

UNIVERSITY OF SHEFFIELD

**Europeanisation and domestic change: the effects of EU
regional policy in Bulgaria**

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Submitted for the degree of PhD

September 2009

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Abstract

Based on the Europeanization and the misfit concepts, the study is looking on the transformation of the Bulgarian governance and policy in the field of regional development, resulting from the EU accession conditionality and the EU regional development policy (after the country became a member of the EU). The study is looking to answer three main questions. What is changing as a result of the adaptation pressures coming from the EU? What are the mechanisms of change? Is it possible to describe the change as multi-level governance? In order to give a detailed answer to the questions the study is looking at the changing role of three sets of actors – the central government, the local authorities and the non-state actors in order to find out how the adaptation pressures coming from the EU are leading to changes in each of these levels, as well as in their role in the implementation of the EU regional policy in Bulgaria. The study is also comparing Bulgaria with two similar EU-15 countries (Greece and Ireland) and the central and East-European countries that joined the EU in 2004.

The study argues that even though Bulgaria had to undergo significant changes in order to respond to the requirements of the Copenhagen criteria in the field of the EU regional policy, these changes have in fact strengthened the control of the Bulgarian central government over the policy formulation and implementation process, despite the initial attempts of the European Commission to promote decentralization and multi-level governance in the candidate countries of the fifth enlargement.

INTRODUCTION

The pre-accession period of most of the countries that joined the EU in the past 25 years was usually a time of significant reforms aimed at the incorporation of the EU policies, rules and practices into the national systems of governance. In many cases this meant that the countries had to draft entirely new national level policies and legislation governing these as well as to reform the institutional structure designed to implement the national level policies. Needless to say this was always a costly exercise for the candidate countries. The exercise was particularly costly for the countries from the Fifth Enlargement of the EU like Bulgaria since they had to radically reform their systems of governance in order to prepare for implementation of the EU level policies. Nevertheless the countries from the Fifth Enlargement had significant motivation to undergo these reforms. This motivation was based on the perspectives for 'Return to the European Family' (see Chapter 5) and the access to the Common Market of the EU, which was expected to replace the access to the vast markets of the former Soviet Union, as well as on the perspectives for financial support of the candidate countries from the EU structural funds. In order to make its contribution to the huge body of literature on EU governance and Europeanization, this study looks at the impact of one of these 'rewards', namely the EU regional policy and the potential access to the EU structural funds¹, has had on the Bulgarian political life and the system of governance during the pre-accession period and the first two years of EU membership.

EU regional policy came into existence in 1975 and was transformed from providing side-payments to the member states budgets into a Community-level policy, following the Single European Act (1986) and the 1988 reform of the structural funds (see Chapter 3). The main purpose of the policy was to assist the regions of the Union that were lagging behind in their economic development in order to achieve successful completion of the Common Market.

From the point of view of an academic study of the Europeanization of a recent EU member state, the EU regional policy has several features of particular interest. First, unlike other Community-level policies (i.e. the Common Transport Policy or the Customs Union), the EU regional policy *acquis* provides only general guidelines for the implementation of the policy by the member states, which leaves ample room for nation-specific arrangements

¹ The term EU regional policy refers to the governing rules of financial instruments, and particularly the European Regional Development Fund (ERDF), that appeared in the second half of the 1970s in order to help the Community regions that were lagging behind in their development. From the 1988 reform, the term 'structural policy' was commonly used to describe the principles governing the implementation of ERDF and other funds that had been brought together for the first time (see Chapter 3).

related to the policy planning and implementation in Bulgaria. Second, being the ‘breeding ground’ of the multi-level governance concept (see Chapter 1), the EU regional policy planning and implementation processes have distinctive horizontal and vertical dimensions, unlike for instance the Customs Union, which has only vertical dimension and an extremely limited number of actors that are entering into horizontal interactions with the central government. Last, but by no means least, the existence of distinct horizontal and vertical dimension of the EU regional policy implementation arrangements included three big groups of actors in Bulgarian governance and politics – the central government, the local authorities and the non-state actors.

The literature on Europeanization offers a well-tested approach for modeling of the impact of the EU-level policies, rules and standards on the individual member states and the candidate countries. This approach is based on three mediating factors – mediating formal institutions, political and organizational culture and multiple veto points. Each of the three factors has impact on the transformation of the adaptation pressures generated by the misfit between the national and the EU level into domestic changes. The approach taken is described in detail in Chapter 1. However, a study applying this approach on a country like Bulgaria, which has rich traditions of centralized governance, faces the risk of turning into a description of various aspects of the work of the Bulgarian central government. The central government is an important actor, which took active part in the transformation of adaptation pressures into domestic changes, but it is not the only actor. The local authorities and the non-state actors also took part in the adaptation process, albeit to a lesser extent and mostly in the role of beneficiaries. Therefore in order to provide a detailed explanation of the processes of transformation of the adaptation pressures generated by the preparations for implementation of the EU regional policy, this study adopted a different approach. Instead of looking at the impact of the mediating factors mentioned above, this study is looking at the changes of the institutional architecture and the role in the regional policy planning and implementation process of the three main groups of actors, namely the central government, the local authorities. Below is a chapter outline of this study.

