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STRATEGIC PLANNING FOR DECREASING ECONOMIC DISPARITIES AMONG BULGARIAN REGIONS

Kalin Krumov *

Paskal Zhelev •

***Abstract:** The role of strategic planning has been widely underrated in the first years of transition from a planned to a market economy in Bulgaria. It was only after the country started its preparation for European Union accession when regional strategic plans were developed. After Bulgaria has been a Member State of the EU for a whole programming period, Bulgarian institutions yet do not recognize the importance of strategic plans. Strategic plans are still considered as a formal requirement imposed by the EU and not as a real tool for the achievement of desired outcomes. The main objective of the paper is to evaluate the quality of the development strategies of Bulgarian regions (at NUTS 3 level) in the period 2007-2013. It is argued that these strategies have not been developed properly and accordingly have not contributed to regional cohesion in the country.*

***Keywords:** strategic planning, regions, development plans*

1. Introduction

Strategic planning as a proactive development paradigm is crucial for solving the problems of Bulgaria's regional development. Its role is manifested in the design, identification and achievement of a desired state of the country's territorial development in the long run. The desired state of the economy in regional terms as an ultimate far-reaching goal comes down to the attainment of high and constantly rising living standard in each territorial unit and low divergence among them, which is provided by a competitive knowledge based economy within clean environment. This future vision of Bulgaria's regional development might be reached provided two conditions are met:

* University of National and World Economy, Marketing and Strategic Planning Department, Bulgaria; ✉ krumov.unwe@gmail.com

• University of National and World Economy, International Economic Relations and Business Department, Bulgaria; ✉ pzhelev@unwe.bg
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First: conditions for socio-economic development and growth of each territorial unit at the same time should be created. If this condition is disrupted – some territorial units will develop, others will remain in the same state, third will deteriorate their level of development. This will quickly lead to large disparities where one part of the country will be overloaded from economic, social, environmental, transport, etc. perspectives, the rest of the territory however almost will not be used for life and business. Thus much of the resource, economic, social and natural potential of the country, despite its existence will remain unrealized.

Second: prerequisites for such a development and growth that reduce the regional disparities in the country should be created. If this condition is met some territorial units will grow more quickly, others more slowly, whereby regional disparities will decrease at a faster or slower pace.

The creation of prerequisites for development and growth, resulting in a reduction of regional disparities in Bulgaria is difficult because it is associated with deliberate establishment of a number of specific factors supporting the growth at various development stages in each territorial unit, which cannot happen without intervention. This problem cannot be solved by long-term planning because it extrapolates the existing present and past trends into the future. But how could strategic planning help to reduce regional disparities? The answer can be sought in two directions:

First, through elaboration of development plans and strategies of high quality for all territorial units that correctly identify their desired future image and make it possible to achieve this image over each stage of the development process.

Second, through coordination of the territorial units' development plans and strategies in order to achieve accelerated socio-economic development and reduce regional disparities.

The present report examines the first of these two strands - the quality of the regional development strategies in Bulgaria in the period 2007-2013. The reason for choosing this subject is the existing of substantial shortcomings in many of the regional strategies during this period, which means that whatsoever is the coordination of these strategic documents, it will not be able to lead to regional development and reduction of the regional disparities.

2. Weaknesses in the Strategic Parts of the Regional Development Strategies in Bulgaria in 2007-2013

The report presents results from a research project "Reducing socio-economic disparities among the regions in Bulgaria through more effective use of strategic planning and programming". Some of these results refer to the quality of the strategic part of the regional development strategies in Bulgaria in the 2007-2013 period. Evaluation of the analytical part of the plans and strategies that characterize the current state of the regions, districts and municipalities at the baseline period is excluded from the scope of the study. The analysis of the components of the strategic part of regional development strategies in Bulgaria in the period 2007-2013 reveals the following significant weaknesses which hinder the development of these entities:

