

# EUROPEAN INTEGRATION AS A FACTOR FOR THE TRANSITION TOWARDS THE SUSTAINABLE DEVELOPMENT OF BULGARIA

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*Abstract.* The current article discusses the role of European integration on the way of Bulgarian transition towards sustainable development. A comparison and an analysis of key from the point of view of sustainable development socio-economic indicators of the European Union member-countries have been made. Some important problems Bulgaria experiences in national and regional aspect have been discussed and the reasons for them have been investigated on this basis. Considerable attention has been paid to external effects which have increased since Bulgarian full-right membership in the European Union (EU). An attempt has been made to estimate the contribution of the EU funds intended for Bulgaria to solve the indicated problems as a whole and the contribution of the Operational Programme "Regional Development" in particular. The opportunities to accelerate the transition towards sustainable development of Bulgaria through the process of European integration have been analyzed.

*Key words:* european integration, sustainable development, operational programmes.

## Introduction

The investigation of the regional aspects of the transition towards sustainable development requires the application of interdisciplinary approaches. The considerable geographical differences between countries, plan-economic, administrative and village units raise discussion about the principles, indicators, mechanisms and priorities of the transition. Their optimal selection depends to a great extent on the political circumstances, the institutional characteristics of state authority, the degree of maturity of civil society, the mechanisms of local self-government, the terms for the development of private initiative, the opinion of each member of the civil society. Their regional interpretation puts forward problems concerned with regional socio-economic disparities, regional justice, principles of state regional policy and local self-government. The common European criteria of society development have been established as criteria of primary importance during the last decade in the country.

The contemporary two stage (regional-municipal) administrative-territorial division of the country is a complex result from the dynamic intercourse between natural, demographical, economical and political factors. In general, it can be presented as a permanent process of result-orientated subjective in its character political effort of state authority to coordinate the territorial mechanism for administrative rule towards the

objectively existing socio-economic regions. From this point of view one of the main goals internal state policy sets is the diminishing of regional disparities while the administrative-territorial organization should be considered as its main operative mechanism. The achievement of optimal correlations between the objective and the subjective components of this complex process has a direct relation towards the regional effectiveness of society development. Its increase is a basic motive for a periodical reforming of the administrative – territorial organization of the country, a process which has been observed in our whole history after 1878. After 2007, a many stage coordination of regional policy with over-national and internal regional levels, which comply with the integrational achievements of the European Union, has been applied as a basic operative plan economic mechanism (NUTS1, 2, 3 LAU1, 2).

## European integration – essence and main characteristics

Although a common definition, comprising all aspects of integration, does not exist; some of its main characteristics can be derived. First of all, it should be noted that the economical, social and cultural development of each country is to a great extent dependent on the region to which the country belongs. The region is "an area fragment with a specific natural and cultural-political model and a possibility for individual development" (Roussev, 2008). Within every region one or more centres can be formed which visibly go ahead of the rest part of the region in their development and impose a model of development which is voluntarily followed by the countries in the semi-periphery in order not to leave behind from the center. On the other hand, the center also adopts the good achievements of the rest parts of the region. In this sense integration is a bilateral process which will exist permanently until there are disparities between the center and the rest part of the region.

A key element for a successful integration is the conducting of a policy which corresponds and even to some extent goes ahead of the adaptation of the achievements of the centre among the society. Thus the negative effects from the rapid application of the innovations in the life of the people can be avoided

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and the useful effects can be increased considerably. Bulgaria has plenty of negative examples – the appearance of the mobile phones went along with the unpreparedness what technical characteristics the antennas should possess, where they should be situated in order to minimize the risk for the health of the people, the municipalities appeared unprepared to perform administrative services to citizens through internet, the state and the municipalities were not prepared for an effective regulation of the private initiatives, which led to the overbuilding of the Black sea coast.

**Analysis of the differences of some main socio-economic indicators in Bulgaria compared to the European Union**

Although a universal method for the estimation of the level of the reached integration of a country does not exist, approximate data could be received through a comparison and an analysis of different indicators. The choice of appropriate indicators for each macro space region depends on the priorities which are set by the centre in its development. In the last decade one of the main purposes which are set by the European Union is the achievement of sustainable development. There is „a common position for the essence of sustainable development – an optimal synthesis of the economic, social and ecological results from the development of natural–social system among the countries members of the European Union” (Dimov, 2007). In this sense, economic, social and ecological indicators are a measure for the reached level of integration of each the EU member country (with the exception of the centre) and the dynamics of the values of the indicators is a measure for the speed of integration.