Chapter 1 Conceptual Framework

Here I provide information on the two main theoretical concepts I am employing for this study – Europeanization and multi-level governance. The chapter explains the types of misfits between the EU and the national level and the mechanism of transformation of adaptation pressures, caused by the different misfits into a domestic change. The chapter contains

explanation of the external incentives model, which this study uses in order to explain the transforming power of EU conditionality. Here the main research questions are raised.

Chapter 2 Methodology

The chapter provides detailed information on the qualitative data gathering and analysis methods used for the purpose of this study.

Chapter 3 European regional policy

This chapter gives background information on EU regional policy developments since 1988 until the last wave of the Fifth Enlargement in 2007. 1988 is selected because of the introduction of principles of the structural funds that are central to the study here. The task fulfilled by this and the next chapter is to show where the misfits between the EU policies and the Bulgarian policies are. The purpose of this chapter is to develop understanding of the Bulgarian response to adaptation pressures during the first years of membership in the EU.

Chapter 4 EU regional policy in the EU15 member states

Together with the information provided in chapters 5 to 9, this chapter helps to properly identify the Bulgarian response to the adaptation pressures generated by the need to implement EU regional policy towards accession and to place it in the classification of domestic responses formulated by Börzel and Risse (see Chapter 1). Besides classification of the Bulgarian domestic response, this chapter also helps to reveal (in the conclusion of this study) various aspects of the impact of time over the accession negotiations preceding the Fifth Enlargement and the adaptation pressures Bulgaria had to deal with.

Chapter 5 Cohesion Policy in the 2004 CEECs

The purpose of this chapter is to describe the EU accession conditionality in the field of regional policy, as well as its evolution during the negotiation process (1997-2003 for the first wave of the Fifth Enlargement and 1997-2006 for the second wave) and the transition in the Commission's approach towards the candidate countries from the attempt to promote decentralization and multi-level governance to the efforts for ensuring of efficient implementation of the EU regional policy after the candidate countries joined the EU. Another objective of this chapter is to describe the differences in the way candidate countries responded to the adaptation pressures coming from the EU on the basis of their political traditions prior to the introduction of the communist regimes in the late 1940s.

Chapter 6 Bulgarian regional development policy

The purpose of this chapter is to describe the Bulgarian approach towards regionalization, the evolution of the administrative and territorial subdivision of the country since 1878 in order to use these to inform the Bulgarian response to the adaptation pressures from the EU on the basis of the pre-communist political culture. The chapter also discusses the national system for coordination of EU affairs and its evolution during the pre-accession period and the accession negotiations under Chapter 21 (Regional Policy and Structural Instruments).

Chapter 7 The Central Government

Based on the assumption that if the adaptation pressures generated at the EU level are to lead to a domestic change, somebody (institution, actor or a group of actors) must be able to respond to the adaptation pressures from the EU level, the chapter assesses the role of the central government in the national mechanisms for dealing with the EU. The chapter explores the role of the key central government ministries that are taking part in the implementation of the EU regional policy in order to reveal how the Bulgarian governments during the pre-accession period responded to the adaptation pressures from the European Commission.

Chapter 8 Local government

Like the previous chapter, this one is dedicated to the role a group of national actors that are engaged in the planning and implementation of the EU regional policy in Bulgaria – the local authorities. The chapter explores the development of the Bulgarian regionalization debate since 1989, when the communist regime was abolished, as well as the response of the Bulgarian local authorities to the gatekeeping practices of the central government and the contacts between the Bulgarian local authorities, the EU institutions and the local authorities from the rest of the EU. The chapter also presents the organizations of local authorities formed in order to promote their common interests, since they are one of the main form of participation of the local authorities in the national decision-making process.

Chapter 9 Non-state actors

This chapter deals with the role of the non-state actors in the implementation of the EU regional policy in Bulgaria. The main goal of the chapter is to answer the question ‘what is changing in the role of the Bulgarian non state actors as a result of the Europeanization pressures coming from the EU level?’. The chapter focuses on the role of the NGOs, the

business organizations and the regional development agencies in the planning of the EU regional policy implementation during the pre-accession period and on the role of the non-state actors in the work of the managing authorities of the National Strategic Reference Framework (NSRF) and the Operational Programs during the first two years of the EU membership.

Chapter 10 Conclusion

This chapter draws the general conclusion of the study. The chapter re-addresses the theoretical framework of the study on the basis of the empirical findings and provides answers of the three core research questions of this study set out in chapter 1 – what is changing?; what are the mechanisms of change?; and is it possible to describe the changes as the creation of multi-level governance in Bulgaria?

I. CONCEPTUAL FRAMEWORK

INTRODUCTION

This is the opening chapter of this study. Its main purpose is twofold: to introduce the reader to the concepts of Europeanization and multi-level governance and to explain how these concepts are utilized in this study. The chapter also introduces the reader to the qualitative research methods used in order to investigate the answer to the core research questions of this study ('What is changing?', 'What are the mechanisms of change?' and 'Is it possible to describe the changes as the development of multi-level governance?').

The chapter provides a detailed overview of the Europeanization and Multi-level governance concepts and describes the main approach towards the modelling of Europeanization processes on the basis of the mediating factors (see below) formulated by Coles, Caporaso and Risse (2001). The chapter also explains why the approach is different from the approach based on mediating factors and what the merits are of taking of a research approach based on the role of three main groups of actors involved in the transformation of adaptation pressures from the EU into domestic change.

