REGIONAL POLICY AND REGIONAL GOVERNANCE - THE BULGARIAN INSTITUTIONAL REFORM THAT DID NOT TAKE PLACE

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Abstract

Taking up the concept of the nexus between the development processes of regional governance and regional policy, this article analyses the development of regional institutions in Bulgaria, the change in the functions they perform, in parallel with a regional policy analysis. The role of regional governments in the public administration system and the processes of interaction between them and the central and local authorities in the regional governance process are discussed. The reasons for and the limitations to the reforms that have been carried out are identified, as well as whether and how institutional change at this level is or is not taking place. Transfer of practices and Europeanisation have been assessed as major factors for the adoption of a particular regional policy model in Bulgaria. The reverse process - the impact of EU's regional policy on regional governance – is also discussed in detail. It is suggested that this impact does not lead to a significant change in the institutional system of Bulgaria. The existence of a parallel administrative system for planning and implementation of EU's regional policy in Bulgaria has been identified, outlining the advantages and disadvantages of implementing such a governance approach.
Key words*: regional policy, regional government, institutional reform*

The changes in the way public administration and public policies are implemented, the models of interaction between the public and the private sector, the active involvement of NGOs and the civil society, the introduction of a multi-level governance system significantly change the nature of regional governance. The involvement of multiple institutions at different levels in the process of regional governance justifies defining it as a decision space rather than a specific type/types of institutional structure (Sharpe, L.J., 1993, p. 37-40). The alternatives for the institutional development at the regional level are seen not so much as a change in the form of the institutions but as a change in the functions they perform. Therefore, the modern development of the regional level of government represents both a change in its institutional organization and a change in the functions it performs in the system of state governance. The development is mainly towards building the capacity for independent, targeted governance action at regional level. This process can be carried out on the basis of the existing institutions, but it can also give rise to new territorial organizations and institutions.

The past 30 years have also been a period of regional policy adaptation to the changing economic, political and social situation in many European countries. The economic system

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has become more globalized, more competitive, more intensive, less secure, and the intensity of economic, technological, social and political changes has increased. The development differences and prospects at national and regional level have enhanced. As a result, several general trends in the development of regional policy and its governance systems are observed. Existing institutions are being reorganised, new institutions and new relationships are emerging, often based on partnership, with the networking approach becoming increasingly important in governing regional development. Economic and governance change is driving new approaches through new public policy instruments. These changes focus the attention on the importance of the region for economic growth. There is a trend towards significant change in the overall paradigm of regional policy. The evolution of the conceptual framework is clear – from regional policy based primarily on approaches to encourage exogenous growth, to a policy based on stimulating the innovative environment, the quality of human capital, entrepreneurship, interregional networks, etc. The paradigm shift is largely due to the growing consensus that a region-specific combination of social, cultural, economic and political factors is essential for the regional policy outcomes. This requires that it be adapted to each region. Thus, it is becoming increasingly common to draw up and implement a regional policy based on a bottom-up approach. Rather than regional policy being an effort of the central government, the focus is on involving local and regional communities and decentralising governance.

There is a process of interaction between the institutional and administrative system and the policies implemented. Just as institutional systems are essential to the design of the implemented public policies, so is the change in public policies leading to a change in the institutions and the administrative structures that implement them. The development of regional governance and regional policy is truly symbolic of these processes. A thorough understanding of regional governance is impossible without an analysis of the processes of regional policy making and implementation. The adoption of a specific regional policy content and approach influences the role, institutional characteristics and functions of regional institutions. The system of regional governance largely determines the specific content of regional policy and the results of its implementation. Drawing on this conceptual basis, we aim to analyse here the change processes in Bulgarian regional governance, the adoption of and change in the specific content of regional policy, as well as the nexus of these two processes.

1. Development of regional governance.

The regional level of governance, understood as the middle level of government – in between the national and the local level, has its long-standing traditions in Bulgaria. Governance and administration structures did exist at this level in all historical periods after the Liberation. Bulgaria applied mainly administrative regionalisation, but there were periods in which elected bodies operated at this level.

The Tarnovo Constitution regulated a three-tier model of administrative territorial division – districts, counties, and municipalities. Municipalities and districts had the right to self-government. Counties had only administrative functions. In this early period of establishment of modern statehood in Bulgaria, municipalities with self-government rights and relatively broad responsibilities were set up at the local level of government, whereas districts – deconcentrated structures of the central government – were introduced at the regional level. The few reforms of the territorial administration and institutional organization in the late 19th and early 20th centuries had a clear direction - centralization. As Bulgaria was a newly established modern state, the elements of statehood were imposed on a “top-down”

basis. “The building of a centralized administrative system was determined by the need to put order in the new state and to create conditions for its stabilisation” (Stefanova, M., 2003, p. 18). Furthermore, the presence of de-concentrated institutions is typical of almost every unitarian state. States thus ensure that the integrity of government is maintained. That was very important for a new state like Bulgaria, with a yet-to-be-established governance and administrative system and models of interaction between the levels of government. The Constitution of 1947 laid down a three-tier model of administrative territorial organization – districts, counties and municipalities governed by elected councils. In 1961, the districts of Plovdiv-city and Varna-city were closed and the number of districts was set at 28. Furthermore, the communist regime overturned the counties as administrative territorial units (Grigorova, Zl., E. Arabska, N. Mareva, 2018, pp. 339-340). From then onwards, a two-tier model of administrative territorial organisation was established in Bulgaria.

On the basis of this brief historical retrospective, we can draw several basic conclusions about the development of regional institutions in the period from the Liberation till 1989. First, as a unitarian state, Bulgaria adopted de-concentrated structures at the regional level to implement state policy on the ground, and in significant periods they also exercised control over the local authorities as to their legality and practicability. Second, following a series of reforms, the model of a two-tier organization of the sub-national levels of government was established. Regional governance was subject to frequent reforms. Administrative territorial reorganisation took place every 10 years on average (Botev, Y., Hr. Stanev, S. Kovachev, Sl., Gencheva, 2000, pp. 29-30). They dealt with the territorial scope of the individual administrative territorial units and/or the status and functional characteristics of the institutions at the level concerned. This made the model of administrative territorial organization relatively unstable. Third, self-governance failed to be established as a governance organisation principle at the regional level (region or district). Except for short historical periods, de-concentrated structures of central government operated at this level.

2. Regional government in the Bulgarian system of governance.

The Constitution of Bulgaria sets the present role of the district governor in the governance system of the state and the basis of the administrative territorial organization of the country. The administrative territorial structure is also regulated in a specific structural law - the Administrative Territorial Structure of the Republic of Bulgaria Act (promulgated SG 63/1995) According to the current legal framework the country has two types of administrative territorial units – districts and municipalities.

Setting up counties as the second tier of self-government was laid down in the 1991 Local Self-Government and Local Administration Act. They were to be governed by county councils comprising two representatives each of all municipalities in the county and a county governor appointed by the Government. There were many political debates on the future of the county level of government between 1992 and 1995. In the end it was decided that he counties as a level of self-government are not necessary. The government adopted the strategy of first completing the reform at the local level and then proceeding to reforming the regional level. It was decided to focus on districts in an effort to build functional regional government (Gildjov, Al., 2006, pp. 27-28).

With the beginning of the transition period in Bulgaria a tendency towards governmental decentralisation emerged. Consistent with the European standards of governance democracy and subsidiarity, the right of self-government of municipalities, which has long historical traditions, has been restored. The Bulgarian Constitution (State Gazette, issue 56, 1991) defines the municipality as the main form of self-government. The Local Self-Government

and Local Administration Act was passed in 1991 (State Gazette, No. 77, 1991). This Act lays down quite broad responsibilities of municipalities in many areas. The Bulgarian municipality has shared responsibilities with the central government or autonomous responsibilities in almost all public spheres, with the exception of foreign policy and national security. The regulation of the bodies of self-government and their responsibilities developed during the period of reforms, but these bodies gained foot as one of the most stable institutions in the post-totalitarian period in Bulgaria (Stefanova, M., 1997, pp. 107-115).

