

# European Cohesion Policy in Bulgaria

EN

The European Union (EU) comprises 27 Member States forming a community and single market of 493 million citizens. However, great economic and social disparities still remain among these countries and their 271 regions. European Cohesion Policy is at the centre of the effort to improve the competitive position of the Union as a whole, and its weakest regions in particular.

Through the European Regional Development Fund (ERDF) and the European Social Fund (ESF), otherwise known as the Structural Funds, as well as the Cohesion Fund, it invests in thousands of projects across all of Europe's regions to achieve its primary task: to promote economic and social cohesion by reducing these disparities between Member States and regions. With a budget of €347 billion for 2007–13, Cohesion Policy represents the single largest source of financial support at EU level for investment in growth and jobs, designed to enable all regions to compete effectively in the internal market.

However, as the challenges facing Europe's regions have changed over time, so too has the policy. Against a background of momentous change in the Union as a result of enlargement and of increasing globalisation, concerns about energy supplies, demographic decline, climate change and more recently, world recession, the policy has evolved, in step, as a key part of the response to meet these new realities.

## IMPACT AND RESULTS OF COHESION POLICY IN BULGARIA

Having joined the European Union only in 2007, this is the first time that Bulgaria has had an opportunity to benefit from the Community funds under the Cohesion Policy. Initial studies suggest that Cohesion Policy programmes in Bulgaria may contribute substantially to an overall increase in gross domestic product (GDP), estimated at 15% by 2020. Preliminary work also estimates that by 2013 Cohesion Policy programmes will contribute to increasing:

- GDP per capita to 51% of the EU average;
- the employment rate to 64%, as compared to 56% in 2005;
- expenditure on research & development (R&D) from 0.4% to 1.15% of GDP in 2013.

## Cohesion Policy 2007–13



## A SNAPSHOT OF ACHIEVEMENTS

Expected impacts of Cohesion Policy funds in Bulgaria:

- helping to increase GDP by 15% by 2020
- getting more people into work
- increased investment in research and development.



## EUROPEAN INVESTMENT IN BULGARIA – 2007–13

For the 2007-13 period, Bulgaria has been allocated almost **€6.9 billion** in total, €6.7 billion under the Convergence Objective<sup>1</sup> and €179 million under the European Territorial Cooperation Objective. Bulgaria has seven programmes: 'Administrative capacity', 'Competitiveness', 'Environment', 'Human Resources Development', 'Regional development', 'Transport', and 'Technical Assistance'.

### FUNDS FOR BULGARIA IN BILLION € 2007–13

Objective	Fund	EU	National Public	Total
Convergence	CF	2.3	0.6	2.9
	ERDF	3.2	0.6	3.8
	ESF	1.2	0.2	1.4
<b>Total Convergence</b>		<b>6.7</b>		
Total European Territorial Cooperation*	ERDF	0.2	-	0.2
<b>TOTAL</b>		<b>6.9</b>	<b>1.4</b>	<b>8.3</b>

Figures have been rounded up

\* Each Territorial Cooperation programme includes a minimum of 15% co-financing from each participating Member State.

## DELIVERING THE LISBON STRATEGY FOR GROWTH AND JOBS

The relaunch of the Union's Lisbon Strategy in 2005 aimed to bolster the competitive position of EU regions in the world economy by placing growth, jobs and competitiveness at the top of the Union's agenda. For the 2007–13 period, European Cohesion Policy has attached increasing importance to delivering the so-called 'Lisbon objectives'.

Bulgaria's Cohesion Policy programmes will provide strong support for the Lisbon Agenda, with 61% of funds in the Convergence Objective allocated to related activities.

### THE ESSENTIALS 2007–13

- €2.8 billion to protect the environment and invest in risk prevention and energy
- Nearly €2 billion to improve transport infrastructure, this includes upgrading over 2 100km of roads
- €850 million for research and innovation

## MAIN PRIORITIES OF COHESION POLICY IN BULGARIA, 2007–13

**Improving transport infrastructure and accessibility** is a top priority. Nearly €2 billion (equivalent to 30% of the total allocation) will be spent on reducing the country's high infrastructure deficit. Priority projects under the trans-European transport networks (TEN-T) aim to construct 248 km motorways. Over **2 100 km of roads and 780 km of railways** are to be upgraded with the help of the funds.

Some €850 million has been planned for investment in **research and innovation**. It is expected that the funds will generate 110 projects forging links between research organisations and industry, ultimately creating some 300 research jobs.

A total of €320 million will be invested on **business support**. A strong commitment has been taken to use financial engineering instruments combining grants and loans, with nearly €200 million allocated to the JEREMIE initiative (Joint European Resources for Micro to Medium Enterprises). Funds are expected to support **at least 1 100 projects** generating some €570 million in additional investment.

€67 million will be spent on developing **modern broadband networks and e-services** for business and citizens.

**Over €370 million will be invested in employment measures**, including skills and training.

€2.8 billion (42% of fund allocations) has been allocated to support **environmental, risk prevention and energy projects**. This massive investment is designed to help Bulgaria comply with EU environmental rules and address the challenges of climate change.

### THE EU ON CALL

The **European Union Solidarity Fund** was created after the floods which hit central Europe in summer 2002. It grants emergency aid to Member States and acceding countries in the event of a major natural disaster.

In 2005, Bulgaria suffered €222 million worth of damage as a result of spring flooding and later €237 million following summer flooding. The Solidarity Fund granted Bulgaria €9.7 million and €10.6 million in aid.