EUROPEANIZATION

The first theoretical concept that this research employs is the one of Europeanization. Driven by the creation of the Single Market, the strengthening of the supranational institutions of the EU in the second half of the 1980s, the creation of the Economic and Monetary Union, the Fifth Enlargement of the EU, Europeanization became a growing and constantly developing field of study. One of the first attempts to define the term was made by Robert Ladrech in 1994, who described it as 'an incremental process reorienting the direction and shape of politics to the degree that EC political and economic dynamics become part of the national politics and policy-making' (Ladrech 1994, p. 69). Ladrech argues that Europeanization leads to reorientation of the organizational logic of the national politics and policy making. According to him Europeanization differs from terms such as globalization, first of all because of the geographic delimitation and second, because of the pre-existing national networks that mediate the national level changes aimed at the adapting to the EU requirements. Ladrech also pointed to the nation-specific response to the adaptation pressures originating from the EU (Ladrech 1994, p. 71). Numerous subsequent studies identified a similar pattern of national adaptation to the EU (e.g. Cowles, Caporaso and Risse 2001, Hughes, Sasse and Gordon 2004).

If the starting point of the early research was to understand the Europeanization as a process of transferring of rules, norms and values, from the EU to the states, subsequent research revealed that even in the case of the candidate countries from the Fifth Enlargement, the relations between EU and the member states were not exclusively top-down. Instead of simply downloading policies from the EU, member states seek to influence the process of creating EU-level policies in order to decrease the cost of adapting to the EU requirements and to increase the degree of fit between the national and the EU level. In some cases, the inability of candidate countries to meet the requirements for accession to the EU in time also led to limited uploading of their preferences to the EU level (see Chapter 9 for details).

Another attempt to define Europeanization was made by Olsen (2002), who identified five meanings of the term. According to him, first of all, Europeanization was used in connection with ‘changes of external boundaries’. An obvious example of such a change of the external boundaries was the Fifth Enlargement of the EU. Secondly, the term defines ‘development of institutions at the EU level’. This usage relates to the development of governance capacity on the EU level with implications of constraints and opportunities on national level. Thirdly, Europeanization is used to mean ‘central penetration of the national systems of governance’. This is the core usage of the term and covers adaptation of the lower levels of the multi-level European system, with regards to institutions, policy, patterns of political behaviour, etc. The fourth usage of Europeanization identifies ‘exporting forms of political organization’. This might mean exporting of political values through international agreements such as the Lome conventions, but might also mean the exporting of one member state values and political preferences to other member states using the EU. The final usage of the term Europeanization is about a ‘political unification project’. Like the second definition, this one is about development of capacity at the EU level.

According to Bulmer, if one is to simplify Olsen’s typology, the principal distinction is between two understandings of Europeanization:

- The transfer of policy, institutional arrangements, rules, beliefs and norms from ‘Europe’ to other jurisdictions (the member states and the candidate countries)
- Building of governance capacity on the EU level (Bulmer 2007).

Even though Europeanization has been increasingly viewed as a two-way process, according to Bache (2008, p. 11) the key approach to empirical research on domestic effects of the EU remains top-down. Here, the three step approach developed by Risse, Cowles and Caporaso (2001, p.6) has been prominent.

The first step of the three-step approach is to identify a process at EU level (e.g. a Community level policy) that implies some domestic change. The second step is to identify compatibility or the 'goodness to fit' between the EU level process and the national arrangements. A big misfit between the identified EU level process and the national arrangements implies bigger adaptation pressures. The third step suggests that the extent to which adaptation pressures lead to domestic changes depends on three factors: veto points in the domestic structure, institutions facilitating the change and the political and organisational culture (Risse, Cowles and Caporaso 2001). This top-down model is also extremely helpful if one is to explain the impact of the EU over candidate countries from the Fifth Enlargement the since these were not able upload their preferences to the EU level because they were not able to take part in the decision making processes on the supranational level.

In order to summarise, the term Europeanization is mostly about the impact of the EU on its member states and candidate countries. While Europeanization is increasingly viewed by the researchers as a two-way relationship, it is researched primarily as a top-down transfer from the EU to states. According to Bache (2008), there is also a consensus on the need to understand the force of what is 'coming down' from the EU (e.g. *acquis*) and how it 'fits' and is mediated by the domestic factors. The effect can then be categorized according to the nature and the degree of change that takes place. The types of domestic response are described in detail in this chapter.

New institutionalism and the Europeanization research

A great part of the Europeanization literature is based on the new institutionalisms (Radaelli 2003, Börzel 1999, Knill 2001, etc.). According to Bulmer (2007, p. 50), 'an awareness of new institutionalisms is indispensable for understanding how Europeanization is theorized'. The reason for this is related to the fact that institutions, both national and supranational, are at the centre of domestic policy and governance change caused by the adaptation pressures from the EU. Over time, Europeanization research has utilized more differentiated institutionalism approaches. A specific distinction is to be made between the rational choice, historical and sociological institutionalisms and particularly between the logic of consequentiality and the logic of appropriateness (Börzel and Risse 2003, Hix and Goetz 2000).

