partnership for cohesion, convergence, competitive capacity and co-operation, EC 2004, p. 11

Fig.8. *Trend in the structure of gross added value by current prices by planning regions for the period 1997-2003, NSI*

The lagging behind of the industrial sector in the Northwestern Region (especially if one discarded the contribution of *Kozloduy* NPP), the Northeastern Region and the North Central Region, calls for urgent measures for stabilization and innovative industrial development having higher rate of value added.

In 2003 ***agriculture*** generated 11.4% of the gross added value nationwide. The Northeastern (22.2%), North Central (21.2%) and Southeastern (18.8%) regions feature the highest contribution in this sector. The sector is characterized by over-employment, fragmentation of the farms, low efficiency and low level of commercial output. The above-mentioned regions, accounting for the highest share in the sector, account also for the highest number of individual farmers/tenants.

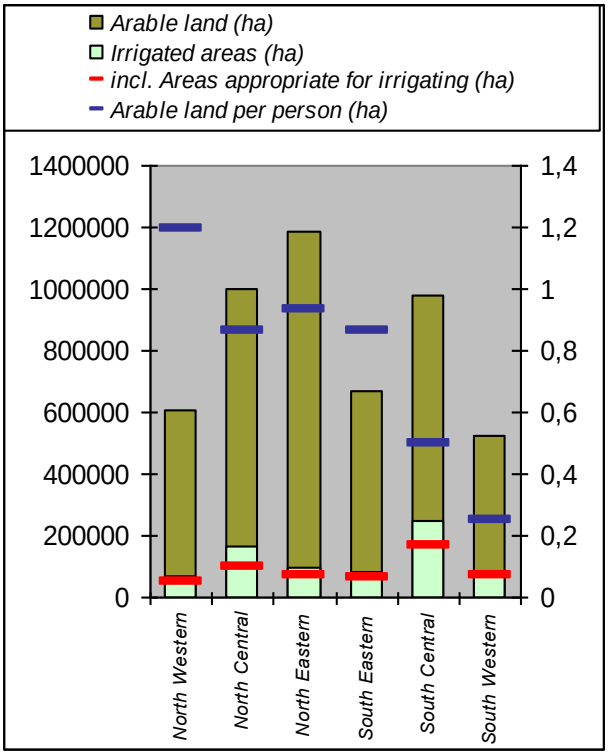


Fig.9. *Arable land and irrigated areas, 2000, Cadastre Agency*

By 2003 the share of arable land of the total land area in all northern regions and the Southeastern Region was higher than the national average (44.8%). The highest figure for this indicator (59.5%) is noted for the Northeastern Region and the lowest (25.9%) for the Southwestern Region (Fig. 8). All in all, this situation correlates to the amount of the added value obtained for the sector in these regions.

Agriculture in all the planning regions is faced with a number of restrictions: dispersed ownership, reduced irrigated areas, obsolete facilities, shortage of investments and innovative technologies, deficiencies in the integration with the food-and-beverages industry, etc.

The ***services*** sector accounts for the biggest relative share and an upward trend in the structure of the economy in all regions of the country (Fig. 7). An exception to this trend is observed in the Southwestern Region, where the share of the services sector is diminishing since 1999 (because of the more dynamic development of industry), although the region manifests the highest share of gross value added from the services sector (60.4%) after the Northeastern Region (62.2%). The most dynamic branches in this sector in recent years are communications (as a result of the rapid development of the mobile communications market) and financial services. Since 1998 the services sector is evolving at a pace close to the national average in the North Central Region, the Northeastern Region and the South Eastern Region, at a rate below the national average in the Northwestern Region and the South Central Region and a rate above the national average – in the Southwestern Region.

Tourism[4] as a separate branch of the services sector manifests a steady trend towards increase of the revenue from it. Bulgaria is a country possessing rich and diverse potential for development of tourism. The available recreation and touristic resources permit the development of different modalities of tourism and combinations thereof, as well as their utilization round the year or at least for two seasons. The nature and cultural heritage of Bulgaria provides opportunities for development of new and prospective types of tourism and tourism-related products, such as cultural

[4] Re. to Concept Paper for the Territorial Development of Tourism, National Center for Regional Development, 2003

tourism, environmental tourism, rural and adventure tourism. An advantage adding to the competitive capacity of the sector is also the relatively low degree of development of areals that are attractive for tourism in terms of constructed tourist accommodation and technical facilities, more specifically in the inland and especially in the mountain areas. On the other hand, Bulgaria is situated relatively close to the large markets for international tourism in Western, Northern, Central and Eastern Europe.

From the point of view of the territorial development of tourism, the available evaluations give rise to two important findings:

1. Nearly one half of the country possesses large resource potential for development of tourism;
2. In practical terms, there is not a single more or less significant area that does not possess more or less favorable recreation resources. This means, that no areal should be entirely excluded from the development of tourism and every municipality possesses resource potential to develop some form of recreation or tourism (if not a long-term one, then at least a short-term one)[5].

Table 3. Major indicators of tourism in the planning regions, 2003, NSI

Planning regions	Accommoda-tion facilities	Beds	Beds / 24 hours	Overnight stay (number)			Overnight stay (persons)		
				Total	Bulgarians	Foreigners	Total	Bulgarians	Foreigners
Northwestern	2.36%	0.90%	1.31%	0.72%	2.24%	0.16%	1.63%	2.68%	0.45%
North Central	9.25%	4.77%	6.75%	3.66%	11.48%	0.77%	9.76%	15.91%	2.83%
Northeastern	31.82%	40.39%	39.86%	44.24%	19.43%	53.41%	29.02%	16.46%	43.16%
Southeastern	17.85%	29.37%	18.21%	28.42%	14.34%	33.62%	15.82%	8.93%	23.58%
South Central	23.23%	11.58%	16.02%	9.59%	28.43%	2.63%	17.81%	27.59%	6.80%
Southwestern	15.49%	12.99%	17.85%	13.37%	24.08%	9.41%	25.96%	28.43%	23.18%
TOTAL	1059	158865	38667492	12521479	3379309	9142170	2972644	1574659	1397985

Despite the large territorial scope of the planning regions and the related risks of "leveling" of the differences, the analysis of the development of tourism at that level highlights the existing disparities. On the basis of the major data about the development of tourism on their area and respectively the contribution to the national-level development, the planning regions fall clearly into three groups:

1) *Northeastern Region and Southeastern Region*. They play a decisive role for the development of tourism with a total of 70% of the available accommodation facilities (beds), 58% of the actual accommodation capacity and 73% of the realized overnight stays. They are of decisive importance also for the international tourism (85% of the overnight stays). The factor of importance for their contribution is their location at the seaside. On the other hand, a characteristic feature of the two regions is that concentrated on their area are almost all the districts, which have obtained the lowest scores in the evaluation of the conditions for tourism (in terms of level of development???).

2) *Southwestern Region and South Central Region*. They are important for the development of tourism in Bulgaria, however of significantly lesser weight. They account for 25% of the available accommodation facilities, however for 34% of the actual accommodation capacity, 23% of the realized overnight stays and 12% of the overnights stays of foreign citizens. These are the regions, on the area of which the highest mountains in Bulgaria and the largest compact mountain massifs are situated, as well as the regions with the biggest urban centers. A characteristic feature of these regions is that on their area are situated all the sites, which have been evaluated as having the most

[5] This is indirectly corroborated by the fact that in actual fact there is not a single regional development strategy and only very few municipal plans that fail to consider tourism as one of the development priorities (often the leading one) on the basis of the available resources for tourism on their area.

favorable conditions for development of tourism, with the exception of Burgas and Varna.

3) *North Central Region and Northwestern Region*. They have the minimum contribution for tourism in the Bulgaria, whereat the Northwestern Region is practically of marginal importance. In terms of the major indicators the two regions together are compatible or with lower values than any individual municipality with developed tourism at the Black Sea coast (Nessebar, Varna, Balchik). The two regions jointly account for 5% of the accommodation facilities (beds), 4.5% of the overnight stays and 0.9 of the overnight stays of foreign citizens. It is only their share in the domestic tourism that is somewhat higher (about 14% of the overnight stays and 18% of the visitors). The conditions for development of tourism of all districts on the area of the two regions have been evaluated as moderately favorable.

The quoted aggregation in groups is valid also for the indicators related to the ***efficiency of development of tourism and the environmental impact of tourism***.

1.2.3 Employment

As a result of the structural reform the employment level[6] has dropped in all the regions, although there are substantial differences in the rates in the individual regions. In the recent three years a trend of gradual increase in the level of employment nationwide has been observed, which has been manifested with slight modifications in all the planning regions. During the first six months of 2004 only the Northwestern Region demonstrated a drop by 0.5 points as compared to the same period of the previous year. In 2003 the employment rate varied between 47.5% for the Northwestern Region and 57.6% for the Southwestern Region as compared to 52.5% national average. If the employment rate is viewed as an objective criterion for the state of economic development, then the Northwestern Planning Region stands out as the most problematic region, particularly when one takes into account the forthcoming decommissioning of some of the generation capacities at the *Kozloduy* NPP and the ensuing dismissal of workforce employed at the power plant.

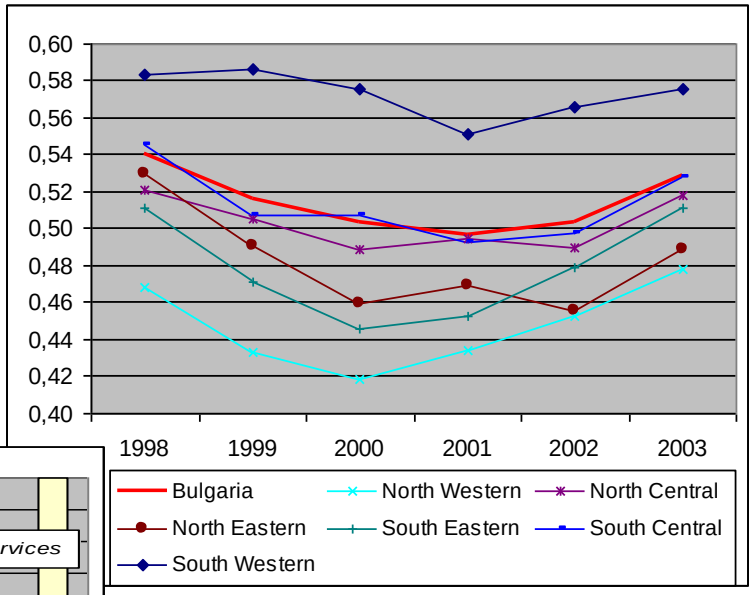


Fig. 9 Employment rate by planning regions, 1997-2003, NSI

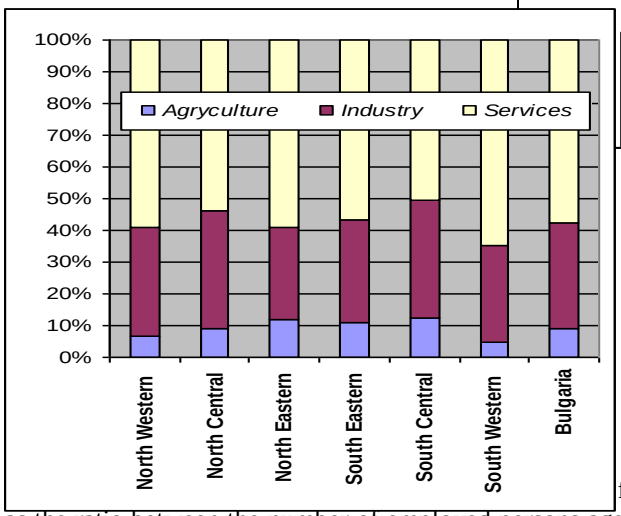


Fig.10. *Employment by sectors (%), 2003*

The sectoral composition of employment shows a relatively identical distribution by sectors in the different regions with the exception of the Southwestern Region,

for these indicators, the employment level has been calculated as the ratio between the number of employed persons aged 15-64 to the total number of inhabitants aged 15-64 (in %). As a result, certain differences have emerged between the thus calculated employment indictors and the employment coefficient published by the NSI.

which stands out by the lower share of employment in agriculture (4.3%) and the highest share of employment in the services sector (65%) (to be attributed above all to the location of the capital on its area). The share of employment in industry is relatively evenly distributed on the area of the regions. This is probably due to a large extent to the existence within the planning regions of evenly distributed core regional centers of the settlements network, which possess well established industrial potential and are successfully advancing in the efforts for its restructuring. The disparities by this criterion might grow to the benefit of the large cities and district centers.

In the period 1998-2003 there is a slightly manifested trend of ***increase of the share of female employment.*** Nevertheless, the employment rate of women in all the planning regions remains steadily below that of men. By planning regions female employment varies from 55% for the Southwestern Region and 50% for the South Central Region to about 44% for the rest of the planning regions. Similar disparities among the regions have been noted also with respect to male employment (from 60% for the Southwestern Region to 49% for the Northwestern Region). In the remaining four regions the level of male employment is close to 55%.

The trend towards increase of employment in the private sector continues. In 2003 the structure of employment in the private sector was nearly two times higher in all the planning regions with the exception of the Northwestern region, where 49% of the employment is in the public sector.

Comparisons with the indicators characterizing employment in the EU regions provide grounds for the following conclusions:

1) Almost all European regions have a higher level of employment than the planning regions in Bulgaria. Only the figures of the Southwestern region for this indicator are somewhat approximate to the figures of some regions in the less developed regions of the Member States.
2) ***The sectoral structure*** of employment in Bulgarian regions, for which high employment in agriculture and relatively low employment in the services is characteristic, differs significantly from that in the regions of EU15 (even as compared with the regions under Objective 1). Particularly evident is the lagging behind in employment in the field of business and finance services, information services, health care and social services.

Attainment of the objectives of the Lisbon Strategy, which envisages 70% employment rate for men and 60% employment rate for women, puts forward specific challenges for Bulgaria and its regional development policy.

1.2.4 Labour productivity

Labour productivity is relatively homogenous in all regions, the values showing no significant differences from the national average – BGN 10,800. The second place, occupied by the Northwestern Region by this indicator, is due to the low number of those employed despite its relatively constant production output (above all in industry).

The Southwestern Region stands out with the highest labour productivity rate. Labour productivity is the lowest in the South Central Region, for which this parameter appears to emerge as important imminent short-term objective (this being further consolidated by the fact that this is the region with the lowest value for GDP per capita).

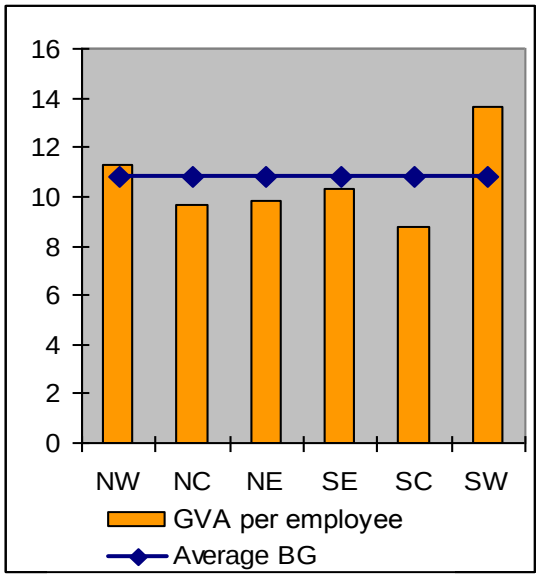


Fig.11. *Gross added value per one employee, 2003, NSI*

According to Eurostat data, in 2003 the labour productivity per one employee in the country was 30.2% of the EU15 average, ranking the last among the Member States and the accession candidate-states. This conclusion is valid also for the planning regions, which rank the last in the comparisons with the European regions.

1.3 SOCIAL DEVELOPMENT AND COHESION

1.3.1 Unemployment

Bulgaria has a high ***level of unemployment***, although a steady trend of diminishing has been observed since the year 2000 (Table 4). With the exception of the Southwestern region, the unemployment level in the rest of the planning regions remains above the national average. In 2003 the highest unemployment level had been noted in the Northwestern Region (23.4%). The traditionally low unemployment rate in the Southwestern Region is due to the influence of the Sofia-city District, where the unemployment is about 4-5%.

The share of unemployed women shows no significant differences by planning regions. This indicator has the lowest value in the Northwestern Region (49.52%) and the highest value in the Southeastern Region (approximately 57%). The coefficient of female unemployment in 2003 (13.2%) is lower than that of male unemployment (14.1%)[7].

Table 4. Unemployment level and relative share of registered unemployed women, young people and the long-term unemployed for the period 1999 - 2003

Planning regions	National total	North-western	North Central	North-eastern	South-eastern	South Central	South-western
Unemployment level /annual average %/							
1999	13.79	21.82	14.97	17.51	14.33	14.21	7.76
2000	18.14	27.61	19.77	23.36	19.23	18.49	10.33
2001	18.08	30.59	20.59	23.39	19.20	18.54	9.49
2002	17.71	29.17	19.73	22.79	18.35	18.35	9.81
2003	14.25	23.38	16.07	18.61	14.64	14.91	7.56
Relative shared of registered unemployed women, /%/							
1999	53.69	49.72	52.57	53.87	55.48	54.21	55.54
2000	52.71	48.98	51.49	52.61	54.65	53.37	54.40
2001	52.06	48.29	50.13	52.12	54.01	53.16	53.68
2002	52.35	48.20	50.36	52.93	55.04	53.23	53.21
2003	54.22	49.52	51.83	54.94	56.95	55.07	55.75
Relative share of registered unemployed young people below 29 years of age /%/							
1999	31.36	32.28	29.63	31.80	34.11	31.78	29.21
2000	29.63	30.23	27.97	30.34	32.36	29.73	27.83
2001	27.81	28.51	25.81	28.79	30.76	27.90	25.70
2002	29.34	29.36	26.89	29.99	33.28	30.07	27.07
2003	28.06	28.40	25.81	28.53	32.08	29.01	25.04
Relative share of the long-term unemployed (registered for >1 year) /%/							
1999	31.67	37.31	30.87	33.31	31.62	30.97	27.06
2000	37.09	47.06	37.39	38.42	37.83	36.49	27.95
2001	49.30	61.37	49.95	50.65	50.51	49.04	36.78
2002	50.68	62.38	53.11	51.98	49.04	50.86	38.67
2003	53.30	61.61	56.18	55.75	52.21	53.63	40.20

[7] Employment and unemployment 4/2003, NSI, Sofia 2004, p.95

The share of registered unemployment among ***young people aged below 29 (about 30% of all the registered unemployed) is very high, which is one of the preconditions for the strong emigration drive among the young generation.*** A matter of strong concern is the development of the processes of youth unemployment in the Southeastern Region (Table 4). In 2003 the coefficient of youth unemployment (below 29 years of age) was 37.7% and was higher for men as compared to women[8].

The problem with ***the long-term unemployed*** is particularly hard to resolve, mainly because of their lacking skills and their low educational level. Almost 50% of the long-term unemployed persons and 70% of the long-term unemployed youth have primary or lower education. Their share in constantly increasing and in 2003 it was about 1.7 times higher than the 1999 figures. Their share is the highest in the Northwestern and North Central regions - 61.6% and 56.2% respectively. The ongoing retention of the high level of long-term unemployment in the Northwestern Region is growing into a grave social problem. Taking account of the situation in the field of employment and economic growth in the region, one may conclude that it shows an utmost need of intervention for achievement of sustainable long-term development. The outlined significant disparities among the different regions in youth unemployment and long-term unemployment should orient the labour market policy towards launching of adequate measures in these regions.

The regional disparities in employment and unemployment have a lasting negative effect not only with respect to the reproduction of the labour force, but also in terms of preconditioning the processes of depopulation, poor utilization of resources, migration, overpopulation of a certain limited number of cities. The large number of disillusioned people would require specific measures, especially under the conditions of low economic activity and ageing of the population.

Comparisons with the European regions define Bulgarian regions, with the exception of the Southwestern Regions, as regions with the most unfavorable indicators as regards general, long-term, female and youth unemployment.

1.3.2 Income

The trend towards approximation of the income levels by planning regions has been corroborated by the data for 2003 as well (Fig. 12). The difference between the highest and the lowest average per capita income is only BGN 223 or 11.1% of the national average annual per capita income.

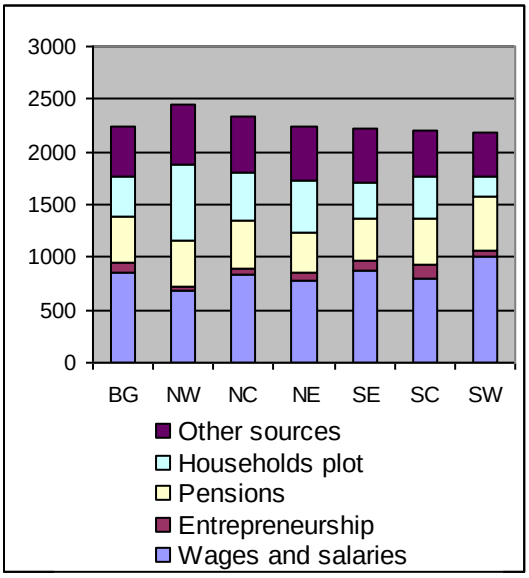


Fig.12. *Regional disparities in the amount and structure of per capita income, 2003 (BGN 2,244), NSI. Regional statistics, 2003*

The Northwestern Region stands out with the highest income level because of the high share of revenue from household farming – 29.6% of the total income, which is significantly more than the national average (18%). The average income is the lowest in the South Central Region, although the income rates from salary/wages there are relatively high. In all the planning regions the income from salary accounts for the highest relative share of the total income, whereat it is the highest in the Southwestern Region (45.5%) and the lowest in the Northwestern Region (28.4%). The highest average salary in the Southwestern Region reflects above all the higher demand for skilled labour force (particularly in the services sector).

[8] Data from the Employment Agency

1.3.3 Health care

Hospital care occupies a primary place in *the health care system and its infrastructure*. Following the implemented reform in the health care system pre-hospital medical treatment belongs mainly to the private sector and is undertaken by the personal (family) medical doctors.

Table 5. Dynamics of the number of hospitals and hospital beds in the planning regions during the period 1999 –2003, NSI

	Hospitals (qty)*		Hospital beds (qty) per 1000 persons		Doctors per 1000 persons		Dentists per 1000 persons	
Year	1999	2003	1999	2003	1999	2003	1999	2003
National total[2]	280	298	7.51	6.30	3.45	3.61	0.57	0.83
Northwestern Region	19	19	7.08	5.21	2.78	3.06	0.47	0.64
North Central Region	44	46	8.01	6.05	3.02	3.29	0.47	0.68
Northeastern Region	34	39	6.89	5.11	2.95	3.33	0.40	0.61
Southeastern Region	22	30	5.41	4.85	2.42	2.62	0.41	0.64
South Central Region	66	71	7.04	6.24	3.06	3.25	0.58	0.89
Southwestern Region	82	86	7.72	6.82	4.25	4.21	0.77	1.06

A trend towards diminishing of the number of hospital beds by 23% (from 61,535 in 1999 to 49,170 in 2002) has been observed. The reasons for that are the drop in the population size and the higher turnover in the use of hospital beds (shorter duration of hospital stays). The regional disparities in the provision of hospital beds are not high and demonstrate a diminishing trend in the recent years parallel with the reduction of the number of beds per 1000 persons. The abolishment of the rules for district-based hospitalization is also contributing to overcoming of the regional disparities.

The regional disparities in the provision of medical doctors and dentists per 1000 people follow a similar pattern. The provision rates are higher in the Southwestern Region and the South Central Region and lower in the Southeastern and Northwestern regions.

1.4 FACTORS DETERMINING THE RATES OF ECONOMIC GROWTH, EMPLOYMENT AND COMPETITIVE CAPAPCITY

1.4.1 Human resources

The skills level of the workforce is the major comparative advantage of the regions in the environment of global competition. The high educational level and the provision of high-quality training of people during their entire active life are the keys to strengthening of the innovation capacity[9].

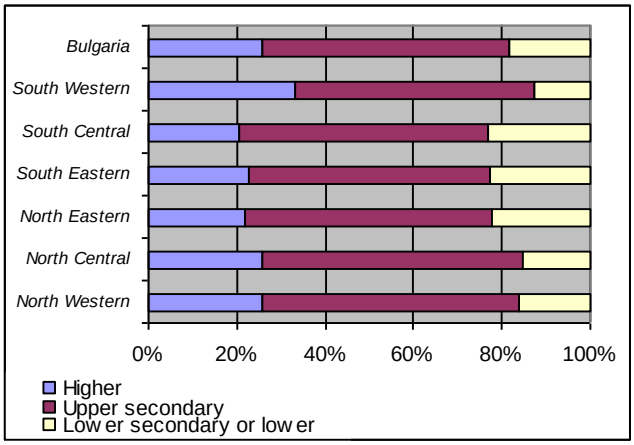


Fig.13. *Educational structure of the employed population, 2003, NSI*

There is a trend towards increase of the educational level of the population in Bulgaria, which is manifested in the increase of the share of the population with secondary and higher education. This trend is manifested in all the planning regions, although in this case it follows once again the typical for the majority

[9] New partnership for cohesion, convergence, competitive capacity and co-operation, EC 2004,

of indicators polarization between the Southwestern Region (in 2003 29.5% of its inhabitants were university graduates) and the Northwestern Region (16.5%). The rest of the regions have closely similar characteristics (17%), significantly below the national average. An increase in the number of persons with secondary education has been recorded in all the regions. The educational level of rural population is lower than that of the urban population. For this reason the regions and districts with a higher share of rural population have also a higher share of less educated groups of inhabitants.

Comparisons with the EU reveal that the share of the population with secondary and higher education in Bulgaria is 71.7%, which is above the EU average (68%) and the share of the population in active age with higher education is equal to the EU average (21.8%) and higher than that of the New Associated States, which has been evaluated as exclusively low (14.8%). At the same time, the Metropolitan areas of Great Britain, Belgium, Finland, France etc. feature a higher rate of clustering of people with higher education (about and above 35%) than the Southwestern Region. The remaining Bulgarian regions have better indicators than a number of regions in Greece, Italy, Austria and Portugal and the regions of almost all New Associated States, but at the same time lag behind considerably from the educational level of the developed EU regions. There are also a number of questions as to how the education institutions in Bulgaria are preparing the young people for the requirements of the labour market.

Irrespective of the relatively high educational level of the population in active age, the skills level of the workforce in all the regions is not sufficiently adequate to meet the challenges of a knowledge economy and the ongoing globalization.

With respect to the ***participation of the population in the educational process***, in 2003 98.0% of the entire population aged 5-14, 70.5% of those aged 15-19 and 15.2% of those aged 20-29, attended some kind of educational establishment. These indicators, compared with the respective indicators for the EU, are compatible only with respect to the age group 5-14 (99.25) and lower for the remaining two age groups (respectively 81.3% and 22.2%). The comparisons with the EU in terms of dropout rates are unfavorable for Bulgaria. The share of persons aged 18-24 with primary education and early school-leavers (about 20%) is much higher that that in the EU.

19.9% of the population aged 15 and above are involved in different modalities of ***life-long education***[10] (approximately one half of their share in the EU – 40%).

1.4.2 R&D, technologies and innovations

Knowledge and access to R&D, innovations and technologies have turned into a driving force for advance in the modern economies such as the EU Member States. Technologies and intellectual capital have become the principal determinants of economic competitive capacity, carrying much more weight than natural resources or the ability to exploit an abundance of cheap labour[11].

Within the range of indicators used in Bulgaria, specific ones that might serve for assessment of the quantitative and qualitative characteristics of regional disparities in the development of R&D, technologies and innovation capacity are almost non-existent. Some of the available indicators are detailed below. The picture outlined by them corroborates the extent of relatively unfavorable position of Bulgaria and Bulgarian regions.

The traditional centers of science in Bulgaria are the universities, R&D institutes and units with the Bulgarian Academy of Sciences, the agrarian institutes and the small number of still existent institutional R&D structures. The network of centers of science in the country covers a large number (for its size) of universities (42) and independent colleges (9), in which a total of

[10] Life-long education, NSI, 2003
[11] New partnership for cohesion, convergence, competitive capacity and co-operation, EC 2004

respectively 211,272 and 14,801 students were learning during the 2002/2003 academic year. The Southwestern, North Central, South Central and Northeastern planning regions stand out for their higher concentration of universities and colleges as compared to the Southeastern and Northwestern planning regions. In the Northwestern Planning Region there is no university at all and in the Southeastern Planning Region there is only one.

Irrespective of the relatively high number of educational and R&D establishments, there is not a good-quality approach to applied research and transfer of innovations and innovative technologies towards the rest of the sectors of the national economy. The link between R&D institutes and the educational establishments and businesses has been disrupted since a long time, which is one of the reasons for the low added value and poor competitive capacity of the production output in the individual regions as compared to the European and global indicators. This is further corroborated by the fact that the idea for creation of technology parks and other structures of a similar type has not been implemented on the area of any region as yet.

The indicator for budgetary expenditure for R&D activity as a percentage of the national GDP is low (0.4%) as compared to that in the other European states (0.65% for EU25) and that trend has been quite steady in recent years (at the background of the 3% target laid down in the Lisbon Strategy). However, provided the productivity level of Bulgarian companies is taken into consideration, it will be found out that Bulgaria allocates a substantial amount of resources from the national budget. To be more specific, the share of private investment in R&D activities is very low, their share being only 0.09% of the GDP (2002). According to this indicator Bulgaria ranks at one of the last places. The figure for the EU25 in this field is 1.27%. All this means that the measures for increasing the funds allocated for R&D activities should aim at creating incentives for the businesses to invest in science. A clear-cut trend has been observed, the same as in the EU, of disproportional concentration of expenditure for R&D activities in the most developed regions. For instance, 80% of all expenditure in this field has been made in the Southwestern Region (and above all in the capital). At the same time, this relative concentration of R&D costs is due to a large extent to the governmental spending and the expenditure of the higher educational establishments rather than to the amount of expenditure of business entities for such purposes.

Telecommunication coverage of the territory is one of the elements of this environment. The density of telephone posts per 100 people in 2003 was 37 and the degree of digital coverage is even lower – 19.7% of all telephone posts.

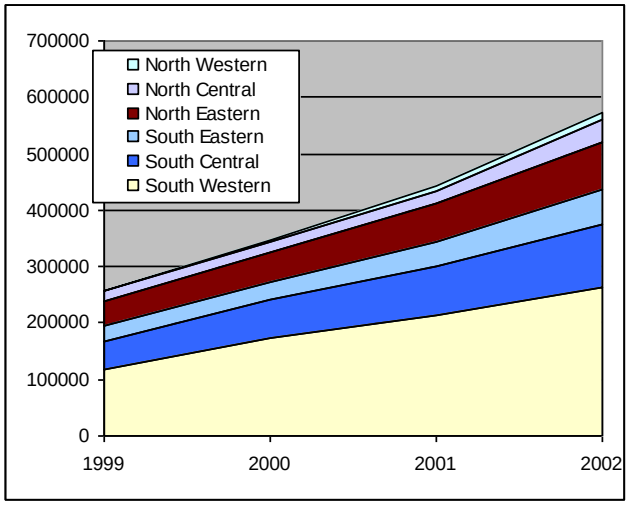


Fig.15. *Main digital telephone posts, NSI*

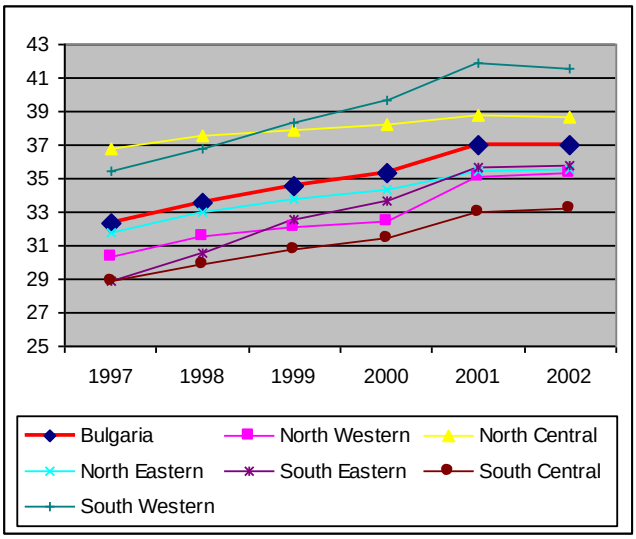


Fig.14. *Density of telephone posts per 100 inhabitants, NSI*

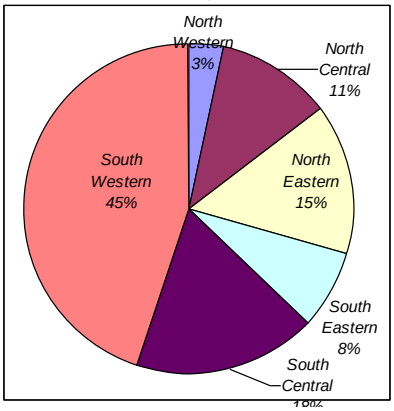
The number of mobile phones is lower than that in the EU and in a number of the new Member States.