**Economic indicators (a comparison between Bulgaria and the EU member countries)**

The individual quality of life cannot be measured exactly as it depends to some extent on the value system of each person. For some people it is important to be rich, for others social justice is important – to live in a society where there are no poor people, third appreciate the good ecological indicators, others would be proud if their country is a cultural leader in the region or if their country has the highest sports achievements. The fact that the economic indicators are an important element from the quality of life is doubtless.

Figure 1 and Fig. 2 show the ratio between Gross domestic product (GDP) in Purchasing power parity (PPP) per capita of Bulgaria and GDP in PPP per capita of each member-country of the EU expressed as

a percentage for 2000 year with bars with horizontal lines and for 2006 with bars with inclined lines (calculated with data from <http://www.nsi.bg/-10.01.2010>). The basic problem for Bulgaria is the low speed of catching up with the countries from Western Europe – about 10% for 6 years, or less than 2% for a year.

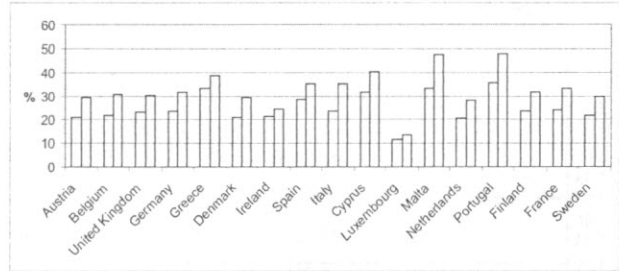


Fig. 1.

Figure 2 shows that the dynamics of the integration processes in Bulgaria is slower compared to the Baltic States and Romania and well compared to the Central European countries, which have higher base levels of integration.

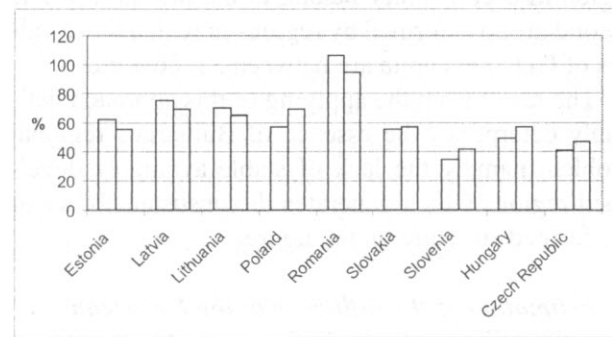


Fig. 2.

The world economic crisis slows down the rates of economic growth in the Eastern European countries and thus slows down the diminishing of the disparities between Western and Eastern Europe.

**Regional comparison**

As a basic socio-economic indicator in the regional study will be used GDP per capita in PPP at level NUTS2. The scope of such a territorial level by countries is strongly dependent on the accepted rayoning. In this sense the regions are grouped together in a scale with equal intervals for a more precise comparison.

Figure 3 The vertical axis shows the ratio between GDP per capita in PPP of each region in the state and the poorest region in it. The horizontal axis shows the number of regions in each group as a percentage from the whole number of regions (calculated with data from <http://www.eurostat.ec.europa.eu/-10.01.2010>).

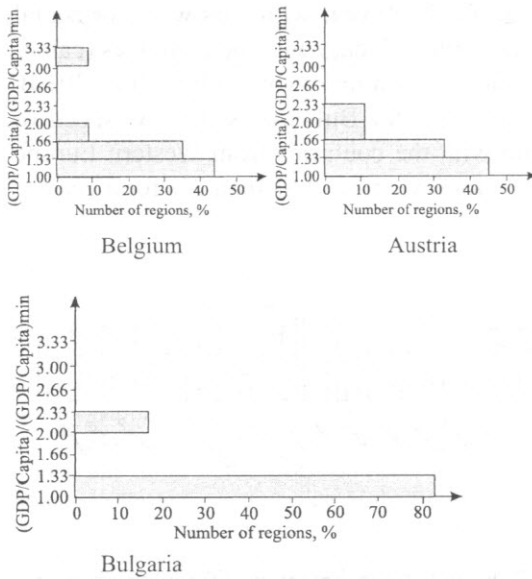


Fig. 3.

The regions in which GDP per capita does not exceed the value of GDP per capita in PPP in the poorest region in each country belong to the first group. The second group is formed by regions in which those values of GDP per capita are between 33–66% etc.

The result from the applying of this approach definitely determines the essence of Bulgaria's regional problem namely the lack of stable averagely developed regions which generates the unsustainability of the formed structure on the figure.

### *Estimation of the influence of the European integration on the transition towards sustainable development in Bulgaria*

The problems Bulgaria experiences in its transition towards sustainable development are due to different reasons. In the course of the present work these problems will conditionally be divided into 3 groups.