Understanding of the new institutionalisms is particularly helpful when it comes to the understanding of the relationship between Europeanization and the multi-level governance, through EU cohesion policy, which is the main subject of this study. When it comes to the

partnership principle of the EU cohesion policy there are two main views (Bache 2008). Proponents of the rational choice approach emphasize partnership as a mechanism for creating new opportunities for strategic interaction. Sociological approaches suggest that partnership provides potential for a deeper transformation of the actor behaviour and preferences. Rational choice institutionalism views power as a zero-sum process and perceives Europeanization as a result of the redistribution of power resources between the domestic actors as a result of the EU membership. The alternative position, associated with Beate Kohler-Koch (1996) and her collaborators is that the EU is producing transformation of the European governance. Having this in mind, the regular interaction promoted by the partnership principle is expected to generate trust through socialization and promote problem solving, rather than bargaining as a decision making style.

Thus, rationalists ascribes the multi-level governance to the redistribution of power resources brought by the EU policies. On other hand, a sociological perspective would assume power to be positive sum and expect actors to change their preferences through socialization in a changing environment and ascribe multi-level governance to a learning process. While the differences between rationalist and sociological approaches are relatively clear, these do not take into account the historical institutionalism – a key component of the Europeanization research (Bache 2008).

According to Pierson (1996, p. 131) historical institutionalism cuts across the rational choice and sociological approaches, drawing on both traditions and emphasizing on the importance of the historical processes. He also notes that member states seek to control the institutions (both national and supranational). According to Pierson, in the field of politics, the temporal dimension raises specific problems. Political actors know that the continuous control of the institutions is not possible. The lack of possibilities for continuous control has its implications on the institutional design and the prospects for change of already created institutions. Political institutions are often ‘sticky’ – specially designed to make any reforms and changes harder and path dependent. This is especially true for the national level institutions of the candidate countries.

Pierson (2000, p. 263) also pointed out that, whenever there is a path dependent process at work, the political life is quite likely to be marked by four features:

- *Multiple equilibrium*: Under a set of initial conditions, multiple outcomes are possible;
- *Contingency*: Relatively small events, if they occur at the right time, can have large and enduring consequences;

- *A critical role of timing and sequencing*: it is important when the event occurs. An event that occurs 'too late' might have no effect, even though it might have greater consequences if the timing was different;
- *Inertia*: Once an increasing return process is established, positive feedback may lead to single equilibrium.

Pierson also suggests that assuming that institutions exist in order to serve some useful purpose poses 'large dangers'. According to him 'rather than assume relative efficiency as an explanation, we have to go back and look.' (Pierson 2000, p. 264). In other words, a possibility for path dependence requires a study of history, even in order to confirm the assumption that institutions serve some useful purpose.

Even though historical institutionalism is useful in order to explain responses to adaptation pressures approximating to inertia, this approach expects 'seismic events that punctuate the pre-existing equilibrium' (Bulmer 2007, p. 50). In the case of former candidate countries from the Fifth Enlargement of the EU, such 'seismic event' was the fall of the communist regimes in late 1980s and early 1990s.

Utilization of the Europeanization concept in this study

This study is to take the existing Europeanization research further in order to examine the impact of the EU over one of the former candidate countries from the Fifth Enlargement—Bulgaria. The study is looking at the changes provoked by the EU impact on Bulgaria between 1997 and the end of 2008.

Like the pre-existing Europeanization literature, the study relies mostly on the top-down approach towards the modelling of Bulgarian Europeanization. Domination of the top-down approach is further reinforced by the fact that during most of the period covered, Bulgaria was a candidate country and had no possibilities to influence the creation of rules and policies that were downloaded from the EU level. However, like the pre-existing Europeanization research (Ladrech 1994, Börzel 2002, Olsen 2002, etc.), this study is looking for any possibilities for bottom-up interactions between Bulgaria and the EU, however limited these may be.

Identification of the EU processes expected to provoke domestic change

It would be more correct to identify a set of EU-level processes instead of a single process that implies a degree of domestic change. This set of processes is in fact the Fifth Enlargement of the EU. If one is to use the Olsen's typology of Europeanization (2002), it is

easy to see that the Fifth Enlargement of the EU represents a set of penetrations of the national systems of governance by the regulations, standards and rules created at the EU level.

These penetrations implied some degree of change in virtually every policy field of the candidate countries in order for the latter to comply with the Copenhagen criteria for EU membership (see Chapter 3). This particular study is looking at the impact of the preparations for implementation of the EU regional policy that were made in Bulgaria during the pre-accession period and the first two years of EU membership.

Degree of compatibility between national and the EU level

If involvement with the EU is to provoke some form of domestic change, there must be some incompatibility (or 'misfit') between the identified EU-level process (see above) and the national level policies and practices. The 'misfit' concept is particularly useful for the Europeanization research, whenever there is a clear set of rules and requirements at the EU level. This is the case with the Fifth Enlargement of the EU and the EU regional policy (see Chapter 3 for details).

Börzel and Risse (2000, 2003), identified two types of misfits – policy misfits and institutional misfits. Policy misfits equal compliance problems. European policies might lead to a change of the national policy goals, regulatory standards, instruments and techniques used to achieve the policy goals. Policy misfits exert adaptation pressures on the national institutions. EU level processes might also cause institutional misfits. European rules might challenge pre-existing domestic rules and procedures. For instance EU rules might give the central government privileged decision powers over other domestic actors or grant the regional governments autonomous decision making powers (Börzel and Risse 2003, pp. 61-62). According to this study, especially during the early years of the pre-accession period, the degree of fit between the national level policies in Bulgaria and the EU regional policy was insignificant. The most important reason for this is that by that time in Bulgaria, the national level policies were mostly sectoral (see Chapters 4 and 5 for further details). These sectoral policies were formulated mostly by the central government, with little or no participation of the local and the regional authorities and the non-state actors. Furthermore, these sectoral policies were planned on a year-by-year basis.