The Constitution of the Republic of Bulgaria does not explicitly provide for the existence of a second level of self-government, it only lays down the option of creating such a level by law, while keeping the districts. The Bulgarian Constitution defines the district as the "administrative territorial unit for pursuit of regional policy, implementation of state governance on a local level and ensuring concurrence of national and local interests" (Constitution of R Bulgaria, Art. 142). The district is governed by a district governor appointed by the Council of Ministers. District governors may be dismissed from office by the Council of Ministers without notice, and there is no obligation to state the reasons for their dismissal (Administration Act, promulgated SG, No. 42). Therefore, any district governor may be removed from office at any time (the position is not mandated) at the sole discretion of the Council of Ministers. The district governor is an executive authority. This statutory status of district governments gives us reason to define them as de-concentrated central government structures at the regional level.

At the beginning of the transition period, the territorial coverage of the districts introduced in 1987 was maintained and they remained nine in number. In 1999, a new administrative territorial reform was carried out - the districts were increased from 9 to 28. The reform actually restored the pre-1987 administrative territorial division at this level. The new 28 districts fully corresponded, as administrative centres and in territorial scope, to the 28 districts that existed before 1987. This administrative-territorial division comes down to the present day. The reform did not change the status and responsibilities of district governors and the system of coordinating the activities of territorial units at the district level. The choice at that time was either to create regional self-government in the nine districts or to follow the established model of organization of the territorial structures of the ministries. In the general tendency towards centralization and increased financial control under the currency board, a decision in support of centralisation was adopted (Gildjov, Al., 2006, p. 30). The tangible result of the reform was strengthened control over the municipalities, without focusing on the role of the district as an institution having responsibilities to develop and implement regional policy.

The responsibilities of the district governor are set out basically in the Constitution of the Republic of Bulgaria and in the Administration Act. More than 80 other normative acts also lay down a number of functions and tasks of the district governor (Penchev, P., 2018, p. 79). According to the constitutional rules, district governors are responsible for the execution of two main areas of competence. On the one hand, the district administration must enable concurrence of national and local interests, and on the other hand, pursue the government policy on the ground, with special responsibilities for the implementation of regional policy. The district governor ensures the interaction between the local executive bodies and the local authorities. In addition, the district governor exercises control over the legality of the activities of local authorities. However, district governments are part of the state administration and it can be very difficult for them to carry out impartially their activity of mediators between the central and the local authorities (Stefanova, M., 2003, pp. 187-190). Due to their deconcentrated status, they could not independently create and implement their

own policies and uphold the interests of regional communities. Therefore, their role of "mediators" between the central and the local authorities resides mainly in the exercise of control over the local authorities by the central government.

One of the most important functions of the district, as defined in Art. 142 of the Constitution, is to implement the regional policy. On the other hand, districts have limited role in regional policy design and implementation. There are several reasons for this. First, as de-concentrated central government structures, district governments are unable to initiate their own public policies. They cannot independently initiate the development of and/or changes in regional policy, set the policy agenda, select the instruments for its implementation. The Constitution has prescribed a role for them to implement the regional policy of the central government on the ground. Regional policy based on goals and priorities set by regional actors in the process and reflecting the interests of the regional community cannot happen in Bulgaria right now. Second, the district governments do not have independent budgets – the district governor is a second-level spending unit under the budget of the Council of Ministers. This does not allow the districts to finance or even co-finance regional development programs on their own. Furthermore, districts do not have the independent resources to develop and implement programs in support of areas for targeted impact, although the scope of such areas is defined in the district development strategies. Third, the governance system of the EU-supported operational programs is also highly centralized. This approach limits the role of districts and municipalities in regional policy design and implementation.

The other responsibilities of the district governor cover a number of areas. District governors are responsible for the implementation of the government policy in the district, for coordinating the work of the executive bodies and their administrations on the territory of the district. They must ensure concurrence of national and local interests, notably when organising the development and implementation of regional strategies and regional development programs. They are responsible for safeguarding and protecting the state property in the area. They provide coordination between the different de-concentrated units of the central executive authority in the district, as well as coordination with other administrative structures that provide administrative services in the district. District governors have responsibilities for the organization and management of the activity for the protection of the population at times of crises and for managing and overcoming their consequences. They chair the district-level security and crisis management council. District governors are also responsible for safeguarding and protecting the cultural and material assets, the environment, etc. (Penchev, P., 2018, pp. 82-84). Furthermore, district governors have an obligation to develop regional strategic documents in a number of areas related to the implementation of various specific public policies. For example, they are responsible for developing regional strategies and plans for disaster and accident protection, for road safety, for employment, for the use of renewable energy sources, for Roma integration, for the development of social services, etc. In all these areas, the process of drafting strategic documents goes on the basis of a top-down approach. These therefore reflect the implementation of the policies formulated at the central level for a specific area.

The responsibilities of district governors have been expanded and detailed over the past 30 years. Those related to the control on the activity of the local authority are clearly defined, the rules and mechanisms for their implementation are legally regulated and the district governors have the capacity for their implementation. The responsibilities of district governors in the field of state property management on the territory of the district, for planning and implementing measures for the protection of the population in crises and accidents and for the administrative territorial structure, are more or less clearly defined. On

the other hand, the responsibilities related to the coordination and interaction between the de-concentrated units of the central administration in the district are rather declarative. They are not underpinned by specific, clearly stated mechanisms and procedures for their implementation laid down in the relevant laws, nor is there any regulation on the consequences of not implementing them (Penchev, P., 2018, p. 86).

The Bulgarian tradition of highly centralized governance finds its specific expression in the creation of many deconcentrated central administration structures at different administrative levels. In practice, there is no ministry without deconcentrated administrative structures, in addition, the state agencies, and most of the executive agencies also have ones. The territorial scope of these structures is extremely diverse. In some cases, the scope follows the administrative territorial structure (for example: 28 regional departments of education at the Ministry of Education, 28 regional health inspections at the Ministry of Health, etc.). In other cases, the coverage of the territorial divisions does not coincide with any administrative territorial division (for example: there are 16 Regional Inspectorates of Environment at MOEW, the National Revenue Agency has 5 territorial directorates and 1 territorial directorate "Large taxpayers and insurers", located in Sofia, the State Agency for Child Protection has 3 territorial directorates, etc.). The deconcentrated structures of the central administration differ significantly in their status, structure and organization. Some of them have the status of directorates, others are structured as departments, and others are simply offices or units. The vast majority of them, mainly those within a directorate-general, are structured as part of a specialized administrative structure. The deconcentrated structures which are created by law and are not organized within the structure of a directorate-general practically function as separate administrations (for example: regional departments of education, regional health inspections, etc.) (Givle, K., Gildjov, A., Nodings, P., 2009, pp. 20-21). Notwithstanding their diversity in terms of status and organization, they are all characterised by strict linear subordination. Such an approach implies that any territorially de-concentrated structure is strictly subordinate to the higher level, and ultimately all are subordinate to the respective minister. No ministry avails itself of the opportunity provided by Art. 44 of the Law on Administration to organize its territorial units in the structure of the district administration. The organization of the central administration and its de-concentrated structures is thus governed by the general idea of centralised governance of the individual sectors, and the mechanisms of horizontal integration of governance do not work and are rather difficult to apply. The number of the territorial units of the central executive authority and their staff is at one of the highest levels in Europe. The established closed vertical model makes it difficult to coordinate between the structures of the state administration at the regional level, which leads to low efficiency in the implementation of the sectoral policies and high government expenditures. Against this background, it is not surprising that serious problems are observed in the interaction of district governors with the territorial units of the central executive authority. District governors do not have imperious authority over the other de-concentrated structures of the central government. Lacking those, the exercise of their responsibility to coordinate the territorial units depends entirely on the disposition of those units to participate in such a process. It is impossible for district governors to exercise their coordination responsibilities, because the territorial units are vertically tied and hierarchically subordinate to the ministries. District governors are excluded from the governance processes between the ministers and their territorial units and do not receive sufficient information. No piece of legislation regulates the mechanism and procedure of interaction between the district administration and the other de-concentrated structures of the central government. Therefore,

there is no synchronisation between the actions of the institutions at the regional level and the horizontal integration of governance is actually not happening at all.