The information and communication technologies (ICTs) offer new opportunities for the companies and regions and are an important factor for regional competitiveness, influencing the rate of implementation of changes in the regions and the territorial distribution of economic activities. From the point of view of cohesion, ICTs offer an important chance for overcoming the "distance barrier" and the hinterland problems, typical for many peripheral regions.

There are, however, certain concerns that the territorial impacts of the so-called "digital divide" might, instead of diminishing regional disparities, aggravate them because of the different abilities of the companies and households to have access to ICTs and take advantage of the new technologies[12].

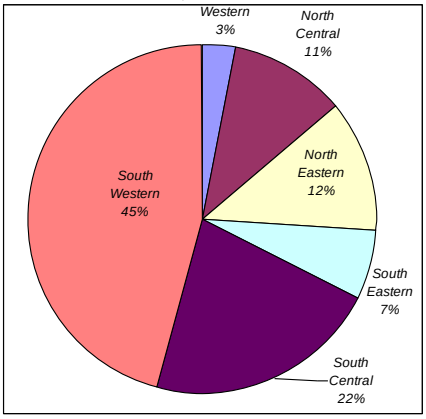
The Internet market in Bulgaria demonstrates a steady growth during the period 1997-2003. According to data from the Ministry of Transport and Communications the value of the Internet services has increased from USD 5.2 million (1997) to USD 56.8 million or more than 10 times. This process is accompanied by an increase in the number of PCs per 100 inhabitants. The number of servers is also growing in line with the trends of increase of the number of PCs, namely from 6,800 (1997) to 28,700 (2003).

Fig.16. *Number of PCs (% of the national total), NSI*



According to data from the Bulgarian Telephone Company in the year 2000 4.8% of the population of the country was able to use Internet, which is far below the respective figure for the EU (27.5%).

Fig.17. *Active use of Internet, (% of the national total), NSI*



The major conclusion to be made is that all the regions in the country lag significantly behind in terms of technological potential for growth, preparedness for use of ICTs and rates of use of ICTs[13]. Overcoming of the underdevelopment with respect to technological advance, knowledge-based economy and information society is a matter of decisive importance for the development of the national and regional economies and achievement of an intensive overtaking growth in the next 10 years.

The most attractive regions from the point of view of conditions and opportunities for conducting research activities and development of new technologies, as well as with due respect of the existing infrastructure and saturation with facilities for development of an information society are the Southwestern, South Central, North Central and Northeastern planning regions. In the Southwestern and South Central planning regions there are potentials and resources for development of knowledge-based manufacturing activities, a broader complex of modern directions based on the advance of science and technology - from biotechnologies, information technologies and applied software to gene-engineering and gene-modified foodstuffs, management technologies etc.

[12] New partnership for cohesion, convergence, competitive capacity and co-operation, EC 2004

[13] According to the latest edition of the Global ICT Report, published by the World Economic Forum, Bulgaria ranks on the last place among the EU Member States and accession candidate states in terms of macro- and micro-environment for development of the information technologies, and at on the last but one place (before Turkey) in terms of preparedness to use ITs and on the 68th place in terms of use of ITs. The low preparedness of the businesses is a matter of concern.

1.4.3 Entrepreneurship

Development of entrepreneurship is a principal objective of the Lisbon Strategy. If, in relation to the USA, Europe continues to suffer from "a gap in entrepreneurship", then the same applies for the comparison between Bulgaria and Europe. The country does not only need more entrepreneurs, but it also needs an environment supportive to the growth of enterprises.

The lack of financial support, the complexity of administrative procedures and the shortage of skilled workforce are still identified as key barriers for starting and expansion of business.

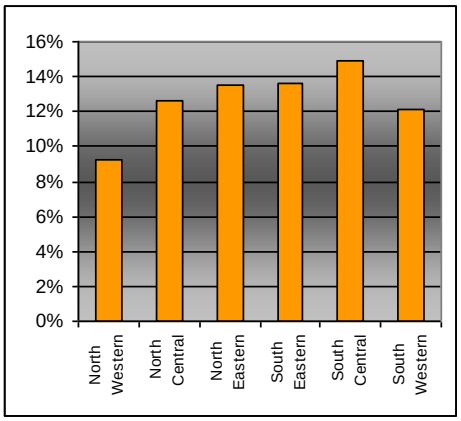
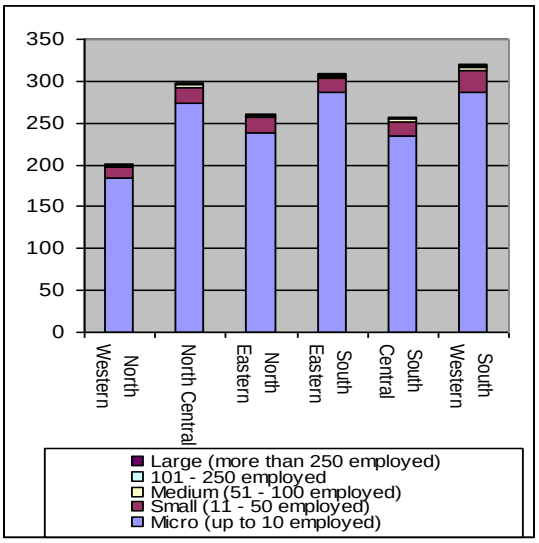


Fig.18. *Relative share of entrepreneurs (employers and self-employed persons) of the total number of those employed, %, 2003, NSI*

The lowest level of development of entrepreneurship has been recorded for the Northwestern Region and the highest – for the South Central Region. It is worth noting that in the most developed region in the country, the Southwestern Region, the level of entrepreneurship is around the national average. This may be explained by the structure of the economy in this region, which is characterized by concentration of administrative and educational services. The level of female self-employment in industry (5% of the female workforce) and the services (9% of the workforce) is a signal that his potential is not fully tapped.



Another indicator of entrepreneurship, the density of localization of small and medium-size enterprises, is at the same time a powerful signal about the prospects for development of successful business environment. The spatial distribution of SMEs shows concentration in the agglomerations around the big cities and in the regions with well-developed and diversified industry.

Fig.19. *Distribution of enterprises from the non-financial sectors of the economy by size (by regions), 2002, NSI*

1.4.4 Development of business services

The economic restructuring has contributed greatly to the intensive development of the institutions for support of and assistance to business, i.e. companies and organizations, offering financial, insurance, advisory and information services and services related to real estate trade. The number of people employed in activities of this type per 10,000 inhabitants shows a trend of increase in the total number of those employed nationwide – from 117,154 people (2000) to 132,771 people (2003) – and this indicator manifests a definite regional homogeneity.

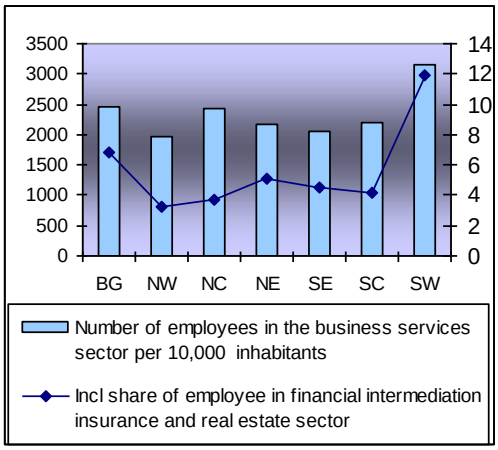


Fig.20. *Number of employees in the business services sector per 10,000 inhabitants by planning regions, 2003, NSI*

Regional development agencies and business centers, set up to support businesses in the regions, have been registered throughout the country.

In the framework of different projects 37 business centers and 10 business incubators have been set up at different locations in the country. The number of business centers is the largest in the Southeastern Region (10 business centers in the cities of Aytos, Karnobat, Kotel, Elhovo, Malko Tirnovo, Ruen, Straldja etc.), the Southwestern Region (8 business centers in the cities of Gotse Delchev, Razlog, Samokov, Blagoevgrad, Pernik etc.), the Northeastern Region (7 business centers in the cities of Dobrich, Dulovo, Iisperih, Novi Pazar, Targovishte, etc.) and the South Central Region.

The development of the business-oriented services is of decisive importance for the competitiveness and revival of the regional economies, which evidently still ranks as a strong challenge to the regional policy of the country.

1.4.5 Investments

The distribution of investments in long-term material assets by regions is extremely uneven (Fig. 21). During the entire period under review the Southwestern Region manifests the highest investment costs – almost the half of the national total, which is justified to a certain extent by the fact that a multitude of companies from industry and the services sector are clustered on the area of the capital. The ensuing conclusion is that investments in the rest of the regions are relatively low and do not create the necessary conditions for economic growth and employment.

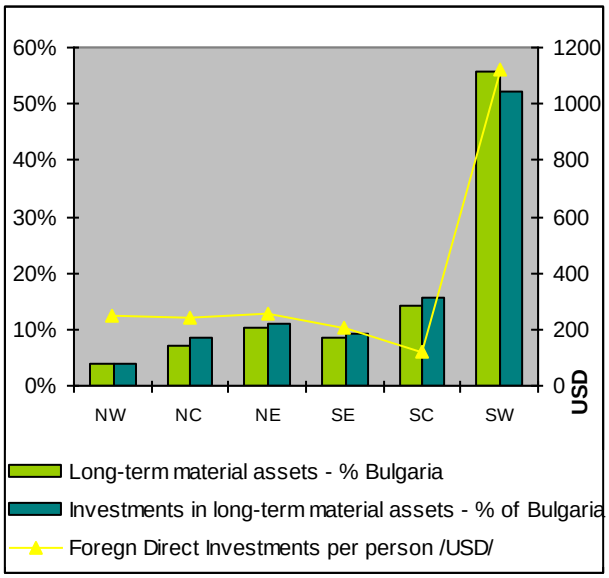


Fig.21. *Cumulative direct foreign investment and direct local investments by planning regions, 2003, NSI*

Direct foreign investments in Bulgaria for 2003 compared to 2002 amount to USD 1,525 million, showing an increase by 55%. The attracted equity capital accounts for the largest share of direct foreign investments in 2003 – about 50% at the value of more than USD 750 million.

In the course of the years the spatial localization of foreign investments in Bulgaria has followed steadily a model tailored to match the foreign investors' preference for regions, which are heavily urbanized, with well-developed infrastructure, skilled human resources and an easy access to areas for services and manufacturing facilities. Approximately 63% of the foreign investments in this country are concentrated in the Southwestern Planning Region, including about 50% in the capital city. In the remaining regions the share of foreign capital does not exceed 10% of the total countrywide, with the exception of the Southeastern Region (12%). An exclusively low amount of foreign in investments has been noted for the Northwestern Region – 2.6%. This is an indication that the system of incentives (preferential taxation treatment) is not sufficiently adequate to foster investment in these regions. It is further indicative for the absence of prerequisites aimed at raising the attractiveness of these regions for foreign investors. Therefore, the regional policy is challenged to create conditions for overcoming of this lack of balance. A similar spatial distribution, featuring a relatively high degree of concentration of direct foreign investments in the Metropolitan areas (in an around the capital cities), has been noted also the New Associated States and the cohesion Member States.

1.4.6 Energy sector

Development of a competitive energy sector leads directly to a competitive economy and in this respect the potential of Bulgaria is big. The energy infrastructure in the country is well developed and it would be misleading to state that one or another of the planning regions needs a special support in this respect. The opportunities are rather bound to the implementation of a targeted energy policy, oriented to that of the EU.

The decommissioning of several units at *Kozloduy* NPP will, however, give rise to a specific problem with the employment and economic development of the Northwestern Planning Region. It is necessary to focus on exploring the opportunities for alternative employment for some of the dismissed workforce in the region, which might be supported by advance action on the part of the regional policy, aimed at promotion of entrepreneurship, re-training of the workforce and its incorporation in the labour market.

The access to clean and reliable energy sources at competitive prices is an important factor for the competitive capacity of the regions. Primary energy production, however, cannot meet the demand rates in the majority of the Member States and cohesion states, which import more than 80% of their energy demand. Bulgaria is strongly energy dependent, since it imports more than 70% of its primary energy sources. The sole significant local energy resource is low-quality lignite coal with high sulphur content. The country is dependant on imported fuels of Russian origin – petrol, natural gas, high-quality coal and nuclear fuel. This structure of the energy balance is a cause of concern both from the point of view of the security of energy supply and from the point of view of environmental pollution. Besides, one cannot expect from the Bulgarian economy to be competitive provided it spends 10 times more energy per GDP unit as compared to the West European economy and 2-3 times more as compared to the Central European economies. An issue of even graver concern is that while in all other countries there is a steady trend towards minimizing of energy intensity, the Bulgarian economy, including the economy of the regions, continues to oscillate around the already reached highest values.

There is a significant potential for raising the security of energy supply through taking advantage of the key geographic location of Bulgaria for increasing the transit of resources from Russia and Asia (natural gas, petrol and power) towards the West and the South of the continent, as well as of the opportunity to diversify the sources and providers of energy resources. Provided in the future gas pipelines from Central Asia to Bulgaria and farther to Central Europe were constructed, the country might develop into an alternative East-West corridor, which would diversify Western Europe's dependence on imported natural gas.

Increasing the share of power generation from **renewable energy sources** in the national energy balance through application of preferential policy for their development is a manifestation of integrated efforts in the field of improvement of the environment and energy efficiency in general. Opportunities for the use of renewable energy sources exist in all the planning regions, the most favorable being those in the Northeastern, South Central and Southwestern planning regions.

1.4.7 Transport infrastructure and transport access

The transport infrastructure has a decisive importance for regional development and is a major factor for competitive capacity and cohesion.

Road network

The total length of the road network in Bulgaria is 37,295.7 km[14] at an average density of 0.33 km/km^2, which is less than half the level of this indicator for the EU15 and lower than that of the regions under Objective 1, which in turn is about 2/3 of the average for EU15.

The distribution of the road network demonstrates a low relative share of highways and Class A roads in the country, which in no way may be reckoned to encourage the growth of transit traffic and inter-regional connections.

Table 6. State of construction of the road network

Planning regions	Density of the road network total	Relative share of highways and Class A roads from the regional total	Relative share of asphalt-covered roads from the regional total	Relative share of highways and Class A roads in the region from the national total
	(km/1000km^2)	(%)	(%)	(%)
Republic of Bulgaria	336.0	9.0	88.5	100
Northwestern Region	319.4	5.2	87.6	5.3
North Central Region	356.2	8.7	92.9	16.6
Northeastern Region	358.3	9.3	90.0	20.0
Southeastern Region	299.6	10.9	90.8	14.4
South Central Region	330.5	7.9	86.8	21.7
Southwestern region	338.7	10.7	84.0	22.0

The spatial organization of the road network in Bulgaria illustrates the differences in its completeness by planning regions (Table 6).

The lag behind in the development of the road network is the greatest in the South Central and the Northwestern planning regions, where the road characteristics in terms of both quality and quality are below the national average. The road network is better developed in the Southwestern, Southeastern and Northeastern planning regions.

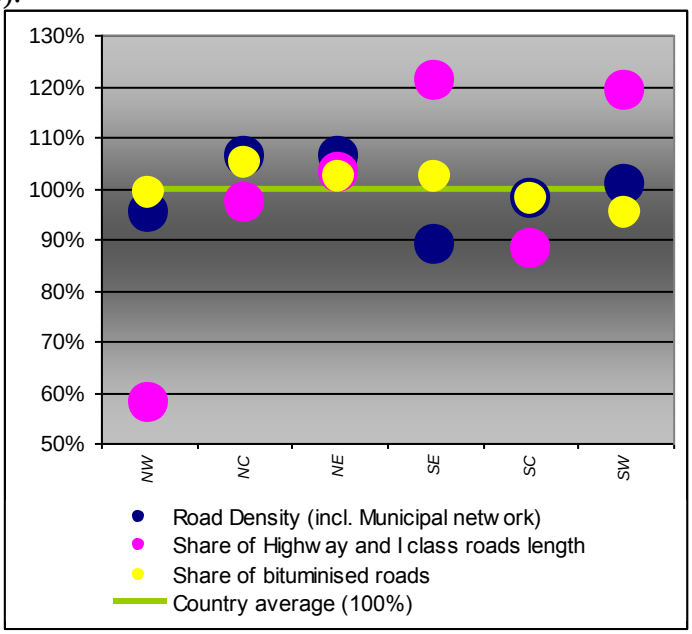


Fig.22. *Differences in the degree of completeness of the road network by planning regions as compared to the average values countrywide, 2002.*

Transport accessibility

The spatial distribution of the roads of a higher class is of decisive importance for the mobility of the population and the transport access to services of a higher quality. The predominant part of such roads in the country is *in situ* on the area of the Southwestern, South Central and Northeastern planning regions (respectively 22.0%, 21.7% and 20.0% of the total length of such roads). This is explained by the location there of particularly important centers from the settlements

[14] The data used in the text is based on statistical information from the National ISPA Strategy "Transport", worked out by the Ministry of Transport and Communications in August 2003.

network – the city of Sofia in the Southwestern Region, the city of Plovdiv in the South Central Region and the city of Varna in the Northeastern Region, which have caused priority construction of highways and Class A roads specifically in these planning regions. The least portion of the Class A road network in the country is built on the area of the Northwestern Region (5.3%), to be explained by the absence of any significant center of the settlement network there.

This spatial development of the road network determines also the possibilities for transport accessibility of the population to the centers offering a certain type of services (health care, education, culture, etc.). In Southern Bulgaria more than 80% of the population has access to these services in the framework of 90 minutes ride and in the Southwestern Region these values are above 90 minutes, while in Northern Bulgaria the access is more difficult and only 60% of the population of the Northwestern Planning Region have such access within 90 minutes.

The access to the transport network of neighboring countries (number of border-crossing points) is an important indicator about the possibilities for conducting transit traffic and development of cross-border co-operation. At the background of the statistical data about the traffic and economic loads of some of the existing border-crossing points, as well as the EU requirements for control of its outer borders, opportunities should be sought for increase of the number of passages for the internal borders and increase of the capacity for the border-crossing points at the external borders.

The forthcoming conversion of the state frontier of the country into an "external" (western, southeastern and Black Sea sections) and an "internal" (northern and southern sections) EU borderline will make indispensable the application of differentiated procedures for customs and frontier police control. With respect to the commodities customs control this distinction will be in force as early as in 2007, while with respect to the frontier police control for persons – around 2009.

The road network of Bulgaria is of the "closed-loop" type. The small number of border-crossing points (a total of 17, including only 7 on Class A roads) makes difficult the access to the EU states and cause uneven loading of the road network by transit traffic flows. Of the total of 17 border-crossing points the majority (10) are located on the western border, including 4 on Class A roads.



The coverage of the national territory by high-class roads is uneven – the destinations East-West are better developed than the North-South directions and the servicing of the peripheral areas is deteriorated.

The complex nature and high costs related to the construction of new roads, predetermined by the mountainous relief of about 40%[15] of the area of the country, continue to be a barrier to the development of the road network in compliance with the European standards.

Railway network

The density of the railway network (39km/1000km^2) is lower than the density of the railway networks of the countries of EU15 and of some Eastern European countries. In the regions under

[15] National Transport Plan, Inception Feasibility Report, ECORYS-NEI, March 2004.

Objective 1 as a whole the density of the railway network is about 75% of the EU15 average, where the trend is towards a certain diminishing of the total length because of closing of certain lines.

The railway does not provide an even level of services over the entire territory of the country. At an average density of 39 km/1000 km^2, in the Rila-Rhodope area it is 16 km/1000 km^2, in certain parts of Southeastern Bulgaria it is 7 km/1000 km^2 and in the northeastern areas – 20 km/1000 km^2. The level of provision of the services by planning regions is also uneven (Table 7).

Table 7. Level of completeness of the railway network

Planning regions	*Density of the railway network*	*Relative share of the double railway lines from the regional total*	*Relative share of electrified railway lines from the regional total*	*Relative share of the railway lines in the region from the national total*
	km/1000 km^2	%	%	%
Republic of Bulgaria	39.0	22.4	65.9	100.0
Northwestern Region	38.2	16.3	74.8	9.4
North Central Region	45.1	25.3	64.3	18.7
Northeastern Region	33.5	36.6	65.4	15.5
Southeastern Region	27.2	37.4	80.4	9.2
South Central Region	41.0	12.8	53.8	26.1
Southwestern Region	44.8	17.5	61.2	21.1

The railway network is the least developed in the eastern end of the country (the Northeastern and particularly the Southeastern planning regions), where the network density is significantly below the national average. The rate of upgrading of the railway network is particularly retarded in the South Central Region, where the density of the network is slightly above the national average.

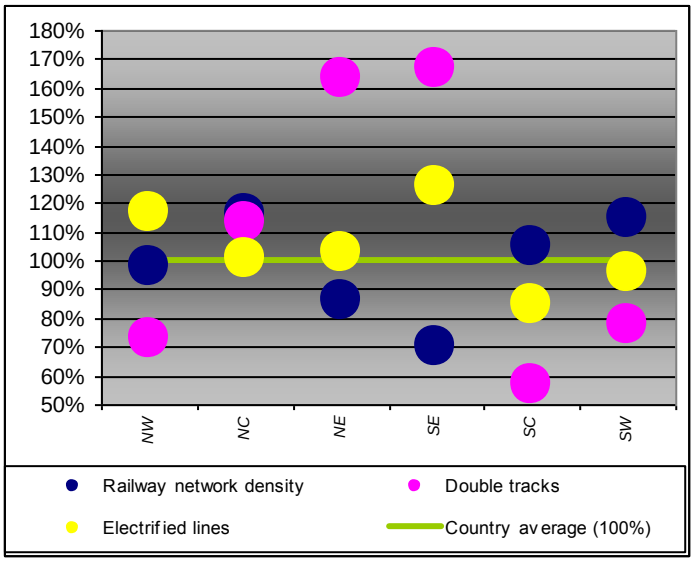


Fig.23. *Disparities in the level of completeness of the railway network by planning regions as compared to the national average values, 2002*

Accessibility to railway transport

In view of the specifics of the railway transport, an indicator of decisive importance for the accessibility by transport, apart from the spatial development of the railway network, is also the number of railway stations and stops, servicing the individual planning regions. The territorial distribution by planning regions is different. The territory serviced the best is that of the South Central Region, which is traversed by one quarter of the entire railway network of the country, followed by the Southwestern and the North Central planning regions (with 21.1% and 18.7% respectively). Peripheral in terms of the railway infrastructure are the Southeastern and the Northwestern regions, in which respectively 9.2% and 9.4% of the railway network in the country are *in situ*.

The Southeastern Planning Region occupies evidently a peripheral status with respect to the railway transport services because of the absence of a border-crossing point on its area and difficult access of the population to railway services (the lowest density of railway stations and service

stops). The Southwestern Planning Region benefits at the most, thanks to the most facilitated access of the population to railway services for the high density of railway stations and stops and the availability of two border-crossing points.

All in all, the railway network in the country may be assessed as a "close-loop" one because of the small number of border railway crossings (only 8) to the neighboring countries. This in turn predetermines the high percentage of end stations (about 30%)[16], while the parameters of the infrastructure to these points are lower as compared to those of the inland central backbone of the railway network.

Air transport

From the existing 10 civil airports in Bulgaria 5 have the status of international airports (Sofia, Plovdiv, Varna, Bourgas and Gorna Oryahovitsa), the bulk of activities being concentrated at the Sofia, Bourgas and Varna Airports, which service predominantly international destinations. In 2001 a total of 2,660,158 passengers and 13,228 tons of goods were serviced by regular passenger, charter and cargo flights at the five international Bulgarian airports.

1.5 ENVIRONMENT

1.5.1 Atmospheric air quality (AAQ)

The assessment of the quality of atmospheric air is performed by the basic monitored indicators: dust, particulate matter, sulphur dioxide, nitric dioxide, heavy metals, as well as some other specific pollutants in compliance with the Clean Air Act. In 2001, after the completion of the appropriate preliminary assessment of the level of pollutants, the MoEW approved the division of the area of the country into areas and agglomerations (population size above 250,000 people) subject to assessment and management of the quality of atmospheric air (AMQAA) and their categorization depending on the degree of pollution. 119 areas subject to AMQAA have been set up, including ***34, which have been identified as regions and agglomerations with exceeded values above the set AAQ norms*** in compliance with the respective EU Directives. For these areas specific municipal programmes should be worked out for reduction of pollutant emission levels, achievement and observation of the norm values in the sense of the provisions of the Clean Air Act and Framework Directive 96/62/EC. Since the end of 1999 only a few cases of exceeding of the set alarm thresholds of sulphur dioxide and nitric dioxide have been recorded and therefore there is no need for working out of municipal emergency plans as requested under Article 7 of Directive 96/62/EC.

The rehabilitation measures implemented so far in the energy sector and industry, with minor exceptions, do not ensure the required quantitative and sustainable reduction of atmospheric pollutants by these sectors. The observed reduction of the emissions of some pollutants is the result above all of curtailing of the manufacturing activities.

The Northwestern Planning Region can be defined as one of the cleanest with respect to AAQ. Three areas subject to AMQAA have been established in it, namely Vidin, Vratsa and Montana. Pollution comprises mainly sulphur dioxides and particulate matter, caused by industrial activities and individual space heating in the residential sector.

Eight areas subject to AMQAA have been categorized in the ***North Central Region,*** including Nikopol, Svishtov, Pleven, Gabrovo. Sevlievo, Veliko Tirnovo, Gorna Oryahovitsa and Russe. Air pollution with sulphur and nitric dioxides and particulate matter is above the upper assessment threshold and is caused by TPPs, space heating, industrial activities and road transport. Svishtov is one of the areas in which the largest quantities of sulphur dioxide per 1000 inhabitants

[16] National Transport Plan, Inception Feasibility Report, ECORYS-NEI, March 2004.

were emitted in 2003. The highest average annual concentrations of nitric dioxide and particulate matter have been measured in Veliko Tirnovo. All sources of pollution are situated on the territory of Bulgaria, except for the case of Nikopol, where pollution with ammonia originates from Turnu Magurele.

The pollution levels in the ***Northeastern Region*** with sulphur and nitric dioxides and particulate matter in the areas subject to AMQAA Silistra, Dobrich, Varna and Provadia are above the upper permissible limits. The sources of pollution are above all industrial enterprises and transport in Varna and Russe and industry in Provadia. Varna is one of the areas, which have emitted the largest quantities of nitric dioxides per 1000 inhabitants.

Four areas subject to AMQAA have been identified in the ***Southwestern Region***, namely Sofia City and Elin Pelin, Pirdop and Zlatitsa and Pernik. In this area there is a high concentration of industrial activities, which are the main sources of air pollution. There are situated also some of the most heavily urbanized areas in the country, in which significant dust pollution is generated. The *Kremikovtsi* Combined Metallurgical Works is the major source causing exceeding of the permissible norms for lead aerosols. Pernik is one of the districts producing the highest quantities of sulphur dioxide emissions per 1000 inhabitants and the highest concentrations of particulate matter. Presence of lead, zinc, cadmium and arsenic of 0.5 to 2 times the permissible threshold levels and copper of 2 times the permissible threshold level has been found along the valley of the river Topolnitsa (including in the municipalities of Zlatitsa, Pirdop, Chavdar, Chelopech, Mirkovo, Koprivshtitsa and Ihtiman).

The South Central Region can be defined as the region with the most gravely deteriorated quality of atmospheric air. Eleven areas subject to AMQAA are situated on its area. They account for 1/3 of the areas in which air pollution is at a level requiring working out of municipal programmes for reduction of the level of pollutants. Air pollution comprises mainly sulphur and nitric dioxides and particulate matter. Maximal one-time values of sulphur dioxide have been recorded in Plovdiv, Polski Gradets, Dolni Voden, Assenovgrad and Kuklen. The highest average annual concentrations of nitric dioxide and particulate matter have been measured in Plovdiv. In certain areas like Plovdiv and Kardjali pollution with lead, ammonia and cadmium above the upper assessment thresholds has been recorded. Radnevo and Galabovo are also some of the areas with the highest emissions of sulphur and nitric oxides per 1000 inhabitants. The main sources of pollution are the industrial and mining activities at *Maritsa Iztok* TPP, Radnevo, Galabovo, OtsK PLC and the Non-ferrous Metals Combined Works PLC.

The areas subject to AMQAA in the ***Southeastern Region*** are Sliven, Yambol, Karnobat, Kameno and Burgas. Road transport and space heating in the residential sector are the sources of pollution with dust, while industries, including LUKOIL PLC, are the sources of pollution with sulphur and nitric dioxides and ammonia. Maximal one-time values of sulphur dioxide have been recorded in Kameno. The highest average annual concentrations of nitric dioxide have been measured in Burgas.

1.5.2 Water quality

Shortage of water resources and problems in drinking water supply

Since the year 2000 a trend of general reduction in water abstraction in Bulgaria is observed, which is the consequence of decommissioning of certain water-intensive and unprofitable production facilities and the gradual increase of the price of water, combined with the drought. The absolute volumes of consumed water also mark a drop proportionate to the reduction in the abstraction rates of the resource – from 7,244 million m^3 in 1998 to 5,786 million m^3 in 2002. The major consumers of water are industry and the heat and power stations. Water consumption in agriculture, including for irrigation, is also diminishing.

By 2002 nearly 98.8% of the population in this country has been connected to the public system of centralized water supply, although this percentage is lower for the Northwestern and South Central regions (respectively 96.7% and 96.9%). Although 9 water reservoirs, 190 urban water supply networks and water supply systems, more than 1000 projects for small sites for drinking water supply and 40 facilities for additional water supply to areas in a critical state of drinking water supply have been constructed or reconstructed since the year 2000, 88% of the population in Gabrovo District (North Central Region), Pernik District (Southwestern Region) and Smolyan District (South Central Region) still live on water rationing. Nationwide, the relative share of the population subject to water rationing is 21.6%, the situation being the gravest in the Northwestern Region, where nearly one half of the local inhabitants (45.5%) do not benefit of a permanent water supply. In the North Central Region this applies to one quarter of the population, while in the South Central Region and the Southwestern Region the indicators are close to the national average. The least struck by these problems are the eastern parts of the country (the Northeastern and Southeastern regions), where the relative share of the population living on disturbed water supply is quite below the national average (14.4% and 13%).

Surface waters

Water management on the territory of the Republic of Bulgaria is performed at the national level and basin level. The river basin is the basic unit of joint management of the quantity and quality of surface and ground waters for attainment of sustainable water use and protection of waters and aquifer ecosystems. The management of waters, aquifer sites and water economy systems and facilities is performed on the basis of water basin management plans and a National Water Economy Plan. The following regions for basin management of waters have been set up:

1. Danube Region with center the city of Pleven;
2. Black Sea Region with center the city of Varna;
3. Eastern Aegean Sea Region with center the city of Plovdiv; and
4. Western Aegean Sea Region with center the city of Blagoevgrad.

In the recent years a trend towards improvement of the general ecological state of waters has been observed. The upper streams of the rivers are characterized by unpolluted to slightly polluted water. In certain regions diminishing of the number of sections with distorted status has been observed and no emergence of new sections with distorted hydro-biological status has been noted. Despite the above-mentioned positive trend, points and river sections with gravely deteriorated environmental qualities have been recorded. The ***Northwestern Planning Region*** features a very good state with respect to the quality of surface waters. Only one section with distorted ecological balance has been detected on the river Ogosta at its discharge into the river Danube. The source of pollution is tailing of untreated household and industrial wastewaters.

The ***North Central Planning Region*** is traversed by the valleys of the rivers Vit and Yantra. One section with stable distortion of the ecological status has been registered in the basin of each of them. The cause of pollution is also tailing of untreated household and industrial wastewaters.

In the ***Northeastern Planning Region*** there are six sections of water pollution above the permissible limit concentrations in the river Kamchia basin. In the basin of the river Russenski Lom there are two sections with distorted hydro-biological status.

The ***Southwestern Planning Region*** features the largest number of river sections with disturbed ecological status. In the river Maritsa basin four sections with distorted ecological status have been categorized, in the river Struma basin there are six polluted sections and in the river Iskar basin there are four. Pollution is caused by discharged wastewater from households and various manufactures and bulk discharge pollution from *Bobov Dol* TPP. Wastewater with higher concentration of heavy metals is discharged in the Zlatishka river and Pirdopska river.

The ***South Central Planning Region*** is also characterized by a large number of polluted river sections. The river Maritsa basin is the worst polluted and there are twelve sections in which the level of pollutants is above the permissible concentrations. The small rivers Madanska, Varbitsa and Krumovitsa feature one section each with pollution level above the norms. Polluted waters are discharged from the urban sewers for household and industrial wastewaters, water from the mines, wastewater from one pig farm complex and toxic bulk discharges from the Non-ferrous Metals Combined Works PLC and *Agria*. Despite the existing problems, there are many well-preserved, environmentally clean water sources, especially in the mountain areas.