As a result of that, the study expects significant pressures for change coming from the EU in order for Bulgaria to formulate a new domestic regional policy and to reform its legislation and institutional framework in order to respond to the requirements of the Copenhagen criteria (see Chapter 3). However, the misfit is a required but not sufficient

prerequisite for changes on the domestic level: there must also be someone (an institution, actor or a group of actors) to facilitate the transformation of adaptation pressures into domestic change.

Mediating factors

Cowles, Caporaso and Risse (2001 pp.9- 12) identified three factors that might enable or block changes in response to the adaptation pressures coming from the EU: multiple veto points in the domestic structure, facilitating institutions, political and organizational culture.

Multiple veto points

According to the literature (Cowles, Caporaso and Risse 2001, Börzel and Risse 2003, etc.), the more power is dispersed across the political system and the more actors have a say in the national decision-making process the more difficult is to achieve the domestic consensus needed for the introduction of changes in response to the adaptation pressures generated by EU level processes. In fact, multiple veto points in the country's institutional structure can effectively empower actors to resist the adaptation pressures from the EU level.

Mediating formal institutions

Facilitating formal institutions provide actors with the resources needed to induce domestic change. Such resources are the contacts with the EU, the competence to initiate general national level changes (e.g. draft new legislation and pass it through the Parliament), information, etc. During the pre-accession period, these resources were available mostly to the Bulgarian central government and to a very limited extent to the local authorities and their associations (see chapters 5 and 6). As a result of that, the central government was the key mediating institution during the pre-accession period.

Political and organizational culture

Political and organizational cultures and the collective understanding of the appropriate behaviour embedded in them. These also affect the way domestic actors use the adaptation pressures resulting from the involvement with the EU in order to initiate domestic changes. Ever since the creation of the new Bulgarian state in 1878, most of the national level players perceived the Bulgarian central government as the key actor who has the power to initiate structural change. Long before the country was involved with the EU, the Bulgarian monarchs never initiated structural changes directly (see Chapter 7 for details). It was always done via

the central government. The situation remained the same during the communist regime. Consequently the central government remained the key actor who had the power to induce domestic change during the pre-accession period.

However, the study is not based on the mediating factors approach. As explained in the introduction, this approach has a major deficiency when applied to a country with a very long tradition of centralism like Bulgaria. A study based on the mediating factor approach would inevitably turn into a detailed account of the work of the central government in the transformation of the EU adaptation pressures into domestic change. Although, as it will become clear in the later chapters of this study, the central government was very important actor, it was not the only actor that took part in the transformation of the EU regional policy generated adaptation pressures into domestic change. Local authorities and the NGOs also took part in the policy planning process related to the EU regional policy implementation after accession. The local authorities were also expected to take active part in the policy implementation after Bulgaria joined the EU. Therefore in order to reveal the role of the local authorities and the NGOs in the transformation of the adaptation pressures into domestic change, this study is based on an approach revealing the role of each of the three main groups of actors that took part in the transformation of the EU adaptation pressures into domestic change (e.g. central government, local authorities and the NGO's) and the changing relations between them as a result for the preparations for implementation of the EU regional policy upon accession.

Differential empowerment of the domestic actors

Structural changes lead to a redistribution of power capacities among the relevant actors in the political, social and economic systems (Cowles, Caporaso and Risse 2001, p. 11). During the pre-accession period the situation in the target country closely resembled the argument of Moravcsik (1994) that the national executives have powerful resources (e.g. initiative, institutions, information and ideas) that enable them to alter the domestic balance in their favour. Marks (1993), Sandholtz (1996) and V. Schmidt (1997) have claimed that subnational actors gain new resources through the process of Europeanization, since the EU enables them to circumvent the national executives. However, during the period covered by this study these processes in Bulgaria were just beginning to unfold (during the second half of 2008).

The authors of the three-step approach used above defined Europeanization as 'emergence and development on European level of distinct structures of governance that is of political, legal and social institutions associated with political problem-solving that formalizes

interaction among actors and of policy networks specializing in the creation of authoritative rules.’ (Cowles, Caporaso and Risse 2001, p.6). However this definition closely resembles the concept of European integration and is not taking into account domestic changes as a key component of Europeanization (Bache 2008). Therefore, for the purpose of this study, Europeanization is being defined as ‘processes of construction, diffusion and institutionalization of formal and informal rules, procedures, policy paradigms, styles, “ways of doing things” and shared beliefs and norms which are first defined and consolidated in the making of EU public policy and politics and incorporated in the logic of domestic discourse, identities, political structures and public policies’ (Radaelli 2003, p. 30).

Uploading of policy preferences to the EU level

Börzel identified three distinct strategies used by the member states in order to decrease their adaptation costs – ‘pace setting’, ‘foot dragging’ and ‘fence sitting’ (Börzel 2002).