The implementation of specific public policies requires coordinated and cooperative efforts by multiple institutions at different levels. This is even more true of regional policy because of its wide-ranging nature. The impossibility for district governors to actually coordinate between the various de-concentrated structures of the ministries significantly limits their constitutional responsibilities to implement regional policy. In practice, the district is not a leader and driver of development policy that can attract investment. In addition, it is not possible to undertake decentralization of the planning and programming of the process of governance of EU Structural and Investment Funds.

Change could and should be sought in several directions. These include both relatively simple measures to improve the administrative organization of the activity and an opportunity for overall reform. The adoption of clear mechanisms, as well as obligations, for coordination of the activities between district governors and the deconcentrated ministerial structures could significantly improve the coordination in the implementation of the different sectoral policies. It is absolutely necessary to change the model of how the activity of district governments is financed. This, in combination with boosted administrative capacity, can make district governors more active and meaningful players in regional governance. The change in the status of district governments, the introduction of regional self-government and its scope are widely debated issues. Given the Bulgarian tradition of highly centralised governance, at present the central government is reluctant to implement such a reform. In all strategic documents, including the existing Decentralisation Strategy 2016-2025, the introduction of regional self-government is only a matter of study and analysis and fails to be identified as a real goal of future reforms. There is certainly no other institution in Bulgaria that has been subject to more analysis, more proposals for reform than the district governor. However, institutional change has not occurred for the past 30 years since the start of Bulgaria's transition. The district has undergone a number of reforms in the last thirty years. The territorial scope was changed, the responsibilities of district governments in a number of areas are constantly being expanded. But the institutional status remains unchanged - the districts are de-concentrated structures of the central government. It is this deconcentrated status of the district governments that prevents them from formulating and pursuing their own policy for the development of the region in any aspect. Therefore, we can conclude that the main problem in the functioning of district governors - the impossibility for them to generate and implement autonomous policies at the regional level, persists. Thus, district governments often fail to fulfil their responsibilities. Their coordination **responsibilities** remain fully declaratory. No central government effort to actually change the situation is registered either - no ministry has seized the opportunity to organize its deconcentrated structures within the district administration. The problem of governance coordination at the regional level and the need for change have been highlighted as a strategic objective in both the Decentralization Strategy of Bulgaria (2006-2015) and in the current Decentralization Strategy (2016-2025). However, no real action has been taken to address it. The overall assessment of the implementation of the Decentralization Strategy (2006 - 2015) reports that only slightly more than 30% of the measures envisaged under Strategic Objective 2, "Optimize the functional competences of the district governor and the territorial units of the central executive bodies for coordination of the sectoral policies at regional level", have been implemented. Implementation actually involved development of different analytical reports, but no real governance action has been taken to improve the situation (our analysis). Similarly, no tangible steps have been taken under the current strategy to achieve the objective of

"Increasing the influence of regional institutions for the implementation of coordinated policy for regional development".

The central government maintains its approach of predominant sectoral governance and the pursuit of sector-oriented policies. This leads to disintegration of governance, which is particularly pronounced at the regional level. On the one hand, the district government does not have sufficient political and financial resources to pursue an independent policy. The central government, on the other hand, imposes a model of centralized governance that isolates districts and municipalities. Thus, the areas of governance with a regional scope that must be governed through the combined efforts of the central, the local government and the districts remain neglected and problems are mounting.

A number of issues remain, related to the implementation of the responsibilities, although limited, of district governments – opaque coordination mechanisms, serious imbalance of the existing responsibilities and the assigned regional policy implementation functions. The lack of autonomous governmental capacity in the district governments does not allow them to develop independent governance and, even less, cooperative governance strategies. The functioning of district governments as purely coordinating and controlling institutions is not enough to make them real regional governance authorities. This is one of the main factors behind the difficulties in addressing regional problems. District governments do not have the governance capacity allowing them to formulate and implement policies of the region, not for the region. The central government, on the other hand, is not sufficiently motivated to address specific regional problems taking into account the interests of the specific region. This becomes even more of a problem with the adoption of the principles of EU regional policy - partnership and political co-operation, both between different institutions at different levels of government and between different types of institutions at one level of government.

3. Regional policy for the regions or regional policy of the regions.

In Bulgaria, regional policy does not have long-standing traditions of application. Sectoral planning and development were the governance practice during the communist period. At the start of transition to democracy, regional development problems were ranking behind. The first phase of the reforms aimed to guarantee the fundamental political rights and freedoms and to ensure democratic governance at the national level. The reform process started with efforts to introduce market economy principles. Between 1995 and 1998, Bulgaria was in a severe economic, financial and political crisis. The need to address the economic and financial problems, to politically stabilize governance overshadowed the problems of regional development and regional policy.

At the end of the 1990s, a number of governance steps were taken to implement regional policy in Bulgaria. The initiative for this came primarily from the EU integration process and, accordingly, the need to implement the Union's common policies. The problems of regional policy and regional development were set out in a separate negotiation chapter - Chapter 21, Regional Policy and Coordination of Structural Instruments. Within that process, the first Regional Development Act was adopted in 1999**. At the same time, Bulgaria registered an increasing trend of growing disparities in the development of the country's regions.** The processes of urban concentration of economic activity and population were a fact back in the late 1970s and so was the significant depopulation of some territories. After the economic downturn in the early and mid-1990s, this trend accelerated significantly. Despite the overall positive economic development of the country in the next decades, and especially after Bulgaria's accession to the EU, the problems of balancing regional development persisted. The concentration of the population and the economic activity in several urban centres has

reached practically critical levels in the past 30 years. Regional disparities in Bulgaria thus registered rates that challenged not only the sustainable development of the country, but also its successful development in general (Kalfova, E., 2019, pp. 216-218).

The negative regional development trends clearly indicate a need for a new governance approach. This type of problem requires a region-specific approach - application of specific, differentiated tools to individual problems and maximum involvement of the local and regional partners. In addition, this implies development of shared governance, enhancement of the governance potential at the sub-national levels of government and, thereby, broader involvement of the non-governmental sector. Against this background, Bulgaria adopted a highly centralized hierarchical structure of regional policy governance.

The Regional Development Act (promulgated, SG, No. 26, 1999) is the formal sign for the launch of a new approach to regional policy, or rather the introduction of regional policy into the Bulgarian practice. The Act defines an understanding of "regional policy" and lays down the main goals, objects and instruments of that policy. The responsibilities of the different administrative structures in the field of planning, implementation, monitoring and control of the measures for implementation of the objectives of regional policy are defined, as well as the ways in which they are to interact in a horizontal and in a vertical aspect. Specifying the different elements of a specific public policy in an act is an approach strange in itself. It is far from the ideas of strategic governance and strategic planning and of public policy design. We can assume that this is due to the fact that the Regional Development Act introduces certain models of institutional action in Bulgaria, and does not regulate already established relations. It is a direct result of the transfer of policies and practices in the process of Bulgaria's accession and integration into the EU.

3.1. Regional policy objectives and subjects.

The main objectives of regional policy as laid down in the 1999 Regional Development Act are to enable the boosting of development in the regions, reduction of regional disparities, implementation of cross-border regional cooperation. The 2004 amendments to the Act did not significantly change the objectives defined. This regulation actually provides for implementing measures to boost the development of economically active regions, as well as to reduce regional disparities, that is, to support the regions that are lagging behind. This type of regional policy can be defined as “broad regional policy”. It envisages both the coordination of sectoral policies and the implementation of specific regional development programs. This is an extremely ambitious task. The broad definition of regional policy objectives implies the existence of a clear system for planning and coordinating activities, for financing, for governance and control. This is also the most serious challenge to public governance in Bulgaria. The centralised linear governance model is fundamentally different from the need to “open” governance to multiple actors at different levels and from the non-governmental sector and from the absolute need for horizontal coordination at all levels to ensure coherence between the sectoral policies in support of regional development.