The ***Southeastern Planning Region*** can be defined as the cleanest with respect to the quality of surface waters. Only one section with distorted ecological status has been found on the river Tundja.

Sewerage systems and wastewater treatment plants

Discharge of untreated household and industrial wastewaters is the main source of water pollution in Bulgaria. The poor state of repair of the sewerage networks or the absence of such systems is another factor contributing to water pollution almost everywhere.

By 2002 66.5% of the population was connected to sewerage systems. The number of human settlements having sewerage systems is 272, including 167 cities and 105 villages. The total length of the sewerage network is 9,013.2 km, including 5,757.3 km with dia. below 400 mm and 3,255.9 km with dia. above 400 mm.

The ***Northwestern Planning region*** features the lowest share of population connected to sewerage networks – 53.2%. The length of the network is also the shortest countrywide – 443.9 km, including 279.8 km with dia. below 400 mm and 164.1 km with dia. above 400 mm. The "ViK (Water Supply and Sewerage)" companies (state ownership share above 50%) operate 382.4 km of the sewerage network and the municipal companies operate 61.5 km.

The sewerage network of the ***North Central Planning Region*** covers 59.7% of the population. The total length of the network is 1,036.0 km, including 699.0 km with dia. below 400 mm and 337.0 km with dia. above 400 mm. The "ViK" companies (state ownership share above 50%) operate 943.9 km of the network and municipal companies operate 92.1 km.

In the ***Northeastern Planning Region*** a 1,416.6 km long sewerage network is <u>*in situ*</u>, operated exclusively by companies with more than 50% state ownership ("ViK"). Of the total length of the network 1,031.2 km is with dia. below 400 mm and 385.4 km – with dia. above 400 mm. The sewerage network covers 63.3% of the population.

In the ***Southeastern Planning Region*** the sewerage network is also operated exclusively by companies with more than 50% state ownership ("ViK"). The total length of the network is 755.8 km, including 530.6 km with dia. below 400 mm and 225.2 km with dia. above 400 mm. The coverage rate is 65.5% of the population.

The length of the sewerage network in the ***South Central Planning Region*** is 2,193.1 km, including 1,308.7 km with dia. below 400 mm and 884.4 km with dia. above 400 mm. The "ViK" companies (state ownership share above 50%) operate 1,957.8 km of the sewerage network and municipal companies operated 235.3 km. The sewerage network covers 65.0% of the population.

The ***Southwestern Planning Region*** features the highest share of the population covered by sewerage networks – 84.5%, and the greatest length of the network – 3,167.7 km, including 1,908.0 km with dia. below 400 mm and 1,259.7 km with dia. above 400 mm. The "ViK" companies (state ownership share above 50%) operate 1,353.9 km of the sewerage network. The share of the sewerage network operated by water supply and sewerage companies municipal property is higher – 1,813.8 km or 57.3% of the entire length. The sewerage network of the capital Sofia has a decisive role for this high share, since it is entirely municipal property.

The number of operating ***wastewater treatment plants*** in 2002 was 55. They service 67 settlements with 38.6% of the population in this country. The share of wastewater treated in the wastewater treatment plants has increased from 63% in 1999 to 78.5% in 2002. The efficiency of operation of the wastewater treatment plants is still low – by 2002 they operated at 55.8% of their design capacity. The main reason for that is the persisting lagging behind in the completion/construction of sewerage networks in many human settlements. Out of 81 settlements with a population above 10,000 people only 29 have wastewater treatment plants. A matter of serious concern is the situation in the cities with a population of more than 50,000 people (21), since in only 12 of them there are wastewater treatments plants *in situ*. Therefore, there is an urgent need of implementation of the national programmes for completion of the water supply and sewerage systems in the planning regions (drinking water treatment plants, wastewater treatment plants, water supply and sewerage networks and facilities).

The largest number of operating wastewater treatment plants exists in the Northeastern Planning Region – 22. The Southwestern Planning Region ranks the second with 13 operating wastewater treatment plants, followed by the Southeastern Region – 10 plants, the South Central Region – 5 plants, the North Central Region 3 plants and the Northwestern Region 2 plants. The highest share of the population serviced by wastewater treatment plants has been recorded for the Southwestern Region (65.6%), followed by the Southeastern Region (43.9%). The Northwestern Region ranks the last with a share of 14.3%.

1.5.3 Soil quality

The total area of agricultural land contaminated with ***heavy metals*** from industrial activities is about 43,660 ha, which amounts to 0.9% of the agricultural land. These are areas polluted prior to the year 2000. New cases of pollution after the year 2000 have not been recorded. The data about the content of heavy metals in the areas with perennial plantations treated with plant protection chemicals show that the values for 93% of the areas are below the permissible limit concentrations.

Soil contamination with ***petrol products*** is very limited. There are no areas polluted with PAH (polyaromatic hydrocarbons) to levels having harmful impact on soils. All the measured contents of PCB (polychlorated biphenyls) are significantly below the reference baseline values and there is no risk of soil contamination. The investigation and mapping of the content of residual quantities of pesticides in arable soils, conducted in the period 1997-2000, has identified isolated local cases of residual quantities of rapidly degradable pesticides. A total of 6,912 cases of past contamination outside the above-mentioned ones have been detected. These are: landfills for solid urban, industrial and dangerous waste; areas of industrial and mining sites; areas connected with abstraction and storage of petrol products and platforms for storage of scrapped pesticides.

About 80% of the arable land and 15% of the land in forest areas suffer from erosion due to washing away and 37% suffer from weathering. About 50% of the irrigated land stock in the country is potentially threatened by washing away erosion. The mean annual losses from washing away amount to approximately 136 million tons of soil.

The expected rapid development of agriculture as a result of the application of the EU programmes and policies in the field of agriculture could lead to heavy intensification of production activities and hence soil damage.

In the ***Northwestern Region*** contamination of agricultural land with zinc, copper and cadmium at a rate of 0.5 to 2 times above the permissible limit concentrations has been found on the area of the municipalities of Boychinovtsi/Montana and Mezdra.

No soil contamination has been reported in the ***North Central and Northeastern planning regions***.

In the ***Southwestern Region*** contamination of agricultural land with zinc, copper and cadmium at a rate of 0.5 to 2 times above the permissible limit concentrations and with lead and arsenic at a rate of more than 2 times above the permissible limit concentrations has been found on the area of the Sofia City Municipality. Presence of lead, zinc, cadmium and arsenic at a rate of 0.5 to 2 times the permissible limit concentrations and copper at the rate of 2 times above the permissible limit concentrations has been found along the river Topolnitsa valley (on the area of the municipalities of Zlatitsa, Pirdop, Chavdar, Chelopech, Mirkovo, Koprivshtitsa and Yhtiman).

In the ***South Central Region*** contamination of agricultural land with zinc, copper, cadmium and arsenic at a rate of 0.5 to 2 times above the permissible limit concentrations and with lead at the rate of more than 2 times above the permissible limit concentrations has been measured on the area of the municipalities of Kardjali and Rudozem. In Madan the quantity of cadmium in some soils is more than 2 times above the permissible limit concentrations. Contamination between 1 and 2 times above the permissible limit concentrations has been recorded for some sections of arable land in the municipalities of Plovdiv, Assenovgrad and Topolovgrad. Apart from the need to take measures for rehabilitation of past contamination it is worth noting, however, that there are vast environmentally clean areas.

In the ***Southeastern Region*** the level of contamination with heavy metals in some agricultural land areas in the municipalities of Burgas and Malko Tirnovo is 0.5 to 1 times above the permissible limit concentrations.

1.5.4 Waste

In the period 1998 – 2002 the quantity of waste produced in the country marks a downward trend. The waste produced in 2002 is 84.2 million tons, which amounts to 38% of the 1998 figure. The rate of reduction with respect to the 2001 figure is 7.8%.

In the total quantity of waste produced in the country during the period 1998 – 2002 non-dangerous production waste accounts for the largest share. From 174,709 thousand tons in 1999 their volume has diminished significantly to 79,635 thousand tons in 2002. Out of the total quantity of this waste 51.1% were produced in the Southwestern Region and 45.4% in the South Central Region. An increase of the quantities of waste disposed in landfills has been noted for the same period – from в 0.6% to 1%. A trend of steady reduction of the quantities of waste has been noted in the South Central Region (about 4 times). The same trend, although at a somewhat lesser rate, is manifested in the Northwestern, Southeastern and North Central planning regions as well. Considerable increase of the produced quantities of non-dangerous industrial waste has been observed in the Southwestern Region (by 38.8%) and the Northeastern Region (52.7%).

Waste from the mining industry (exploration, abstraction and processing of minerals) accounts for the largest share of the non-dangerous industrial waste (89.9%). The significant reduction of this kind of waste since 1998 shapes the general trend of diminishing of waste production in the country. The share of waste from generation and distribution of gas, heat and power ranks the second (7%), followed by the share of waste from the processing industries (3%).

The quantities of solid urban waste correlated to the number of serviced population remain relatively constant – about 500 kg/inhabitant/year. At the end of 2002 commercial disposal of solid urban waste was available to 80% of the population in the country. The total quantity of commercially disposed solid urban waste amounts to 3,199,358 tons. The respective distribution by planning regions is as follows: Southwestern Region 29.5%; South Central Region 22.2%; North Central Region 17.9%; Northeastern Region 16.0%; Southeastern Region 9.4%; and Northwestern Region 5.0%.

The total quantity of disposed building waste in 2002 was 299,944 m^3. Almost the half of it was disposed in the South Central Planning Region.

The National Programme for Waste Management Activities for the period 2003-2007, approved by the Council of Ministers on 11 December 2003, makes provisions for all the investment activities on the area of the country aimed at construction of the necessary infrastructure for waste treatment with a view to complying with the European standards.

1.5 .5 Biodiversity

Bulgaria is characterized by rich biodiversity. The conditions in the country make possible the existence of 94 mammal species, 383 fowl species, 16 reptile species, 204 Black Sea and freshwater fish species, about 27,000 insect species and other invertebrates, between 3,500 and 3,650 saprophyte species and more than 6,500 protophyte species and fungi. More than 700 saprophyte species, among them many endemic species, 567 non-insect invertebrates (about 23% of all known species), more than 1,500 insect special, 29 Black Sea and freshwater fish species, 2 snake species, 78 birds and 10 large mammal special have been classified as rare for the flora and fauna species.

Protected areas are designated for conservation of the biodiversity in the ecosystems and the natural processes evolving there, as well as of characteristic or remarkable objects of the still life and the landscape. Protected areas are sensitive to the rate of loading and their economic use is limited. In the context of sustainable development they act not only as a stop to commercial development, but also as a source of income for the local population.

The total area of protected areas by 31 December 2003 was 545,004 ha or 4.9% of the total area of the country. Out of it 543,238 ha are protected areas by virtue of Art. 3 of the Law on Protected Areas and another 1,766 ha are miscellaneous protected areas (national parks and historical landmarks).

The ***Northwestern Planning Region*** has the least number of protected areas. On its area are situated three reserves, one controlled reserve and part of the *Vrachanski Balkan* Nature Park, nature landmarks and protected localities.

Situated in the ***North Central Region*** are 10 reserves, 3 controlled reserves, part of the *Central Balkan* National Park, the *Balgarka*, *Russenski Lom* and *Persina* nature parks, as well as nature landmarks and protected localities.

The ***Northeastern Region*** also has a relatively small number of protected areas. Situated on its area are 3 reserves, 9 controlled reserves, the *Zlatni Pyasatsi* and *Shumensko Plato* nature parks, nature landmarks and protected locations.

The planning regions situated in Southern Bulgaria are richer in protected areas.

Situated in the ***Southeastern Planning Region*** are the biggest nature park in Bulgaria – *Strandja* – and the *Sinite Kamani* Nature Park. There are also 9 reserves, 7 controlled reserves and numerous nature landmarks and protected locations.

On the area of the ***South Central Planning Region*** there are 15 reserves, 9 controlled reserves, parts of the *Tsentralen (Central) Balkan* and *Rila* national parks, many nature landmarks and protected localities. Some of the reserves and protected areas are situated in the Rhodope Mountain. Allocation of additional effort is necessary for their conservation, popularization and integration in the itineraries of ecological and cognitive tourism.

The greatest number and the most diverse types of protected areas exist in the ***Southwestern Planning Region***. Situated there are the *Pirin* National Park, the predominant portion of the *Rila* National Park and a small portion of the *Central Balkan* National Park, the *Vitosha* and *Rila Monastery* nature parks, part of the *Vrachanski Balkan* Nature Park, 15 reserves, 6 controlled reserves and numerous nature landmarks and protected localities.

Priority regions with respect to the establishment of new protected areas in the future are the Rhodope Mountains, the Eastern Balkan, the Black Sea coast, Strandja Mountain, the river Struma valley and the smaller areas situated around or connecting the existing national parks and nature parks in Rila, Pirin, the Balkan Range, Vitosha, etc.

1.6 SPATIAL DEVELOPMENT AND COHESION

1.6.1 Development of the settlement network and urban structure

The state of the settlement network and urban development is a mirror for the state of regional development and the implemented regional policies. Many of the conclusions and assessments of the regional development can be presented through the development of the settlement network

What is characteristic for the urbanization process in Bulgaria during the second half of the 20th century is that it evolves very rapidly until the 1980's and at a slower pace in the years after. During the entire period of the second half of the 20th century the rural population diminished for the account of an increase of the urban population. In the period after 1980, however, a drop in the population begins to be manifested in some of the cities as well, mainly the smaller ones. Since 1992 diminishing of the population is observed already in the majority of the cities, including the large ones.

Table 8. Urbanization processes in Bulgaria, 1956 – 2003, NSI

	1956	**1980**	**1985**	**1993**	**2000**	**2003**
Republic of Bulgaria	7 613 709	8 876 600	8 948 649	8 459 763	8 149 468	7 801 273
Rural population	5 057 638	3 330 600	3 148 710	2 739 267	2 572 611	2 359 546
Urban population	2 556 071	5 546 000	5 799 649	5 720 496	5 576 857	5 441 727
Degree of urbanization	33.5%	62.5%	64.8%	67.6%	68.4%	69.8%
Number of settlements	5 903	5 373	5 295	5 336	5 340	5 333
Number of cities	112	214	237	238	240	246
Number of villages	5 791	5 159	5 058	5 098	5 100	5087

As a consequence of the rapid rate of development of the urbanization processes during the second half of the 20th century the historically established dispersed point structure of the network of human settlements was disrupted. Large cities manifest a drive for spatial growth and disruption of the former compact structure. A process of development of settlement formations of a new type – agglomerations - sets it.

At the same time, parallel with the formation of urban agglomerations and the accumulation of problems there, on the opposite pole stands out the aggravation of the problems of the so-called "peripheral areas" with negligible concentration of population and underdeveloped settlements. It is there that the effects of the not adequately mastered urbanization of the country manifest themselves with particular gravity. The problems faced by the human settlements in these parts of the national territory grow into general regional problems of the spatial development – economic, social, environmental and cultural. Because of the then governing centralized administrative approach, the attempts to implement regional policy in the 1980's did not produce any specific resultant benefits for the settlements in the peripheral and border areas in Bulgaria.

In the present day picture of the settlement network, the uneven distribution of the localization of the large cities stands out clearly at the background of the generally speaking even distribution of the small cities/towns and villages. This means uneven distribution of the population on the territory, a certain lack of balance of the settlement network in terms of location of the large cities and respectively uneven socio-economic development. As a consequence, large portions of the national territory remain away from the big urban service centers and give rise to the problem

of "center-periphery". The uneven development of the network of large cities is the cause for the observed disparities in the socio-economic development within the boundaries of the national territory, whose partial expressions are the differences among the planning regions and above all inside the regions.

The degree of development of the areas and regions depends to a great extent on the availability of large cities, in which manufacturing activities, services, education, science and cultural life are concentrated. The areas and regions in which there is a large city demonstrate better general development level. Such areas are those around Sofia, Plovdiv, Varna, Burgas, Rousse, Pleven, Stara Zagora, i.e. around the cities with a population above 100,000 people, which rank on the top of the hierarchy of the settlement network. No wonder that on the area of the two most developed planning regions, the Southwestern Region and the South Central Region are situated also the two largest cities in Bulgaria, Sofia and Plovdiv. Large cities are and will continue to evolve as powerful centers with diverse regional functions: university education, science, R&D activities, manufacture, health care, business, commerce and banking, tourism, culture and spiritual life[17].

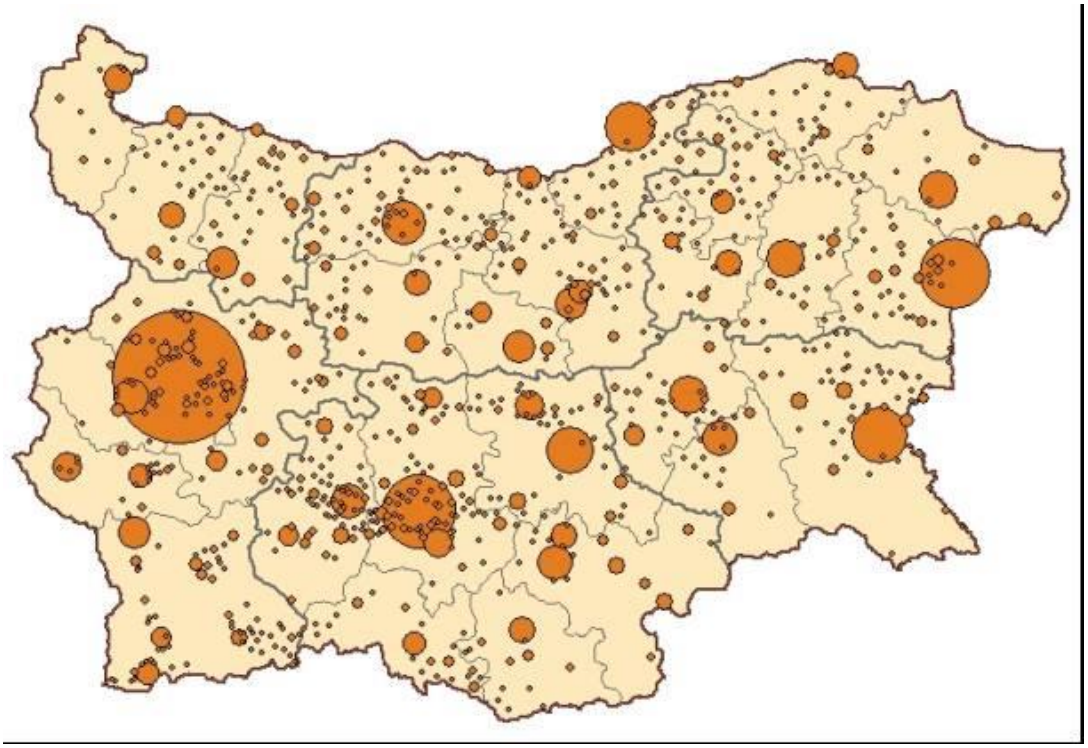


Fig.24. *Uneven distribution of large cities / even distribution of small cities and towns*

The areas and regions without a large city within their framework are underdeveloped. Such areas are situated in the northwestern, southwestern, southern, southeastern and northeastern ends of the national territory. It is namely the absence of large cities that contributed to the present image of the underdeveloped Northwestern Region and the southern parts of the area of the Southwestern, South Central and Southeastern regions, as well as the northern end of the Northeastern Region.

[17] In the 2003 ESPON Project of Nodregio and partners concerning the network of functioning urbanized areals (FUA) in Europe the evaluation points out to the existence of one such areal in Bulgaria – a city of European significance (MEGA) (Sofia), three areals - cities of international/national significance (Plovdiv, Varna and Burgas) and 27 areals – cities of regional/local significance. In our estimate the figure 27 is somewhat overestimated and should rather read 12 cities, since quite a number of the medium-size cities, including some district centers, have lost their active organizational role and characteristics of centers of growth.

These areas feature definitely the characteristics of a periphery. The existence of some medium-size cities on these areas cannot compensate for the absence of a big "organizing" center. Medium-size cities with a population from 30,000 to 100,000 people (24 in the year 2000) have only some supplementary functions and under the conditions of economic crisis during the past decade these functions have somewhat attenuated. In the cities of this category, as well as in the category of the very small towns (a total of 157 in the year 2000), the highest rate of average annual population drop is observed (–0.73%).

Characteristics of the urban development of the regions in Bulgaria

Northwestern Region

- *Urbanization on the area of the region is low: only 33% of the total population of the region lives in the cities, which are district centers.*
- *There is no large city with a population above 100,000 people, able to organize a region of growth.*
- *There are three medium-size cities with a population above 30,000 people, which are district centers: Vidin – 54,000 inhabitants; Montana – 48,000 inhabitants; Vratsa – 65,000 inhabitants.*
- *There is only one city with a population above 25,000 people, which complements and balances the district centers: Lom – 27,000 inhabitants.*
- *The population of all cities except Kozloduy is diminishing.*
- *The area is relatively well saturated with cities acting as centers and balance units – 3.8 per 1000 km^2*

North Central Region

- *The urbanization on the area of the region is relatively low: 38% of the total population of the region lives in the cities, which are district centers*
- *There are two large cities with a population of above 100,000 people, which form regions of growth: Russe – 159,000 inhabitants and Pleven – 117,000 inhabitants.*
- *There are three medium-size cities with a population of above 30,000 people, district centers: Veliko Tirnovo (66,000 inhabitants), Gabrovo (65,000 inhabitants) and Lovech (42,000 inhabitants).*
- *There are also four cities with a population above 25,000 people, which complement and balance the district centers: Gorna Oryahovitsa (34,000 inhabitants), Svishtov (32,000 inhabitants), Sevlievo (25,000 inhabitants and Trojan (23,000 inhabitants).*
- *The population in the cities with the exception of the city of Svishtov is diminishing.*
- *The area is well saturated with the cities acting as centers and balance units–5.0 per 1000 km^2*

Northeastern Region

- *The urbanization on the area of the region is relatively good: 48% of the total population of the region lives in the cities, which are district centers.*
- *There are two large cities with a population of above and around 100,000 people, which form regions of growth: Varna (312,000 inhabitants) and Dobriich (95,000 inhabitants).*
- *There are four medium-size cities with a population above 30,000 people, which are district centers: Shumen (87,000 inhabitants), Silistra (40,000 inhabitants), Targovishte (39,000 inhabitants) and Razgrad (37,000 inhabitants).*
- *There are no other cities with a population above 25,000 people to complete and balance the district centers.*
- *The population of the cities Varna, Balchik, Devnya, Beloslav, Dalgopol and Varbitsa is increasing.*
- *The area is poorly saturated with cities acting as centers and balance units–3.0 per 1000 km^2*

Southeastern Region

- *The urbanization on the area of the region is relatively good: 47% of the total population of the region lives in the cities, which are district centers.*

- *There are two large cities with a population of above or around 100,000 people, which form regions of growth: Burgas (191,000 inhabitants) and Sliven (98,000 inhabitants).*
- *There is one medium-size city with a population above 30,000 people, which is district center: Yambol (80,000 inhabitants);*
- *There is also one more city with a population around 25,000 people, which complements and balances the district centers: Nova Zagora (25,000 inhabitants).*
- *The population of the cities Nessebar and Primorsko is increasing the the population of Ahtopol, Tsarevo, Obzor, Kableshkovo and Sungulare shows no signs of diminishing.*
- *The area is very poorly saturated with cities acting as centers and balance units – 2.7 per 1000 km^2.*

South Central Region

- *The urbanization on the area of the region is relatively low: only 37% of the total population of the region lives in the cities, which are district centers*
- *There are two large cities with a population of above 100,000 people, which form regions of growth: Plovdiv (340,000 inhabitants) and Stara Zagora (142,000 inhabitants).*
- *There are four medium-size cities with a population above 30,000 people, which are district centers: Haskovo (79,000 inhabitants), Pazardjik (77,000 inhabitants), Kardjali (46,000 inhabitants) and Smolyan (32,000 inhabitants)*
- *There are also three cities with a population above 25,000 people, which complement and balance the district centers: Dimitrovgrad (43,000 inhabitants), Kazanlik (53,000 inhabitants) and Karlovo (25,000 inhabitants).*
- *The population in the cities of Svilengrad, Momchilgrad, Rakovski, Peshtera, Rakitovo, Dospat and Radnevo is increasing and there are no signs of diminishing of the population of Kardjali, Dospat, Krumovgrad and Sadovo.*
- *The area is poorly saturated with cities acting as centers and balance units – 3.3 per 1000 km^2.*

Southwestern Region

- *The urbanization on the area of the region is good: 63% of the total population of the region lives in the cities, which are district centers.*
- *There is one very large city, which forms a region of growth: the capital city of Sofia (1,128,000 inhabitants).*
- *There are three medium-size cities with a population above 30,000 people, which are district centers: Blagoevgrad (71,000 inhabitants), Kyustendil (48,000 inhabitants) and Pernik (83,000 inhabitants).*
- *There are also three cities with a population above 25,000 people, which complement and balance the district centers: Pertrich (30,000 inhabitants), Sandanski (27,000 inhabitants) and Dupnitsa (37,000 inhabitants).*
- *The population in the cities of Petrich, Sandanski, Ihtiman, Kostinbrod, Svoge, Bankya, Elin Pelin and Zlatits is cincreasing and there are no signs for diminishing of the population of Gotse Delchev and Novi Iskar.*
- *The area is poorly saturated with cities acting as centers and balance units – 3.4 per 1000 km^2.*

Some cities of the category of small cities (10 to 30 thousand inhabitants) manifest a tendency of stabilization and even slight increase of their population – Svishtov, Petrich, Sandanski (which come close to the category of medium-size cities with a population of 30,000 inhabitants), Gotse Delchev, Peshtera, Svilengrad (which gravitate to 20,000 inhabitants), Rakovski, Kozloduy, Balchik, Yhtiman (which gravitate to 15,000 inhabitants). This is due to reasons of different nature – border location, strong economic factor, tourism as an important function and vicinity to the capital with its 1 million inhabitants. The common feature is that these factors are not provoked by governmental intervention and targeted impact as a result of the state regional policy. This is, however, a phenomenon with positive impact on regional development, especially when it concerns peripheral areas, situated at a great distance from the large cities. This is the case, for instance, of Petrich, Sandanski, Gotse Delchev, Svilengrad, Svishtov and Balchik. In the case the action of the spontaneous factors may without reservation get support by way of additional **governmental**

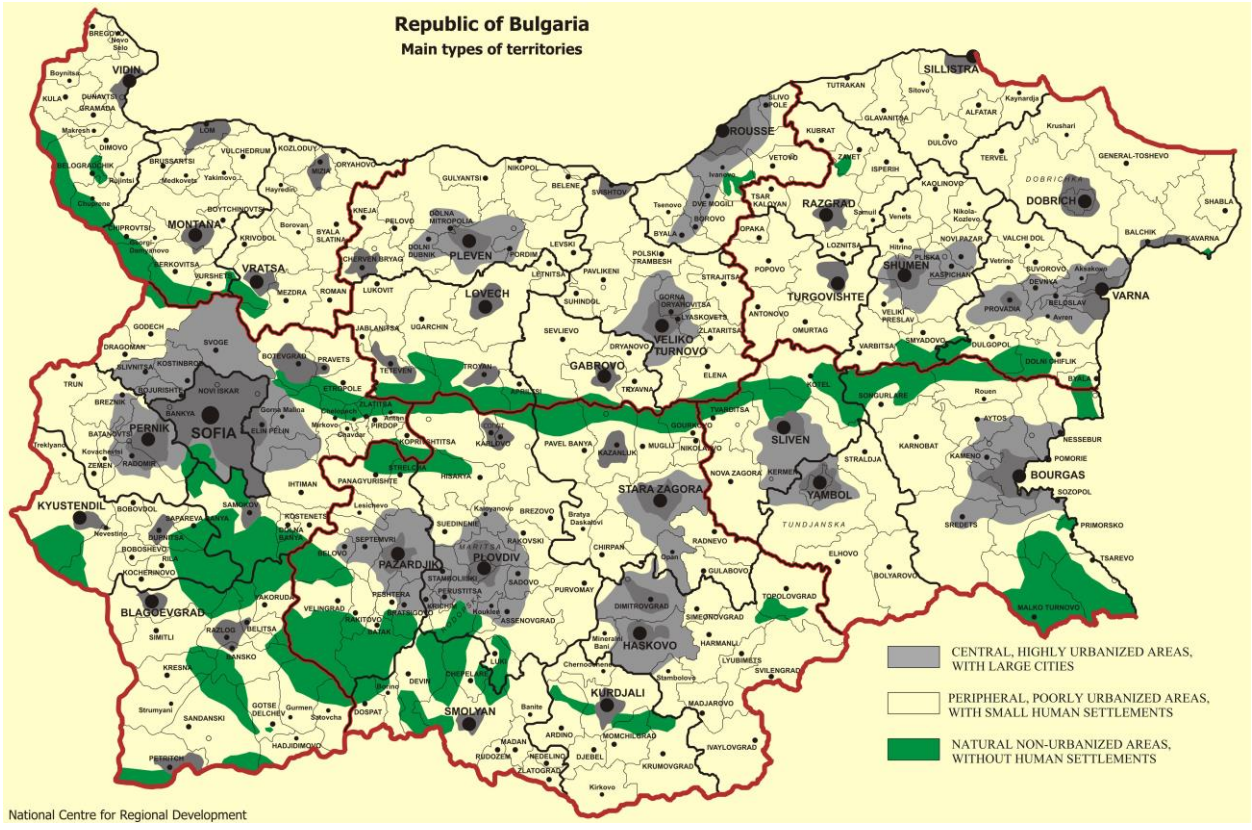
incentives through the regional policy. Of course, the state regional policy should extend its encouraging impact also on other peripheral areas, above all in the Northwestern Region (Vidin, Montana, Lom), the southern parts of the South Central Region (Smolyan, Kardjali, Harmanli) and the Southeastern Region (Tsarevo, Malko Tirnovo, Elhovo), in the norther parts of the Northeastern Region (Silistra, General Toshevo, Kavarna).

Spatial structure

One specific peculiarity of the territory of Bulgaria worth mentioning is the fact that besides the areas of the classical European type – central and peripheral or urban and rural – in Bulgaria there is one more characteristic type – areas without human settlements. These are areas without substantial intervention of man, endowed with beautiful nature, a sample of biodiversity and balanced nature.

On the basis of the facts of nature and as a consequence of the centuries-long human presence and especially of the contemporary factors, three major types of areas can be clearly distinguished on the area of Bulgaria, forming the canvass of the structure of the territory:

- natural non-urbanized areas, without human settlements;
- peripheral, poorly urbanized areas, with small human settlements, situated far from the large urban centers;
- central, highly urbanized areas, with large cities and agglomeration-type formations gravitating around them.



Each of these three types of territories has its strengths and its weaknesses, as well as a bulk of accumulated problems to be resolved.

The natural areas without human settlements correspond to the protected nature areas under the Law on Protected Areas. They occupy 5% of the area of the country with opportunities for increase to 10-15%. Despite their exclusive properties as a sample of biological balance of nature, they are not sufficiently well safeguarded and are the object of aggression in terms of

inappropriate activities, which might undermine their properties, such as: inappropriate hydro-engineering construction, timber logging, ore mining, skiing etc.

Poorly urbanized peripheral areas are usually the underdeveloped rural, mountainous and border areas. They occupy between 70% and 80% of the area of the country. These are areas with low population density and disperse point situation of villages and small towns, featuring predominantly agricultural orientation and situated at a great distance from the large cities. The majority of these areas and their human settlements bear the characteristics of the periphery – underdevelopment, low living standards, steadily diminishing population and functions during the entire period of post-war industrial development. These are the areas that have been sucked away by the process of urbanization and have accumulated numerous negative problems at the background of one sole positive quality – relatively well-preserved nature.

Highly urbanized areas are the areas situated near the large cities and the agglomeration formations around them. They correspond to a certain extent to the regions of growth under the Regional Development Act. They occupy 15% - 20% of the area of the country. They are characterized by high population density, highly developed industrial and service functions and communications and many problems caused by the constant increase of the population in the post-war period and the failure to meet adequately its demand for housing, services, transportation, public works, healthy and clean environment.