The problems on which Bulgaria has minimum possibility to influence belong to the first group (external). These are the so called external negative effects. For example, the loss of human capital due to the negative mechanical growth is a serious problem for Bulgaria which restricts the possibilities for GDP growth. The political situation on the Western Balkans and in the Caucasian geopolitical area is important for the functioning of transport corridor No 8. Other external negative effects are the cross-border pollution, the unwillingness of our neighbours to improve cross-border transport infrastructure with Bulgaria (for example the railway Sofia–Skopje, Danube Bridge 2). The restrictions in internal trade and production which are due to the engagements of Bulgaria in relation to its membership in the European Union also belong to

this group. A definite part of these problems is due to the low authority of Bulgaria in internal relations built up as a result of numerous mistakes in the past.

The second group of problems is due to the low GDP of the country, the bad state of infrastructure in Bulgaria, the lack of blueprints in small municipalities and settlements, the closure of schools, the lack of modern apparatus in small hospitals. The low GDP results to a great extent from the low productivity of labour and the bad demographic situation in the country and the membership in the European Union can be a factor for the quicker growth of these indicators if there is an appropriate policy. In this sense, the present work will focus on the additional means which could be granted to Bulgaria from the operational programmes.

All other problems which do not belong to the first two groups will constitute the third group of problems which we will conditionally call others – for example the falling interest to the Bulgarian folk art. These problems result from the low individual solidarity of each person to the concept of sustainable development.

According to this classification the European operational programmes should have the highest contribution to the second group of problems (those related to the low GDP) and the programmes to support the cross-border cooperation – to the first group of problems.

Bulgarian membership in the European Union influences the purposes of Bulgarian policy as it puts forward the questions related to the acceleration of the transition towards sustainable development. The mechanisms EU uses for the formation of each country's priorities are two – financial and administrative.

According to the agreements Bulgaria potentially could absorb from the 9 EU programmes 18,3 thousand million BG leva for a period of 7 years (Structural funds..., 2007) or about 2,6 thousand million BG leva for a year. Bulgarian contribution to the EU budget which varies in wide borders between 600–900 million BG leva (<http://www.minfin.bg/-10.01.2010>) for a year should be subtracted but it will probably grow after the end of the world economic crises because of the GDP growth. In order to understand how these means could help Bulgaria they should be compared with the expenditure part of the state budget which also varies in different years.

Let us suppose that according to the most optimistic scenarios Bulgaria could absorb about 85–90% from the means which is about 2.2–2.3 thousand million BG leva for a year. If we don't take into account the contribution which Bulgaria pays the EU and the yearly budget is about 18 thousand million BG leva, the means from the European funds would be about 13% of the budget. If we assume that 400–500 million



BG leva from the whole contribution of Bulgaria are intended for the financing of 9 programmes, this percentage would fall to 10% of the budget. Subtracting the whole contribution, which now is about 800 million BG leva, the percentage would fall to about 8%.

The second scenario is more realistic. If we take into account the data about the absorption of EU funds in other member-countries of the European Union in Eastern and Central Europe, even a level of about 50% or 1.3 thousand million BG leva would be a considerable success for Bulgaria. For example if the absorption is about 50% and we subtract 400 million BG leva (about the half of the contribution), the yearly gain for Bulgaria from the EU budget which is about 900 million BG leva, would be about 5% of the state budget.

Regardless of which of the quoted calculations we accept for reliable (this will become clear after 2013) it is obvious that on national level it will be wrong to rely to a big extent on these funds. In fact the European funds have some other positive aspects which may turn to be much more important at some circumstances. Two of these aspects are spending means on priorities and the expedient spending of the funds.

The first positive aspect (spending means on priorities) emphasizes that Bulgaria should direct enough means to solve with priority some key from the point of view of sustainable development problems. The European Union can use formal instruments for pressure (for example, the non-performance of a directive can result in the denunciation of a country and bigger financial losses) and informal as well. The engagements of a country to the European Union can lead to a change of the priorities and the instruments of public policy the country leads.

According to the common position of EU in respect to Chapter 22 from the negotiation process Bulgaria should construct purifying stations for refused waters in settlements with more than equivalent 10 000 residents till the end of 2010 and more than equivalent 2000 residents to the end of 2014 (<http://www.europe.bg/-10.01.2010> r.). These projects will be financed to a big extent from priority axis 1 of operational programme Environment. If the absorption of the funds is high Bulgaria will register a considerable success from the point of view of sustainable development – the availability of purifying stations which will diminish the anthropogenic pressure on the natural environment. If we assume that the European Union did not put formal pressure and grant financial help for these projects, Bulgaria would realize it but taking into account the unconsolidated civil society (which should put pressure for this to be one of the political priorities) and the lack of means because of the low GDP, it

would hardly become fact before 2020 or even 2030. In other words, one of the gains for Bulgaria from its membership in the European Union is the accelerated taking of the necessary steps, which is forced by the concept of sustainable development. If we consider the other gains obtained as a result from the formal pressure put by the European Union on Bulgaria in the field of environment – the transposition and the implementation of the directives concerned with water, air, habitats, the result will be analogical.