Bulgaria's accession to the EU as a full member called for the adoption of a new Regional Development Act in 2008. (Promulgated, SG, No. 50/08). It defined the main objectives of regional policy as follows: “State regional development policy shall create conditions for balanced and sustainable integrated development of regions and municipalities, comprising a system of legislation documents, resources and actions undertaken by the competent authorities, aiming at: reducing inter-regional and intra-regional disparities in the levels of economic, social and territorial development; providing conditions for accelerated economic growth and high employment rates; development of territorial cooperation” (Article 2,

Regional Development Act, promulgated SG, No. 50, 2008). The objectives set in this way are essentially in line with the objectives of EU regional policy and maintain the "broad regional policy" adopted by Bulgaria. This definition of objectives and approaches remains unchanged to date.

More interesting is the fact that regional policy is "linked to legislation documents, resources and actions undertaken by the competent authorities". Such a viewpoint predetermines a centralised approach to regional policy design and implementation and its elaboration and implementation is exhausted by the actions of competent authorities. The participation of the sub-national levels of government is restricted, and the involvement of any civil society organizations, representatives of professional organizations and of other stakeholders is obviously excluded by definition. The short-term logic is clear - to ensure central-level capacity to implement a policy that is new to Bulgaria and to ensure the absorption of significant resources for regional policy from the EU Structural Funds. But such a model poses many risks even in a mid-term perspective. The implementation of a broad regional policy pursuing both economic and social goals cannot happen without the active involvement of the local authorities and of the district governors. The sub-national levels have the potential to mobilize and increase the involvement of civic organizations and of the business. Without their active participation, it is impossible to implement programs and measures tailored to the specifics of the region concerned. Similarly, the option of taking into account the preferences of local communities in policy making is obviously not supposed to be made use of. This approach even undermines the implementation of part of the EU regional policy priorities, such as local community-based development and integrated urban development. The most significant risk in terms of public governance is to fail to achieve the objectives of regional policy. It is regrettable that the risks are becoming a reality and regional policy in Bulgaria is failing to achieve its goals, given the sustained serious regional imbalances in the development of the regions.

The Regional Development Act introduces a territorial division of the country according to EU's Nomenclature of Territorial Units for Statistical Purposes (NUTS). Planning regions have been created. They were reintroduced within the EU integration process and follow the need to implement Community policies in Bulgaria. The regions in the respective levels - NUTS 1, NUTS 2, NUTS 3 and Local Administrative Unit (LAU) - are the territorial basis for implementing regional policy. The planning regions are perceived as the major subjects of regional policy in Bulgaria. The planning regions are ring-fenced on the basis of optimal population and territorial coverage, natural and geographical factors and historical traditions, the presence of leading urban centres, etc. The criteria are fully in line with the EU requirements for the population at individual NUTS-unit levels. Planning regions have been created to align Bulgaria's regional policy with the European requirements in order to enable the planning and implementation of projects supported by EU Structural Funds.

The planning regions are organized at three levels. There are two Level 1 (NUTS 1) regions – North and South-East Bulgaria, comprising North-West Region, North-Central Region, North-East Region and South-East Region, and South-West and South-Central Bulgaria, comprising South-West Region and South-Central Region. They are not administrative territorial units. There are six Level 2 (NUTS 2) regions. They are not administrative territorial units either. Their current territorial coverage is: North-West Region covering the districts Vidin, Vratsa, Lovech, Montana and Pleven; North Central Region covering the districts Veliko Tarnovo, Gabrovo, Razgrad, Ruse and Silistra, North-East Region covering the districts Varna, Dobrich, Targovishte and Shumen; South-East Region covering the districts Burgas, Sliven, Stara Zagora and Yambol; South-West Region covering

the districts Blagoevgrad, Kyustendil, Pernik, Sofia and Sofia City; South Central Region covering the districts Kardzhali, Pazardzhik, Plovdiv, Smolyan and Haskovo. The territorial coverage of the Level 2 regions was changed once in 2008. Due to the strong demographic processes of permanent population decline and concentration of the population in a couple of urban centres, the North-West Region and the South-East Region failed to the minimum population standards by 2008. This necessitated a change in their coverage, transferring Pleven District the North Central Region to the North-West Region and Stara Zagora District from the South-Central Region to the South-East Region. Regional imbalances are far from being overcome and, at the moment, the North-West Planning Region again fails to meet the minimum population requirements. In the next few years, the North Central Region is also expected to fail to meet these criteria. Despite the development of several options for changing the territorial scope of the Level 2 regions, an agreement was reached between Bulgaria and the European institutions to maintain the current division until the end of the next programming period in 2027. The NUTS 3 regions are 28. They are administrative territorial units and cover the territory of the individual districts. There are two levels of local administrative units in Bulgaria - 265 LAU 1 units, which coincide with the municipalities and 5269 LAU 2 units, to which the settlements correspond.

On the other hand, in an attempt to address the specific problems of the individual districts and the centre-periphery problems, regions for targeted impact by the State have been introduced as subjects of regional policy (areas for targeted impact in the first draft of the 1999 Regional Development Act). They cover the territory of one or several municipalities within a district. After several changes in the types and designation criteria of the regions for targeted impact, a relatively integrated approach has been adopted - support is concentrated only in the most lagging regions. Their territorial scope is determined taking into account the categories of municipalities according to the Law on the Administrative Territorial Structure and the geographical characteristics of the regions. Defining one type of regions for targeted impact is a step towards concentrating the efforts on the most problematic municipalities.

The regions for targeted impact are designated at the beginning of the planning period, with the adoption of the regional development strategy. The transfer of the responsibility for designating the regions for targeted impact to the district level is one of the few steps towards some decentralisation of the regional policy planning process, but it is rather symbolic. The planning documents are drafted according to a clear top-down procedure, therefore, the possibilities to take into account the local specifics are limited. While regions for targeted impact have existed for 20 years, significant elimination of intra-regional disparities is not reported. Amendments to the Regional Development Act, which envisage their abolition, have been submitted for public consultation. This is probably logical given the overall centralised governance of regional policy. Concentration of effort may lead to accelerated development. On the other hand, this choice is about neglecting problems that are unlikely to find a solution without specific public governance support. The most lagging municipalities do not have their own development resources and have modest potential to attract external ones. Even the successful introduction of better synchronization of sectoral policies at the different levels of government will hardly solve the specific economic and social problems of those regions which are likely to remain unresolved.

3.2. Regional policy planning and governance.

3.2.1. Planning system.

The Regional Development Act introduced the strategic planning of regional policy at all levels - municipal, district, at the level of planning regions and at national level, in the

Bulgarian practice. A bottom-up planning approach was initially adopted. Bulgaria quickly abandoned that approach and back in 2004 took up just the opposite one – a strict top-down linear programming model with direct subordination of the planning documents at the different levels. It implies that the strategic documents are first drafted at the national level, then at the regional, and then at the municipal level. Each lower planning level needs to take into account the statements made in the strategic documents at the upper levels. This approach continues to date. The reasons for adopting a centralized approach are obvious. Commission's assessment of Bulgaria's application for membership qualified regional policy as "missing" (European Commission, 1997, p. 70). This raises the question of whether the country could implement Community regional policy at all. The initial attempts at regional policy planning were also not particularly encouraging - planning was slow, municipalities failed to receive the required documents on time, the quality of strategic documents was extremely poor (Yanakiev, A., 2010, pp. 48-50). An approach was thus taken, which was to ensure that the minimum required documents of at least the minimum required quality were available with a view to ensuring Bulgaria's participation in Community policies. Centralised regional policy planning is a fact in most CEE countries (Poland and to some extent the Czech Republic being an exception). While adopting the principle of partnership and multilevel governance, the European Commission also supports some centralisation of the planning, programming and governance of regional policy in the CEE countries, including Bulgaria (Ferry, M., McMaster, I., 2013, 1524-1525). This is due to the huge concerns of the European institutions regarding the availability of sufficient administrative capacity at local and regional level, both for planning and implementation, and especially for monitoring and controlling complex, multi-purpose regional development programs. All this, combined with the principally centralised governance model in Bulgaria, also determines the adoption of a top-down planning approach.