The analysis of the settlement network and the development of urbanization of the national territory provide grounds to make the following **summary conclusions**:

- With some minor exceptions the population in almost all settlements in the country is diminishing and that not only in the villages, but also in the cities, and even in the large cities. This is an indication for a general drop in urbanization in both quantitative and qualitative respect. The few exceptions deserve a more detailed analysis and additional support through the instruments of targeted state policy.
- The settlement network is relatively evenly developed across the entire national territory. The network of large cities – centers of the general socio-economic development – is, however, unevenly distributed. This gives rise to the problem "center-periphery" and becomes a factor for inter-regional and especially intra-regional differences, which are more typical for the country and create challenges for the domestic (national) regional development policy.
- The existence of large cities in certain areas is an opportunity to make use of their potential and to spread their positive impact over the entire agricultural areal around them. In the peripheral areas in the absence of large cities promotion of the existing medium-size and small cities is necessary through a targeted state policy in order to help them compensate the absence of large cities through their own accelerated development.
- The small cities in the country are situated near rural settlements – an arrangement, which provides for easy access of the population to the most essential public services. In recent years the active relations between urban and rural settlements, manifested through commuter trips, have gradually been extenuated and are presently extremely limited. There is a risk of deterioration of the urban functions of these settlements and the organizing role of the cities with respect to the hinterland because of economic hardships and the forced ebb of urban population to the rural areas.
- The small distances from the small cities to the neighboring villages, however, is a factor, which should be taken advantage of in the future, since it creates opportunities for improvement of the "urban/rural" link and transformation of the small cities into core regional centers of the settlement network in terms of provision of services to the rural area.

- The state of repair of the networks of technical infrastructure and public works does not meet adequately urban requirements and obstructs the functioning of the cities. The physical environment and the building stock are heavily depreciated. Concerted efforts on a large scale in this field are urgently needed by Bulgarian cities in general.
- Manufacturing zones in the cities occupy huge areas, however they often lack public works and feature obsolete and unattractive buildings, which can hardly be upgraded and re-used. Most probably, the potential localization of future production facilities with improved technologies will be sought somewhere beyond the boundaries of these areas, on a "green field". This, however, does not resolve the problem of restructuring and renewal of the manufacturing areas in the cities, including evacuation of some of the production facilities to provide space for other, so far neglected urban needs, such are green areas and public services, on which the policy of urban development should focus.
- The state of repair of the public buildings for culture, education, health care is lamentable, especially in the villages. Unfinished construction of cultural facilities in the cities is a grave problem for municipalities. Possibilities should be sought for completion of unfinished municipal sites in line with the current needs of the cities. A profitable alternative for resolution of the problem would be to sell the sites or to create joint ventures (public-private partnerships).
- The care for the cultural and historical heritage and the monuments of culture in the human settlements also need upgrading. Their innovative socialization is still pending and might play a decisive role for their transformation from objects of conservation care into tools for urban development.
- The spatial plans of the human settlements and their central areas are obsolete and no more topical after the restitution processes. Piecework partial amendments are a vicious practice, which gives rise to grave problems in the management of the development processes. Design of a new cadastre and new regulation and build-up plans is an urgent necessity.

1.6.2 Intra-regional disparities

The assessment of the socio-economic development defines the planning regions in Bulgaria as relatively balanced regional structures. The reported regional differences are not of an acute and crucial nature – they are rather quantitative than qualitative.

The problems of regional development find their ***extreme manifestation at the local level***. At that level the parameters of the national and regional environment are modified through the specific local development potential, institutional and human capacity.

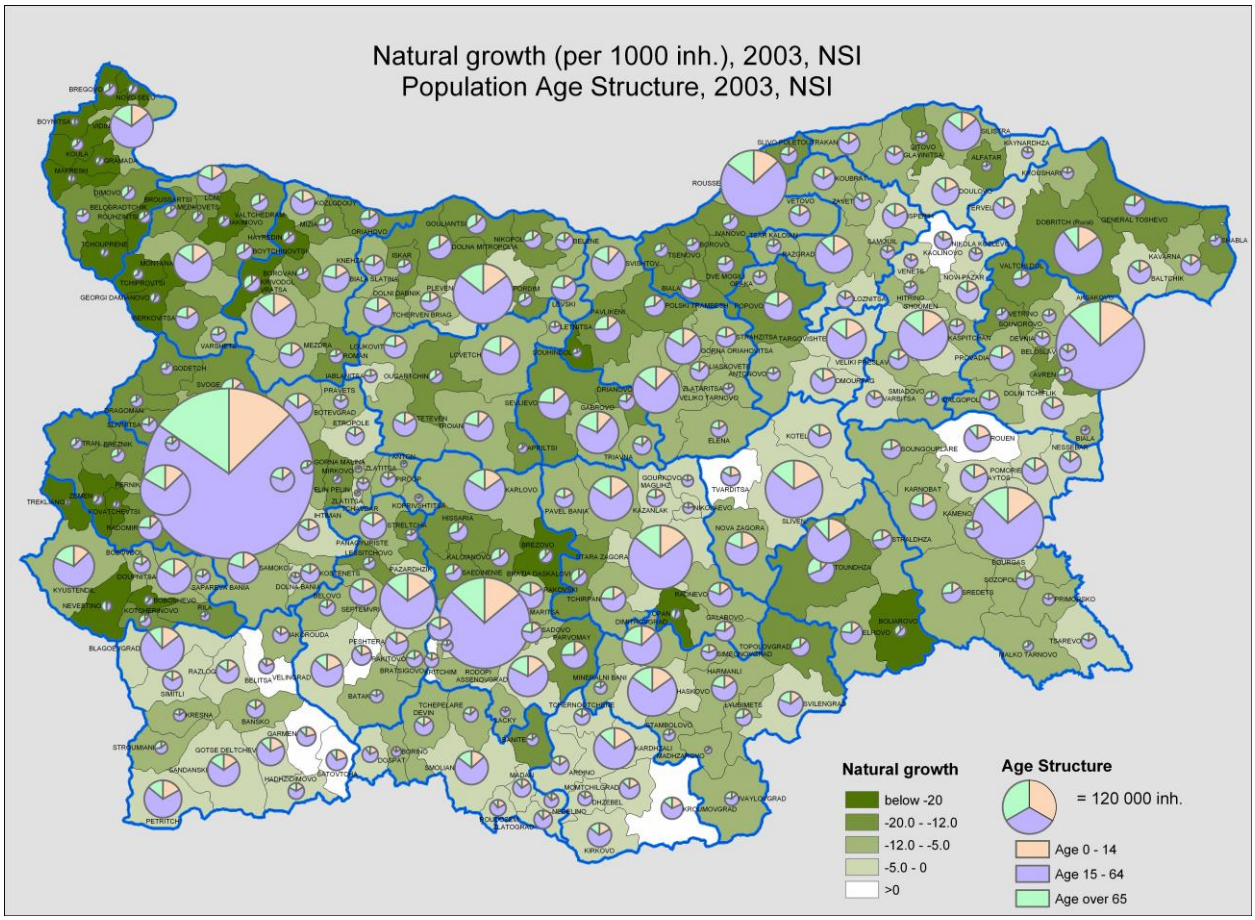
In the field of **demographic development** intra-regional disparities are observed for almost all demographic indicators. Clustering of municipalities with unfavorable structures and processes is characteristic for the Northwestern Region, the North Central Region and parts of the Southwestern Region. Clustering of municipalities with relatively favorable demographic situation is observed in the southern ends of the Southwestern and South Central regions, as well as in parts of the Northeastern and Southeastern regions (Please, refer to Fig. 25).

The average life span in municipalities is different from the national average (72 years of age). Average life span higher than the national average has been reported by 51 municipalities[18], featuring a favorable age structure with respect to the reproductive capacity of the population. They are situated mainly on the area of the South Central Region and the Southwestern Region, including

[18] Human Development Index, 2002

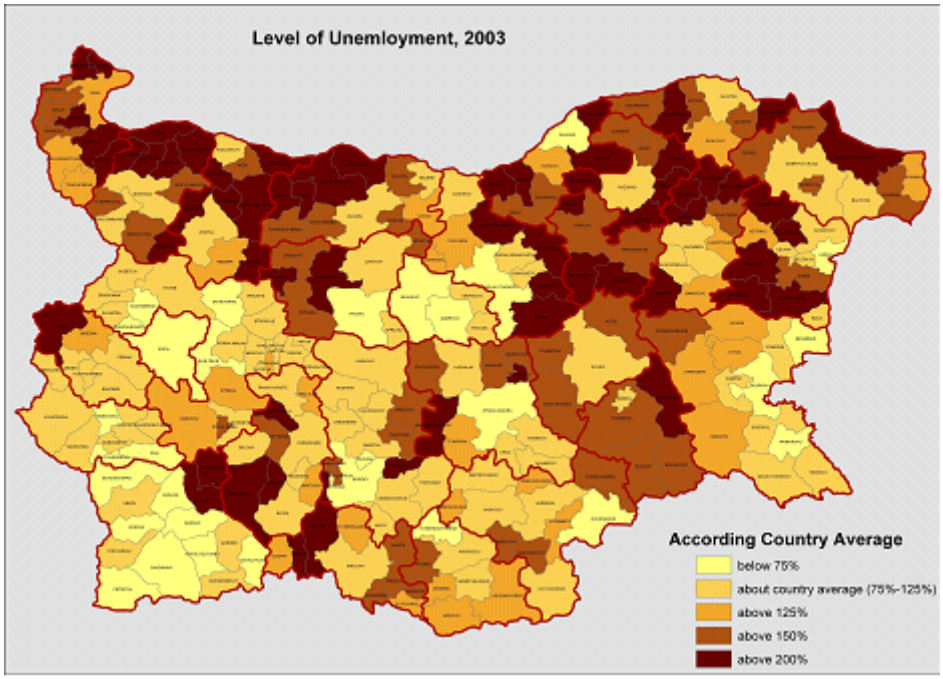
Sofia Municipality. The municipalities with a lower life span than the national average are concentrated mainly in the rural areas. Existence of municipalities with a different average life span of the population has been observed in all the planning regions. The reason for these differences is complex, although at the same time it is a synthesized indicator about the living standard and the development level.

Fig.25. *Demographic characteristic*

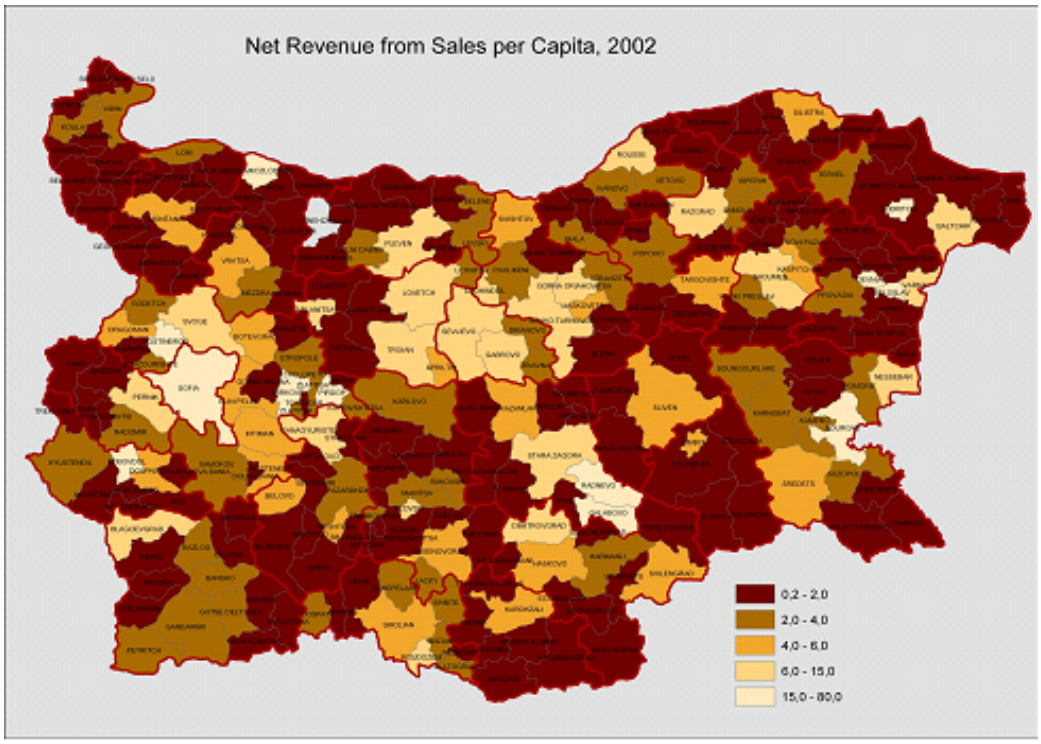


There are considerable intra-regional differences in the ***educational structure*** of the population, which correspond to the level of economic development. The regional disparities in the share of the highly educated population are manifested at the strongest in the Southwestern Region Low educational level is typical for the rural population. At the same time, in the municipalities with large and very large cities as centers the share of the population with high educational level is above the national average and above the average for urban population.

The unemployment rate reveals a trend of significant intra-regional disparities and is an important criterion for identification of incentives for development of production activities and the labour market in certain municipalities and regions, including for determination of the regions for targeted impact. Crucial clustering of municipalities with a very high level of unemployment has been noted in the Northwestern, Northeastern and Southeastern planning regions. Relatively more limited locations of unemployment hot spots are taking shape in the North Central, South Central and Southwestern planning regions. The Southwestern Planning Regions has the most favorable characteristics of the labour market.



The economic development of municipalities, measured by the indicator Net Revenue from Sales, demonstrates grave differentiation by municipalities. The differences in the measured levels for that indicator countrywide are about tenfold. Significant clusters of underdeveloped municipalities have been noted in all planning regions. The Northwestern Region appears to be facing the graves problems, since the value of this indicator for all municipalities there except Kozloduy is below the national average. Relatively the most balanced region in terms of its economic development appears to be only the North Central Region. The future actions in the field of the regional policy should address specifically the above outlined disparities and intra-regional polarization by laying



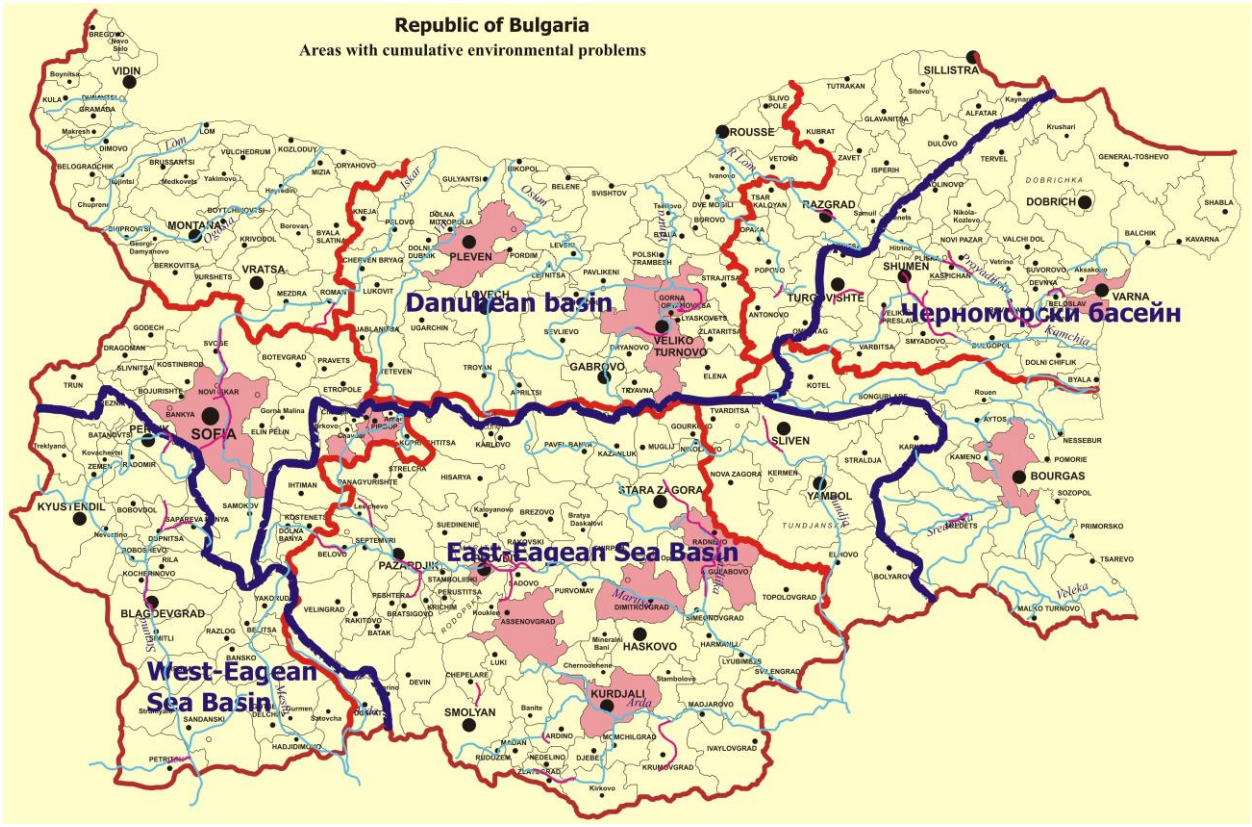
the emphasis on enhancement of the general economic development of municipalities through rising and upgrading of their potential with due consideration of the local interests.

Areas with cumulative environmental problems

The areas with cumulative environmental problems have emerged from the overlapping of steady, in some cases irreversible distortions of the environmental components – atmospheric air, waters and soils of certain areas. In certain areas overlapping of damages of two environmental components may occur, in others – of all the three. In the majority of cases air or water pollution entails environmental problems in soils. The reverse case is also possible – deterioration of water quality as a result of washing away of soils with heavy metals and organic waste content above the norms.

In the ***Northwestern Region*** there are no areas with cumulative environmental problems. The decommissioning of certain production facilities in the region has improved the environmental situation as compared to that in the rest of the regions.

In the ***North Central Region*** damaged areas exist in the municipalities of Pleven and Dolna Mitropolia. At isolated sections overlapping of environmental problems has been registered, including air, water and soil pollution above the permissible norm rate. Air pollution is caused by space heating, transport and industrial activities. Waters are polluted by discharge of untreated wastewater. In the municipalities of Veliko Tirnovo and Gorna Oryahovitsa existence of areas with pollution of both the air and waters above the norms has been found. The region suffers also from trans-border pollution (Russe, Nikopol) from neighboring Romania and landslide processes along the river Danube banks.



In the ***Northeastern Region*** only the Municipality of Varna has high level of air and soil pollution. Industrial activities in the region, including in Devnia and Provadia, are potential sources of air pollution and hence of soil pollution.

The ***Southwestern Region*** is classified on the second place by the size of the areas with cumulative environmental problems. The environmental problems are connected with the concentration of industrial enterprises from the mining, energy generation and metallurgical industries in the zone of Kremikovtsi, Pirdop – Zlatitsa – Anton – Etropole, Pernik – Batanovtsi, Ellin Pelin, Svoge etc.

The ***South Central Region*** has been identified as the most gravely polluted region with respect to air, waters and soils. Situated in this region is also the largest number of areas with cumulative environmental problems. In the Municipality of Kardjaly areas with heavy pollution of air, water and soils have been identified. The air and soils on some areas in the municipalities of Plovdiv, Assenovgrad, Radnevo and Dimitrovgrad show high levels of pollutants emitted by the metallurgy, the energy sector, mining, transport and the residential sector. It is worth noting, however, the existence of well preserved environmentally clean areas in the mountains on the area of the region.

The environmental problems in the ***Southeastern Region*** are localized in the city of Burgas and the Burgas Bay. The reason for the high levels of recorded polluters above the norms is attributed to the industrial activities and the activities in the urbanized territories. Cases of pollution with oil products and wastewaters along the beaches, the surface waters and the seawater have been reported.

1.6.3 Regions for targeted impact

The reviewed intra-regional differences and the outlined problem areas under the individual parameters of development give shape to specific areals, which often overlap due to the interdependence of the factors determining them. The necessity to address similar problems at lower territorial levels forms the basis for defining the regions for targeted impact. The Regional Development Act distinguishes six types of regions for targeted impact:

1. **Regions for economic growth.** They are characterized by strongly developed economic and service functions with respect to the general development of the country, good communications, educational centers, high concentration of the population, positive economic growth. These are regions, which possess significant internal potential for accelerated development of knowledge-based economy and achievement of high economic growth, which will gradually spread to the neighboring areas by way of their territorial integration in the framework of interconnected production, business networks and clusters, and service functions of a higher class. The support for their development implies rapid and high return of investments. The expected effect is on one hand of common national significance in terms of their contribution to the general national growth and the quality of that growth, and on the other hand of regional significance in terms of diffusion of growth across the surrounding areas and spread of their positive impact on neighboring areas. These are regions that should be assisted in the first place in their efforts to build further a competitive infrastructure, to develop their innovation and technological potential.

2. **Regions of industrial decline.** They cover areas in which restructuring of industrial structure-defining enterprises is underway or has been conducted, which is leading to or has resulted in drop in production output, increased unemployment rates, low income levels and migration. The regions of industrial decline are typical objects of targeted impact in the framework of the regional development policy in many countries. They are also the object of one of the regional objectives of the EU Structural Funds (Objective 2) for the period till 2007 (areals undergoing socio-economic changes in the sectors industry and services).

Specific interest from the point of view of implementation of a targeted and selective regional development policy is to identify among the total those regions that stand out as facing particularly grave problems and risks and those that possess internal potential for industrial

development. The specific objectives of the regional development policy that might provide successful support to the socio-economic changes in the industrial sectors in these regions are as follows: diversification of the economy, creation of conditions for taking advantage of the existing potential (physical, human etc.) for economic development, ensuring access to and introduction of innovative technologies and production lines, improvement of the educational structure and re-training of the workforce, support for the development of SMEs as a form of alternative job opportunities and "replacement" of decommissioned or shrinking manufactures.

3. Underdeveloped border regions. These regions are characterized by their border location, low level of socio-economic development, migration and poorly developed "dead end" technical infrastructure. Their development will be promoted through improvement of the transport accessibility, boosting of the economy and increased employment opportunities. The major tool of the regional policy there is development of cross-border co-operation, through which tangible benefits will be achieved in the field of the transport and social infrastructure, economic development, including development of tourism, upgrading of the level of skills of the local workforce and its integration in the labour market, raising the attractiveness of the regions for investors and improved quality of life.

4. Underdeveloped rural regions. These are areas in which the larger proportion of the active population is employed in agriculture and forestry. They are characterized by a low level of development of the transport, technical and social infrastructure, low educational level and skills of the population in active age, limited employment opportunities, high unemployment rates, low personal income levels and depopulation.

The specific objectives of the regional development policy with respect to rural regions are: development of a viable agricultural sector, diversification of the structure of the economy in line with the local potential, creation of alternative sources of employment and income, stabilization of the demographic and settlement development, protection (conservation) of the specific nature and cultural heritage.

5. Underdeveloped mountain regions. They cover areas situated in Bulgarian mountains at an altitude of 600 and above 600 m above sea level, however featuring an average (for the area) depth of relief indentation of 200 m difference between the highest and the lowest point per 1 km^2 and average ingredient above 10^o. They are characterized by low degree of construction of the technical and social infrastructure, limited natural conditions for development of agriculture, small and ageing population, unemployment and low personal income.

The specific objectives of the regional policy for the underdeveloped regions are as follows: creation of productive employment; development of sustainable economic activity and achievement of economic growth; construction of the elementary (mainly technical) infrastructure for the needs of economic development; development and/or improved access to the educational and health care infrastructure; professional training of the workforce and provision of services in support of economic development; stabilization of the small towns in rural areas.

The provision of a financial scheme for development of infrastructure, small and medium-size enterprises, agriculture, processing of production locally to an end product, utilization of the environmental potential of the mountain etc. in the underdeveloped mountainous and border regions and the regions of industrial decline through preferential taxation, other preferences and incentives, will foster their development.

6. Sofia Municipality. Because of the importance of the capital for the overall socio-economic and public and historical development of the country, Sofia Municipality has been incorporated among the regions for targeted impact. Sofia is a municipality possessing a high development potential. It is necessary, however, to direct its development in terms of promotion of innovative high-tech development and upgrading of the quality of its servicing functions with a

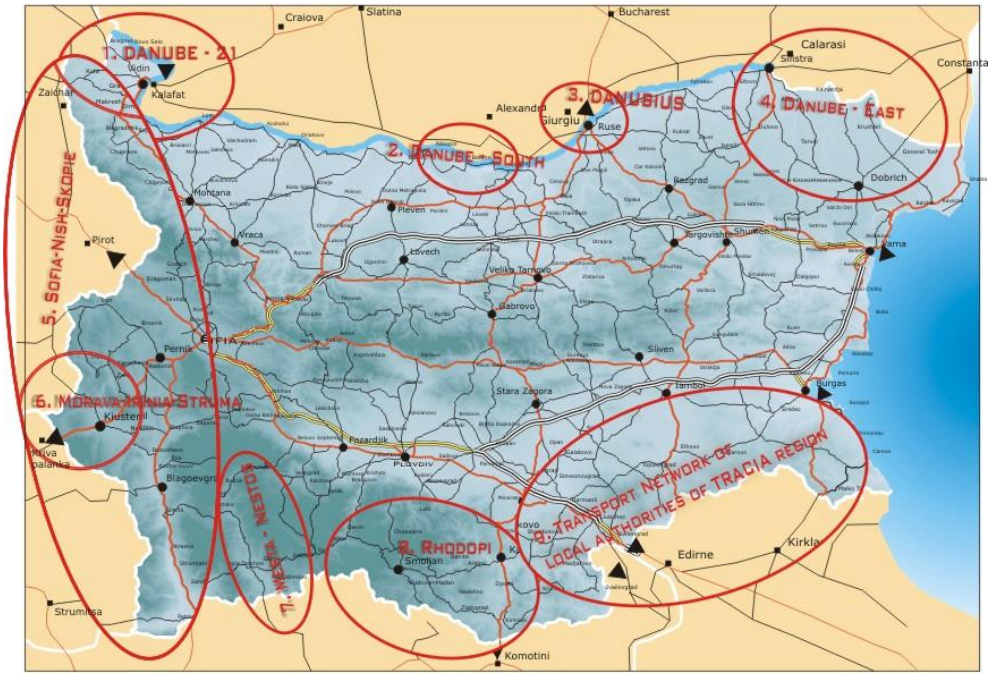
view to its transformation into a significant European center of sub-regional importance as a modern European Meropolitan area in all the aspects of this definition.

The territorial scope of the regions for targeted impact is determined according to the criteria[19] set out in the regional development plans.

1.6.4 Cross-border co-operation

Cross-border co-operation is an important priority for the implementation of the regional policy of Bulgaria. During the period until 2004 this policy has broadened its scope by incorporation of the regions along all frontiers of the country and enriching of its contents. It has contributed to make border areas feel actually as part of the European space and real participants in the implementation of European regional co-operation, taking advantage of their border location as a key resource for development. In this way many regions in the country have opted to change their self-assessment as provincial periphery for a vision of regions of cross-border significance and potential for integrated co-operation and growth.

The processes of cross-border co-operation benefit greatly from the PHARE-CBC Programme, which currently covers all border regions in the country – Greece, Romania, Serbia, Macedonia and Turkey. For the period until 2006 the programmes will finance different measures related to development of infrastructure (roads, railway transport, water treatment facilities, telecommunications, the energy sector) and measures for socio-economic assistance, cultural and media co-operation, education and skills upgrading and job creation, reflecting the needs of the respective region, as well as projects aimed at helping people on both sides of the border to get to know each other better and hence promoting cohesion.



The development of the process of cross-border co-operation is supported also by the setting in place of institutional structures like those in the Euro-regions, where they already provide dense coverage of the border areas of the specific country and its neighbours.

[19] Ordinance for establishment of the regions for targeted impact, 2004

1.7 ASSESSMENT OF THE CAPACITY FOR UTILIZATION OF THE FUNDS ALLOCATED UNDER THE EU STRUCTURE FUNDS AND THE COHESION FUND AT THE LOCAL AND REGIONAL LEVEL[20]

The capacity for utilization of the funds allocated under the EU Structure Funds and the Cohesion Fund at the local and regional level depends on the:

- ✓ level of awareness about and understanding of the objectives and requirements for utilization of the funds allocated as assistance by the European Union;
- ✓ availability of skilled experts;
- ✓ existence of well-established processes and experience in the application of the principle of partnership in strategic planning and project development;
- ✓ availability of financial resources and preparedness for co-financing of projects.

- ***Administrative structures and human resources***

The administrative structures for development and implementation of projects have already been set up in the majority of municipalities. There is an officer or a specialized department assigned with the responsibility of tackling projects. This applies to a lesser extent to the district administrations, which are still faced with difficulties in the field of human resources. District administrations and almost all the municipalities, with the exception of the small ones, have also a good quality access to Internet. As yet a relatively small percentage of the municipal officers have undergone specific training on project design, strategic planning and other related subjects.

- ***Information and communication***

Three major problems might be identified with respect to information exchange:

- inadequate quality, completeness and co-ordination of information;
- lack of interactive communication, oriented towards specific problems;
- low transparency and feedback in the communication process related to project selection.

The availability of information is not sufficient, however very important condition for the rapid and efficient utilization of the EU funds. Awareness and good communication depend to a large extent on the efforts of the central bodies, since in the long term they bear the responsibility for the utilization of these funds. There is a need for better administration of the information flow, setting in place of interactive communication mechanisms, oriented towards concrete problems, and transparency of the information flows, especially with respect to project selection.

- ***Financial resources***

A primary principle in the use of the EU funds is the principle of additionality. This means that every project financing is bound to equity contribution – co-financing. A relatively small number of municipalities and district administrations are able to allocate financial resources for co-financing of projects and even alone for their preparation. The main reason for that is the shortage of budgetary funds. At the same time there are objective reasons for their limited capacity for participation with equity funds in the development and co-financing of projects, which should be overcome, for instance:

- active attitude to the possibility and probability of winning projects;
- development of good-quality projects;
- building of skills and a system for planning of resources;

[20] Evaluation of the municipal and district capacity for utilization of the funds allocated under the EU Structure Funds and the Cohesion Fund, UNDP, 2004

- building culture favoring local partnerships and mutual assistance.

The issue of co-financing of projects by the municipalities is very important and should be resolved in an adequate manner. The municipalities appearing to possess the highest capacity for co-financing are those belonging to the Southeastern Region (44%) and the South Central Region (38%), and those with the lowest capacity – the municipalities of the Northwestern Region (14%) and the Southwestern Region (11%). Compared to the capacity of municipalities for co-financing of projects, that of district administrations is even lower (4%). The capacity of municipalities for co-financing of projects compared to that of the district administrations is even lower (4%).These data take account of the territorial differentiation in the utilization of the funds by planning regions. The municipalities without whatever approved project are concentrated in the Northeastern Planning Region (73%), the South Central Planning Region (79%) and the Southwestern Planning Region (79%). On the other hand, the Northwestern, Southeastern, Northeastern and South Central planning regions stand out as regions with a high share of municipalities, which have three and more approved projects.

- ***Difficulties in the utilization of the funds***

For the majority of municipalities in Bulgaria the main difficulties related to the application for funding from the Pre-accession Funds are their limited resources for development and co-financing of projects, the complicated procedures required by the EU regulations and the short deadlines. At the same time municipalities are not aware of their own limited capacity and are usually apt to seek the reasons for their failure to take advantage of the funds from the pre-accession mechanisms outside their own share of responsibility.

- ***Partnership skills and interaction with other participants in the process***

It is characteristic for Bulgarian municipalities that they do not make sufficient use of the opportunities for joint search for resolution of common problems or joint use of the available resources. Almost two thirds of them have never worked on a joint project with another municipality and slightly more than one third of them co-ordinate their projects with other municipalities. This regional capacity for horizontal partnership is a serious risk for the country's capacity to utilize the funds from the EU Structural Funds. Small municipalities have the greatest need of pooling their efforts and resources for resolution of common problems in the most cost-effective manner.

1.8 MAJOR CONCLUSIONS

On the basis of the above analysis the following **conclusions** can be made:

1. 1. In the recent five years the differentiation in the dynamics of regional development processes has increased. Positive changes in the economic development have been observed in all the planning regions, however the scale and characteristics of these changes differ.
2. 2. The processes of population ageing and population drop continue and aggravate in all the planning regions. The demographic processes in the Northwestern and the North Central regions may be evaluated as the most unfavorable. These negative processes are to a great extent the result of economic reasons.
3. 3. The economic growth features different dynamics in the individual planning regions. The highest GDP growth rates have been manifested in the Southwestern Region. In the rest of the regions they gravitate around or below the national average during the individual years of the period under review. This leads to definite increase of the difference in the economic development rates between the Southwestern Region and the rest of the planning regions. This conclusion is corroborated also by the figures about the per capita GDP, which demonstrates a steady trend of increase above the national average only in the Southwestern Region.