Pace setter countries are usually those having strict and highly regulated policy sectors that are supplemented with highly differentiated state implementation engagements (Börzel 2002). Such states are usually seeking to upload their policy preferences to the EU level for different reasons. First, since they have highly developed regulatory systems, if they manage to distribute their political preferences and priorities to the EU level, subsequent costs of adaptation to the EU policy will be low. A second reason for uploading of policy preferences might be for seeking a competitive preference for the national business. In the case of regional policy, if a highly regulated country manages to export its policy preferences to EU level, it will most probably open up a market niche for its consulting companies. Third, a highly regulated state may have bigger costs if they need to incorporate a ‘foreign’ element into a well organized regulatory system with historical traditions. In general, the pace setting not only requires highly regulated domestic legal system and specific policies, but also an ability to push national political preferences through the EU decision making mechanism. The latter often happens in competition with other countries (Börzel 2002). Successful pace setting does not depend only on the voting power of the pace setter within the different formats of the Council of Ministers, especially since in most of the policy sectors decisions are taken by qualified majority. Much better techniques for uploading of policy preferences are for instance providing of expertise to the EC in the earliest possible stage of drafting of policy proposals or sending of national experts to Brussels within the practice of the Commission to employ national experts on a temporary basis. From what we have said so far about pace

setting, it is more than obvious that a recent member state is not going to be an effective pace-setter.

Governments employing foot dragging strategies are usually trying to delay or avoid introduction of certain policy. Foot dragging is seldom ever able to completely block the introduction of certain policy. Therefore foot dragging is usually aimed at getting compensations in the form of side payments and other concessions, or delay the introduction of unwanted policies (e.g. until a blocking minority is formed). Such compensations might not always cover the costs for the introduction of a new policy.

Member states employing foot dragging policies usually have a simpler and less demanding regulatory system. Due to this it is usually more expensive to build an extensive regulatory structure, than to incorporate an EU policy into the existing regulatory system. Foot dragging is usually employed by countries that have no policies to upload on the EU level. Due to specifics related to accession negotiations and the desire to show that they are not only benefiting from various aid instruments and the common market conditions, but also are 'contributing' to the Community, new member states are also highly unlikely to assume the role of a foot dragger.

The third possible policy uploading strategy is 'fence sitting'. Fence sitting is a probable policy strategy in the following cases:

- If the member states do not anticipate a significant cost resulting from attempts of others to shape the EU policy, because they are implementing similar domestic policies;
- Fence sitters might be miscalculating the costs of subsequent downloading from EU of others preferences or might give a low priority to the issue;
- Fence sitters might want to be seen as 'contributing' to the Community policies, not as the recently acceded obstructer of the common policies. This will most probably be a driving force for Bulgaria and Romania;
- Fence sitters might be hoping to achieve certain results on the domestic level, which were otherwise impossible due to various constrains. It is much easier to justify unpopular policy decisions if the blame for that is shifted to Brussels (Börzel 2002).

These are only general strategies used by countries for uploading their political preferences into the EU decision making mechanism.

The actual behaviour of countries varies from policy sector to policy sector and even from issue to issue (Börzel 2002). Moreover a country can undergo a transition from a foot

dragger and fence sitter to active pace setter. The UK is one such example. In some policy areas like telecommunications, environment and transport the country developed from a foot dragger and fence sitter to an active pace setting (Heritier 1996). On the other hand, due partially to the large cost of reunification, Germany is moving away from the position of a motor of the European locomotive (Börzel 2002).

Even though in theory the candidate countries had no possibilities to upload their policy preferences to the EU level in order to avoid adaptation costs, some of the Bulgarian responses to the adaptation pressures had the effect of uploading of policy preferences. If one is to use the categories provided by Börzel, one might see some similarities between the foot dragging and the approach used by the candidate countries. When it comes to the EU regional policy, although the Bulgarian government was not deliberately ‘dragging their feet’ in order to extract some concessions from the European Commission, some of the reforms were not happening quick enough and on all levels (national, regional and local). And in order to continue with the enlargement process, the European Commission had to switch its priorities from regionalization and introduction of multi-level governance to efficient absorption of the EU structural funds (See chapters 7, 8 and 10 for details).

TYPES OF DOMESTIC RESPONSE

The purpose of this section is to present a typology of the possible domestic responses to the EU adaptation pressures in order latter in this study to place the Bulgarian response to the EU adaptation pressures within this typology. Börzel and Risse (2003) have identified three types of member states response to the adaptation pressures generated by the EU level processes:

- **Absorption:** Member states are able to absorb European policies and ideas and readjust their policies and institutions accordingly, without making substantial changes in the domestic policy process. The degree of domestic change in this case is low.
- **Accommodation:** Member states accommodate Europeanization pressures by adapting their policy processes and institutions without changing significant features. This is done by ‘patching-up’ of existing policies and institutions without changing them (Heritier 2001). Domestic change is modest.
- **Transformation:** member states replace existing policies and processes by new, substantially different ones, or significantly alter existing ones. The degree of domestic change is significant. Transformation also describes domestic changes provoked by the adaptation pressure of the EU conditionality (set of conditions for full membership in the EU) in candidate countries.

In order to measure the domestic change and examine how the policy and institutional misfits between national and the EU level are leading to domestic changes in the regional development policy of Bulgaria, this study is looking to answer three basic questions:

- What is changing as a result of the adaptation pressures from the EU?
- How can it be explained (what are the mechanisms of change?)
- Can the changes evident be described as multi-level governance?