The system of documents for strategic regional development planning and programming for the current programming period (2014-2020) includes: National Development Program Bulgaria 2020, National Regional Development Strategy, regional development plans, district development strategies, municipal development plans. The National Regional Development Strategy is the overarching regional policy framework. It should set the long-term goals and priorities. It is noteworthy that sectoral planning is given priority over regional, stating that "the national regional development strategy shall be developed in accordance with national sectoral priorities ... in order to achieve sustainable integrated regional and local development" (Art. 6, Implementing Regulations of the Regional Development Act, promulgated, SG, No. 80, 2008). This approach is the exact opposite of the classical view of regional policy. Here, by definition, it is again suggested that priority will be given to answering the question "how to synchronize the development of the sectors" rather than the question "how to ensure the development of the regions". Regional development plans are being developed for the six Level 2 regions. The Regional Development Plans set the medium-term goals and priorities for the development of the respective planning region, in accordance with the National Regional Development Strategy. The district development strategy is defined in exactly the same way - it defines the medium-term goals and priorities for the development of the district, in accordance with the regional development plan. The municipal development plan should set medium-term development goals and priorities, in line with the district development strategy. Regional development plans and district development strategies are adopted with a time span of 7 years, consistent with the EU programming periods. The municipal development plans are adopted by the municipal council. They set the

mid-term development goals of the municipality and have to be aligned with the district development strategy.

All planning documents at all levels have almost identical content, with few exceptions. Regional plans, district strategies and municipal plans contain: analysis of the economic, social and environmental situation; goals and priorities; a general assessment of the necessary resources for implementation; measures to limit climate change and adapt to changes that have already taken place; the necessary monitoring, evaluation and updating actions; monitoring and evaluation indicators; description of actions to implement the partnership principle; the ex-ante evaluation. The regional plans specifically set out a list of major projects and measures for urban regeneration and development. With the system and characteristics of the strategy papers thus created, it remains unclear why at different levels they are sometimes called "strategies" and in other cases "plans". None of them contain the main features of a strategy – "a statement of the guiding principles, the strategic mission, the strategic vision, the objectives of securing a competitive advantage, a comprehensive analysis of the external and internal positive and negative factors ... the description contains the elements of a plan". (Tanev, T., 2008, p. 6). In general, the whole process is much closer to centralised planning, where the policy reflects the central government's view of the development of the regions.

In the last two programming periods, European regional policy has prioritized the integration of spatial planning and regional policy planning in order to better account for the specificities of the regions, thus leading to the implementation of more effective programs and measures to boost regional development. The interest in spatial planning at the European level comes mainly from the adoption of the "new approach" to regional policy. In October 2008, in accordance with Art. 174 - 178 of the Treaty on the Functioning of the European Union (TFEU), the European Commission published the Green Paper on Territorial Cohesion, which raises questions regarding the current objectives and opportunities of territorial cooperation and development, the regional and territorial dimensions of sectoral policies, the link between cooperation and competitiveness, etc. Territorial cohesion, overcoming differences between Member States and the regions and ensuring balanced and harmonious development of the regions are set as the main objective. The paper supports the argument that policies should be more responsive to local preferences – cultural, social, economic, which should underpin the development policies. A subnational focus is encouraged, with an emphasis on "places-based" policies. It is believed that territorial cohesion should better enable public policies to respond to the different needs and different potential of the individual territories of Europe, so that policies can be adapted to the specificities of a region (Simeonova, V., 2017, pp. 67-68). The Territorial Agenda of the European Union 2020 was adopted in 2011. It adopts and builds on the territorial cohesion concept of the Green Paper on Territorial Cohesion. A focus on the polycentric development of the EU as a whole and the balanced and sustainable development of regions with different characteristics and specifics is claimed. Balanced regional development is again a priority, but a change of approach is advocated. The focus is on building quality urban environment offering opportunities for education, work, sports, entertainment. It is hoped that this will contribute to attracting and retaining highly educated and skilled people and that in turn would attract strategic investors.

Pursuant to the EU regional policy priorities, Bulgaria also places emphasis on the development of urban centres as centres of growth. It is therefore intended to design and implement urban development plans. The integrated urban rehabilitation and development plan shall provide spatial, time-related and actual coordination and integration of the different policies and scheduled resources for achievement of the established objectives for permanent

improvement of the economic, social and environmental condition of an urban territory (Regional Development Act, Article 13a). These shall be adopted by the municipal council on a proposal from the mayor of the municipality. Here again, we are literally following the priorities at European level. This is not necessarily a negative, but fulfilling the priorities by simply adding another strategic document is not the most effective approach.

While the EU has obviously adopted an approach of integrating policies, measures and programs, Bulgaria has taken a different approach. Implementing EU regional policy priorities at the national level literally and of not very good quality leads to the implementation of another, parallel system of planning documents directly relevant to regional policy in Bulgaria. These are the documents for strategic planning of spatial development. According to the 2012 amendments to the Regional Development Act, these include: National Spatial Development Concept, Level 2 regional spatial development scheme, Level 3 (district) regional spatial development scheme, municipal spatial development concept (Regional Development Act, Art. 7a). The National Spatial Development Concept shall lay down the development strategy for the national territory and its connections with neighbouring countries and regions, and the spatial development objectives. Similarly, the Level 2 regional spatial development scheme shall lay down the spatial development strategy and long-term goals for the region and its connections with other Level 2 regions in the country and in the neighbouring states and shall be designed in accordance with the existing National Spatial Development Concept. Likewise, the Level 3 (district) regional spatial development scheme shall lay down the spatial development strategy and long-term goals for the district and its connections with neighbouring districts in the country and in the neighbouring states and shall be developed in accordance with the existing Level 2 regional spatial development scheme. The National Spatial Development Concept and the Level 2 regional spatial development schemes shall be adopted by the Council of Ministers on a proposal from the minister of regional development and public works. The regional spatial development schemes for districts shall be adopted by the district development council on a proposal from the district governor (Regional Development Act, Articles 7b, 7c and 7d). This model of division of responsibilities fully duplicates the model of division of responsibilities for the adoption of strategic planning documents for regional policy. Again, the planning system is as centralised as possible and follows a "top-down" approach.

In terms of regional policy design, it is essential that the National Spatial Development Concept and its defined model of polycentric development and categorisation of urban centres serve as a basis for determining the territorial scope of some of the objectives of OP Regions in Growth. This model serves to designate the urban centres supported under priority axis 1 and the peripheral regions areas supported under priority axis 2. Priority axis 1 is the major axis of OP Regions in Growth – funding under this axis almost doubles the funding under all other priorities (EUR 840,4 million). Furthermore, centres of growth are also eligible for support from OP Human Resources Development – for projects in the social sphere, and from OP Innovation and Competitiveness – for enterprises in the areas with economic development potential. As the National Spatial Development Concept was designed and adopted relatively late (designed in 2011, adopted in 2012) coordination was only possible with the operational programs but not with the regional development plans at the national, regional and district level. The regional schemes at planning region level and district level were designed and approved in the next few years. Therefore, Bulgaria did not see any integration of the regional policy planning processes and the spatial development planning processes. The minimum

requirements for implementation of Community policies and development of the operational programs necessary to absorb the resources from the Structural Funds are being met.

Regional development strategies/plans may be financed from the state budget, the municipal budgets, funds of natural and legal persons, resources from the EU funds, international financial institutions, other sources laid down in legislation (Regional Development Act, Art. 26). This places high demands on coordination and control when planning and financing regional initiatives. Districts do not have own resources and cannot finance district development plans. They receive budgetary support only for their ongoing activities, not for investment under the district development strategies. Municipalities have own revenues, the level of which is different for the different municipalities and, on the whole, their investment resource is very limited. For example, the own revenues of municipalities which are also district centres varies between 30-40%, whereas in small municipalities they are within the 15-20% range. Sofia Municipality and Varna Municipality with own revenues at above 60%, Plovdiv and Burgas at above 50%, and some resort municipalities like Bansko are an exception to this rule[2]. In this case there is again a gap between the responsibilities of the different institutions in the regional initiatives planning process and the actual capacity of these institutions to implement the initiatives. The design of the regional development strategies/plans at the different levels is in no way linked to the budgetary procedure, whether central government or municipal. Each one of the above documents is designed without any idea of whether, how much, when and from what source the financing for the envisaged measures and programs will come. The EU funded operational programs are practically the only source of finance. Activities other than those financed with European funds are implemented in extremely rare cases.