4. 4. The structure of the generated gross added value by planning regions during the period 1997-2003 is characterized by controversial trends with respect to the participation of the individual sectors, which leads to the conclusion that the economic restructuring of the regions continues and that they are still in search of the most adequate sustainable economic structure. Definite legging behind of the industrial sector is evident in the Northwestern Planning Region (especially if one discards the contribution of the *Kozloduy* NPP), as well as in the Northeastern and North Central regions. Despite the predominance of the services sector in the economic structure of all planning regions, this sector is characterized by low quality level and as yet underdevelopment of the services in support of business.
5. 5. Employment levels are different in the different regions, whereat a trend of smooth increase has been noted in the three recent years. The employment level is the lowest in the Northwestern Region and the highest in the Southwestern Region. In all planning regions with the exception of the Southwestern the share of employment in agriculture is very high, which is a feature of still underdeveloped regional economies.
6. 6. The processes of social development and cohesion demonstrate strong disparities with respect to the level of unemployment. With the exception of the Southwestern Region the unemployment level in the rest of the planning regions remains above the national average, the highest value being noted for the Northwestern Region. The prolonged retention of the high unemployment level in the Northwestern Region is becoming a grave social problem. Bearing in mind the situation with employment and growth in this region, one may conclude that it needs most urgently targeted actions of the regional policy for attainment of sustainable long-term development.
7. 7. The competitive capacity of Bulgarian regions, evaluated from European point of view, is extremely low. Irrespective of the good educational characteristics of the human resources, the skills level of the workforce is not adequate enough to meet the challenges of a knowledge economy and globalization. The main conclusion to be made is that all the regions in the country lag considerably behind in terms of technological/innovation potential for growth, of capacity to handle ICT and of rate of ICT use. Overcoming of the backwardness with respect to technology development, knowledge economy and information society is of decisive importance for the development of the national and regional economies and achievement of an intensive "catch up" growth in the next 10-15 years.
8. 8. The development of transport infrastructure is one of the roots for the different possibilities for economic growth of the individual regions. The highest deficiency in the level of development of the road network is noted in the South Central Region and the Northwestern planning regions. The railway network is least developed in the eastern end of the country (the Northeastern and particularly the Southeastern Planning Region).
9. 9. The quality of the environment shows signs of gradual improvement in all planning regions. The major challenges include overcoming of water rationing in a number of settlements and improvement of air and water quality in certain areas. The complex impact of the regional development policy, spatial planning and environmental protection is a decisive factor for overcoming of the problems in the areas with cumulative environmental problems.
10. 10. The settlement network is relatively evenly distributed over the entire national territory. The network of large cities – core centers of the general socio-economic development – is however unevenly developed. This situation gives rise to the "center-periphery" problem and predetermines inter-regional and especially intra-regional difference, the latter being more typical for the country, and also to challenges for the domestic (national) regional development policy.
11. 11. The intra-regional differences (among the districts and the municipalities within the planning region) are greater. The "center-periphery" problem is imminently present in almost

all regions and districts. The beneficiaries from the positive changes are multi-functional regions, on whose area there is high concentration of educational and R&D centers, highly skilled human resources, relatively good infrastructure networks and well-developed institutions of the business environment, which make up the potential bases for more efficient regional development than in the rest of the regions. Particularly affected are border areas, rural areas and the regions of industrial decline. These areas need a certain amount of assistance on the part of the state, focused above all on creation of conditions for launching a sustainable process of structural reconstruction and diminishing of the existing social problems and unemployment. These namely are the underdeveloped regions for targeted impact, which are the object of the state regional policy.

12. 12. Evaluated in the European context the inter-regional differences (at NUTS 2 level) are relatively small (within the limits of 2.5 times). This may be explained by the relatively balanced settlement network and especially the availability of large cities, which play the role of core regional centers of growth in each of the regions (with the exception of the Northwestern Region) as a counterpoint of the capital. The majority of the regions have similar characteristics, strengths and weaknesses, although there are certain variations predominantly in quantitative sense.
13. 13. The differences between Bulgarian regions and the EU regions are considerably higher than the inter-regional differences by some important indicators like per capita GDP, employment, R&D expenditure, access to Internet, introduction of information and communication technologies for businesses and the population, infrastructure in support of business. The differences from the EU average figures for these indicators go up to more than 4-5 times. This situation requests definition of specific priorities in the regional policy, well adapted to the state of the matter. Large-scale interventions will be needed for diminishing these differences by 2015.
14. 14. The capacity for utilization of the Structure Funds and the Cohesion Fund, especially by the local and regional authorities, demonstrates serious deficiencies, which imposes the necessity of implementation of specific measures for their overcoming. Otherwise, the country and the regions will be faced by the threat of low rate of utilization of the money from these funds and low efficiency of implemented projects (not having the necessary territorial impact).

1.9 SWOT ANALYSIS

Presented below is a summary evaluation of the strengths and weaknesses, opportunities and threats for the planning regions, which might be of help for formulation of the objectives and priorities of the National Regional Development Strategy.

Strengths	Weaknesses
Positive economic growth in all the planning regions during the recent six years Relatively cheap workforce coupled with high educational level Trend towards positive changes in the business environment Enhanced local initiative and development opportunities at the local / regional level Development of entrepreneurship and emergence of SMEs Prerequisites for use of ICTs and development of high-tech sectors Availability of a broad network of higher educational establishments Strategic geographical situation Rich nature and cultural heritage in all planning regions Potential and will for development of tourism General improvement of the state of the environment Border location of all planning regions, which offers opportunities for cross-border co-operation Interests in and prerequisites for development of cross-border co-operation in all planning regions Relatively even development of the settlement network Relatively small inter-regional differences	• Unfavorable demographic trends; risk of depopulation of large portions of the area • Low professional adaptive capacity and professional qualification, out-of-match with the requirements of the local labour markets and those of modern economy • High unemployment level in certain planning regions (the Northeastern Region) • Not fully upgraded economic structures in the majority of the planning regions (high share of employment in and gross value added from agriculture) • Not fully developed and insufficiently effective business structure • Lagging behind in the development of the infrastructure of the information society • Lagging behind from the knowledge-based economy • Relatively low living standard • Heavily depreciated and unevenly distributed technical infrastructure • Regional disparities in the loading of the environment and the state of build-up of the infrastructure for environmental protection • Persisting differences in the living conditions in the cities and villages • Significant difference in the degree of economic development of the regions as compared to those in the EU • Unevenly developed network of large cities – core regional centers of the general socio-economic development • Significant intra-regional disparities, existence of underdeveloped regions and polarization problems in all regions • Lack of adequate information about the EU Structure Funds and the Cohesion Fund among regional and local authorities and their partners • Lack of adequate capacity for utilization of the funds from the Structure Funds and the Cohesion Fund • Shortage of equity funds for co-financing of projects by regional and local authorities • Underdeveloped practice of public-private partnerships

Opportunities	Threats
Macro-economic stabilization Accession to the EU Construction of European transport corridors via Bulgaria Expansion of information technology applications on a global scale (i.e. new opportunities for business management) On-going influx of foreign investments Development of clusters as a factor for attraction of direct foreign investments in specific sectors Utilization of the Pre-accession Funds (2006) and the Structure funds and Cohesion Fund for development of the regional infrastructure as well Investments in regional and local infrastructure, guaranteeing access to the European infrastructure networks Integration of the cross-border areas	Political instability in Southeast Europe, which diminishes the attractiveness of the region for foreign investors Inability of the regions to counteract the pressure of European competition Growing regional disparities Strongly manifested negative characteristics of the demographic development and emigration from Bulgaria (including brain-drain) Low level of proficiency in the field of entrepreneurship because of inadequate skills level and general economic environment in the regions Slow rate of penetration of the knowledge economy

2. CONCEPT FOR THE SPATIAL DEVELOPMENT OF THE NATIONAL TERRITORY

Achieving co-ordination between the goals of the spatial development policy and those of regional development is a mandatory condition for the dynamic, sustainable and balanced development of the entire national territory. Application of an integrated approach to spatial development is a characteristic feature of the EU policy for socio-economic cohesion[21]. The application of such approach to the spatial development of Bulgaria was disrupted in the 1990's. The approval of the Regional Development Act and the Law on Spatial Development lays down renewed opportunity for integration of the approaches in these two fields. Closer linkage of the national and district strategies and regional development plans with the national and regional spatial planning schemes is envisaged.

Important elements of the spatial concept of the country are the faster and effective integration into the European space through the infrastructure corridors and the specific territorial potential of the country, through setting in place of adequate spatial conditions for acceleration of development in compliance with the European parameters for sustainability and through positioning Bulgarian cities within the European networks of cities. The role of urban centers for implementation of the measures of the regional development policy becomes ever more important, including in the context of the proposed new priorities for socio-economic cohesion with the EU – convergence, competitive capacity and territorial co-operation, which requires achieving of compatibility and synergy of the interventions effected on their territory in the framework of the conducted regional policy and spatial planning policy.

2.1 DEVELOPMENT OF THE SETTLEMENT NETWORK AND URBAN STRUCTURE IN THE LONG-TERM PERSPECTIVE

Ensuring sustainability of the settlement network and building a high-quality settlement environment capable to guarantee a favorable socio-economic and environmental development is a priority task challenging the integrated policies for regional development and spatial planning and is the object of the model-to-be of the urban structure countrywide and in the planning regions. This model determines the actions addressed to:

1. regions and urban centers, which are best suited to concentrate active socio-economic activities with a view to attaining general national growth;
2. regions and settlements, where measures to overcome the lagging behind in socio-economic development and living standards are needed;
3. areas where specific concerted efforts are needed to preserve and maintain the balance of nature and biodiversity.

Under the ***first direction*** it is necessary to select accurately urban areas for concentration of socio-economic activities in compliance with objectively formulated mechanisms for operation of market economy (Europoles and national centers of growth). In this connection support is needed for development of the European functions of Sofia and the **development of large cities** - centers of national and regional significance, generating growth and high level of socio-cultural functions. Activities will be focused on modernization of the elementary infrastructure and setting in place of the infrastructure of the information society,c development and transfer of technologies and innovations, applied science and R&D activities, higher education, development of high-growth

[21] European Spatial Development Chart, approved by the Conference of Ministers Responsible for Spatial Development, held in Toremolinos, Spain, 1983; "Guidlines for Sustainable Spatial Development on the European Continent", approved by the Conference of Ministers Responsible for Spatial Development, held in Hanover, 2000; Third Report on Economic and Social Cohesion, European Commission, 2004.

generating sectors, protection of the environment and the cultural heritage, development of the cultural institutions, improvement of public works in the cities and the quality of urban environment, so that these centers become capable of attracting investments and can participate actively in the context of the competitive environment and the cultural and economic exchange along the cities within the boundaries of the European Union. One of the most important objectives of development in these cities is to take advantage of their capacity to push the development across the entire area of the regions to which they belong through integration of the surrounding territory and spread of economic, social, spatial and environmental development. These are the cities incorporated in the European network of cities of national / international functions: Plovdiv, Varna and Burgas. The Strategy aims at expansion of this network to include also the cities of Russe, Stara Zagora and Pleven, and eventually the city of Vidin as a center of the underdeveloped Northwestern Region, which needs active support.

Under the ***second direction*** the activities should be oriented to:

- **Promotion of the accelerated development of existing medium-size cities in the peripheral regions in which there are no large cities.** These cities will play the role of driving motors of regional development, will affect favorable influence on the surrounding underdeveloped rural area and in this way will compensate the absence of large cities. The measures aimed to support the development of these cities comprise building a modern economic base on the principles of a competitive industrial sector, promotion of entrepreneurships, creation of sustainable workplaces, technology development, setting in place of business parks, new manufacturing zones, use of the specific local potentials. The promotion of the development of these cities should be realized by means of different mechanisms – preferential treatment, exemptions, incorporation in international networks, specific programmes, etc. In the existing European network of cities are included 27 Bulgarian cities with regional/local functions (district centers). In perspective such functions will obtain also cities like Petrich, Sandanski, Harmanli, Tsarevo, Kavarna, Svishtov and Lom, situated in the underdeveloped border areas, and some other cities situated in the inland peripheral areas, like Dupnitsa, Kazanlik and Karlovo.
- **Rural areas, situated more or less far from the large cities,** where it is necessary to apply certain promotion of the development of the small towns, which are located evenly enough on their area. **The polices for development of rural areas and small cities and towns** on their area are oriented towards diversification of the structure of rural employment and building new 'urban-rural" links. It will be appropriate to stimulate small cities and towns to provide services to their agricultural hinterland and to create SMEs related to agricultural production. The proximity of a small city or town to the villages is a factor, which should be taken good advantage of in the future, since it creates opportunities for improvement of the "urban-rural" relationship and transformation of small cities and towns into core regional centers of the settlement network servicing the rural area. Urban-rural interactions are of strategic importance for increase of the competitive capacity of rural area[22].

Under the ***third direction***, in the **nature areas** it is necessary to:

- Apply an active strategy for preservation of the nature heritage and for expansion of the scope of protected nature areas up to 10-15% of the total national territory;
- Add to the protected areas also certain territories in need to be placed under preventive spatial planning protection, such as the areas above the upper boundaries of forest plantations in the mountains, the Black Sea coastline, some genuine riverside, forest and flatland landscapes.

[22] This is in harmony with the general European policy for sustainable development and spatial planning on the European continent, in which a specific focus is laid on small cities and towns in rural areas and on strengthening of the links of rural areals with urban centers. It should be taking into account, however, that there exists a broad variety of regional situations depending on the specific phase of the urbanization cycle in the given country, as well as on many other factors and local circumstances. Therefore, the policies addressing urban-rural relationships should be different and country-specific.

Development of models for spatial planning in the National Complex Spatial Planning Scheme and in the district spatial planning schemes by using the typology of the gross spatial planning structure of three major types of areas (nature areas, poorly urbanized and heavily urbanized) will contribute to the establishment of optimum relationships between these three types of areas. On the other hand, the spatial planning models at the national and regional level will contribute to improvement of the interrelations between the central heavily urbanized areas (regions of growth) and the peripheral poorly urbanized areas (underdeveloped areas).

The spatial planning models are linked to the settlement network and its polycentric hierarchic structure. Within this territorial urban structure the balanced system of cities can contribute to enhancement of the partnership between the large cities in the heavily urbanized areas and the small cities/towns and villages in the underdeveloped rural areas.

It will be adequate for the **Bulgarian model of the spatial structure** to comprise a combination of:

1. the spatial structure of the three major types of areas (non-urbanized nature areas, peripheral poorly urbanized areas and central heavily urbanized areas);
2. an hierarchic system of cities – centers, extending their influence on differing in size territorial areals:
    - the capital – center of European significance – for the national territory;
    - large cities – centers of national significance – for the area of the regions;
    - medium-size cities – centers of regional significance – for the area of districts;
    - small cities/towns of micro-regional significance – for the area of a group of municipalities;
    - very small cities/towns – centers of municipal significance – for the area of the respective municipalities.

In the territorial areals of the above five hierarchic levels, whose boundaries overlap with the boundaries of municipalities, all the three types of areas are present (non-urbanized nature areas, peripheral poorly urbanized areas and central heavily urbanized areas).

The models of the spatial structure can greatly contribute to orientation of the regional development policy. Despite the differences in their territorial scope, the areas specified in these models may be identified as corresponding to the regions for purposeful impact. Central heavily urbanized areas may and should be identified as corresponding to the regions of growth. The peripheral poorly urbanized areas may and should be identified as corresponding to the underdeveloped regions – rural, mountainous and border ones.

Municipalities, which fall under neither of the modalities of the regions for purposeful impact, are a matter of particular interest from the point of view of regional development. Under Bulgarian conditions such cities are namely the medium-size and small cities of regional or micro-regional significance, which in the majority of cases do not fall within the scope of the regions of purposeful impact. This situation would somewhat obstruct the implementation of the regional policy for the rural areas in our country. Greater emphasis needs to be laid on these cities and they should be stimulated through the regional policy tools in order to be able to perform their favorable role for the surrounding rural areas.

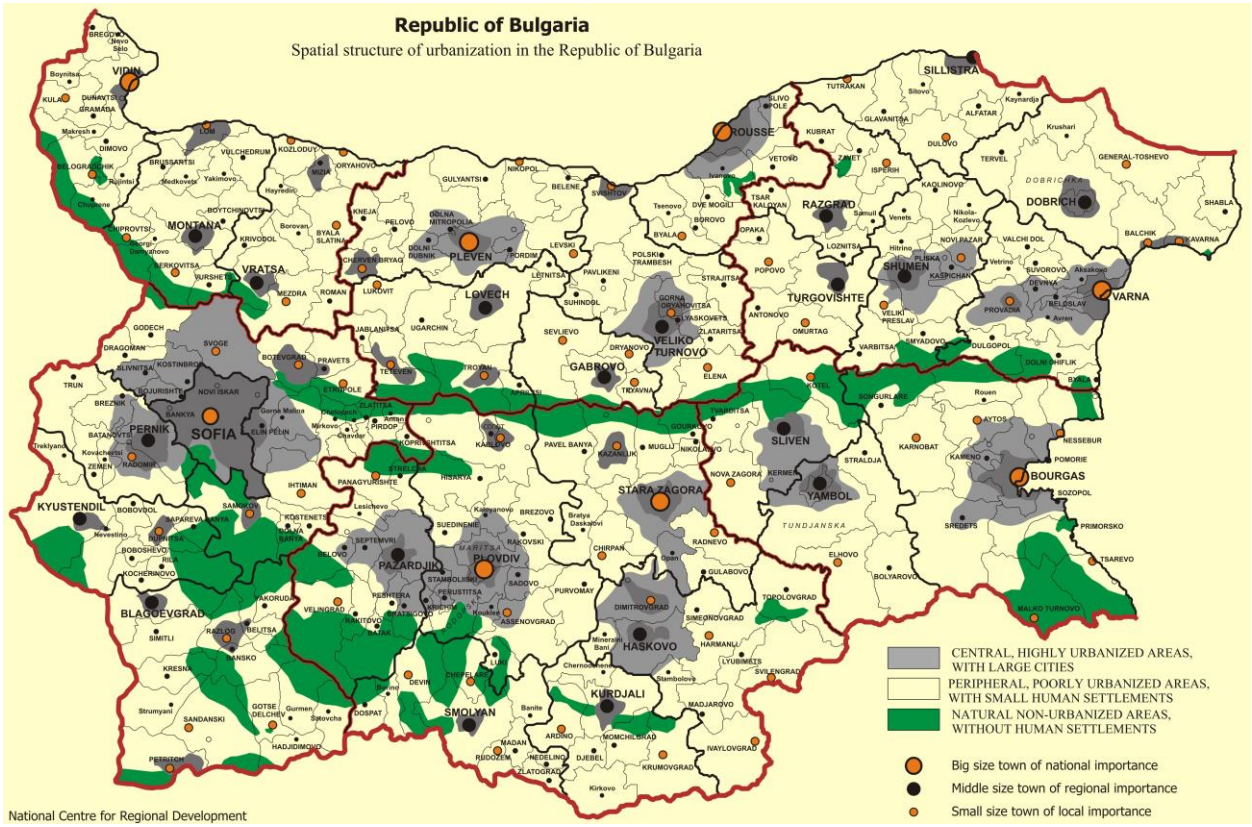


Fig.30. *Spatial structure of urbanization in the Republic of Bulgaria*

The application of the approach of binding the regional development policy with the spatial development policy should be based on the urban structure models of the national territory and the territory of the individual planning regions in Bulgaria.

The urban structure model of the national territory reveals the need of balancing the excessive domination of the capital Sofia through stabilization of several large cities – centers of national and European significance: Plovdiv, Varna, Burgas, Russe, Pleven and Stara Zagora.

The development of the common European transport network on the area of the Republic of Bulgaria and its supplementing with the national transport network should be arranged in a manner, which will create opportunities for improvement of the access of the population of the small cities and villages to the regional centers of wealth (large and medium-size cities), where they may have access to high-quality services, particularly in the field of health care, education and culture and other public services. This is of greatest importance for the areas in the Northwestern Region, the South Central Region and the Southeastern Region.

The below detailed proposals may be formulated for the individual planning regions according to the urban structure model:

Northwestern Region. The cities of Vidin, Montana and Vratsa jointly with Mezdra should be developed as central heavily urbanized areas of regional significance, while giving priority to Vidin because of its location. In terms of cities centers of micro-regional significance for the surrounding rural and mountainous areas it is necessary to encourage the cities of Kula, Belogradchik, Chiprovtsi, Berkoviits, Byala Slatina, Oryahovo, Kozloduy and Lom.

North Central Region. In terms of central heavily urbanized areas of regional significance besides the areas of the cities of Russe, Pleven, Veliko Tirnovo jointly with Gorna Oryahovitsa it is appropriate to develop also the cities of Lovech, Gabrovo and Svishtov. In terms of cities centers of micro-regional significance for the surrounding rural and mountainous areas it is necessary to

encourage the cities of Nikopol, Cherven Bryag, Levski, Lukovit, Teteven, Trojan, Sevlievo, Dryanovo, Tryavna, Elena and Byala.

Northeastern Region. In terms of central heavily urbanized areas of regional significance besides the areas of the cities Varna and Shumen it is appropriate to develop also the areas of the cities of Dobrich, Silistra, Razgrad and Targovishte. In terms of cities centers of micro-regional significance for the surrounding rural and mountainous areas it is necessary to encourage the cities of Balchik, Kavarna, Dulovo, Tutrakan, Isperih, Popovo, Omurtag, Veliki Preslav, Novi Pazar and Provadia.

Southeastern Region. In terms of central heavily urbanized areas of regional significance besides the city of Burgas it is appropriate to develop also the areas of the cities of Sliven and Yambol. In terms of cities centers of micro-regional significance for the surrounding rural and mountainous areas it is necessary to encourage the cities of Nova Zagora, Elhovo, Kotel, Karnobat, Aytos, Nessebar, Tsarevo and Malko Tirnovo.

South Central Region. In terms of central heavily urbanized areas of regional significance besides the areas of the cities of Plovdiv, Stara Zagora and Pazardjik it is appropriate to develop also the area of the cities of Karlovo, Kazanlik, Kardjali, Smolyan, Haskovo and Dimitrovgrad. In terms of cities centers of micro-regional significance for the surrounding rural and mountainous areas it is necessary to encourage the cities of Panagyurishte, Velingrad, Devin, Chepelare, Rudozem, Ardino, Krumovgrad, Iveylovgrad, Djebel, Nedelino, Zlatograd, Svilengrad, Harmanli, Radnevo, Chirpan and Assenovgrad.

Югозападен район. In terms of central heavily urbanized areas of regional significance besides the areas of the cities of Sofia, Pernik and Blagoevgrad it is appropriate to develop also the areas of the cities of Kyustendil, Dupnitsa and Petrich. In terms of cities centers of micro-regional significance for the surrounding rural and mountainous areas it is necessary to encourage the cities of Botevgrad, Etropole, Pirdop, Ihtiman, Samokov, Kostinbrod, Elin Pelin, Svoge, Radomir, Razlog, Gotse Delchev and Sandanski.

2.2 DEVELOPMENT OF THE INFRASTRUCTURE CORRIDORS

The integration of the national transport networks with the European ones will be effected in compliance with the EU policy on Pan-European transport networks. This policy is oriented towards integration of the European space and diminishing of the isolation of the peripheral regions and is aimed at preventing fragmentary development of national networks.

The favorable geographic location of the country as a link between Europe and Asia and a bridge between the West and the East predetermines to a great extent the potential function of Bulgaria from a transportation point of view: transit state between the rich in natural resources states of the Middle East, Western and Central Asia to the East/Southeast and the economically and industrially advanced states of Western and Central Europe to the West/Northwest. The North-South destination, connecting the Baltic Sea to the Mediterranean Sea, also possesses a specific potential, which is not adequately developed to date, although it will be necessary to take into consideration also the competition of the existing alternatives to the west of Bulgaria.

Fig.31. *Pan-European corridors*

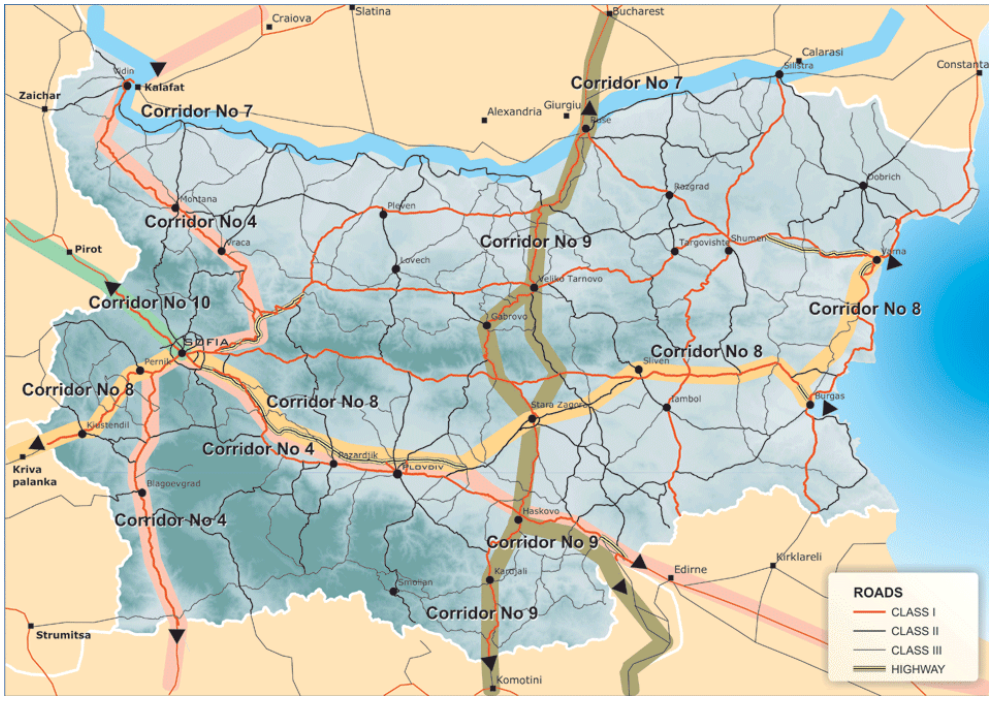


A fundamental requirement is that the policy concerning the development of the infrastructure of the European transport corridors should be integrated and should take account of the possibilities for combined trips from the region of Southeast Europe to other regions in Europe, the Middle East, Asia and North Africa.

The fact that five of the total of ten Pan-European Transport Corridors, namely Nos. 4, 7, 8, 9 and 10 will traverse the territory of Bulgaria, is both a positive and an obliging circumstance, since it requires huge investments for physical integration of the national infrastructure into the European one, the result of which will be better connections and increased cohesion between Bulgaria and EU Member States.

Fig.32. *Pan-European corridors traversing Bulgaria*

On the Bulgarian territory some of the component parts of these Pan-European Transport Corridors (roads, railway lines, ports, airports and border-crossing points) do not comply as yet with the international standards for freight and passenger transportation either in terms of handling capacity and other parameters, or in terms of state-of-repair of the infrastructure belonging to the respective corridor. The absence of border-crossing points on some of the corridors hinders their operation as international ones, i.e. a "break" in the Pan-European Transport Corridors occurs.



Pan-European Transport Corridor No. 4 (Dresden/Nurnberg-Prague-Vienna/Bratislava-Gor-Budapest-Arad-Constantza/Krayova-Sofia-Thessalonki/Plovdiv-Istanbul) conducts the international traffic flows between Romania, Bulgaria and Greece thanks to the Bulgarian section Vidin-Sofia-Kulata border-crossing point and the transit traffic flows towards Turkey are conducted along the destination Sofia-Plovdiv-Svilengrad-Kapitan Andreevo border-crossing point.

At the northern border (the frontier with Romania) Pan-European Transport Corridor No. 4 currently functions by means of the border-crossing ferry Vidin-Kalafat. Construction of the Vidin-Kalafat bridge and the further construction and upgrading of the component road and rail infrastructure will attract greater number of transit traffic flows and the destination via Bulgaria will be used more intensively as the shortest connection between the river Danube and the Aegean Sea and a convenient connection between Europe and Asia.

The development of Pan-European Transport Corridor No. 4 on Bulgarian territory will affect also the intra-regional development processes in the planning regions, particularly of those whose area it will traverse. This influence will be felt at the utmost in the Northwestern Planning Region since it will provide for its integration in the national transport network, respectively in the general process of regional development. The Southwestern and South Central planning regions will also be favorably affected in this respect.

Pan-European Transport Corriidor No. 10 (Salzburg-Lyublyana-Zagreb-Belgrade-Nish-Sofia) conducts the international traffic flows between Europe, Bulgaria and Turkey in combination with Pan-European Transport Corridor No. 4 via the Bulgarian section Kalotina border-crossing point-Sofia-Plovdiv-Svilengrad-Kapitan Andreevo border-crossing point, thus providing connection between Europe and Asia. The designation of Pan-European Transport Corridor No. 10 via Bulgarian territory is one of the most intensive ones, established for a long time now in international transit and complying at the greatest extent to the international standards. It also, however, needs further construction and upgrading of the component infrastructure, particularly in the section Sofia–the western frontier, where its direct impact on the area of the Southwestern Planning Region may be expected as well.

The Pan-European Transport Corridor No. 8 (Duras-Tirana-Skopije-Sofia-Plovdiv-Burgas-Varna) outlines a new trans-continental East-West transport destination, which will restore the famous since ancient times "silk route" that used to connect Europe and Asia. The international traffic flows from and to the Balkans and to and from Central and Western Europe will be conducted via the section on Bulgarian territory Gyueshevo border-crossing point-Kyustendil-Sofia-Plovdiv-Burgas-Varna. The Burgas and Varna port complexes perform the functions of complex border-crossing points even now, while in the western end of the country the Sofia-Gyueshevo destination is serviced only by a road connection. The absence of a suitable infrastructure to the west of the Bulgarian frontier gives rise to some concern as to whether Pan-European Transport Corridor No. 8 could become operative in the near future, although the road infrastructure along the destination Plovdiv-Bourgas is in the process of accelerated upgrading. This is the longest route of a Pan-European Transport Corridor on the territory of Bulgaria and its operation will have a positive effect for all the planning regions in the southern part of the country (Southwestern, South Central and Southeastern planning regions).

Pan-European Transport Corridor No. 9 (Helsinki-St. Peterburg – Moscow/Pskov-Kiev-Lyubashevka-Kishinew-Russe-Dimitrovgrad-Makaza Pass-Alexandrupolis) conducts international traffic flows between Romania, Bulgaria and Greece via the Bulgarian section Russe-Veliko Tirnovo-Stara Zagora-Dimitrovgrad-Svilengrad-Novo Selo border-crossing point, however the section Haskovo-Kardjalii-Podkova-Maraza Pass is not in operation as yet because the Makaza border-crossing point does not exist. The Danube Bridge at the city of Russe has been performing its well-established international functions for a long time now, while at the southern frontier Pan-European Transport Corridor No. 9 is practically interrupted. The construction of the Makaza border-crossing point and the reconstruction and upgrading of the component infrastructure of Pan-

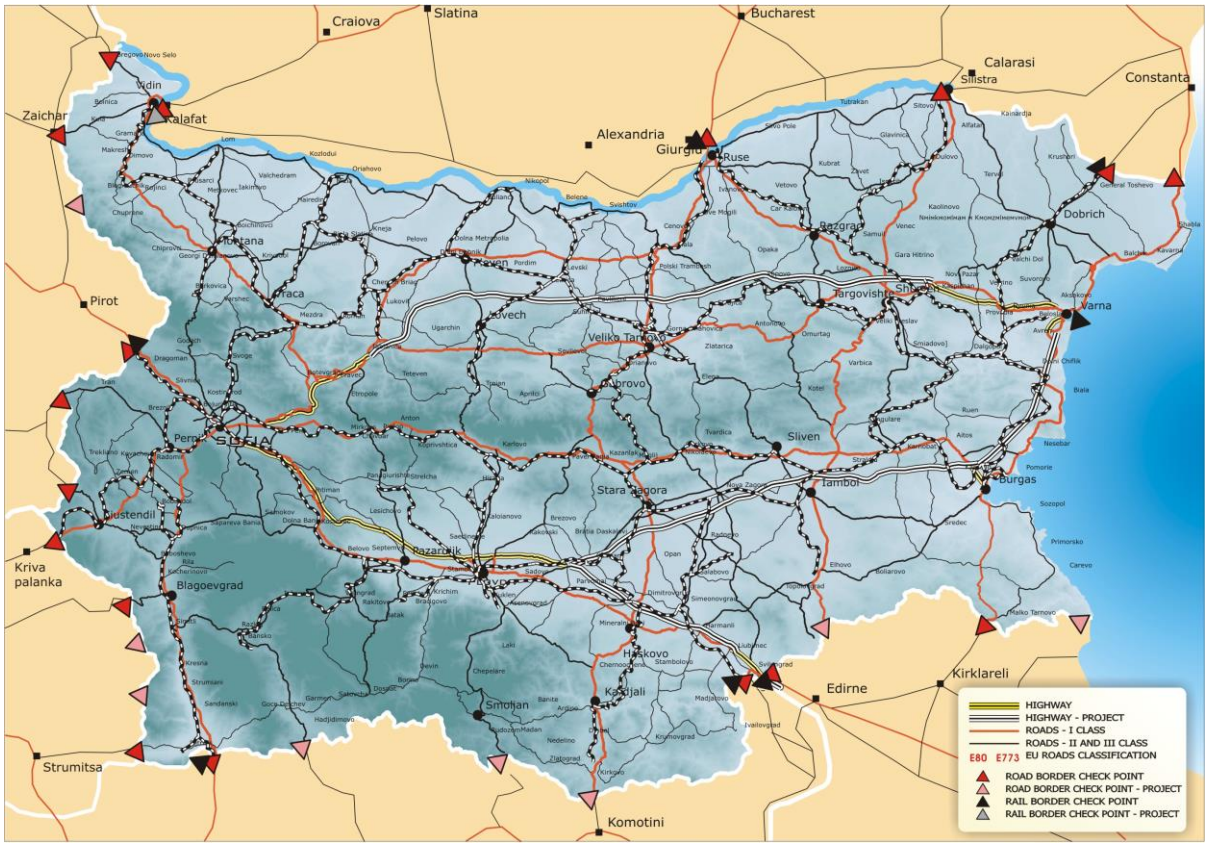
European Transport Corridor No. 9 will get this North-South destination established as a competitive route across Bulgarian territory for connection between the Baltic Sea and the Mediterranean. The implementation of the transition of Pan-European Transport Corridor No. 9 across out southern frontier will influence to a great extent the regional development of the South Central Planning Region, as well as that of the North Central Planning Region.