In order to answer the question about the mechanisms of transforming adaptation pressure into a change this study is adopting an updated version of the external incentive model used by Schimmelfennig and Sedelmeier (2005) in order to give a general explanation of the transformative powers of the conditions for membership (conditionality) in the EU.

What is changing?

The question about what is actually changing in Bulgaria as a result of Europeanization has one very straightforward answer – ‘everything’. Though such an answer would bear a great degree of truth, I will delve a bit deeper into what is actually changing, by describing where this research will look for changes and what changes are actually anticipated to surface.

As result of pressure from the EU to build an institutional capacity for administration of regional/cohesion policy, one of the key changes the research will be looking for is actually building of such capacity. This will most probably include specification of NUTS regions (see Chapter 3 on EU regional development policy for a detailed explanation of the NUTS concept), which were not existent in Bulgaria prior to engagement with EU regional policy; a redistribution of responsibilities¹; and the creation of regional structures of central government to manage the implementation and monitoring of the regional policy. Even though central government in Bulgaria had regional structures before the start of the pressure to ‘Europeanize’, these were virtually a ‘Jack of all trades’ and had no capacity and power to implement and oversee the regional/structural policy. What is also expected to surface as a result of the research is a change of planning practices: before its engagement with the EU, Bulgaria never had a multi-annual policy planning and programming framework (national development plans – strategic reference framework – operational programs) like the one that was been negotiated with the EC in the last days prior to accession (see Chapter 6).

¹ In this case responsibilities are heavily interconnected with overall influence over policy implementation

Speaking about the subnational actors, the study is looking to explain how the preparations for EU regional policy implementation had changed their role in the policy planning and implementation processes. The study is also looking to explain at whether and how subnational actors are trying to increase their access to the EU level in order to influence the process of EU regional policy implementation in Bulgaria.

Specific forms of organization of subnational actors that this study is looking at, are the associations of local authorities and the regional development agencies. The process of creation of these associations started prior to 2000, when the formal accession negotiations between Bulgaria and the EU started. Initially these associations were created in order to improve provision of services by the local authorities and to tackle issues that are going beyond the particular territory. Once the implementation of the EU regional policy became a viable perspective, preparations for the EU regional policy implementation became part of their activities (see Chapters 8 and 9 for greater details).

What are the mechanisms of change?

The analytical toolkit selected in order to answer this question is the external incentives model (Schimmelfennig and Sedelmeier 2005, pp.10-18). In short, the external incentives model is a rationalist actor centred bargaining model based on the idea that adoption of the EU rules by the candidate countries depends on the 'rewards' paid by the EU. Besides the external incentives model (explained below in detail for the purpose of this study), Schimmelfennig and Sedelmeier offer two more alternative explanations of the impact of the EU accession conditionality over the candidate countries – social learning and lesson-drawing models.

The social learning model is based on the logic of appropriateness. The main proposition of this model is that governments adopt the EU rules if they are persuaded of the appropriateness of the rule. The EU can persuade the target government or other national actors of the rule appropriateness. The EU persuasive power depends on the following factors: legitimacy, identity and resonance. The best empirical example that can illustrate the logic of appropriateness is the debate on the 'return to the European family' that took place in the former communist countries in the early 1990s (see Chapter 5).

Generally speaking, the likelihood for adoption of an EU rule according to the social learning model increases if:

- Legitimacy of the EU rules increases with the clarity of rules, adherence to a rule hierarchy based on the constitutive values and norms of the community, their degree of acceptance and legitimacy of the rulemaking procedures;

- Decreases if there are special rules of non-member states or they are not accepted and applied in all member states;
- Increases with the deliberative quality of the process of rule transfer;
- Increases with international rule consensus;
- Increases if the target government and society identify themselves with the community that has established the rule;
- Increases with domestic resonance of the rule (Schimmelfennig and Sedelmeier 2005 pp. 18-19).

The social learning model partially overlaps with the external incentives models since the persuading factor for the target government to adopt a rule that is considered appropriate can be an external incentive from the EU.

Another alternative explanation for the adoption of the EU rules by the candidate countries offered by Schimmelfennig and Sedelmeier is the lesson-drawing model. According to the lesson-drawing model, non-member states are most likely to adopt EU rules when there is domestic dissatisfaction with the policy status quo, interactions with epistemic communities promoting the EU rules are dense, the transferability is high and veto players are few. If rules are adopted according to the lesson-drawing mechanism, adoption is behavioural rather than formal or discursive. As the motivation in rule adoption is to redress domestic policy failures, governments have a keen interest in adoption of the rules. In fact this model also does not contradict the external incentive one, since external incentives can perfectly co-exist with the need to redress domestic political failure. The external incentive can act as an additional motivation for a rule adoption.

Why was the external incentives model the most appropriate tool for this study? The first reason for the selection of this model was that it is specifically oriented towards the impact of the EU accession conditionality over the post-communist candidate countries. The second reason for the selection of this model is related to the fact that, during most of the timeframe covered by this study, Bulgaria was a candidate country and most of the domestic transformations related to the formulation of a new domestic regional policy were a result of the willingness of the country to become a member of the EU. This makes a rational choice based approach more appropriate. An approach that is looking for socialization of the partners within the changing environment would be feasible once the EU regional policy implementation in Bulgaria progresses (probably even after the end of the 2007-2013 structural funds cycle), since processes of socialization and learning take some time in order to unveil.