The result of the multiple reforms is a factually parallel system of regional policy design and planning which covers the existing levels of governance and the NUTS 2-units level. It is highly centralised; the involvement of the sub-national levels and the other stakeholders is limited. The system is structured according to the requirements for absorption of the Structural Funds, but remains unrelated to the overall governance process. The condition is further complicated by the mechanical introduction of another system - that of spatial development planning. It realises the familiar centralised mechanism. The inadequate integration and coordination of multiple development documents does not ensure their optimal interaction and coherence and, as a result, the efforts of the financial and human resources used are disconcerted. These circumstances determine the poor quality of the strategic planning process. The documents literally reproduce the objectives of EU regional policy. With such a centralised system, implementation of flexible approaches, which take account of local specifics, and synchronisation of sectoral policies at the regional level fail to be achieved.

3.2.2. Regional policy governance system.

Given the general logic of regional governance development and the factors behind the implementation of regional policy, it is no surprise that its governance system is also centralised. The Council of Ministers is the body which adopts the National Regional Development Strategy and the Regional Development Plans of Level 2 (NUTS II) regions on a proposal from the Minister of Regional Development and Public Works. It approves the measures and the funds for the implementation of activities in the areas for targeted impact

[2] Ministry of Finance data on the financial position of municipalities in 2018 and on the municipalities subjected to the financial stabilisation process in 2018.

within the State Budget Act for the respective year. The Council of Ministers adopts the National Spatial Development Concept and the regional spatial development schemes for the Level 2 regions. It is responsible for the national monitoring and evaluation of the implementation of each one of the above documents. The ex-ante, interim and ex-post evaluation of each document, as well as the annual implementation reports thereon are approved by the Council of Ministers (Art. 16, Regional Development Act, promulgated, SG, No. 50, 2008).

The line minister of regional development and public works obviously plays a critical role in the implementation of regional policy in a centralised model. He is responsible for the pursuit of the regional policy, for aligning it with other policies in coordination with the relevant competent authorities, for defining the policy on integration of the sustainable urban development principles and strategies at the national, regional and local level, for organizing the drafting and for monitoring the implementation of the National Spatial Development Concept, for development of regional spatial development schemes for the Level 2 regions, of the national regional development strategy, of regional development plans, for making available and for the implementation of the programming documents for regional development and territorial cooperation, for organizing and monitoring the regional coordination in the implementation of the operational programs co-financed with EU funds, etc.

Regional development councils are established at planning region level. The regional development council is chaired by a district governor from the districts covered by the respective region. He is appointed by the council on a rotation basis. The rotation period is 6 months. The membership of the regional development council includes representatives of the Ministry of Regional Development and Public Works, the Ministry of Finance, the Ministry of Environment and Water, the Ministry of Agriculture, Food and Forestry, the Ministry of Economy, the Ministry of Energy, the Ministry of Tourism, the Ministry of Labour and Social Policy, the Ministry of Transport, Information Technologies and Communications, the Ministry of Interior, the Ministry of Education and Science, the Ministry of Culture, designated by the relevant minister, the district governors of the districts covered by the region and one representative each of the national representative employer and worker organisations. The number of municipal representatives in the regional development council is quota based depending on the population of the respective district. The municipal representatives in the regional development council are designated by the municipal representatives who are members of the respective district development council. Representatives of the non-governmental sector, of universities and scientific organisations, of municipalities, may attend the sessions in an advisory capacity at the invitation of the chair (Art. 18, Regional Development Act, promulgated, SG, No. 50, 2008). The involvement of municipal representatives and other stakeholders, although in an advisory capacity, aims to comply with the partnership principle in regional policy governance.

A tendency towards increased responsibilities of regional development councils is observed. The regional development councils are designated as the authorities for implementation of the government regional development policy at the planning region level. The regional council approves the regional spatial development scheme for the Level 2 regions and the regional development plan; it approves the draft regional spatial development schemes and the district development strategies for the districts covered by the respective Level 2 region, approves the implementation monitoring reports on the regional development plans, discusses and proposes resourcing initiatives and schemes for the implementation of the regional spatial development scheme of the Level 2 region, provides regional coordination in

the implementation of the operational programs co-financed from the EU Funds, takes part in the operational programmes monitoring process through its designated representatives in the committees established to oversee the implementation of the Partnership Agreement and the operational programmes co-financed from the EU Funds, makes proposals to the competent authorities for changes to the sector development strategies in relation to the development of the region, etc. (Art. 19, Regional Development Act, promulgated, SG, No. 50, 2008). The functions of the regional councils, expanded as they are, do not go beyond the coordination sphere. The councils do not have real responsibilities to plan and implement the regional development programs on their own. Therefore, they cannot play a significant role in the governance system responsible for the implementation of regional policies. Horizontal coordination, in particular of operational programs at the regional level, suffers from serious problems. Regional coordination committees have been established at the regional councils in an effort to address these shortcomings. Their purpose is to support the effective and efficient coordination for the implementation of the programs co-financed from the EU Funds on the territory of the respective Level 2 region. The committees meet twice a year. Regional coordination committees discuss program implementation results and prepare summary reports to inform the evaluation of the effect of the programs co-financed from the EU Funds on the development of the regions. The membership of the regional coordination council includes the representatives of the regional council in the committees established to oversee the implementation of the Partnership Agreement and the operational programmes co-financed from the EU Funds, one representative each of the governing authorities of the operational programs and of the central coordination unit within the administration of the Council of Ministers, the district governors of the districts covered by the respective Level 2 region. The regional coordination committee is chaired by the chairperson of the regional development council.

Early experience with the operation of the Regional Development Councils also shows serious problems, related to the administration of their activities. As the planning regions are not administrative territorial units at this level, there are no administrative structures that can discharge the duties of ensuring the implementation of the functions of those councils, limited as they are. The initial scenario in which the regional development councils were supported by the district administration at the district governor who chaired the council was not a success. The performance of even purely coordinating functions in the absence of an administrative structure responsible for the process proved impossible in the strictly subordinated system of the Bulgarian administration. Territorial units of the Ministry of Regional Development and Public have therefore been established to provide strategic planning and coordination of regional development in each one of the 6 planning regions. They are tasked inter alia with the design and monitoring of the regional development plans and the regional spatial development schemes and provide support and coordination to the district governments and the other units of the central administration in the course of execution of the different strategic documents for implementation of the operational programs on the territory of the respective planning region.

While the responsibilities of regional councils are relatively widely formulated, the councils remain advisory and consultative in nature. Their role in regional policy governance is very limited. The key responsibilities are invariably concentrated in the Council of Ministers. In addition, the membership of the regional council, dominated by representatives of the individual ministries, rather points to an effort to ensure the adequate and proper implementation of the national programs than to an effort to open the governance process and involve the sub-national levels of government and the other stakeholders. Governance

remains locked in central government. In addition, there is again the well-known problem of the horizontal integration of governance at any level in Bulgaria. In a highly centralized system, absent any imperious responsibilities, it is extremely difficult and even impossible for any institution or structure to put into practice any coordination process.

Whether a district can effectively develop and implement regional policy is a point at issue and yet the Regional Development Act has laid down important functions of the district governor. He makes arrangements for the design and public discussion of the district development plan and the regional spatial development scheme for the district and is responsible for their implementation. The district governor submits the district development plan and the annual report on the implementation thereof to the minister of regional development and public works. The main problems of regional development planning at the district level include limited district government resources and the impossibility for independent decision making and for designing own development plans at this level. This predetermines the behaviour of the district administration – implementation of tasks assigned by the central government. The district level is thus unable to develop an independent and comprehensive vision for the development of the district.

District regional development councils are established with the Regional Development Act. They are chaired by the respective district governors. The membership of these councils includes the mayors of the municipalities in the district, one representative each of the municipal councils and one representative each of the nationally represented employer and worker organisations. The heads of the territorial units of the central executive authority on the territory of the district attend the meetings of the council when business within their competence is transacted. The district governor may invite representatives of NGOs having to do with the debated topic to attend the meeting in an advisory capacity. The main function of the district development councils is to adopt the district development strategy and the regional spatial development scheme for the district. They discuss and approve the interim and the final report on the implementation of the district development strategy, approve the regional development initiatives of municipalities and the activities in the areas of targeted impact (Article 22, Regional Development Act, promulgated, SG, No. 50, 2008). As regards regional development councils, we can again observe trends towards increasing their functions. This is mainly about transfer of responsibilities for the adoption of the regional development strategy in 2004 and their responsibility for the adoption of the regional spatial development schemes of the districts.