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<i>First weakness</i>	The vision is presented as a goal with a period of realization equal to the duration of the plan
<i>Second weakness</i>	The vision is presented to a great extent by listing the main goal, sub-goals and individual factors
<i>Third weakness</i>	The vision does not reflect all the possible roles that the region should and could play in the future
<i>Fourth weakness</i>	The main objective is formulated too long which makes it inexact or unclear
<i>Fifth weakness</i>	Objectives of the same rank are quite similar or repeat objectives of another rank
<i>Sixth weakness</i>	The main objective in many plans does not refer correctly or not at all to the final result which development is supposed to bring
<i>Seventh weakness</i>	A single problem in the main objective formulation of the plans often leads to the emergence of another
<i>Eight weakness</i>	Replacement of the main objective of the plan with the resources to achieve it
<i>Ninth weakness</i>	Identity of the strategies' main objectives of two or more regions
<i>Tenth weakness</i>	Improper structuring of the sub-goals
<i>Eleventh weakness</i>	Lack of logical consistency among goals and sub-goals
<i>Twelfth weakness</i>	Replacement of sub-goals with measures to achieve them
<i>Thirteenth weakness</i>	Replacement of the vision with the main goal and vice versa
<i>Fourteenth weakness</i>	Replacement of the main goal with sub-goals
<i>Fifteenth weakness</i>	Replacement of sub-goals with the plan's main goal
<i>Sixteenth weakness</i>	The vision, the main goal and the sub-goals are only listed without being explained
<i>Seventeenth weakness</i>	Lack of a vision
<i>Eighteenth weakness</i>	Lack of a main goal
<i>Nineteenth weakness</i>	Unjustified number of priorities in the regional plans' structure
<i>Twentieth weakness</i>	Position of the priorities in the objectives' structure
<i>Twenty-first weakness</i>	Unsubstantiated priorities
<i>Twenty-second weakness</i>	The necessary resources for the realization of the goals are not shown
<i>Twenty-third weakness</i>	The resources to achieve the objectives are outlined just generally for the whole plan or only for part of the objectives

The abovementioned 23 weaknesses do not exhaust all the weaknesses of the components of the strategic part of the regional development strategies in 2007-2013. Besides these there are many other weaknesses that could be revealed by further research. Principally 21 out of the 23 identified weaknesses refer to the objectives of the regional strategies and 2 refer to the resources to achieve the objectives. Herein each weakness and the specific issues it raises will not be examined one by one but some general conclusions about Bulgaria's regional development strategies in 2007-2013 are to be drawn.

The elaboration of plans for development requires implementation of specific tasks during the planning process. Table 1 summarizes the tasks that must be implemented according to several renowned strategic planning experts. All tasks are grouped into three separate blocks, characterized by the following key questions: Where are we? Where do we want to go? How can we get there?

Table 1. The planning process

	Patton and Sawicki (1993)	John Bryson (1995)	Alan Black (1990)	Barry Checkoway (1986)
Where are we?	Verify, define and detail the problem	Initiating and agreeing on process Assessing the internal environment Assessing the external environment Identifying strategic issues	Data collection Analysis of data Forecast future context	2. Identify issues
Where do we want to be?	Establish evaluation criteria	Identifying organizational mandates Clarifying organizational mission and values Establishing an organizational vision	Establish goals	1. Set goals
How can we get there?	Identify alternative policies Evaluate alternative policies Display and distinguish among alternative policies	Formulating strategies	Design alternatives Test alternatives Evaluate alternatives Select an alternative	Develop constituencies Select tactics Build organizational structure Activate people Develop leaders Educate public Establish relationships with influentials Build coalitions Advocate political change

Source: Hopkins, L. (2001) *Urban Development: The Logic of Making Plans*, Island Press, p. 191

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These three questions characterize the main pillars on which each development plan is built:

First pillar - identification of the desired future state of the object of planning by defining accurately and clearly (mission), vision, main objective (and sub-objectives) of the plan.

Second pillar - characterization of the baseline state of the object of planning in the starting moment.

Third pillar – determination of the trajectory of transition from the existing (usually negative) state to the desired future (favourable) state of the strategic planning object.

Only the concomitant existence of these 3 pillars in any plan or strategy may enable the achievement of the desired future state of the system for which the document is designed.