<sup>1</sup> The Convergence Objective concerns regions characterised by low levels of GDP and employment, where GDP per head is less than 75% of the EU average as it stood between 2000 and 2002. It applies to 99 regions representing 35% of the EU-27 population and aims to promote conditions conducive to growth and ones which lead to real-time convergence in the least-developed Member States and regions. It should be noted that the rural development and fisheries policy are separate and do not form part of this brochure.

## ● BUILDING BRIDGES BETWEEN NEIGHBOURS

In Europe today, economic success is often dependent on a region's capacity to develop networks with other regions. Cooperation and sharing experience between regions can be a key trigger in stimulating a dynamic, forward-looking regional development process. The EU has an important role to play in brokering and supporting such partnerships, both between regions within the Union, and with neighbouring regions outside. Thousands of projects developed over many years under the INTERREG initiative have demonstrated the benefits for regions of working in partnership, sharing ideas and charting new and innovative ways of harnessing European investment.

The **European Territorial Cooperation Objective** is financed through the ERDF for the period 2007–13 and supports cross-border, transnational and interregional Cooperation programmes to encourage regions and cities across the EU and further afield to work together and learn from each other.

In Bulgaria, there are six territorial cooperation programmes (ERDF contribution under the European Territorial Cooperation Objective: €179 million): two cross-border cooperation programmes with other EU Member States and three Instrument

for Pre-Accession Assistance (IPA) cross-border programmes with candidate and potential candidate countries and one transnational programme. In addition, Bulgaria takes part in all four interregional Cooperation programmes (total budget for all the 27 EU Member States: €443 million)<sup>2</sup>.



<sup>2</sup> INTERREG IVC promotes exchange of experience and good practices among the regions, URBACT – thematic city networks, INTERACT – support for cooperation programme management organisation, ESPON – an observation network for spatial planning.

*Building a cross-border road  
between Bulgaria and Greece*

# Bulgaria

**€6.9 billion**  
for 2007–13

**Boosting  
growth, jobs and  
competitiveness**



# Regional Policy on the ground

## NEW SOFIA AIRPORT

The reconstruction, extension and development of Sofia airport is the culmination of many years of planning, starting with the 1995/96 airport development master plan, the main elements of which were a new passenger terminal building and new parallel runway. Despite the complexity and scale of this project, it was brought to a successful conclusion in 2008.

The objectives of the project were to provide modern facilities to cater for the growth in air traffic and meet the international recommendations regarding safety and security. The two terminals of Sofia airport currently handle over three million passengers per annum. Traffic has grown rapidly in recent years (by 18% in 2008 compared to the previous year) and strong growth is expected to continue as a result of Bulgaria's accession to the EU. The new terminal has a design capacity of 2.6 million passengers per annum, 20 aircraft movements per peak hour, and 26 000 tonnes of cargo per annum. The new passenger terminal building and related infrastructure (aircraft parking aprons, taxiways and car parking) have been financed by the Cohesion Fund to a maximum amount of €45 million (37% of costs). A European Investment Bank loan of €60 million and Bulgarian national funds make up the remainder of the estimated budget of €135 million.

## COMBINED ROAD AND RAIL BRIDGE OVER THE DANUBE BETWEEN VIDIN IN BULGARIA AND CALAFAT IN ROMANIA

In preparation for joining the EU, the Instrument for Structural Policies for Pre-Accession (ISPA) and the Cohesion Fund financed the construction of a cross-border combined road and rail bridge over the Danube between Vidin in Bulgaria and Calafat in Romania. The link will facilitate increased traffic and trade between south-eastern Europe and Turkey and central Europe. In addition, the investment will help to generate economic growth, employment and time savings for long-distance road traffic, and also reduce operation costs. The total cost of the project was €234 million, with an EU contribution of €70 million. For more information, please contact the Ministry of Transport and Communications or <http://www.mtc.government.bg>

## RUSE'S INTEGRATED WATER PROJECT

Ruse is a city of 160 000 inhabitants with a harbour on the Danube. The project – currently under development – involves the rehabilitation and extension of the water supply and sewerage network, along with the construction of an urgently needed waste water treatment plant.

The main objectives of this project are to protect the environment by reducing pollution in the Danube, and to increase the reliability of the water supply and the efficient use of water resources. The total estimated cost of the project is €46.8 million, with an EU contribution of €35 million.

For more information: Ministry of Regional Development and Public Works, European Infrastructure Projects Directorate

Website: <http://www.mrrb.government.bg>

## LANDFILL SITES – CONSTRUCTION OF FIVE REGIONAL WASTE DISPOSAL SITES

This project involved the construction of five new regional landfills intended to replace 100 existing disposal sites. Part of the Bulgarian National Waste Management Programme, the aim of which is to build or reconstruct 37 regional landfills and reduce the solid waste network from the existing 700 sites down to around 50 new disposal sites. Other objectives include:

- achieving solid waste management in full compliance with European and Bulgarian regulations and thus avoiding potential environmental damage from old polluted and unregulated landfills.
- reducing the pollution into the Danube and into the Black Sea basin.
- closing some of the oldest and most polluted disposal sites and rehabilitating the former disposal sites.

The total estimated cost of the project was €54.5 million, with an EU contribution of €41 million.

For more information: Ministry of Environment and Water, European Funds for Environment Directorate

Website: <http://www.moew.government.bg/>



*Finding a better way to treat water and waste*



## More information

EU Regional Policy

[http://ec.europa.eu/regional\\_policy/](http://ec.europa.eu/regional_policy/)

Cohesion Policy in Bulgaria

[http://ec.europa.eu/regional\\_policy/atlas2007/bulgaria/index\\_en.htm](http://ec.europa.eu/regional_policy/atlas2007/bulgaria/index_en.htm)

National website

<http://www.eufunds.bg>

European Social Fund

<http://ec.europa.eu/social/>