The development of the system for planning and programming of regional policy gives a prima facie impression that there is a tendency towards decentralization of responsibilities for governing regional policy and encouraging interinstitutional partnership. The governance system seeks to meet the requirements for implementation of the partnership principle. The partnership principle has been codified as a regulatory requirement and implies the participation of regional and local authorities (1988), economic and social partners (1993), environmental and gender equality organizations (1999), and NGOs and civil society bodies (2006) in the regional policy design process. Its application in the Bulgarian practice has been strongly criticised. Representatives of local authorities and employers' and trade union organizations are included in the consultative bodies at the regional and the district level, but non-governmental organizations participate only in an advisory capacity. The mechanisms, as far as they exist, by which participants from the non-governmental sector are selected, are extremely unclear (Hristova Kurzydlowski, Desislava, 2013, pp. 34-35). As the different partners are involved in bodies having almost exclusively advisory functions, they cannot genuinely take part in the formation of regional policy.

3.3. Application of the EU regional policy.

The implementation of regional development strategies and plans at all levels is directly dependent on the financing of EU operational programs. They are key to the implementation of any regional policy in Bulgaria. However, the institutional framework for the governance of the European Structural and Investment Funds in Bulgaria is also highly centralised. The Council of Ministers is the body that approves the draft operational programs before submitting them to the European Commission. It also appoints the bodies responsible for the drafting of operational programs and for the governance, control, coordination and audit of structural and investment funds, including the operational program that is critical to regional policy - Regions in Growth 2014-2020, and the Regional Development Operational Program for the previous planning period. The system for governing the resources from the Structural and Investment Instruments is regulated in the Governance of Resources from the European Structural and Investment Funds Act (promulgated, SG, No. 101, 2015). Each operational program has a governing authority responsible for its overall governance. This role is played by a directorate within the respective line ministry. Governing Authority of OP Regions in Growth is the Urban and Regional Development Directorate General of the Ministry of Regional Development and Public Works. The internal audit unit responsible for the internal audit of all activities and processes within the ministry, including the governance of resources from the EU. The Certifying Authority is the body which accepts and verifies the aggregated payment requests from the Governing Authority and sends a payment application to the European Commission for reimbursement of payments. It is the same for all operational programs. The functions of a Certifying Authority are performed by the National Fund Directorate at the Minister of Finance. The Audit Authority is also the same for all operational programmes. The functions are performed by the Audit of EU Funds Executive Agency at the Minister of Finance. It is responsible for the control of expenditure as to their legality, regularity and eligibility. The conformity assessment body is also the same for all operational programs and the functions are again performed by an executive agency at the minister of finance – Audit of EU Funds. It is responsible for the assessment of the financial management and control systems of the operational programs. The body responsible for receiving the payments from the Commission is also the same for all operational programs – the National Fund Directorate within the Ministry of Finance. The different partners are involved in the governance of the operational programs only through the Monitoring Committees. The Monitoring Committee of OPRD 2014-2020 is the supreme body monitoring the implementation of OPRD 2014-2020. Its membership includes representatives of the ministries of: regional development; transport; economy; tourism; environment and water; labour and social policy; finance; agriculture, food and forestry; education and science; health; culture; youth and sport, and the interior; representatives of the administration of the Council of Ministers, the Commission for Protection against Discrimination, the National Statistical Institute, the Bulgarian Academy of Science, the council of the rectors of the higher education schools in Bulgaria, the Agrarian Academy, all regional development councils, the non-government sector, the National Association of Municipalities in Bulgaria, representatives of employer organisations and trade unions.

Some decentralisation of the governance system may be recognised, as well as an effort to take account of regional specifics as shown by the establishment of 39 intermediate bodies in the municipalities of the towns eligible for support under Priority 1 of OP Regions in

Growth[3]. The intermediate bodies are part of the structure of the respective municipal administration, with specific requirements as to their place in the organizational structure of the municipal administration and to the qualification of their staff. The intermediate bodies' structure is approved by the Governing Authority of OP Regions in Growth. The main responsibilities of the intermediate bodies involve evaluation and selection of projects for implementation of the respective sustainable urban development strategy under Priority Axis 1 of OP Regions in Growth 2014-2020. The establishment of intermediate bodies at the local level is a step in the right direction. However, without any active and significant involvement in the regional policy planning process and in the operational programmes design process, the role of the local authorities remains linked to the implementation, not to the governance of regional policy. The minimum qualification requirements for the experts engaged in the governance of the EU-financed programs is a positive trend. Such practices could improve the administrative capacity. This would not be a fact if such requirements are not combined with measures for defining more clearly the coordination functions, responsibilities and mechanisms.

The planning and governance system for the resources from the EU Structural Funds is highly centralised, with significant responsibilities concentrated in the Ministry of Finance. The last programming period witnessed some efforts for wider involvement of the local authorities in the process but they do not cover all program planning and implementation phases. The local authorities are involved only in consultations when the programmes are being drawn up, together with the other partners, and in the ex-ante evaluation process.

The centralised governance model is not unknown in the practice of the European countries. On the contrary, in most states the main responsibilities for the planning and governance of the resources from the EU Structural and Investment Funds lie with the central governance level. But the centralised model does not in itself preclude the involvement of the sub-national governance levels and the other partners, as well as a need to synchronise the system for governance of the programs financed from the Structural Funds and the other part of the governance and administration system. The main types of governance systems for the programs supported from the EU Structural and Investment Funds can be classified on the basis of two main criteria. First, they are classified into decentralised, centralised and mixed according to the level of decentralisation of the governance responsibilities. Second, they are classified into integrated, parallel and mixed according to the level of integration of the governance system in the existing administrative and institutional structure (Wostner, P., 2008, pp. 10-11).

In centralised systems, the institutions established at the central level, which determine each relevant planning and implementation element, play a major role in decision making and implementation. These are usually the ministries. This system leads to limited decentralization and sometimes limited application of the partnership principle. In decentralised systems, the responsibilities are allocated at different levels, with decentralisation and partnership receiving greater attention. In such systems the objectives, programs and measures are often formulated more adequately, ensuring trust, support and active involvement at the local and the regional level. On the other hand, the coordination between the government levels could generate additional administrative expenses. There are also mixed systems in which

[3] The intermediate bodies are in the administrations of the municipalities of Sofia, Plovdiv, Varna, Burgas, Ruse Stara Zagora, Pleven, Veliko Tarnovo, Blagoevgrad, Vidin, Montana, Vratsa, Lovech, Gabrovo, Targovishte, Razgrad, Shumen, Silistra, Dobrich, Sliven, Yambol, Haskovo, Kardzhali, Smolyan, Pazardzhik, Pernik, Kyustendil, Svishtov, Gorna Oryahovitsa, Kazanlak, Dimitrovgrad, Asenovgrad, Karlovo, Dupnitsa, Petrich, Lom. Gotse Delchev, Panagyurishte, Velingrad.

implementation is mainly based on the national institutions but through their regional deconcentrated systems (Nyikos, G., R. Talaga, 2014, c. 120-121).

Integrated are the systems in which the programs financed from the Structural Funds are governed by the existing administrative systems. The integrated systems seek to make best use of the (sectoral) expertise and know-how available in the administration. They use the existing interinstitutional decision-making, implementation and coordination mechanisms. It is thus unnecessary to develop special procedures, except for some minor adaptations of the administrative and governance model required to meet the minimum standards of the EU regional policy (for example, the publicity requirements). The advantage of integrated systems is that they can guarantee the effective and targeted use of the resources (Nyikos, G., R. Talaga, 2014, c. 122). On the other hand, integrated systems are often less transparent as regards the publicity of the objectives for which the available EU resources can be used and that impedes the involvement of potential beneficiaries and partners. Integrated systems can also be classified according to whether the EU resources or the national resources are dominating. In the first case, the whole national regional policy is adapted to the European approach. The main defect here is that only eligible activities are implemented with a view to maximum absorption of EU funds. This guides the whole regional polity to measures and instruments that ensure easy absorption of funds, not to measures guaranteeing achievement of the targets.
In the differentiated systems, separate institutional structures and administrative systems are put in place to govern the resources from the Structural Funds. This facilitates program's implementation and results are more visible. By definition, the adoption of a differential system also means higher expenditure and potential duplication of functions problems (Nyikos, G., R. Talaga, 2014, c. 122-123). With such an approach, a particular problem is the coordination with other policies and/or the national programs within the same specific public policy.