Pan-European Transport Corridor No. 7, running long the river Danube as an intra-continental connection between Western, Central and Eastern Europe, will connect Europe and Asia, performing via the Black Sea direct connection to the inland networks of canals of Russia and the states of the Caspian Sea basin. Pan-European Transport Corridor No. 7 (the river Danube) covers the almost entire northern frontier of Bulgaria (the frontier with Romania) and through the existing river port complexes provides an opportunity for the country's jointing the river-borne international freight transportation, as well as an additional push to the intra-regional processes in the Northwestern, North Central and Northeastern planning regions.

The development of the national transport network as an integral component part of the Pan-European transport network in spatial terms, as well as the reconstruction and upgrading of the existing infrastructure in compliance with the European standards is connected with the implementation of concrete projects along the routes of international corridors in the Programme for Development of the Transport Infrastructure in Bulgaria.

Making provisions to ensure balanced development of the national territory and the planning regions through creation of an adequate infrastructure **is one of the conditions for successful regional policy**.

Fig.33. *Road and railway network in Bulgaria. Border-crossing points.*



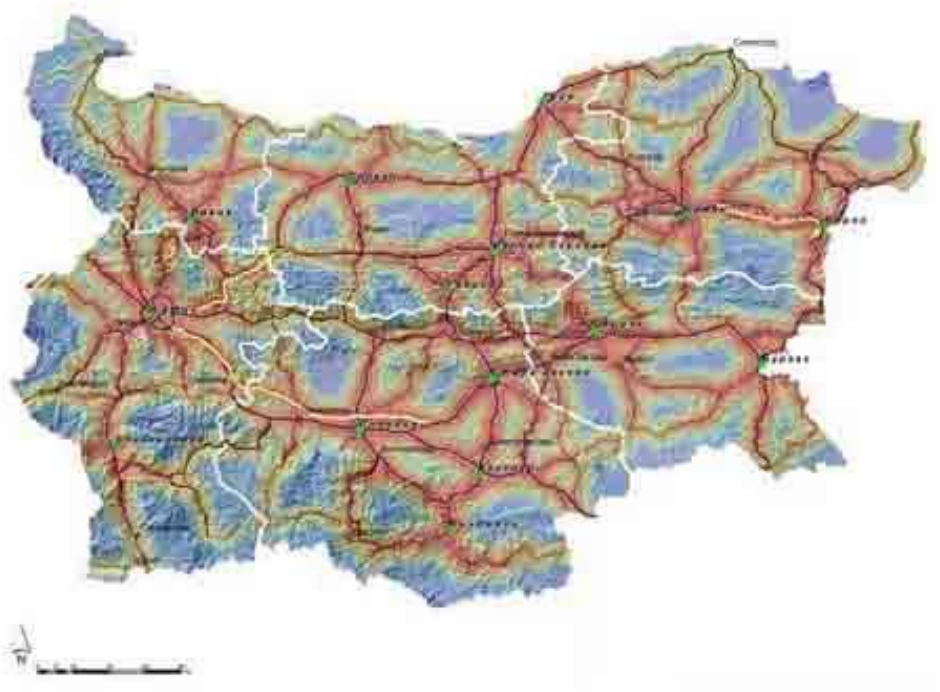
Regional competitive capacity and territorial cohesion are possible upon the attainment of a certain adequate level of physical infrastructure. In this sense it is necessary to overcome the peripheral position of the Northwestern and South Central planning regions with respect to the national railway network, the highway network and Class A road network, which currently does not

act in favour of their economic development and their integration with the rest of the regions in this country.

Construction of cross-border routes with new border-crossing points and improvement of the existing ones helps for gradual dismantling of the "borderline effect", which obstructs development of trade and the general process of cross-border co-operation. Abolishment of frontiers will inevitably lead also to increased passenger traffic among the EU Member States in general and among the Balkan states in particular, especially in the borderline areas, transforming it into domestic traffic for the EU space. Specific potential in this respect is available in all regions of Southern Bulgaria.

The typical for Bulgaria disparities among the regions and the emergence of peripheries are due to a large extent to the territorial development of the transport system, since peripherality is of complex nature – geographic and transport isolation because of missing infrastructure and gravely limited public transport, lack of developed efficient economic activities, high unemployment rates, a process of depopulation of part of the human settlements, difficult access to information, contacts and markets, low provision of public services.

Improvement of transport accessibility to the major transport destinations within the framework of the planning regions by way of reconstruction and upgrading of the Class B and Class C roads will permit significant reduction of the travel times and at the same time will broaden the field of action of the regional centers offering services of a specified quality. The access of peripheral and economically underdeveloped areas to the regional markets of goods and services, as well as to the large industrial economic centers, will be improved. This is valid to a larger extent for the regions in the northern part of the country and especially for the Northwestern and the Northeastern planning regions, where about 40% (respectively 35% for the Northeastern Region) need more than 90 minutes to reach such a center.



Note: The access has been calculated as the travel time on the national road network at statistically average travel speed for the respective road class.

Fig.34. *Transport accessibility*

Adequate development of infrastructure is a reliable lever for strengthening of the economic and social potential of planning regions and their cohesion, since it reduces the disparities among the individual areas and ensures their balanced development.

Attainment of infrastructure services complying with the European standards is a mandatory condition for becoming competitive and for Bulgaria's cohesion with the EU Member States.

One aspect of transport services at the level required by European standards comprises offering of integrated transport services with opportunities for intermodal synergy and interchangeability. Upgrading of the road and railway infrastructure in Bulgaria and the development of a system for combined freight transportation through intermodal integration is an important element of the policy aimed at attaining the European standards in transport services.

The other aspect is improvement of the access to transport services and leveling of the territorial disparities, noting that in Bulgaria this problem is manifested not as much between the individual planning regions, but rather within them. Improvement of access for the most outlying regions and their connections to the inland, which is not part of the priorities for integration to the European transport network, is a reliable step towards overcoming of domestic disparities.

The state of repair of the road network is one of the substantial limiting factors, which causes difficulties for the integration of the regions among themselves and in the European space, restricts workforce mobility, diminishes the access to various kinds of services and aggravates the disparities among the different areas, the consequence of which is the current underdevelopment of the Northwestern Region, the northern end of the Northeastern Region and the southern ends of the regions in Southern Bulgaria.

In this sense, improvement of transport accessibility as an element of the quality of services comprises the following:

- Further construction of the highway network in the country so that it may cover the greater part of the territory and that a greater portion of the population may obtain good-quality transport services in terms of travel safety and shorter trip duration.
- Improvement of the state of the existing road network and particularly of that responsible for the intra-regional connections in the planning regions, which will help shorten trip duration rates and provide opportunities for development of their specific economic potential.
- Improvement of the technical parameters and operating condition of the municipal road network, which is the last step in bringing a high-quality transport service closer to the end-users thus facilitating the general process of regional development and co-operation.
- Last but not least, the quality of transport services comprises also evacuation of the transit flows outside the boundaries of the settlements and development of environmentally friendly urban transport.

For each of the planning regions the improvement of transport accessibility as an element of the quality of services comprises as follows:

Northwestern Planning Region: The development of Pan-European Transport Corridor No. 4 on Bulgarian territory will allow integration of the Northwestern Region in the national transport network and will affect the intra-regional development processes in the region. The construction of Danube Bridge-2 and new border-crossing points with feeder roads along the western frontier will promote the common processes of European integration and the development of cross-border and trans-border co-operation.

Improvement of the state of the existing road network and particularly of those providing intra-regional connections will shorten trip duration rates and will improve the access of economic activity to peripheral areas, which is a matter of priority significance for that region in view of its worst indicators for transport accessibility countrywide.

North Central Planning Region: The development of Pan-European Transport Corridor No. 9 will intensify the transportation flows in north-south direction, while finishing off of the construction of *Hemus* Highway, although it is not part of the process of integration to the trans-European networks, will improve the quality of transport services provided to the population in terms of safety and duration of trips and will broaden the field of impact of the core regional centers.

Northeastern Planning Region: Finishing off of the construction of *Hemus* Highway will "bring " the region as a whole closer to the capital city by reducing also the duration of the trips to the seaside. The construction of the *Cherno More* Highway as part of Pan-European Transport Corridor No. 8 and the rehabilitation of international route E87 will facilitate the travel along the coast, which is the major tourism potential of the area. Despite the good level of construction of the road network, development of certain intra-regional destinations, mainly in north-south direction, and balancing of the transport accessibility to the centers offering higher quality of services is still necessary. Improvement of the transport and communication connections to the maritime port terminals will result in more comprehensive utilization of the capacity of the seaports, which is a serious potential for development of the region.

Southeastern Planning Region: The commissioning of Pan-European Transport Corridor No. 8 will have a favorable impact on the regional development processes in the region however the region definitely needs also further construction of the road network in view of the fact that its density is the lowest among all the planning regions. The opening of the Lessovo border-crossing point and Rezovo border-crossing point will promote the processes of cross-border co-operation and in combination with the measures for upgrading of the road network in the southern end of the region will contribute to its economic animation.

South Central Region: The development of Pan-European Transport Corridor No. 9 and particularly of Pan-European Transport Corridor No. 9 with the opening of Makaza border-crossing point will increase the international transit traffic via the region will all the anticipated favorable effects for its overall development. Finishing off of the Class A road from Kardjali to Makaza and of the ring road of Kardjali will improve also the intra-regional transport accessibility to the southern ends of the region to the destinations conducting the intensive traffic flows in its northern end, will make the southern ends party to this process and at the same time will facilitate the access to their rich nature resources. The opening of Rudozem border-crossing point will contribute to the more intensive utilization of the recreation and tourism potential of the region.

Southwestern Region: The specifics of the region, comprising the capital of Bulgaria and bordering on both the southern and the western frontiers of Bulgaria, has led to its advantage to service the greatest number of Pan-European Transport Corridors – Nos. 4, 8 and 10. The development of the component parts of these corridors will not only intensify the international flows but will also improve the provision of intra-regional transport services. Improvement of accessibility to these destinations will allow maximizing the utilization of their capacities and expansion of the influence of large centers. The opening of Ylinden border-crossing point at the southern frontier of the country and of new border-crossing points along the western frontier carries significant potential for acceleration of the processes of cross-border co-operation and promotion of development in the border areas.

2.3 IMPROVEMENT OF THE STATE OF THE ENVIRONMENT OF AREAS WITH CUMULTIVE ENVIRONMENTAL PROBLEMS

Improvement of the state of waters, air and soils in the areas with cumulative environmental problems[23] comprises the application of measures, which will improve the environmental situation depending on the territorial scope of the damage, the scope of the affected population, the concentration of pollution and the degree of risk for human health and nature. The strategy offers measures, which will act in several directions: reduction or elimination of the sources of pollution, rehabilitation of polluted areas, prevention of transfer pf pollution from one component onto another and protection against pollution. According to the nature of the measures they may be grouped as follows: ***spatial planning, programming, technical and institutional measures, as well partnership with businesses and the citizens.***

Spatial planning measures

- The regions with cumulative environmental problems should develop on the basis of spatial development schemes and plans, which define specific regimes for build-up and investments, as well as restrictions on acquisition of ownership rights. These regimes are aimed at both environment-related protective spatial planning and prevention-oriented spatial planning. For the purposes of feasible spatial development the areas with cumulative environmental problems may be grouped in spatial planning zones fixed in the general and detailed spatial development plans.
- Specific rules and norm regulations may be laid down in the general or detailed spatial development plans for territories or zones under protective or preventive regime.
- On the other hand, the existing and envisaged to be developed national and regional programmes, strategies and plans for water, air and soil management, as well as those aimed to promote the use of environmentally clean fuels, energy sources, rehabilitation of damaged land, waste re-use etc., should lay down spatial development measures for resolution of environmental problems. The efficiency of the below proposed technical and institutional measures may be improved through incorporation in them of specific spatial planning instruments[24].

Programming measures

- After the year 2010 air quality across the country should comply with the standards laid down in the national regulations and the EU Directives. A prerequisite for that is working out of programmes for management of the quality of atmospheric air in the regions with deteriorated air quality.
- Increased use of environmentally cleaner fuels such as natural gas for space heating and increase of the share of households connected to the gas distribution network by 30% until 2010 is an objective, for whose implementation a National Programme for Gas Supply to the Residential Sector should be worked out.
- Atmospheric air pollution can be reduced significantly by diminishing the average age of the vehicle fleet in the country by 8 year until 2015. Approval of complex measures laid down in a National programme for phased renewal of the automobile fleet in the country is necessary.

[23] Refer to Item 1.

[24] The below listed programming and technical measures are in conformity with the Environmental Protection Strategy (2005-2014) and therefore the regional policy should contribute to their application.

- Water protection in Bulgaria is a primary task at the national, basin and municipal level and may be realized through elaboration and implementation of a National strategy for integrated management of water and the water economy sector.
- Protection of arable land and development of bio-agriculture will be achieved through elaboration of a National plan for development of bio-production and a National strategy for preservation of soil fertility.
- Implementation of environmental impact assessment of spatial development plans, sector-specific development plans and programmes and investment projects as a primary mechanism for protection of the environment.

Technical and technology measures

- In 2010 the concentrations of dangerous substances in the atmospheric air in all settlements should not exceed the maximum permissible concentrations laid down in the ordinances. The tools that might contribute to achieve this objective are as follows: issue of complex permits for prevention and control of pollution to enterprises emitting dangerous substances in levels exceeding the standards, application of schemes for exemption from taxes and charges of operators, who make investments in reconstruction and modernization of industrial enterprises and control of pollution. By 2007 all enterprises subject to the issue of complex permits for prevention and control of pollution should possess such a permit or be decommissioned. By the end of 2006 all industrial enterprises should define the potential risk from averages and should work out emergency plans in compliance with the requirements of the Environmental Protection Act.
- Minimizing atmospheric air pollution by means of increased use of renewable energy sources and improved energy efficiency through construction of hydro power plants and the use of biomass and landfill gas for power generation.
- Improvement of air quality through development of environmentally clean transport, improved fuel quality and increase of the share of railway and combined transport by 15% by the end of 2009.
- The share on untreated wastewater discharged in water sites should be reduced to below 5% by 2014. This will be achieved through implementation of the national programmes for construction and reconstruction of the sewerage networks and urban wastewater treatment plants.
- The presence of dangerous substances in water sites should be eliminated, whereat in 2007 100% of industrial wastewaters should be treated. To this end an inventory should be conducted of all sources of pollution in every river basin, regional and national registries should be set up of enterprises discharging wastewater, enterprises treating wastewaters discharged in the sewerage network, control on water pollution, including with nitrates from agricultural sources.
- By the end of 2008 minimizing of environmental risks from past pollution from industrial sites and decommissioned uranium mines should be achieved. All decommissioned sites should be aligned to the environmental protection requirements, rehabilitated and monitored.
- Protection of arable land will contribute to the application of complex permits for prevention and control of pollution in the agricultural sector, as well as to the construction of facilities for production of compost and bio-humus from manure.
- Building up of new technology level of the regional economy through introduction of environmentally clean technologies.

- Development of the required infrastructure for waste treatment. To this end it will be necessary to build all envisaged regional landfills for solid urban waste in conformity with the requirements of the regulatory framework, to set in place systems for separate waste disposal and treatment of mass waste (packaging, batteries and storage batteries, electronic and electric equipment, etc.).

Institutional measures

- Building adequate capacity in the regional and municipal administrations to cope with the requirements of the new environmental legislation by 2009, including for project development, management and monitoring.
- Upgrading of the national monitoring systems in conformity with the European standards for monitoring of the quality of water, air and soils.

Partnership with businesses and development of a civil society

The feasible spatial planning and development of the areas with environmental problems and particularly those in which accumulation of several problems has been identified might be resolved only under conditions of co-operation between the state and municipal administration, businesses and citizens. Building successful partnership would require conducting of information campaigns, training, seminars, etc. for the purposes of:

- Raising public awareness and public participation in decision-making.
- Ensuring broad public access to the information contained in public registries and other documents as requested by the regulatory framework.
- Raising the level of knowledge, culture and awareness of children and the broad public on the issues of sustainable development.
- Improving the capacity of the economic sectors in how to manage activities that have an impact on the environment through broad application of voluntary environmental protection schemes in the industrial sector (the so-called "schemes for environmental management and auditing").

3. VISION, GOALS AND PRIORITIES OF REGIONAL DEVELOPMENT

The vision, goals and priorities of the National Regional Development Strategy of Bulgaria for the period till 2015 are defined on the basis of the analysis and the problems emerging in the process of integration of the country to the EU, and in conformity with the goals of the national and sectoral policies, formulated in the respective strategic documents.

The objectives and principles of the EU cohesion policy, oriented towards decreasing of the regional disparities, play a fundamental role for the design of the National Regional Development Strategy. The Community will promote its overall harmonious development through initiating and implementing activities leading to social and economic cohesion, according to Art. 158 of the EC Treaty. In particular, the Community has set up the objective to diminish the disparities in the development levels of the different regions and the lagging behind of the least favoured regions, including rural areas.

The Strategy takes into account the Structure Funds and the Cohesion Fund[25] as primary instruments for financing of regional development activities, as well as the goals and priorities set in the key Community documents: the Lisbon Strategy and the Goeteborg (Re. to Annex 2). Consideration is taken also of the principles of the EU structural policy, such as geographic, thematic and financial concentration of intervention, multi-annual programming, partnership, subsidiarity and additionality.

The National Regional Development Strategy of Bulgaria covers a period of time, during which the country will continue with its preparation for accession to the EU, and period of its being full member of the EU. This fact imposes taking into account certain problems and challenges that have emerged after the accession of the 10 NAS in 2004, related to competitiveness and internal cohesion in the EU. Another important factor, which is also reflected in the Strategy, is the accelerated process of economic restructuring within the EU as a consequence of globalization, technology revolution, the development of a knowledge-based economy and society with due consideration of the principles of sustainable development. The tendency for a more balanced distribution of the economic activities on the EU territory diminishes the risk of stumbling on barriers to growth and ensures sustaining of the European social model and promotion of social cohesion. All these challenges face Bulgarian regions as well.

Bulgarian regions should become more attractive in order to be able to overcome successfully the problem with their competitive capacity– to attract investments, to develop their resource potential and to become a favorable environment for new dynamically developing economic activities, which will be able to contribute to the attainment of the strategic, economic and social development goals of the EU. The planning regions in the period 2005-2015 should make a significant step forward towards reducing the disparities between their socio-economic development and that of the lagging behind less favored regions in the EU-27. In this context they should attain economic growth rate that would lead to real convergence.

The regional policy, being an integral component part of the socio-economic development policy of the country, should comply with and contribute to the attainment of the goals and priorities of the National Development Policy. With the rest of the governmental policies it shall seek for achievement of co-ordination and synergy. To this end the major goals and priorities of the developed strategic documents are taken into account, that coincide with the time frame of the National Regional Development Strategy, such as the Employment Strategy (2004-2010), the Strategy for Promotion of SMEs (2002-2006), the Innovation Strategy, the Strategy for Promotion of Investments (2005-2010), the National Environmental Protection Strategy (2005-2014), the

[25] Account is taken of the currently effective Structure Funds, as well as the Commission's proposals for new objectives for the next programming period 2007-2013.

National Housing Strategy, the Draft-Strategy for Introduction of ICT in Secondary Education, the National Strategy on Follow-up Professional Training (2005-2010), the National Health Care Strategy (2001-2006) etc. (Re. to Annex 3).

The National Strategy has been worked out on the basis of an integrated approach between the regional development policy and the territorial development policy. An effort has been made to identify those impacts of the development of the settlement network and the urban-rural relationships, the European transport corridors and the areas with cumulative environmental problems, which have direct influence on regional development (which have been detailed in the previous section of the Strategy).

The Strategy is of a long-term nature and covers the period 2005-2015. It is expected that during this period Bulgaria will:

- prepare for membership in the European Union and will build administrative capacity for successful integration in the EU structures and for application of the structural instruments;
- apply efficiently the policy for economic, social and spatial cohesion as EU Member State in the period after 2007.

3.1 VISION

The long-term regional development policy aims achievement of dynamic and balanced development of the individual planning regions and decreasing of regional disparities. It contributes to ensuring equal opportunities for economic development, access to economic resources, higher living standard and favorable living conditions in all the planning regions, mitigation of specific problem situations in the underdeveloped regions for targeted impact and in general for approximation to the standards of development of the EU regions. The long-term policy is aimed at attainment of balance among the different development aspects (economic, social, environmental and spatial) and among the various groups, territorial communities and levels, playing in this way a key role for sustainable development. The Strategy lays the focus on development and highlighting of the major factors of growth and the comparative advantages of the country, namely human capital and good-quality nature environment.

The vision of the Strategy is defined as follows:

"The Republic of Bulgaria will be an EU Member State with dynamically developing regions, achieved by high economic growth and employment, sustainable development, improved quality of life and preserved and valorized nature and cultural heritage".

3.2 STRATEGIC GOALS

***The main goal* of the regional development for the period until 2015 is achievement of a sustainable and balanced development of the regions in the Republic of Bulgaria.**

This main objective is based on the conclusions of the conducted analysis of the current state and the trends in the development of the planning regions and above all on the need to develop and utilize the domestic potential of all planning regions and raise the quality of life there. This goal is in full comformity with the regional development goals formulated in the Regional Development Act of the Republic of Bulgaria.

Sustainable economic growth cannot be achieved solely through high dynamics of the development in the economically the strongest planning regions, but also through general improvement of the economic level of the regions and especially of the less developed ones. All regions in the country should be involved in the common process of growth and contribute to the

attainment of the regional development goals. Therefore, a differentiated approach is needed with respect to the types of instruments applied to assist regional development depending on the socio-economic situation in the individual regions and their specific problems.

In the view of the forthcoming accession of the Republic of Bulgaria this goal is in conformity also with the major goal of the policy for socio-economic cohesion with the EU, defined as reducing the disparities among the development levels of the different regions and of the lagging behind of less developed regions, including rural regions (Art. 158 and Art. 159 of the EC Treaty). In addition, it takes into account the goals of the Lisbon Strategy and the Goeteborg Strategy, contributing in this way to implementation of the key priorities of the Community.

The sustainable and balanced development of the regions calls forth for new quantitative as well as qualitative changes in the regional development, covering all the elements of that development and leading to harmonious and balanced integration of the entire territory of the country.

The main goal can be achieved through implementation of the following **strategic objectives**:

- Attainment of a turning point in the development of Bulgarian planning regions through investments in the physical and human capital and approximation to the average levels of development of the EU regions;
- Decreasement of interregional and intra-regional differences through development of indigenous potential at regional and local level;
- Development of territorial co-operation for the attainment of territorial cohesion with the EU and expansion of good neighborhood and partnership.

The implementation of the first objective presumes application of a set of measures, which can contribute to raising the level of socio-economic development of all planning regions with a view to approximation to the average levels of development of the EU regions. This will be achieved through creation of conditions for accelerated growth and enhancement of regional competitiveness. The activities under the regional development policy will assist the economic restructuring of the planning regions through setting in place a knowledge-based economy, increased access to employment through improvement of the educational background of the workforce and its alignment to the demand of the regional and local labour markets, technology development, further construction of the regional and local infrastructure affecting the capacity for attraction of business initiatives. The attainment of high growth rates through improved productivity and increased employment rates will contribute to raising the living standard and generation of resources to meet the requirements for development of the infrastructure, social services, etc.

The main indicators for the attainment of this objective by the end of 2015 for all planning regions are as follows:

- Achieving per capita GDP level from 29% in 2003[26] (EU 25 = 100%) to more than 40% of the average for the regions of EU 27;
- Increase of the employment level from 52.5% in 2003 to more than 65 %, including about 60% for women;
- Access to broadband communications for at least 30% of the population.

The implementation of the second objective – development of the indigenous potential of the planning regions and decreasing of the interregional and intra-regional disparities – will lead to

[26] http://europa.eu.int/comm/eurostat/

overcoming of the significant disparities in the potential of human resources, employment rates, income levels, infrastructure saturation, innovation capacity and development opportunities in the different parts of the area of the planning regions, which are evaluated as a serious barrier for the national development as well. The activities, which will be supported by the regional policy, should be assessed not simply in terms of decreasing of these disparities, but also in terms of their contribution to the attainment of the above objective. The principal objects of the regional development policy under this objective will be the underdeveloped regions for targeted impact according to their specific regional needs and peculiarities. Besides support for development of their internal regional potential, these activities will lead to improved living standards for the population inside the individual planning regions. These shall be activities related to improvement of the access to drinking water, of water quality, the state of the environment, the provision of medical services and their quality, preservation of the local identity and conservation of the local natural and cultural heritage.

The main quantitative indicators for the attainment of this objective by the end of 2015 for all planning regions are as follows:

- Reducing the intra-regional disparities in the level of employment, whereat the employment levels by municipalities should not be higher than 20% below the national average.
- Reducing the intra-regional disparities in the unemployment level, whereat the unemployment levels by municipalities should not be more than twice the national average[27];

Additional target guidelines for attainment of this objective are as follows:

- Widening of the scope of the coverage of the 45-minute isochrone around the major transport centers in the planning regions by 10 %;
- Ensuring of good quality permanent water supply for the population of all regions.

The implementation of the third objective is connected with the more extensive and effective integration of Bulgarian regions into the European space and achievement of common benefits from territorial co-operation based on joint regional development projects in the framework of cross-border and transnational co-operation. The development of cross-border co-operation creates conditions for growth and improved quality of life in border areas, the predominant part of which ranks among the least favored regions in the country. The participation of Bulgarian regions in transnational networks will contribute to the transfer of useful experience and knowledge and on this way to overcoming of the outlaying location of the country from the axes of development and knowledge in Europe. The substance of the thus formulated objective does not allow formulation of specific quantitative targets as benchmarks for monitoring implementation, however in Item 5 below are detailed certain indicators for monitoring achievement.

The need of environmental protection and of following a sustainable way of development is a major horizontal priority and requires taking full account of the environmental considerations in the efforts to implement the objectives of economic and social development and territorial cohesion in the country.

The strategic objectives of regional development are linked to the goals of the national policy expanded with the regional component in their overall impact through ensuring conditions

[27] In 2003 a total of 65 municipalities had unemployment level more than two times above the national average.

for enhancing effect of the territorial factors of growth. These factors include utilization of the regional development potential, taking advantage of the synergy effect of spatial proximity and the achieved horizontal alignment of the factors of production, business environment and human capital, impact on the critical parameters of the spatial systems, engagement of the factor "space".

The described objectives are interconnected and require application of an integrated approach in the planning regions in the process of identification of the measures and the projects for their implementation.

3.3 REGIONAL DEVELOPMENT PRIORITIES

The priorities of the National Regional Development Strategy till 2015 build on continuity of those formulated in the National Plan for Regional Development in the period 2000-2006 by expanding them in compliance with the requirements for attainment of the formulated strategic objectives of regional development and the reforms proposed in the EU Third Cohesion Report.

The major priorities of the National Regional Development Strategy are as follows:

PRIORITY NO. 1: RAISING REGIONAL COMPETITIVENESS ON THE BASIS OF A KNOWLEDGE-BASED ECONOMY

A common need for all regions in Bulgaria is the implementation of activities aimed at promotion of investments for their structural adaptation and raising of the regional competitive capacity, since each of them may de defined as lagging behind as compared to the EU regions. Regional restructuring should stepwise direct the economic structure of the planning regions towards manufactures able to turn out high value added, which will ensure high competitiveness on a global scale and will lead to overall strengthening of the socio-economic situation and improvement of the quality of life there.

The ever-stronger orientation of European regions towards knowledge-based economy, promotion of R&D activities, technology development and innovations, is the key to regional competitiveness. This fact requests that the regional development policy should render support to the mechanisms, structures and institutions, which contribute to the development and application of innovations at the regional level and the wide introduction of information and communications technologies in both the production and the public sectors. The objective is not to guarantee that all the territorial communities in the planning regions will possess the resources to contribute at an equal rate to the development of innovative technologies, but rather that they shall enjoy equal opportunities to take advantage of them and use them productively. In this context large cities, in which the universities, colleges, R&D institutes are situated and which possess the greatest potential to carry out technology-related research and development, will play an important role. Among the planning regions in this country the Southwestern, South Central and North Central regions possess the best opportunities for development of innovative activities.

The specific objectives under this priority, determining the future interventions of the regional development policy, complement the horizontal priorities and measures of the sectoral policies in the country by contributing to the balanced economic development of the regions, overcoming of the interregional and intra-regional disparities and imparting sustainability to the regional and local development through raising of their competitive capacity.

The specific objectives under this priority are as follows:

Specific objective No. 1: Development of R&D activities, technology development and innovations in the regions

The absence of innovation capacity at the regional level is due to shortage of material base for research, lower levels of expenditure for research and development and the weaker links between the R&D centers and businesses. This situation determines the need of specific support, aimed at encouraging the regions to design innovation policies and make available technological support to the business sector. To this end support will be extended to activities, which contribute to:

- Working out of regional innovation strategies, which are in conformity with the national policy in the field of innovations, formulated and applied by the Ministry of Economy, and the policy in the field of science, formulated and applied by the Ministry of Education and Science.
- Establishment of regional centers for research, technology and innovations;
- Improvement of the links between the SMEs and universities, research and technology centers on the areas of the regions;
- Promotion of market-oriented technology projects, worked out jointly by research institutes and companies on the area of the regions;
- Promotion of the development of public-private partnership in the development and transfer of new technologies;
- Attraction and promotion of investments for construction and development of technology parks and SME incubators.

For the purposes of development of regional and local technology entrepreneurship support will be extended to activities related to construction of regional technology parks and incubators, including investments for renewal and upgrading of the infrastructure of the higher educational establishments and research entities, by making available appropriate plots and buildings on the area of the municipalities for setting up technology centers, technology incubators and parks.

The actions will be directed as a matter of priority to regions, which possess a potential for economic and R&D development, regions of growth and regions of industrial decline.

The technological development of Bulgarian regions will be achieved also through the active policy of local and regional authorities – preferential treatment in the event of construction of enterprises in technology parks, accelerated processing of applications for registration, construction and launching business, provision of services by business services entities in the fields of personnel selection, staff training, market outlets, aggressive regional marketing.

A number of other prerequisites are also important for the development of high-tech SMEs in the regions, such as availability of regional investment funds guaranteeing access of SMEs to risk capital.

Specific objective No. 2: Building of business networks and regional and cross-border clusters

Development of regional business networks and clusters is as yet a poorly developed or missing link in the regional economies in the country. The advantages of their establishment transform them into a specific object of the regional development policy.

Regional clusters are groups of inter-dependent industries on the basis of territorial proximity, common business and technological support infrastructure, financial and educational services. These industries, organized in networks which enjoy active support on the part of the local institutions, build a culture of co-operation conductive to and combined with ample opportunities for innovation and adaptation and may achieve a high level of competitiveness. The success of the regional clusters is due to the joint management and marketing, pooling of collection and exchange of strategic and technological information in the framework of the created networks, and the possibilities for launching adequate training programmes for their human resources, etc.

Cross-border clusters are effective economic instruments for development of border areas, for promotion of local businesses and investments and for combating unemployment. They create opportunities for access of local businesses to new markets and for promotion of cross-border co-operation. Cross-border clusters contribute to the efficient use of the geographic location and local capacity (both human and physical) and to the sustainable development of border areas.

In the process of development of clusters the public sector plays rather the role of a catalyst by supporting, within the framework of the regulatory framework concerning governmental assistance, the launching of projects and particularly the development of networks and the exchange of information, studies and education, as well as by setting in place specific infrastructure and more flexible mechanisms as required by the clusters.