If the absorption of EU funds is low, the means will have to be given from the state budget. This could lead to a decrease of the expenditures for economic purposes and social policy (health care, education, social aid). In this case, the positive effects from the point of view of sustainable development will be smaller and possibly negotiations for the prolongation of the term for the fulfillment of the directive could be led with Brussels. Thus we reach to the conclusion that the high absorption of the European funds is one of the instruments for the progress towards sustainable development. The strong point of European funds is that even their financial contribution is modest, they could provide those additional means which are necessary for the state to respond (in reasonable terms) to some of the key requirements which the concept of sustainable development puts forward. In order to specify the effects from the European funds it is necessary to investigate the problems of lower than national territorial levels.

### *The contribution of Operational Programme "Regional Development"*

The current work discusses the contribution of operational programme Regional Development – towards Priority 4 "Supporting Balanced Territorial Development" from National Strategic Reference Framework 2007–2013. The general contribution of the European Union towards this programme is about 2.66 thousand million BG leva for 7 years (Operational Programme "Regional development" 2007–2013) or about 380 million BG leva for a year which is about 2% from the state budget. The further investigations for the distribution of the funds in the municipalities come across difficulties of an objective character – not all measures are still open.

For a greater specification of the investigation the distribution of the means in the municipalities, obtained from the combination of the two already finished measures for social infrastructure (directed towards 86 municipalities) and small scale investments (directed towards the rest 178 municipalities) can be discussed. The projects for the repairing of infrastructure of social significance (mainly educational) have already been financed in accordance with the two measures, but there



is still a great number of projects which cannot be financed because of the lack of financial means.

Table 1

Distribution of the funds from operational programme "Regional development" for infrastructure with a high social significance (calculated with data from [http/ www. bgregio.eu](http://www.bgregio.eu))

	% of all municipalities	% gained projects	% gained means
Municipalities with a city centre of a region	11	36	43
Other municipalities	89	64	57

It might be concluded that the rich municipalities (with a city centre of a region) gain a considerable share of the means from Operational Programme "Regional Development". A serious problem is that 1/3 of the municipalities, which are poor, don't have successful projects. There are about 40 projects in small and poor municipalities which cannot be financed because of the lack of financial means. Often the improved quality of the social infrastructure with means from Operative Programme "Regional Development" could be an additional motivational factor for the migration of young people between settlements. The result from this migration could be positive or negative from the point of view of regional sustainable development depending on the changes of the demographic situation in the settlements caused by migration.

Taking into account the limited means of Operative Programme "Regional Development" it is logical to put the question why so many municipalities could be beneficent. The most acceptable answer is that thus a higher level of absorption of EU funds is guaranteed, because the poorest municipalities don't have enough administrative capacity to apply for projects.

### Conclusions

We could generalize the role of the proposed measures related to the social infrastructure for Operative Programme "Regional Development" from two different points of view. From the point of view of sustainable development this programme is useful as it provides a modest (about 2% of the state budget) but an important additional financial resource for regional development projects. From the point of view of regional sustainable development there could be a positive result from the application of this programme, only if there is an active state regional policy. Its task should be to avoid a sudden increase of the differences between the municipalities and the settlements (in infrastructure, education, health care) as a result of

that some municipalities (and the settlements in them) have won projects and others (most of all those which are territorially close to them) have not succeeded.

Except for the European funds Bulgaria also experiences some other positive external effects from its membership in the European Union. It gives the opportunity to participate in a market which is closer to perfect competition with more producers and consumers as a whole. The result from this could be a faster GDP growth but the risk connected with the emigration of qualitative labour force and a failure of enterprises is considerable. Another useful effect is the accelerated modernization of the legislation which will help to avoid the unpreparedness with the implementation of the innovations in the future. There exists an easier opportunity for Bulgarians to work abroad and to accumulate capital, which then to be invested again in Bulgaria and this is a necessary condition for the acceleration of the economic growth. The membership of Bulgaria in the European Union is a factor for the increase of the political authority of the country and the self-confidence of its citizens. The accelerated implementation of innovations will probably put aside the ecological aspects of Bulgarian production but the strict European directives and requirements could keep or even improve the environmental situation as a whole.

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