In the mixed model an integrated model of governance of the resources from the Structural Funds is the most common, but additional mechanisms for coordination and involvement of different types of partners are also designed. There is also the reverse type of "mixing" – the existing coordination and partnership mechanisms are used, creating a specific governance and administration system for governance of EU resources. The risk of lack of coordination of activities is highest in mixed models and so are administrative expenditures.

The Bulgarian practice presented above is a good reason to classify the existing system of governance of the programs supported from the EU Structural and Investment Funds as a centralized, differentiated governance model. Unfortunately, it suffers from all expected defects – poor coordination of the system for governance of the resources from the Structural Funds and the other administrative structures, high administrative expenditures, closed nature – with limited involvement of all types of partners, hence regional policy is relatively non-transparent. Furthermore, the overall policy design and the actions implemented are fully concentrated on implementing the EU-supported measures. Regional policy programs, measures and instruments other than those under the EU operational programs are actually not implemented in Bulgaria. Four programs beyond the scope of the programs financed from the EU Structural and Investment Funds and, at an earlier stage – from the pre-accession instruments, have been designed in the past 30 years with a view to address the lagging of peripheral regions: Program for Developing Alternative Agriculture in the Rhodopi (2003); Program for Agricultural and Rural Development in Strandzha-Sakar Areas (2005) designed on an agreement between the Ministry of Agriculture and Food and UNDP; Program for Implementation of Activities in Areas for Targeted Impact 2010 – 2013; Targeted investment

programme to support the development of Northwestern Bulgaria, the areas of the Rhodope Mountains, Mt Strandzha and Mt Sakar and other underdeveloped places in mountainous, semi-mountainous and border areas (2015). All these programs remain unimplemented. The reason for the failure is the lack of sustainable political support for the implementation of such a policy and, accordingly, the failure to procure the necessary financial resources. Furthermore, the programs are complex and require a high degree of horizontal integration of governance at all levels. This calls for even higher level of political and administrative support and administrative capacity for governance. Those prerequisites were never fulfilled. It can therefore be concluded that Bulgaria is moving towards implementation of the EU regional policy and nothing beyond that.

Despite the 12 years of implementation of the EU regional policy in Bulgaria and the overall positive economic development of the country in the last 10 years, disparities in regions' development are not overcome but are rather deepening. Disparities are significant between the Level 2 (NUTS II) regions as well as between districts. There is a huge difference in socio-economic development between the South-West Region and all other regions. The South-Central Region registers some catching up with the South-West Region but the disparity remains huge. The North-Central Region and the North-West Region are consistently lagging behind the other Level 2 regions of the country. Disparities in districts' development also deepen. The tendency of over-concentration of economic activity and population in the capital remains irresistible, as no significant catching up by other regions is observed. In addition to the capital, high rate of development is registered by four other districts – Plovdiv, Varna, Burgas and Stara Zagora. However, the disparities between them and the other districts increase and no significant catching up with the capital is observed. A couple of districts are dramatically lagging behind in their development – Shumen, Silistra and Vidin (Kalfova, E., 2019 pp. 217-218). This is invariably an evidence of failure to achieve the objectives of regional policy and calls for radical change in the approach and measures this policy makes use of. A more appropriate approach tailored to the specifics of the individual regions must be taken.

In conclusion, we can infer a few key features of the processes of changing regional governance and adopting and changing regional policy in Bulgaria. The overall process of regional policy design and implementation is highly centralised in Bulgaria. Despite the significant changes in the system of state governance related to the processes of decentralisation, regionalisation, multi-level governance and the EU integration processes, a centralised, strictly subordinated system, a differentiated system of regional policy design and implementation has been established in Bulgaria. The role of the regional-level institutions is highly limited. The main reason for that is that regional policy is an almost unknown phenomenon for the Bulgarian practice. Regional policy implementation is exclusively the result of the EU integration process and the need to apply the adopted Community policies, including regional policy. Centralisation is the first obvious response which ensures central-level capacity for regional policy planning and implementation. This allows for participation in Community policies. Such approaches are adopted by most CEE countries, however without the support of the European Commission. The planning and strategic documents' design process is fully centralised and organised on a "top-down" basis. This severely limits the possibility for local and regional institutions to design their own priorities for development of the respective territory. They have to comply with those set by the central level of governance. However, the main risk involved in such an approach is that it limits the possibility for building administrative capacity in the sub-national levels of governance for participation in regional policy design and implementation. The main result is visible even

now – regional plans and district strategies are of extremely poor quality – they contain samey analyses, uniform objectives and priorities often limited to a sum of sectoral measures not linked to the specific features of a region (Decentralisation Strategy 2016-2025, 2015, pp. 97-98).

The practice of the last two programming periods shows that Bulgaria adopts national goals that almost literally replicate the objectives of EU regional policy. However, the mechanical transfer of EU goals and priorities leads to an extremely difficult and complicated system of planning documents in the field of regional policy and to the introduction of two parallel planning systems - regional policy and territorial development. Instead of introducing integrated approaches to guarantee that the regions' full potential is utilized to ensure sustainable development, there is an extremely complex and difficult planning system. The draft amendments to the Regional Development Act subjected to public discussion at the end of 2018, provide for integrating the two systems into a single set of planning documents. This is a step in the right direction which we hope will be made true. The regional policy planning system has other defects as well – low level of consistency of documents, lack of connection between the regional policy planning process and the budget process, leaving planning documents without a clear funding system and quite often - without implementation, extremely limited involvement of local and social partners, etc.

The established administrative system does not encourage municipal initiative or the establishment of district-level structures and organisations able to initiate targeted regional action. Culture of dependency is encouraged rather than the capacity to independently govern regional development. Efforts by municipalities, non-governmental organizations and other stakeholders involved in regional policy programming and implementation are not inspired. The system of regional policy thus established has no strong decentralisation effect and administrative regionalisation is maintained in Bulgaria.

The inability of the existing administrative system to carry out the planning and programming of regional policy in line with EU requirements gave rise to a parallel administrative system responsible for that. The system thus established is also highly centralized and the existence of two parallel systems makes decision-making and implementation difficult. Furthermore, it requires very good coordination between the different levels of government and between the different institutions at each level. The centralization of the governance system for measures related to regional policy and development aims at making this policy more effective. However, short-term effectiveness could be replaced by mid-term and long-term ineffectiveness. The capacity for independent action of the subnational levels in the field of regional policy is necessary in order to ensure the sustainable development of the regions. The Regional Development Act sets the general framework for the process. But it is not aimed at decentralizing the governance of regional policy and the decentralisation did not happen. Due to the obvious failure to achieve the objectives of regional policy, a number of proposals for changing the governance model are currently under public debate. They focus on enhancing the functions of the Regional Development Councils. No matter how their role changes, this can only solve part of the problems. The implementation and administration of operational programs, i.e. of EU regional policy, may improve. But the governance of regional problems and spheres with a supra-municipal scope, overcoming the deficiencies in the functioning of the districts - the lack of correspondence between the volume of responsibilities and the real responsibilities to fulfil them, as well as the lack of resources, financial and administrative, for the exercise of these responsibilities remain unresolved. Building self-sustainable governance capacity at the regional level, whatever the specific institutional form, is a key factor for achieving

sustainable, relatively balanced development. The governance approach relying on policies governed at the regional level has the chance to encourage growth and sometimes even the establishment of own economic and governance capacity. This could generate specific social and economic links to underpin effective regional development and the emergence of dynamic regions. Furthermore, such a reform could make possible regional governance by regional actors engaging directly with the region and motivated to ensure its development involving the local communities and developing the region's own potential, designing and implementing a policy "of the region".

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