Local authorities, on the other hand, play a very significant role for their emergence and development. It is in their power of competence to initiate programmes for development of clusters and to be active participants in the implementation of such programmes. Other major subjects involved in the development of clusters are the regional chambers of trade and industry, local and regional professional associations of industries, universities, colleges, research institutes, entities related to economic development – agencies and associations for regional and local economic development, etc.

Clusters in the fields of tourism, agriculture and forestry play an important role and have a positive impact for achievement of sustainable economic growth in a regional context.

Specific objective No. 3: Improvement of the access to and development of communication technologies in the field of public services and services in favour of SMEs

The access to information and communications technologies is one of the important condition for building a competitive profile of the planning regions The absence of access to adequate telecommunication services is a serious barrier to the development of all regions and particularly for that of the underdeveloped regions for targeted impact, the peripheral areas and the less urbanized areas. Achievement of this objective is related on one hand to the introduction of broadband technologies for digital data transmission, leading to improved efficiency, scope and transparency of the services provision to the population (education, health care, services delivered by local and regional administrations, taxation and social services for the population), as well as services in favour of the local businesses (business information systems, taxation information and other business services, provided by the local authorities). On the other hand, the use of this technology is connected with adequate training of the population and the local business entities.

The regional policy will support the development of the network of information society in the regions and the application of information and communications technologies through:

- Building of broadband communications networks;
- Improvement of the access to and development of online public services;
- Assistance to SMEs for adoption and efficient use of ICT;
- Capacity building for ICT use by the local population.

Priority in the building of the infrastructure of an information society should be given to the regions for targeted impact. The infrastructure improvements in the underdeveloped regions will increase their attractiveness for localization of economic activities. In the regions of growth it will contribute to their active involvement in the networks for exchange of information and knowledge within the EU boundaries and for raising the competitive capacity of the entire planning region.

PRIORITY NO. 2: DEVELOPMENT AND IMPROVEMENT OF THE INFRASTRUCTURE TO CREATE CONDITIONS FOR GROWTH AND EMPLOYMENT

The capacity for regional development in Bulgarian regions as compared to those in the EU is reduced significantly by the condition of the existing infrastructure. The support for development and improvement of the infrastructure is of decisive importance for incorporation of all the regions in the process of development, for increase of the regional investment attractiveness and competitiveness on a national and international scale. Regional and local infrastructure is a key factor for promotion of business and for economic convergence of the entire territory by way of setting in place prerequisites for the use of the specific regional potentials. Moreover, the activities for building the regional infrastructure are a source of new employment opportunities related to the process of its construction and operation.

With the development of the main infrastructure the regional development policy should achieve the following:

- Application of integrated approach and harmonious set up of the infrastructure elements in the individual regions in line with their specific potential and infrastructure shortages;
- Improvement of the quality of infrastructure services in line with the expected demand of the different types of infrastructure;
- Development of infrastructure, which would contribute to the achievement of the strategic objective for sustainable economic growth and balanced regional development of the planning regions.

The individual projects and programmes for development and upgrading of infrastructure are subject to assessment procedures concerning their impact on the environment, which are an important element of the application of the principles of sustainable development.

Taking account of the universal spread of infrastructure disparities, the activities will be oriented with priority to the locations, where there is a clearly evident barrier to the use of the potential factors of economic growth.

Three specific objectives of the regional development policy stand out clearly within this priority:

Specific objective 1: Development and improvement of the elements of the regional and local transport infrastructure

The important prerequisites for regional growth and employment are related to provision of good transport accessibility to the areas for development of economic activities.

The key national projects in the field of transport are development and upgrading of the European transport corridors (Nos. 4, 7, 8, 9 and 10), which cross the territory of the country. The major priorities are related to further construction of the highway network of the country and reconstruction and rehabilitation of sections in poor state-of-repair of Class A and Class B roads.

The regional development policy will support the reconstruction and upgrading of the Class A and Class B road network and the municipal road network for improvement of the transport accessibility at the regional level to the transport corridors, as well as the access of economic activities to the peripheral and underdeveloped areas. It will be oriented towards:

- Roads ensuring access to the European transport corridors for outlying areas, which possess development potential and/or for which there has been demonstrated interest on the part of potential investors;

- Roads, which service the intra-regional connections in the planning regions and provide opportunities for development of their specific economic potential;
- Improvement of the transport and communications connections to the port terminals in the cities and outside the settlement areas;
- Reconstruction and upgrading of railway stations in important regional and economic centers.

Specific objective No. 2: Building and improvement of the environmental infrastructure

The regional development policy should support the construction and improvement of the specific local environmental protection infrastructure:

- Construction of water supply and sewerage systems in the human settlements: small drinking water treatment plants and industrial and household wastewater treatment plants; water supply networks and facilities in settlements without water supply and sewerage infrastructure in the zones for development of business, including in the underdeveloped regions for targeted impact which possess potential for development of tourism;
- Construction of the necessary infrastructure for environmentally-sound waste management;
- Rehabilitation of contaminated grounds and polluted land;
- Protection against nature risks – consolidation of landslides, protection of the river Danube banks and the Black Sea coast from abrasion;
- Development of renewable energy sources (water, wind, solar energy, geothermal energy and biomass) and improvement of energy efficiency in the public sector.

Specific objective No. 3: Improvement of the access to and construction of regional and local business infrastructure

The availability of regional and local business services, which contribute to the development of entrepreneurship and local businesses and/or the creation of new jobs, is as yet inadequate, particularly in the underdeveloped regions for targeted impact. The need of activities for setting up business services and improving the effectiveness of the existing ones, including specialized services for SME groupings is determined by this situation. The specific regional requirements will determine the type of the needed infrastructure, for instance setting up of regional advisory offices for investors, exhibition halls, business incubators, business centers, industrial parks, new zones for industry and entrepreneurship.

Industrial parks built with public investments for development of businesses and feeder technical infrastructure are usually newly established zones designated specifically for manufacturing purposes. They are set up for the purposes of attracting modern industries and represent an important instrument of the regional and spatial development policy for attraction of business investments. In certain cases the local authorities may grant real estates properties (for instance land and buildings) for accommodation of SMEs by local and foreign investors. Their establishment is particularly urgent in the regions of industrial decline and in certain types of underdeveloped regions in need of industrial restructuring.

PRIORITY NO. 3: RAISING THE ATTRACTIVENESS OF AND QUALITY OF LIFE IN THE PLANNING REGIONS

Strengthening of the capacity of the human capital, social cohesion and protection of the natural and cultural heritage in the regions will contribute to raising their attractiveness and the

quality of life. The total effect consists not only in the benefits from the general economic development of the regions, related to growth, employment, income and services for the population, but also in the establishment of the traditional comparative advantages of Bulgarian regions in terms of human potential and good quality of nature and the cultural environment.

A challenge for all regions in the country is the improvement of the skills level of the human resources for attaining better adaptability to economic and social change Regional deficits in the quality of human resources are unevenly distributed across the territory, although everywhere negative trends are observed with respect to alienation of education from the regional economic environment, shortage of skills and know-how for work with the new technologies and under the new production requirements, break in the link between education and the local labour markets, absence of a conscious company policy on training and upgrading of the workforce. Therefore, there is need of adequate activities, which are particularly urgent under the present conditions of globalization, advance of the information society and of the knowledge-based economy.

Overcoming of the differences in the employment rates and the educational level in Bulgarian regions as compared to the EU ones and orientation towards achieving the targets laid down in the Lisbon Strategy – 70% employment rate, including 60% for women; attainment of secondary education graduation rate of 85% for persons above 22 years of age and incorporation of 12.5% of the adults in life-long education – form the fundamentals of the actions undertaken under this priority.

The natural and cultural wealth of Bulgaria and its regions is a component part of the European natural and cultural diversity and its preservation and proper management are fundamental for sustainable development and one of the major emphases of the country's regional policy till 2015. This wealth, preserved and socialized in an appropriate manner, is a prerequisite for development of sustainable local tourism and recreation activities featuring combined health care and economic effect.

The specific objectives of the regional development policy complement and expand the actions undertaken in the framework of the other policies, above all in the field of employment, education and health care, in conformity with the specific local particularities and demands.

Specific objective No. 1: Raising the attractiveness of the regions through investments in education

The skills of the workforce have turned into a primary comparative advantage in global competition and a major factor for the attractiveness of the regions. The modern economy imposes the need of a permanent process of adaptation of education and skills level of the workforce to its changing requirements.

For the development of the professional skills and for overcoming of the structural deficits of the regional and local labour markets it is necessary to promote the co-operation between the business, educational and R&D structures. In this connection support should be rendered to activities related to:

- Design of open-end educational systems, regulating professional training according to the demands of the regional labour market in a joint effort with the social and economic partners;
- Enhancement of life-long education and training, including through activities to achieve significant reduction of the school dropout rates (particularly in regions with great concentration of Roma population);
- Promotion of the linkage between employers and the teaching process in the higher educational establishments through negotiation of students' study tours, practical training

and other modalities aimed at helping students acquire in the course of their stay at the university practical experience compatible with the requirements of entrepreneurs and the investment process;

- Building of a modern regional information system for professional orientation and information.

The realization of transition to information society requires acquisition of a different level of knowledge by the human resources with respect to the information and communications technologies, as well as their active introduction into the teaching and learning process. To this end access to Internet will be promoted in all education establishments through setting in place of the necessary infrastructure for provision of high-speed Internet.

Specific objective No. 2: Integration of the entire territorial community in the labour market

Prevention of unemployment and assistance the integration of the unemployed in the labour process will be achieved by means of the activities proposed under the above objectives related to the development of the economy, the infrastructure and the skills of the workforce, but also through provision of specialized services to those seeking employment in the form of consultations and training. The provision of preventive and active measures on the local labour markets should extend to all social groups with specific emphasis on the underprivileged groups. Combating unemployment requires comprehensive measures for interrelated support in the framework of the economic policy, social policy and employment policy. The instruments of such a policy are the regional and local employment programmes.

The regional development policy assists for the gradual convergence between the regional structural employment (marked by a high relative share of employment in the primary sector in the planning regions and especially in the Northwestern, Northeastern and South Central regions) and that of the EU regions (marked by high relative share of employment in the tertiary sector and high-tech sectors). The main focus of this policy is development of modern professional skills, information technologies and improved access to education for young people. It comprises actions aimed at:

- Support for entrepreneurs, who apply new technologies in agriculture, leading to reduction of employment in this sector;
- Change in the professional subject field /obtaining a degree in a second subject/ and re-training of those employed in the regions, in which structural changes are underway;
- Support for entrepreneurs-to-be and self-employed persons with a particular emphasis on female entrepreneurship.

Measures of this kind will be implemented in the regions for targeted impact – underdeveloped mountainous, rural and border areas and regions of industrial decline.

The nature and extent of the assistance under the above three directions of this priority will be adapted to the characteristics of the socio-economic situation in each planning region:

- Provision of the required resources – regulatory, methodological and organizational frameworks (programmes, standards, etc.), information (database), personnel (lecturers, administrative and other staff) – for training and skills improvement of adults, long-term unemployed persons and members of other groups in underprivileged position on the labour market. The regional orientation of this priority extends over all the planning regions (with pilot application in the Southwestern and the North Central regions) and some of the regions

for targeted impact, which possess a higher potential to achieve economic growth (the regions for economic growth and Sofia Municipality).

- Reduction of the disparities between the educational level and professional skills and qualifications of the employed persons and the labour characteristics of the workforce demanded at the labour market with an emphasis on elderly workers and people with low educational level and skills. The regional orientation covers the planning regions, which have unfavorable indicators for educational and skills level of the population and the workforce – the Northwestern, Northeastern, Southeastern and South Central regions - and some of the regions for targeted impact – underdeveloped rural, mountainous and border regions.
- Adaptation of the existing and setting up of a new educational and training infrastructure with multi-objective designation (for the needs of professional training, life-long education, combating low literacy levels etc.), complying with the European educational standards. The regional purpose extends over all the planning regions and the majority of the regions of targeted impact (with the exception of Sofia Municipality and the regions of economic growth).
- Implementation of an active policy on the labour markets, orientated towards increase of the employment opportunities for risk groups and unprivileged groups in terms of access to employment. The regional orientation of this action is towards the planning regions with high level of youth unemployment and high relative share of the long-term unemployed (the Northwestern, Southeastern and Northeastern regions).
- Prevention of youth and long-term unemployment in the regions, in which its level is high. The regional orientation of the efforts is towards the Northwestern, Northeastern, Southeastern planning regions and some parts of the regions with more favorable indicators (Smolyan and Pazardjik Districts of the South Central Region, Lovech and Pleven Districts of the North Central Region, Yambol District of the Southeastern Planning Region).

The precondition for success of the above activities is the attainment of harmonization and synchronization of the actions of the institutions responsible for professional education and the design of a mechanism for interaction among them. A very important element of this process is building a system of partnerships and involvement of all social and economic partners.

Specific objective 3: Improvement of health care services which contribute to the regions development

Life span is the main indicator for the opportunities for access to and quality of the medical services. The population of Bulgarian regions is characterized by a relatively lower life span as compared to that of a large portion of the European regions. For the purposes of minimizing the regional shortcomings in the access to medical services and their quality, support shall be extended to activities related to the development of health care, including investments for development and improvement of medical services, which will contribute to regional development and the quality of life in the regions.

Specific objective 4: Protection and valorization of the natural and cultural heritage

The cultural and natural heritage ranks among the strategic factors for sustainable development of Bulgarian territory. Their new socialization is still forthcoming and might play a decisive role for their transformation from a subject of preservation into a development instrument. The integrated approach to preservation and valorization of the natural and cultural heritage is an important condition for raising the attractiveness of the regions for investments and for building of a high-quality living environments coupled with preservation of their regional identity.

Preservation and enhancement of the role of nature and the cultural heritage as a form of support of economic development comprises the following:

- Implementation of activities related to preservation of nature and the cultural heritage.
- Transformation of the local cultural institutions into modern centers of spiritual life for the dissemination of information, knowledge etc.
- Promotion of nature- and culture-related models of sustainable tourism, including curative tourism. Development of the large tourism complexes ranks among the priorities and measures of the National Development Plan. The regional policy contributes to development of the tourism-related functions of municipalities as an alternative to and opportunity for diversification of the local economy by focusing on models of sustainable tourism, comprising conservation and exhibition of Bulgarian nature and cultural heritage. The development of recreation and tourism enjoys support in all regions. The reasons for that are the existing diverse regional initiatives for their development as well as the multiplication effect with respect to the development of the related sectors, which reflects on the number of new jobs, the image of the region and the attraction of investments. The support for the local development of tourism and investments is oriented with priority to the underdeveloped regions possessing a potential for development of tourism.

PRIORITY NO. 4: INTEGRATED URBAN DEVELOPMENT AND IMPROVEMENT OF THE URBAN ENVIRONMENT

More extensive integration of urbanization issues into for implementation of the objectives of regional development is a new important field of activity in the framework of the Strategy. There is an ever more frequent reference to these issues is the European documents and planning of support by the financial instruments of the EU for the next programming period.

The scope of problems encountered by urban development and the role of cities for fostering regional development determine the specific objectives laid down in the Strategy in this field.

Specific objective 1: Application of strategies for integrated urban development and increased competitive capacity of cities

For the large urban agglomerations, in which there are significant problems related to concentration of population, the structure of economic activity and the quality of life, specific strategies will be developed for coping with the high concentrations of economic, environmental and social problems and for spreading their impact into neighboring areas through diffusion of growth. These strategies will comprise rehabilitation of the physical environment, development of the surrounding areas and protection and development of the historical and cultural heritage, measures for promotion of entrepreneurship, local employment and communal development, development and provision of services to the population with due account of the changing demographic structures.

Specific objective 2: Rehabilitation and renewal of urban regions

Specific measures will be applied with respect to certain urban areas for their physical renewal and saturation with public works for building an attractive urban environment, which in turn will lead to future investments and further development. These activities might comprise rehabilitation of old industrial areas and improvement of the urban environment in residential districts, where there is a problem of social exclusion of a large portion of the population, abolishment of ghettoes and improved public works of settlements, districts and neighborhoods

inhabited by vulnerable social groups, improved access to public services and education, contributing in this way also to resolution of existing problems.

Specific objective 3: Strengthening of the city-region relationship and improvement of the socio-economic integration

The regional development policy should strengthen the relationship between the city and its hinterland through improved communications, creation of jobs and services, development of the transport connections for facilitated accessibility to the workplace, services and investments and for improvement of mobility. In this way the realization of the economic potential of the affected urban areas will be assisted, of which the nearby hinterland will also benefit.

A special emphasis will be laid on those functions of the cities, which play a service role in the processes of restructuring and development of rural areas, whereby the measures will be oriented towards diversification of the structure of the local economy (since employment in agriculture used to predominate so far) and setting up of new urban-rural relationships. It would be appropriate to promote them in the provision of services for their agricultural hinterland and the creation of SMEs related to agricultural production, fostering development of tourism in and around the small cities having adequate conditions and resources as an alternative to the independent tourism estates in nature environment. The interaction between the city and the rural areas is of strategic importance for raising the competitiveness of the planning regions.

The interventions supporting the strengthening of the links between the cities and their rural hinterland will be directed to the northern planning regions, which are in utmost need of such intervention for the purposes of creating conditions for their balanced sustainable development.

Specific objective 4: Promotion of environmentally clean public transport in the cities

Since urban transport is one of the largest environmental polluters, the regional development policy shall support through its instruments the design and implementations of strategies for environmentally clean urban transport. The interventions in support of environmentally clean urban transport will be oriented with priority to the largest cities in the country, where the problems of pollution are the most crucial.

The first step for the cities with large transit road traffic is the construction of ring roads. Introduction of underground tramway and trolley bus transport as an alternative to engine-driven road transport and the introduction of environmentally friendly systems and technologies for public transport in the cities, coupled with purely technological measures - replacement of the engines by more environmentally clean ones - are only some of the alternatives to the current situation.

PRIORITY NO. 5: DEVELOPMENT OF CO-OPERATION FOR EUROPEAN SPATIAL COHESION, PROMOTION OF PARTNERSHIP AND GOOD NEIGHBOURHOOD FOR THE PURPOSES OF DEVELOPMENT

Specific objective 1: Development of cross-border co-operation

Cross-border co-operation is of great importance for overcoming of the structural problems of border areas as a consequence of their peripheral location. The focus of the major activities is on the development of infrastructure (roads, railway lines, treatment facilities, telecommunications and energy sector) and of joint economic, social and cultural activities, which can improve the attractiveness of the regions for investors and to raise the quality of life there.

The existing joint programming documents for cross-border co-operation between the Bulgarian border regions and their counterparts from the neighboring states (Greece, Romania,

Turkey, Macedonia, Serbia and Montenegro) till 2007, supported by the European programmes PHARE-CBC and the Programme for Good Neighborhood are the major instruments for development of cross-border co-operation during this period. The programmes will become ever more open for the so-called "soft measures" by financing projects for socio-economic assistance, cultural and media co-operation, education and skills upgrading, etc.

On the other hand, the local authorities and the set up institutional structures for cross-border co-operation, such as Euroregions and other bodies, contribute significantly in the framework of their joint programmes and activities for broadening and strengthening of the culture of this co-operation.

Despite the achieved results, during the next period it will be necessary to improve the effect of the implemented projects, their sustainability and the further integration of the border areas of the countries. To this end cross-border co-operation will be oriented to a limited number of objectives and priorities of strategic nature and projects generating high added value and having sustainable spatial impact. They comprise also close partnership - both formal (through the institutionalized agreements for programming and management) and informal. The funds provided by the Community will also increase considerably after the country's accession to the EU in the form of assistance for the activities on cross-border co-operation.

For effective development of cross-border co-operation Bulgarian regions need support for the purposes of:

- Promotion of entrepreneurship and more specifically development of SMEs;
- Assistance for the development of tourism, culture and cross-border trade;
- Promotion of protection and joint management of the environment;
- Overcoming of the problem of spatial isolation through improved accessibility by transport, promotion of information and communications networks and services and development of cross-border infrastructure systems in the field of water supply, waste management and energy systems;
- Development of co-operation, capacity and joint use of the infrastructure, particularly in sectors like health care, culture and education;
- Promotion of the integration of cross-border labour markets, of local initiatives in the field of employment, equal opportunities, education, social integration and sharing of human resources, as well as provision of services on research and technology development.

Specific objective 2: Development of transnational co-operation

Transnational co-operation is a good opportunity for Bulgarian regions to foster partnership and development of joint activities between them and the regions in other Member States, addressing issues of common interest in the field of environmental protection, development of transnational transport and communications networks, exchange of information, minimizing the threat of environmental and natural risks, building networks for transfer of technology and knowledge.

The support in this priority field should be orientated towards:

- Water management with clear-cut transnational dimension, including protection and management of the river basins, water services and wetlands.

- Improvement of the accessibility, including investments in the cross-border sections of European transport corridors Nos. 4, 7, 8, 9 and 10 traversing the territory of Bulgaria, as well as an improved local and regional access to the Pan-European and national

transport corridors, improved "international operative capacity" of the national and regional networks and promotion of the advance information and communication technologies.

- Protection against natural calamities, including floods, pollution of coastal areas, rivers and inland water basins, prevention of and protection against erosion and earthquakes through working out of common plans for support and safeguarding, construction of infrastructure, delivery of equipment, setting in place of common systems for monitoring and control.

- Establishment of research and technology networks related to the search for solutions for balanced development of transnational territories, including creation of networks among universities and links for facilitation of access to scientific knowledge and technology transfer and international R&D, setting up of transnational consortia for sharing of resources for R&D activities, twinning of institutions for technology transfer and design of joint financial engineering instruments for support of research and technology development by SMEs.

Specific objective 3: Networking and exchange of experience with the European regions

For enhancement of the integration component of European territorial co-operation support will be provided for activities aimed at promotion of networking and exchange of experience among regional and local authorities, including co-operation programmes extending over the entire Community or individual regions and activities related to studies, data collection, monitoring and analysis of the development trends within the Community.

The participation of regional and local authorities, as well as of the different other regional structures of business, the cultural circles etc. in the established transnational networks under different projects will contribute to the transfer of good practices and the fuller integration of Bulgarian regions into the Community space.

This specific objective will act as an incentive and assistance for regional and local authorities and the various other institutions on their area in their efforts to launch new initiatives and projects of European significance, setting up of transnational co-operation networks, as well as for economic, social and cultural exchange among the regions in Bulgaria and Europe. The result will be improved knowledge and efficiency of the local and regional authorities with respect to the development policy applied by them.

PRIORITY NO. 6: STRENGTHENING OF THE INSTITUTIONAL CAPACITY AT THE REGIONAL AND LOCAL LEVEL FOR IMPROVEMENT OF THE MANAGEMENT PROCESS

Strengthening and increasing of the institutional capacity at the regional and local level will assist the acceptance of the proposed reforms in the Community cohesion policy, for building capacity for better utilization of the money allocated by the Structure Funds and the Cohesion Fund, programme design, monitoring and evaluation and better policy at these levels. This may be achieved through promotion of activities under the below detailed specific objectives:

Specific objective 1: Strengthening of the capacity and improving of the co-ordination at the regional and local level for management of the funds allocated under the EU Structure Funds

The Structure Funds are of key importance for the Bulgarian planning regions for strengthening of their competitiveness. Their effective utilization is a matter of utmost priority for the regional development policy.

The problems existing so far in the process of utilization of the pre-accession funds by the predominant part of the structures at the regional and local level impose the need of actions based on the accumulated experience and the equity efforts with the aim to:

- Strengthen the capacity at the regional and local level in the field of programming, project design and management, monitoring and evaluation for the purposes of effective utilization of the funds from the EU structure mechanisms, strengthen the administrative structures responsible for application of programmes and projects for economic and social cohesion and in particular for the future operations of the European Fund for Regional Development (EFRD);
- Improve co-ordination and interaction in the application of the regional policy;
- Phased decentralization of the management and implementation of the regional development programmes;

The activities under this objective will comprise:

- Technical assistance for preparation of projects;
- Training and development of the skills in project management and financial control;
- Informational provisions of the management process;
- Monitoring systems.

Specific objective 2: Assistance for the establishment of regional and local partnerships for development

Partnership will be enhanced through improved collaboration between the regional/local authorities and their social and economic partners at the regional and local level. This will be achieved through building and strengthening of new effective partnerships at the regional and local level and strengthening of the institutional capacity of the existing bodies for partnership – regional development boards and district development boards.

The activities, which will contribute to the advance of the processes of partnership, are as follows:

- Training of regional and local partners how to design, finance and manage joint projects and how to apply integrated development programmes;
- Networking;
- Mechanisms for monitoring and evaluation of the impact;
- Information and publicity of the plans and programming documents at the regional and local level;
- Discussion forums.

Specific objective 3: Improvement of the delivery of services provision by the regional and local administrations

In the framework of this specific objective capacity building activities will be performed, aimed at upgrading of the delivery of services by the regional and local administrations and their social partners and relevant NGOs through training courses on management for the personnel and specific support for key services, acceleration and expansion of "one-counter" administrative services at the regional and local level.

Specific objective 4: Development of new approaches for promotion and direction of regional and local development

The good governance and the effective institutional structure are important sources of regional competitiveness because they increase the efficiency of the actions undertaken by the public administration at the regional and local level and can improve the collective efforts for generation and dissemination of innovations.

Experience has shown that good governance requires transition from the traditional "top-down" approach to a more open modality, providing for involvement of the respective stakeholders from the region. These partnerships should unite the different policies dealing with economic, scientific and social development (integrated approach) in a long-term perspective (strategic approach). It is difficult to implement the national innovation policy without close interaction with the regional and local authorities and at the same time coordination of the regional policies with the national ones is indispensable[28].

The activities under this specific objective are orientated towards improvement of the institutional capacity of the regional and local authorities, who are responsible for innovation, through training courses, exchange of information, lessons learned, results and good practices for the purposes of promotion and orientation of innovation activities, support for the development of public-private partnerships, for promotion of successful regional clusters and business networks as well as regional innovation strategies and policies. Similar support is necessary also for promotion of good governance approaches for development of transnational and interregional co-operation.

[28] Third cohesion report

4 IMPLEMENTATION OF THE NRDS

4.1 INSTIITUTIONAL ORGANIZATION OF THE IMPLEMENTATION OF THE NRDS

The implementation of the state policy in the field of regional development is based on the following principles[29]:

- Unified approach in planning and programming;
- Concentration of resources for attainment of the goals of regional development;
- Partnership, publicity and transparency at all levels in the process of planning, programming, financing, monitoring and evaluation;
- Supplementing of funding from national public sources through co-financing from other sources;
- Inter-institutional coordination of the activity of the competent bodies in the process of planning and programming, procurement of resources, implementation, monitoring and evaluation;
- Coordination with the other structure-defining policies, instruments and activities at the international, national and regional level.

The actions of the **central bodies** are directed towards achievement of horizontal coordination and effective synergy in the implementation of the objectives and priorities of the National Regional Development Strategy.

The Council of Ministers:

Approves the NRDS at the proposal of the Minister of Regional Development and Public Works; guides and coordinates the actions of the different institutions in the field of regional development.

The Ministry of Regional Development and Public Works:

- Organizes the elaboration of the NRDS.
- Controls the conformity of the objectives and priorities of the regional development plans of the planning regions and the National Operational Programme for Regional Development with the National Regional Development Strategy.
- Monitors and controls the implementation of the National Regional Development Strategy through the respective directorates of the specialized administration of the Ministry.
- Ensures information about and publicity of the NRDS and of the documents related to the actions of the respective bodies for its elaboration, coordination, approval, financing and implementation.
- Informs the broad public timely and in an adequate manner about the nature and the substance of the National Regional Development Strategy, about the necessity for it and the potential benefits from its approval and implementation, as well as about the achieved results.
- Performs coordination and interaction with the central structures of the executive power, district councils and regional boards and other stakeholders with respect to the implementation of the NRDS. To this end a consultative body shall be established with the Minister of Regional Development and Public Works – a **Partnership Board on the NRDS**

[29] Formulated in Article 5 of the Regional Development Act, 2004

– with the task to review the specific aspects of the implementation of the National Regional Development Strategy and recommend adequate measures for its implementation, monitoring and evaluation. The Board shall comprise broad representation of the central, regional and local authorities, social and economic partners and NGOs. The functions, organization and activity of the Board shall be worked out in an operative order.

- Analyzes the regional policy processes and initiates amendments to the legislative framework of regional development.
- Initiates activities related to the governance and updating of the Strategy.
- Performs activities related to strengthening of the institutional capacity of regional and local authorities in the process of programming, management and effective utilization of the funding from the EU funds.
- Proposes amendments of the objectives and priorities of the regional policy on the basis of final assessments of the implementation of regional development plans.

The National Expert Board on Spatial Development and Regional Policy

Conducts consultations and coordination in the process of elaboration of the National Regional Development Strategy and endorses the document prior to its submission to the Council of Ministers.

The Ministry of Finance

Plays a principal role in the formulation of the budgetary and taxation policy at both the national and the local level. The Ministry performs the functions of chief coordinator and disbursement body for the assistance from the Structure Funds and the Cohesion Fund. In the process of elaboration of the National Strategic Reference Framework for the period 2007-2013 the goals of the National Regional Development Strategy shall be bound to the other strategic objectives and priorities of the plan (the framework).

The Ministry of Economy

Performs and coordinates the activities at the national level related to the implementation of the goals of the National Regional Development Strategy in the field of promotion of investments, innovation policy, development of industry and tourism, restructuring of the economy through promotion of investments in high-tech sectors and building of a knowledge-based economy, promotion of the small and medium-size business, support for the cluster approach and building of clusters in the Republic of Bulgaria, as well as building of a good-quality business environment in the planning regions.

The Ministry of Labour and Social Policy

Is a partner in the implementation of the regional development objectives in the field of employment and combating unemployment, raising the adaptive capacity of the workforce in conformity with the challenges of the information society and the knowledge-based economy, the labour market demand, the personal income policy, promotion of entrepreneurship, integration of the territorial communities and of all social groups in the labour market.

The Ministry of Environment and Water

Implements the activities oriented towards building of a good-quality living environment in the regions across the country and overcoming of the critical situation in the areas with cumulative environmental problems.

The Ministry of Agriculture and Forests

Plays a primary role with respect to the implementation of the policy for development of agriculture and rural areas by contributing to the implementation of the regional policy objectives in the planning regions.

The Ministry of Education and Science

Makes important contribution to the implementation of the regional development objectives through its activity in the field of education and training, life-long education, orientation of the educational system to the demand for specialists with the necessary qualification, introduction of information technologies in education, setting up of appropriate educational institutions in the planning regions.

The National Statistical Institute

Procures the necessary information for monitoring and evaluation of the implementation of the National Regional Development Strategy. The role of the regional statistics is very important for justification of the feasibility of decisions on the regional development policy. To this end it should make arrangements to work out appropriate indicators for justification of the regional development policy in conformity with the goals of the Strategy, which shall be subject to alignment with Eurostat.

The other ministries, for instance the Ministry of Culture and Tourism, the Ministry of Transport and Communications, the Ministry of Youth and Sports, the Ministry of Energy, the Ministry of Foreign Affairs etc.[30], also contribute, each in its specific sphere of competence, to the implementation of the Strategy.

Irrespective of the degree of involvement of the central authorities in the implementation of the objectives of the Strategy, specific **Terms of Reference should be approved in relation to their participation**:

- Concerning the format and modality of their concrete participation in the Partnership Board on the NRDS;
- The modality and mechanisms for submission and review of the respective strategic and programming documents, current materials and information related directly to the implementation of the NRDS;
- The technology and modality for presentation and exchange of information about processes and phenomena on the national territory bearing on the issues of regional development, including monitoring and evaluation of the implementation of the NRDS;
- The procedures for publicity, transparency and partnership in collective decision-making on the application of the regional development policy.

District governors and local authorities are the principal participants and partners of the central authorities in the process of formulation and application of the regional policy. Their functions in the governance, monitoring, evaluation and control of regional development are set up in the Regional Development Act. They are involved in the process of formulation of the regional policy and are obliged to develop strategic planning documents at the respective levels and take part in the elaboration of the National Operational Programme for Regional Development. They are members of the bodies established by virtue of the Regional Development Act for the purposes of management and monitoring of regional development – district development boards, regional

[30] as well as consultative bodies with the ministries, including the Inter-ministerial Board on the Issues of Frontier Control.

development boards, Monitoring Committee on the National Operational Programme on Regional Development and the Partnership Board.

The Regional Development Boards

Ensure the broad and effective participation of all partners in the process of planning, financing, monitoring and evaluation of the regional development measures in the planning regions. They review and approve the draft regional development plans and perform the functions of supervisory body on their implementation. On the basis of the regional reports about the implementation of the regional development plans the progress of implementation of the objectives and priorities of the NRDS is accounted. The regional development boards perform coordination of the projections of the district development strategies for the respective planning region.