This opinion is shared also by other authors who claim that "A real plan (a genuine strategy) should contain the following three elements:

- Characteristics (“revealed image”) of the system at the beginning of the period for which the plan (the relevant strategy) is developed;
- "Painted image" of the future state of the object for which the plan (strategy) is developed by periods;
- The specified curve of the transition from the current state of the object for which the plan (strategy) is being developed to the outlined architecture (“intended image”) of the future state.” (Manov, V., 2015, p.304)

Those pillars form the foundation of developmental plans and strategies. Following this we can conclude that there are 21 weaknesses in the Bulgarian regional plans with respect to the first pillar - "Identification of the desired future state of the object of planning by defining accurately and clearly (mission), vision, main objective (and sub-objectives) of the plan", the consequence of which actually casts doubt on this pillar of the regional strategies in Bulgaria in 2007-2013. This means only one thing - the desired future state is not defined correctly or not defined at all. What development can we ever speak about as the regions do not know what they want to achieve in the future. From this perspective it can be argued that the correct, precise and clear definition of plans' objectives is the most important initial condition for the development of the object of planning. There is a clear lack of a systematic look at the object of planning when setting regional plans objectives, which strongly distorts the perception of the actual state and the current processes and does not allow unequivocal definition of dependent and independent variables in the regional development of the country. Next, the last two of the revealed weaknesses affect the third pillar - "Carrying out a transition from the current (negative) state to the desired future (favourable) state of the object of planning", which even in the presence of the first pillar - precisely and clearly defined desired future state of the territorial units, is enough to slow or even block the achievement of the desired future.

The conclusion from the weaknesses review is that the first and third pillars on which the regional strategies for development in Bulgaria in the period 2007-2013 are built are designed incorrectly and cannot fulfil their role. Hence these strategies are not in the position to contribute to the development of the territorial units in the country during the period. The existence of this circumstance has its roots and the future balanced country's development requires their identification and elimination over the next programming period.

3. European Union Requirements for Elaboration of Regional Development Plans and Strategies in 2014-2020

The European Union requirements for the regional development plans and strategies in the period 2014-2020 have a major impact on the processes of development, adoption, implementation and control of these strategic documents in the Member States. From the perspective of the ascertained weaknesses in Bulgaria's regional strategies in 2007-2013 they have even greater significance for Bulgaria. These requirements can be estimated based on the competences of the Union and the Member States in the field of regional policy. According to the Lisbon Treaty in the field of economic, social and territorial cohesion, the European Union and the Member States have a shared competence, allowing them to legislate and adopt legally binding acts in this area. The Member States shall exercise their competence to the extent that the Union has not exercised its competence or has decided to cease exercising its competence.¹ This shows that in the field of regional policy, the European Union and its Member States have a shared competence, but the Union takes precedence. As regards the design, content and implementation of development plans and strategies of the territorial units the Member States should take into account:

First, Regulation № 1303/2013 of the European Parliament and of the Council, which states that local development should be focused on specific subregional areas. It further declares that local development is "carried out through integrated and multi-sectoral area-based local development strategies" which are "designed taking into consideration local needs and potential, and shall include innovative features in the local context, networking and, where appropriate, cooperation."²

The second important issue concerns the EU requirements regarding the structure and content of the plans and strategies for local development in the Member States. These requirements are presented in Article 33 of the abovementioned regulation. According to it each local development strategy should contain at least the following elements:

- definition of the area and population covered by the strategy;
- an analysis of the development needs and potential of the area, including an analysis of strengths, weaknesses, opportunities and threats;

¹Treaty of Lisbon, signed on 13 December 2007, entered into force on 1 December 2009
„Title I. Categories and areas of Union competence

Article 2 A

2. When the Treaties confer on the Union a competence shared with the Member States in a specific area, the Union and the Member States may legislate and adopt legally binding acts in that area. The Member States shall exercise their competence to the extent that the Union has not exercised its competence. The Member States shall again exercise their competence to the extent that the Union has decided to cease exercising its competence.

...

Article 2 C

1. The Union shall share competence with the Member States where the Treaties confer on it a competence which does not relate to the areas referred to in Articles 2 B and 2 E.

2. Shared competence between the Union and the Member States applies in the following principal areas:

...

c) economic, social and territorial cohesion; ...

² Ibidem

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- a description of the strategy and its objectives, a description of the integrated and innovative features of the strategy and a hierarchy of objectives, including measurable targets for outputs or results. In relation to results, targets may be expressed in quantitative or qualitative terms. The strategy shall be consistent with the relevant programmes of all the ESI Funds concerned that are involved;
- a description of the community involvement process in the development of the strategy;
- an action plan demonstrating how objectives are translated into actions;
- a description of the management and monitoring arrangements of the strategy, demonstrating the capacity of the local action group to implement the strategy and a description of specific arrangements for evaluation;
- the financial plan for the strategy, including the planned allocation from each of the ESI Funds concerned.

The third important point concerns plans and strategies development and implementation. According to Article 34 of Regulation № 1303/2013 „Local action groups shall design and implement the community-led local development strategies. Member States shall define the respective roles of the local action group and the authorities responsible for the implementation of the relevant programmes, concerning all implementation tasks relating to the community-led local development strategy.” In addition, local action groups have the tasks of „ensuring coherence with the community-led local development strategy when selecting operations, by prioritising those operations according to their contribution to meeting that strategy's objectives and targets”, as well as „monitoring the implementation of the community-led local development strategy and the operations supported and carrying out specific evaluation activities linked to that strategy.”

Based on these features the following conclusions can be drawn. The EU requirements to the structure and contents of plans and strategies for local development in the Member States cover only the main strands without their thorough review - coverage of the regions for which strategies are being developed; analysis of the potential of the region and its opportunities; a description of the strategy and its objectives, a description of the integrated and innovative features of the strategy and a hierarchy of objectives; a description of the community involvement process in the development of the strategy; an action plan; description of the management and monitoring arrangements of the strategy and a financial plan. If we look at the objectives in the strategic plans the requirements are limited to the following: „description of the strategy and its objectives, a description of the integrated and innovative features of the strategy and a hierarchy of objectives, including measurable targets for outputs or results. In relation to results, targets may be expressed in quantitative or qualitative terms.” All other technical and substantive issues such as requirements to the hierarchy of objectives (levels of objectives, types of targets, etc.), requirements to the nature and quality of the objectives, priorities requirements (nature, number, place in the structure of objectives) requirements to the process of developing plans and strategies, etc., are left to the Member States. The requirements to the other aspects of the plans have been set in a similar way.

If we refer back to the Treaty of Lisbon, which states that in the field of economic, social and territorial cohesion Member States shall exercise their competence to the extent that the Union has not exercised its competence or has decided to cease exercising its competence, we will find that all methodological, substantive, technical and operational

issues in the development, nature, structure and content of plans and strategies for the development of territorial units are left in the competence of the individual member states among which is Bulgaria. This determines the wide range of responsibilities of the countries for the development of detailed requirements for the content, structure and nature of the components of the territorial development plans, their quality and capabilities to contribute in a perceptible way to the development of the regions and reduce the gap between them. From this perspective, the existing weaknesses in the components of the strategic part of the regional development strategies in Bulgaria indicate significant problems which need to find their solution.

One of the main causes of these weaknesses that can be pointed out is the lack of sufficient information on the nature of the strategic planning process and its phases as well as the lack of comprehensive information on the nature of the components of the strategic part of these plans in the methodological guidelines for their development. The second major reason is the lack of knowledge and qualification of the specialists in the field of socio-economic planning.

Conclusion

The presented weaknesses in the report directly affect the quality of the strategic planning documents for regional development in Bulgaria and are intended to assist their removal. In accordance with the scope of the responsibilities of the Member States for the development and implementation of plans and strategies for territorial development stipulated in the Lisbon Treaty and the EU regulations, an essential part of the solutions to the existing problems facing the development of the territorial units in Bulgaria should be sought on national and regional level. These solutions include improvement of the methodological guidelines for the elaboration of strategic documents for regional development and raising the qualification of the specialists in the field of strategic planning at the various levels.

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