The district governors, the specialized structures at the district administrations and the district regional development boards

Take part in the implementation of the NRDS through elaboration, public review and implementation of the district regional development strategy for their respective district, assist the preparation and implementation of the municipal development plans, participate in the establishment of regional and local partnerships in the preparation, financing and implementation of projects aimed at realization of the planning documents at the regional and local level.

The local authorities

Take part in the implementation of the objectives and priorities of the National Regional Development Strategy through formulation and approval of municipal development plans and programmes for their implementation through mobilization of the local financial, human and organizational resources, including from the private sector and NGOs, for implementation of the measures and projects laid down in these plans and programmes, for development and application of the local initiatives of supra-municipal significance, for provision of information about and publicity of the activities for local development. In a number of cases municipalities will be the concrete executive agencies for project implementation, while in the rest of the cases they will be beneficiaries from the implementation of projects as a result of utilization of funding from the EU funds.

The participation of the **social and economic partners, NGOs and the private sector** in the regional development policy will be broadly provided for in the framework of the NRDS. In the process of work on the Strategy they enrich the central, regional and local bodies with new ideas based on their practical experience and support decision-making through bringing about high public consensus, they participate in the establishment of partnerships at the local and regional level for the purposes of implementation of the Strategy, sit on the Partnership Board on NRDS as members, contribute with equity funds for implementation of activities related to the objectives and priorities of the Strategy.

Employers' organizations

They assist the implementation of the Strategy as an object and a beneficiary of the policies and activities related to regional development. They possess also considerable opportunities to support information, educational, training, broker and other components of the activities related to implementation of the Strategy.

Trade union organizations

They are a major partner of the authorities at the central, district and local level in the process of formulation and application of the regional policy. They sit as members of the district development boards.

The National Association of Municipalities in the Republic of Bulgaria

In its capacity of a nationally represented association of local authorities it has important functions in the entire process of preparation, implementation and financing of the NRDS.

NGOs

They have the function of a useful benchmark with respect to the design of the Strategy and a real participant in its implementation. They possess broad opportunities to render support to information, education, training, marketing and other components of the activities related to implementation of the Strategy. Many of them are involved directly in the implementation of regional development projects and activities financed from European and national public funds. An important factor for their involvement in the implementation of the Strategy is the further upgrading of the partnership-oriented mechanisms and procedures.

The institutional framework for regional development and implementation of the NRDS is in general already in place. What is necessary, however, is to envisage **measures for strengthening of the administrative capacity for implementation, financing, management, monitoring and evaluation of the NRDS** and to institutionalize the **application of the principle of partnerships** through setting up of an adequate body – the Partnership Board on NRDS.

4.2 ECONOMIC AND FINANCIAL MECHANISMS IN SUPPORT OF REGIONAL DEVELOPMENT

The significance and the scope of the actions envisaged in the National Regional Development Strategy require considerable financial resources. The funds for financing of the implementation of the National Strategy shall originate from:

- The State Budget, including in the framework of the investment programme for development of the regions for targeted impact;
- EU funds:

  For the period until 2006[31] – from the pre-accession instruments of the EU: PHARE Programme in its portion on "social and economic cohesion" and cross-border co-operation and the SAPARD Programme;

  For the period 2007-2015 – from the Structure Funds and the Cohesion Fund through the National Operational Programme for Regional Development, the Operational Programme under Objective 3 "European Spatial Co-operation", as well as support under other operational programmes since the principal priorities of this Strategy will be incorporated in the national strategic reference framework for the period 2007-2013;

[31] According to the procedures laid down in the financial memoranda under the PHARE and ISPA programmes and in the annual financial agreement under the SAPARD Programme, disbursement of funds from the pre-accession funds and respectively their utilization will continue also in the period after the accession of the Republic of Bulgaria to the EU as follows: under PHARE Programme – until 2009, under ISPA – until 2011 and under SAPARD – until 2008.

- The budgets of municipalities;
- Equity funds of employers, local physical persons and legal entities, NGOs, etc.;
- International sources of financing;
- Miscellaneous (credits, in-kind contribution – real estates).

The economic and financial mechanisms in support of regional development should reflect the principles of good governance and coordination of the instruments, partnership, efficiency and cost-effectiveness, transparency, accountability and control. In this connection the following two principles are of specific importance:

- **Coordination of the regional development instruments and resources** with a view to achievement of integrated actions with respect to the individual elements and factors of regional development and integrated schemes for development of the both the planning regions and the regions for targeted impact.
- **Efficiency and effectiveness of regional development costs.** This applies to the expenses of all regions, including the poorest ones. They shall get assistance, particularly under the EU funds, provided they are able to submit competitive projects. In the initial years of application of this principle this arrangement might rather lead to polarization than to minimizing of inter-regional and intra-regional disparities if **no measures were taken in the still remaining years until Bulgaria's full membership in the EU to build the required administrative and project development capacity in all municipalities**. The practice so far indicates that usually the better developed regions in terms of human resources, programming and project development capacity, manage to utilize more effectively domestic and above all external resources. The less developed regions shall receive specific support for their development through channeling of resources in the framework of the Investment Programme for the Regions of Targeted Impact, the National Operational Programme for Regional Development and the rest of the operational programmes. All local participants, however, should recognize that their successful participation in the EU Structure Funds and programmes in support of regional development would depend also on their initiative, their ability to take up risks, their innovative approach and capacity to build partnerships. The contribution of the public funds, especially the European ones, will depend on the extent of mobilization of private financing, especially in the case of public-private partnerships[32] in the affected regions.

[32] For instance in the field of public works – sectors like water supply and sewerage, district heating and gas supply for households, road infrastructure, waste disposal and waste treatment, etc.

The basic mechanisms for support to regional development are as follows:

- **Enforced and newly envisaged regional incentives:**

- Phased application of schemes for promotion of investments [Tax-on-Profit reduction or concession in the event of investments in long-term material and non-material assets in compliance with the provisions of the Law on Corporate Income Taxation (Articles 60-61)] for municipalities with unemployment rate above the national average at a specified upper limit of the amount of investments and in the event of creation of new jobs, which have been maintained constant for not less than 5 years by the beneficiary enterprise.
- Grants for covering some portion of the costs for acquiring long-term material and non-material assets in the regions for targeted impact in compliance with the Regional Development Act and the Law on Governmental Assistance. To this end funding will be provided for implementation of the Investment Programme for Development of the Regions for Targeted Impact[33]. The fields eligible to support of their investment programme will be coordinated with the regional development objectives and priorities laid down in the National Strategy and will take into account the specific regional and local requirements depending on the characteristics of the identified regions for targeted impact. Obtaining funding under this programme will be subject to the principle of competition.
- Real estates and unfinished construction sites, which are private state property under the provisions of the Law on State Property.
- Real estates and unfinished construction sites, which are private municipal property under the provisions of the Law on Municipal Property.
- Financing of environmental projects and projects for environmentally friendly industries and sustainable development under the provisions of the Environmental Protection Act.
- Investments in rural and mountainous areas for development of their infrastructure and activities in service of agricultural production under the provisions of the Law for Support of Agricultural Producers.
- Granting of subsidies for passenger transportation by regular unprofitable bus lines of the intercity transport and for covering the transport costs of physical persons and legal entities for performing direct deliveries of bread, bakery products and essential foodstuffs, in conformity with the Law on Road Freight Traffic – for mountainous and other areas at the proposal of the Minister of Transport.

- **Development of the process of financial decentralization**

The limited investments capacity of local authorities during the time frame of the National Regional Development Strategy should not act as a barrier to the utilization of the assistance granted by the European funds in support of the planning regions in Bulgaria. Urgent measures are needed for improvement of the financial capacity and stability of municipalities. In a short-term aspect this is connected with the assignment of greater power of authority to municipalities in the field of generation and management of local revenue, which in turn will generate increase in the local investment capital. A promising option in this respect would be granting municipalities the right to compile separate budgets for capital investments.

All municipalities should rely as well on their own capacity and resources for financing the design of projects and project co-financing. This means, on one hand, that in

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compiling their budgets municipal councils should assign priorities and allocate funds for design and co-financing of priority projects. On the other hand, this means taking an active stand on mobilization of resources through establishment of partnerships with NGOs, private companies and/or other municipalities, i.e. through pooling of resources.

The necessary amendments to expand the process of financial decentralization comprise the following:

- Granting municipalities the power of authority to determine independently the rates of local taxes as well as the type and rate of local charges. This would enable municipalities to optimize their revenue and would increase their accountability to the local inhabitants.
- Expansion of the revenue base for municipalities through fixing by law their steady own sources of revenue.
- Approval of a law regulating facilitated procedures for issue of municipal bonds.
- Introduction of amendments to the regulatory acts leading to improved access of citizens and companies to information about budgetary forecasts and the results from the implementation of municipal budgets, including with respect to short-term and long-term decision-making about the priorities in the development of infrastructure and the services.
- Improvement of the conditions for rental of municipal property with a view to creating an investment climate promoting the development of small and medium-size business.
- Development of instruments for promotion of the development of the municipal credit market.
- Granting local authorities the power of authority to introduce preferential treatment for investors and to promote investment activity on the area of the municipality (from the point of view of local taxes and charges, development of infrastructure, etc. and in view of the process of financial decentralization). This action is aimed at promoting competition among municipalities in the field of attracting investors.
- Expansion of the participation of the central government in the process of implementation of the local authorities' responsibilities on provision of public benefits to the population through financial assistance on the part of the state with respect to development and co-financing by the municipalities of concrete projects for regional and local development.

- **Building public-private partnerships for financing of joint projects for regional and local development**

The national public institutions, supported by the EU pre-accession and structural instruments, are the core, which will attract other resources – from municipalities, the private sector, NGOs - and will ensure their targeted, organized utilization. The main instrument to make this approach a reality is effective partnership.

Currently, private sector participation in the implementation of regional development programmes is limited almost entirely to co-financing of projects whose end-beneficiaries are SMEs. There are almost no joint projects between local authorities and the private capital in the public sector sphere.

The application of the principle of partnership is in fact a mechanism for increasing the capacity for utilization of the money from the EU funds. Utilization of the significant amounts of funds allocated under the Structure Funds and the Cohesion Fund would not be possible without mobilization of the efforts of a broad range of local and regional partners, i.e. of the entire

development community, for design and submission of a large number of high-quality projects. In a market-based economy financial capital is concentrated mainly in the private sector. Sound local and regional partnerships with the private sector open the road for private co-financing, which can provide additional funding for local and regional projects.

The project selection procedures under the Structure Funds and the Cohesion Fund should envisage specific attention for projects, which comply with the priorities and are co-financed by several local and regional actors (municipalities, NGOs, the private sector). The support for 'producer groupings" under the SAPARD Programme is a positive experience that might be applied for "municipality groupings" or "groupings of public-private partners". An example in this respect shall be the support for establishment of regional clusters and networks complying with these requirements. This will be a way not only to promote partnership, but also to release the limited amount of funding allocated from the central authorities for financing other types of projects. This in turn will help increase the total capacity of the country to utilize available financing.

5 MONITORING, EVALUATION AND UPDATING OF NRDS

Monitoring of the implementation of the objectives and priorities of the National Regional Development Strategy shall be performed by the Partnership Board on NRDS on the basis of periodic 3-year reports, which will contain analysis and evaluation of the results from the implementation of the Strategy and will propose decisions concerning the activities to be undertaken with a view to overcoming the barriers to its implementation and, whenever necessary, concerning updating of the Strategy by the competent authorities.

Rationally conducted monitoring leads to strengthening of the potential benefits from the Strategy, particularly in the case of its implementation on the basis of the "top-down" principle. This is important in the cases when it is necessary to take into account its multi-facet impacts on the system of programming documents of the regional development policy – the National Operational Programme for Regional Development, the operational development plans of the planning regions, the district development strategies and municipal development plans, as well as because of the significant number of actors involved in its implementation.

The process of drafting of the monitoring reports is based on the use of indicators, which reflect the strategic nature of the NRDS and the respective strategic objectives, priorities and specific objectives.

The principal indicatoros, which will serve to measure the achievement of the strategic objectives by planning regions, are as follows:

Under Objective No. 1: Increase of the competitive capacity of the planning regions through investments in physical and human capital contributing to approximation to the average development levels of the EU regions:

- Per capita GDP
- Growth rate of GDP and per capita GDP
- Employment level: total, men/women
- Unemployment level: total, men/women, young people
- Income levels

Under Objective No. 2: Development of the internal potential of the planning regions for minimizing the interregional and intra-regional disparities in the planning regions

- Intra-regional disparities in the per capita GDP level (as compared to the average for the planning region and the national average in %);
- Intra-regional disparities in the employment level (as compared to the average for the planning region and the national average in %);
- Intra-regional disparities in the unemployment level (as compared to the average for the planning region and the national average in %);
- Intra-regional disparities in the income level (as compared to the average for the planning region and the national average in %);
- Coverage of the population in the 45-minutes isochrone around the major transport centers in the planning regions in %;
- Access to broadband communications in %;
- Access of the population to permanent water supply and drinking water of the appropriate quality in %;

Under Objective No. 3: Development and raising the attractiveness of the planning regions and the quality of life there through integrated spatial co-operation

- Number of projects for cross-border co-operation
- Relative share of municipalities per different frontiers involved in projects for cross-border co-operation
- Number of projects for transnational co-operation in which Bulgaria is a party
- Number of municipalities and districts involved in projects for transnational co-operation
- Number of projects for work in network and exchange of experience between regional and local authorities

The indicators for the respective priorities and specific objectives of the National Strategy are given in Annex No. 4.

Two **evaluation reports**[34] will be prepared for the period of action of the Strategy:

- **Intermediate evaluation report,** covering the period until Bulgaria's accession to the EU in 2007 and the initial results from the application of the EU structural instruments and the results from the application of the pre-accession instruments. The results from the evaluation might call for making current amendments to the activities for implementation of the major priorities. This evaluation report shall be completed by the end of 2009.
- **Final evaluation report,** covering the entire period till 2015.

The evaluation reports on the implementation of the Strategy shall be drafted on the basis of specific assignment by independent auditors – consultancy organizations or experts in personal capacity.

Updating of the National Regional Development Strategy shall be performed in conformity with the terms and procedures specified in Art. 9, Item 1 of the Ordinance approved by virtue of Council of Ministers Decree No. 317/2004.

[34] In the process of preparation of the National Strategy a preliminary evaluation was conducted, the recommendations from which have been reflected in the present draft of the Strategy.

Annex 1

OBJECTIVES OF THE EU STRUCTURE FUNDS

Objectives of the Structure Funds 2000-2006	*Objectives of the Structure Funds 2007-2013*
Objective 1 (spatial): Promotes the development and structural adjustment of regions whose development is lagging behind. These are regions, whose GDP does not exceed 75% of the EU average. The objective is directed towards investments in production, infrastructure and activities related to protection of the environment, tourism, SMEs … **Objective 2 (spatial): Contributes to the economic and social conversion of regions in structural difficulties:** Economic restructuring in the event of loss of traditional activities in industrial, urban, rural and fishery-dependent regions, mainly in the following fields: trade, tourism, services, etc. **Objective 3 (thematic): Supports adaptation and upgrading of the policies and systems for education, training and employment.** Adaptation and upgrading of the systems for education, training and employment: life-long education and training; active policy on the labour market for combating long-term unemployment; promotion of social integration and equal opportunities for men and women, ethnic groups, the handicapped, etc.	**Objective "Convergence" (cohesion):** This objective will be addressed to acceleration of convergence in the least developed Member States and regions through improvement of the conditions for growth and employment; increase and improvement of the quality of investments in physical and human capital; development of innovations and of "knowledge economy"; adaptability to economic and social change; protection and improvement of the environment, as well as improvement of administrative efficiency. This objective shall be priority for the Community. **Objective "Regional competitiveness and employment"**: This objective will exclude the least developed regions and will be oriented to strengthening the regions, their competitiveness and attractiveness, as well as employment through innovations and promotion of the "knowledge society", entrepreneurship, protection of the environment, improvement of accessibility to transport and communication services, adaptability of the workforce and businesses. **Objective "European spatial co-operation"**: It will provide support for harmonious and balanced development of the EU space, cross-border activities, trans-national co-operation, networking and exchange of experience among regional and local authorities.

Annex 2

MAJOR OBJECTIVES, DIRECTIONS AND PRIORITIES OF THE LISBON STRATEGY

<table>
<tr><th>Major objectives of the Lisbon Strategy – 2010</th><th colspan="2">Major directions of the Lisbon Strategy</th></tr>
<tr><td>1. To create a dynamic and knowledge-based economy
2. To ensure accelerated and sustainable economic growth
3. To restore full employment, to reduce unemployment to the levels achieved by the most advance countries
4. To upgrade the systems for social protection

Major indicators for achievement of the Lisbon objectives
• Average annual economic growth rate – 3%
• R&D expenditure – 3% of the GDP
• Total employment rate 70%; female employment rate 60%
• At least 85% of the population aged 20-24 to have graduated secondary school</td><td><u>First direction:</u>
Implementation of economic reform and preparation of the transition to a knowledge-based society
6 priorities:
1. Europe – information society for all
2. Domestic market – improvement of the economic environment, competitiveness and innovations, minimizing of the transaction costs of business, intellectual property, dismantling of cross-border barriers, further construction of the energy market and the air transport market
3. Financial services – integration of the financial markets; reduction of administrative barriers; integration of the market for financial services and capital
4. Entrepreneurship and innovation – support for SMEs and procurement of risk financing for them
5. European research space – development of R&D activities and technology developments; setting up centers for top achievements; high-tech communications networks; incentives in the field of taxation; patent legislation and risk financing; promotion of the mobility of research fellows
6. Review of the Community financial instruments with a view to their re-location</td><td><u>Second direction:</u>
Strengthening of the European social model through investment in the human capital
5 priorities:
1. European social model – new knowledge and skills; flexibility of the workforce; more sustainable and “active” social protection
2. Employment – Restoration of full employment
3. Education and professional training – adaptation of elementary, primary and secondary education, life-long education; investment in human capital; access to Internet; new generation of teachers
4. Social cohesion – overcoming of isolation; sustainable income for the retired; stable environment for the elderly
5. New dynamics of the social dialogue - on all aspects of the knowledge-based economy and the social policy</td></tr>
</table>

Annex 3

MAJOR OBJECTIVES AND PRIORITIES OF THE NATIONAL DEVELOPMENT PLAN AND THE SECTORAL DEVELOPMENT STRATEGIES FOR THE PERIOD UNTIL 2013

Strategic and planning documents	***Objectives***	***Priorities***
National Development Plan 2007-2013	• Attainment and sustaining of high economic growth through dynamic knowledge-based economy in conformity with the principles of sustainable development. • Improvement of the potential of the human capital and attainment of levels of employment, income and social integration guaranteeing high quality of life.	• Improvement and development of the basic infrastructure. • Development of human resources and improvement of the social infrastructure. • Improvement of the competitive capacity of Bulgarian economy. • Sustainable and balanced regional development. • Development of rural areas and agriculture.
Employment Strategy 2004-2010	***Medium-term objective* (2004-2007)**: Increase of employment and curtailing of unemployment ***Long-term objective (by* 2010):** Increase of the active economic participation and the labour potential of the population ***Strategic sub-objectives:*** • Increase of employment and curtailing of unemployment • Improvement of the quality characteristics of the workforce and increase of labour productivity • Attainment of social cohesion and re-integration of vulnerable social groups, who have the least chances for participation in the labour market	• Income policy promoting employment. • Promotion of entrepreneurship and the small and medium-sized business for creation of more and better jobs. • Promotion of extension of working life and conducting a policy of ageing at work • Improved workforce adaptability to the changing conditions in the economy. • Increase of the human capital and activation of the policy of life-long education. • Development of a policy of equal opportunities and a free, equally accessible for all social groups labour market. • Development of the active policy on the labout market, oriented towards integer socio-economic integration of the underprivileged groups in the labour market. • Limitation and overcoming of the regional disparities on the labour market.
Strategy for Promotion of the Development of SMEs 2002-2006	• Creation of favorable environment and conditions for development of a competitive SME sector, expected to accelerate the economic growth of the country at sustained macro-economic stability.	• Simplification of the administrative and regulatory environment for operation of SMEs. • Improvement of the financial environment. • Support for innovations and technological development. • Provision of conditions for development of SMEs in a regional aspect. • Integration of SMEs in the European context.

Strategic and planning documents	*Objectives*	*Priorities*
Strategy on Innovations	• Increasing of the competitiveness of Bulgarian industry. This means building a knowledge-based industry, i.e. introduction of new products, materials and technologies in manufacturing, management and services, developed on the basis of modern science and research.	• Foreign investments • Technology parks • Incentives for entrepreneurship • State priorities in the field of science • Formulation of a steady national policy concerning science • Promotion of domestic and external integration of research institutions • Development of new mechanisms for efficient financing of science and scientific research
Strategy on Promotion of Investments 2004-2010	**Goal:** To raise the competitiveness of Bulgarian economy and achievement of a stable and sustainable economic growth through promotion of investments. **Objectives:** • Decentralization and improvement of the opportunities for attraction of investments at the regional and local level • Improvement of the quality and efficiency of services provided by the transport infrastructure at the national, as well as at the regional and local level • Creation of conditions for economic growth and increased employment on the basis of the development potential of the regions	• Upgrading of the administrative and regulatory environment for promotion of investments • Improvement of the financial environment for investors • Development of the technical infrastructure • Regional policy aimed at promotion of investments • Support for investments in innovations and high-tech activities • Improved quality of the workforce • Investment marketing
National strategy on environmental protection 2005-2014	***Long-term strategic goal:*** To improve the quality of life for the population through provision of a healthy and favorable environment and preservation of the rich nature heritage on the basis of sustainable management of the environment. ***Objectives:*** • Provision of water of good quality and in adequate quantity for all applications • Closer integration of the environmental policy with the policies for development of the economic sectors and the regional development policy • Protection of the nature heritage and sustaining of the rich biodiversity • Guaranteeing efficient management of the environment • Achieving and maintaining high quality of the environment in the settlements • Implementation of Bulgaria's commitments to address global	• To ensure good state of the surface, ground and coastal waters; • To improve as a matter of priority water supply and the quality of drinking water for the population; • Rational use of water resources by the economic sectors and society at large; • To reach the standards in the areas with deteriorated quality of atmospheric air; • To improve waste management; • To reduce noise pollution in human settlements; • To develop sustainable environmentally-friendly urban transport systems; • To protect biodiversity; • To ensure sustainable use of bio-resources; • To reduce pollution and prevent future harmful impacts on the environment by industry and the energy sector; • To apply environmentally-friendly practices in agriculture and the

Strategic and planning documents	*Objectives*	*Priorities*
	environmental problems	environmentally clean land areas;
Strategy for Introduction of ICT in Secondary Education	• To lay the foundations and set up a system for training on ICT allowing its unlimited development and application in the process of learning on all subjects taught at school.	• Regulatory framework on training on ICT use and learning based on ICT. • Training of personnel on introduction of ICT in education. • Building a Management Information System of education. • Provision of adequate material and technical base in secondary schools. Provision of good-quality Internet connection, local networks and urban connection points to ensure access to the network resources and possibilities for eLearning.
National Strategy on Follow-up Professional Training 2005-2010	• Creation and upgrading of the conditions for acquiring, expansion and development of the professional skills of the workforce with a view to improving its employability, professional carrier promotion and individual development.	• Upgrading of the conditions for access to follow-up professional training. • Attaining efficiency of the interaction among the institutions engaged in follow-up professional training. • Provision of high-quality follow-up professional training. • Increase of the investments in follow-up professional training. • Provision of scientific support for the follow-up professional training.
National Health Care Strategy 2001-2006	The main goal and strategic priority of the health care reform in Bulgaria is improving the health of the nation.	• Successful completion of the reform in the organization and financing of the health care system. • Focus on management and citizens' control on the issues of public health. • Harmonization of the legislation and development of the infrastructure, institutions and human capacity in health care for implementation of the ensuing responsibilities.

Annex 4

MAJOR INDICATORS FOR MONITORING OF THE NATIONAL REGIONAL DEVELOPMENT STRATEGY

PRIORITY NO. 1: RAISING REGIONAL COMPETITIVENESS ON THE BASIS OF A KNOWLEDGE- BASED ECONOMY

Specific objective 1: Development of research, technological development and innovations in the regions

- Number of newly established centers for research, technology and innovations
- Number of established technology parks and technology incubators, which have obtained support
- Amount of investments for development of technology parks and technology incubators and regional R&D centers (percentage of the total amount of investments)
- Number of companies located in technology parks and technology incubators
- Total amount of investments attracted in the technology parks
- Number of market-oriented research projects, which have obtained support
- Increase of the number of employed R&D personnel (number and percentage of the total number of employees in that sphere, men/women)
- Percentage of successfully completed market-oriented research projects
- Number of Letters of Patent from developed innovations
- Availability and development of a network for transfer of knowledge and technologies from the R&D sector to the industrial sector
- Availability of structures/programmes for training in entrepreneur skills
- Developed regional innovation strategies and programmes for their implementation – number, territorial scope.

Specific objective 2: Building of business networks and regional clusters

- Number of created regional clusters and networks
- Number of companies participating in regional clusters

Specific objective 3: Improvement of the access to and development of information and communications technologies in the field of public services and the services for SMEs

- Number of digital telephone lines and increase in percentage
- Length of the installed broadband network (km)
- Number of the created online services and opportunities designated for the benefit of SMEs (eTrade and transactions, education and training, creation of different types of networks)
- Number of the created online services and opportunities designated for the benefit of schools, public institutions and citizens
- Number of Internet subscribers per 1000 inhabitants
- Number of newly created companies, which offer services related to information technologies (online, eTrade) at the regional and local level
- Number of training courses on ICT
- Number of training sessions (sessions x number of trainees) on ICT
- Number of trainees (men/women) in ICT
- Number of created interactive services with the use of ICT
- Number of Internet access centers for local level calls

PRIORITY NO. 2: DEVELOPMENT AND UPGRADIING OF THE INFRASTRUCTURE CREATING CONDITIONS FOR GROWTH AND EMPLOYMENT

Specific objective 1: Development and upgrading of the elements of the regional and local transport infrastructure

- Length (in km) of constructed or rehabilitated roads Class B and Class C and municipal roads (percentage of the finished network)
- Degree of completion of the network (percentage)

- Length of the improved railway infrastructure, including on the area of industrial zones of important industrial centers
- Percentage of the population which has benefited from improved transport accessibility
- Number of jobs created or preserved as a result of projects in the transport sector

Specific objective 2: Construction and improvement of the environmental protection infrastructure

- Number of constructed drinking water treatment plants
- Number of constructed urban wastewater treatment plants
- Percentage of wastewater subjected to primary treatment
- Percentage of wastewater subject to secondary treatment
- Percentage of households / manufacturing enterprises affected by the abolishment of water rationing
- Number of days with distorted water supply (per 1000 households)
- Percentage of treated solid urban waste and building waste as compared to the norm requirements
- Percentage of the population served by the commercial systems for waste disposal
- Rehabilitated land area – dca and percentage of the total area subject to rehabilitation
- Areas (percentage of the total) threatened by erosion (washing away, weathering or the result of human activity)
- Consolidated slides – number and area
- Number of constructed new facilities for use of alternative energy sources and capacity in kW.

Specific objectiive 3: Improvement of the access to and building of regional and local business infrastructure

- Number of constructed sites of the local and regional business infrastructure, which have received support
- Number of SMEs which receive business services
- Availability of a network for exchange of information among the individual units of the local infrastructure, providing services to businesses
- Area of the newly constructed infrastructure sites in support of business (m^2)
- Percentage of satisfied beneficiaries (men/women)

PRIORITY NO.3: RAISING OF THE ATTRACTIVENESS AND QUALITY OF LIFE IN THE REGIONS

Specific objective 1: Raising the attractiveness of the regions through investments in education

- Number of employees participating in training programmes (type of programmes, duration)
- Number of SMEs receiving financial support for training (scale, type of training, duration)
- Number of joint projects between employers and students
- Number of new curricula oriented towards regional and local labour markets
- Number of regional information systems and networks for professional orientation and information
- Number of PCs per 100 pupils in schools
- Number of Internet places per 100 pupils in schools
- Number of PCs per 100 students in higher educational establishments
- Number of Internet places per 100 students in higher educational establishments
- Number of classes devoted to ICT (session x number of trainees) in schools

Specific objective 2: Integration of the entire territorial community in the labour market

- Number, relative share and indicators for change in the number of persons, who have undergone training in entrepreneurship, skills upgrading, training in key knowledge and skills
- Conducted active measures at the regional and local labour markets, including for underprivileged groups
- Number of ensured seats for skills upgrading at the regional and local level, including for underprivileged groups
- Undertaken and organized skills upgrading courses at the regional and local level, including for underprivileged groups
- Extended consultations and advice at the regional and local level, including for underprivileged groups
- Number of new jobs created at the regional and local level

Specific objective 3: Improvement of health care services

- Amount of new investments related to the health care system
- Number of new health care services at the regional and local level

- Number of people, who have obtained new access to health care services

Specific objective 4: Preservation and valorization of nature and the cultural heritage

- Number of natural and cultural sites, which have received support for preservation and exhibition
- Area of conserved and exhibited natural and cultural sites
- Renewed local cultural institutes
- Created new sustainable local tourism products
- Allocated for tourism facilities (m^2)
- Number of new marketing initiatives / schemes for promotion of tourism as business
- Length of new / upgraded technical infrastructure in support of local tourism products
- Average number of visitors per day

PRIORITY NO. 4: INTEGRATED URBAN DEVELOPMENT AND UPGRADING OF URBAN ENVIRONMENT

Specific objective 1: Application of strategies for integer urban development and improvement of the competitiveness of cities

- Number of elaborated strategies for integer urban development of large urban agglomerations

Specific objective 2: Rehabilitation and renewal of urban areas

- Number of supported projects for urban renewal
- Infrastructure constructed in cities
- Business activities / commercial sites accommodated in the renewed quarter / zone

Specific objective 3: Strengthening of the "urban-rural" relationships and improvement of the socio-economic integration

- Number of projects for strengthening of the relationship between the city and its hinterland
- Number of inhabitants affected positively by projects for strengthening of the socio-economic integration of the city and its hinterland Б

Specific objective 4: Promotion of environmentally clean public transport in cities

- Number of projects for optimization of public transport in cities
- Number of projects for promotion of the use of public transport in cities
- Percentage of transported passenger on the public transport (trolley bus, tramway, underground)

PRIORITY NO. 5: DEVELOPMENT OF CO-OPERATION WITH THE EU REGIONS

Specific objective 1: Development of cross-border co-operation

- Number of projects for cross-border co-operation, including by major priorities
- Relative share of municipalities involved in projects for cross-border co-operation per frontiers
- Number of beneficiaries
- Relative share of target population affected by projects for cross-border co-operation

Specific objective 2: Development of transnational co-operation

- Number of projects for transnational co-operation to which Bulgaria is a party
- Structure and scope of the projects for transnational co-operation
- Number of municipalities and districts involved in projects for transnational co-operation
- Total number of Bulgarian partners
- Number of beneficiaries

Specific objective 3: Networking and exchange of experience with the European regions

- Number of projects for networking and exchange of experience among regional and local authorities
- Number of beneficiaries
- Number of built networks
- Relative share of local and regional authorities participating in the built networks and exchange of experience.

PRIORITY NO. 6: STRENGTHENING OF THE INSTITUTIONAL POTENTIAL AT THE REGIONAL AND LOCAL LEVEL FOR IMPROVEMENT OF THE MANAGEMENT PROCESS

Specific objective 1: Capacity building and improvement of coordination at the regional and local level for management of funding allocated under the EU Structure Funds

- Number of projects, which have obtained technical assistance for their preparation
- Number of people, who have undergone training for capacity building on project management and financial control
- Number of developed regional information systems for support of the management process
- Number of developed systems for monitoring of the implementation of the regional and local planning and programming documents

Specific objective 2: Support for building regional and local partnerships for development

- Number of projects developed jointly by the regional administration, municipal administration, the private sector and the non-profit sector (NGOs)
- Number of projects financed jointly by the regional administration, municipal administration, the private sector and the non-profit sector (NGOs)
- Number of employees who have undergone training on design, financing and management of joint projects and on application of integrated development programmes

Specific objective 3: Upgrading of the services delivered by the regional and local administrations

- Number of employees of regional and local administrations who have undergone management training
- Number of key services delivered at the regional and local level, which have received specific support
- Percentage of district and municipal administrations delivering "one counter" administrative services

Specific objective 4: Development of new approaches for promotion and direction of regional and local development

- Number of persons, who have undergone training for support of new management approaches at the regional and local level, including in innovations, regional clusters, cross-border and transnational co-operation
- Number of introduced good practices of management approaches at the regional and local level

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