According to Schimmelfennig and Sedelmeier, the external incentives model is an actor centred, rationalist bargaining model. The outcome of bargaining process depends on the bargaining power of actors. In this case the bargaining power asymmetry in favour of the EU can very easily be seen. According to the model, the EU sets adoption of its rules as a condition for receipt of certain rewards by the acceding country. The EU can offer two types of rewards: assistance and institutional ties. In our case the latter type are association agreements and full membership. Under this model, the EU mainly follows a strategy of reinforcement by reward. The reward is usually paid if the target government complies with the conditions set by the Community. The central governments of the candidate countries were not able to rely on the fact that the need (for expert assistance or markets) will get them the rewards. If the target governments did not comply the reward was withheld. The EU did not however resort to enforcement by punishment (e.g. by inflicting extra costs) or reinforcement by support (e.g. by offering an extra reward).

Usually, the starting point of the bargaining process was the misfit between the domestic status quo, and the EU level rules and standards. In the case of regional development policy, this usually means a wide range of misfits starting from the lack of NUTS regions in the targeted country, through lack of respective central/regional structural/cohesion funds management capacity to usage of domestic regional development expenditures as an instrument for achievement of domestic political purposes (Schimmelfennig and Sedelmeier 2005, p. 11).

The status quo is usually upset by the EU conditionality, which introduces additional incentives for compliance with EU rules. EU conditionality usually works in two different ways. First it impacts directly the targeted government, which calculates if the cost of compliance with EU rules is being outweighed by the rewards offered by EU. The target government can then decide on the mechanism of adoption of the EU rule. Second, at least in theory, conditionality may empower certain domestic actors, who have the incentive to independently adopt EU rules, in generally by increasing the influence of these actors in the political system. Needless to say, this is only a theoretical opportunity having in mind the fact that most of Central and Eastern European Countries (CEEC), have inherited from their communist past and even pre-WWII political traditions, a highly centralized system of governance, and the non-state actors, who were able to independently adopt EU rules in order to increase their influence in the political system are virtually non-existent. Generally, the external incentives model suggests – given the status quo – which adoption of rules will be

absent if this is not a condition for reward by EU. In addition, the 'determinacy' of rules set by the EU enhances the likelihood of their adoption by candidate countries.

Determinacy concerns both clarity and formality of the rules. The clearer the results of the rule adoption, and the more 'legalized' and binding are the rules, the higher is its determinacy. Determinacy works in two ways. First of all it bears information about what needs to be done by the government of a candidate country, in order to get the EU reward. Second, the clearer and the more legalized (e.g. containing detailed implementation mechanism) is the rule, the stronger is the message to candidate countries that the rule is not to be manipulated in their favour and shall be adopted and implemented in the specified way. The other key factor influencing adoption of rules is the size and speed of reward. Usually the longer the period between payments of rewards, the lower is the incentive to adopt the rules. For instance, since full membership is a much greater reward than an association agreement; willingness to comply with EU rules is most probably going to be much greater at the later stage of negotiations, when the membership is a clearly visible perspective.

Again, if we take the case of Bulgaria, we will see that the period of fastest changes in various policy sectors (e.g. regional development and administration of EU funds, and freedom, justice and home affairs, to name few of the touchiest sectors) was between 25 April 2005 (the signing of the Accession Treaty) and late August 2006 (the final deadline for the provision of information on Bulgarian contribution towards fulfilment of membership criteria), when the final Monitoring report on the progress of Bulgaria and Romania towards fulfilment of membership criteria has been prepared by the European Commission, since these were the months in which final decision on Bulgarian membership was actually taken (European Commission, September 2006).

Another set of factors on which the adoption of rules depends, is the credibility of the EU threat to withhold award if the conditions are not being fulfilled. In other words, rule adoption requires superior bargaining powers of the actor, who sets the rules. This is particularly true with the bargaining between EU and acceding CEECs, since the interdependence is heavily asymmetrical in favour of EU. While the enlargement was not of a vital importance for the EU, CEECs badly needed motivation for the unpopular post-communist reforms as well as access to new markets and the know-how needed in order to make the reforms required. By the time of the beginning of the accession negotiations, the only source of all three in Europe was the EU (see Chapter 5). Particularly when it comes to regional development and cohesion policy, acceding countries like Bulgaria depend heavily

on EU funds in order to improve their infrastructure, economy and standard of living in general.

On other hand, in order for the EU rewards to be credible the Union has to be able to pay them – preferably with a lower cost for itself. In the case of the Eastern enlargement, payment of the ultimate reward – the full membership – bears a significant cost for the EU; though the cost is far from being impossible to bear it might well exceed marginal benefits for most of the member states. Such costs usually take the form of institutional reforms needed in order to ensure successful functioning and decision making of the Union of 25 and subsequently 27 countries. On the other hand the cost is being compensated by the fact that a market of more than 100 million people is being opened to the EU companies as a result of full membership of CEECs.

Usually the credibility of rewards is much greater with the opening of accession negotiations since the fact of their opening suggests that EU is willing to conclude them. Even if not all the acceding countries are admitted at once (the case with Fifth Enlargement), the fact that part of them become members bears a positive message for the remaining part (in this case Bulgaria and Romania, who joined the EU 2.5 years later).

Credibility of rewards also depends on availability of outside sources for the rewards offered by the EU. If for instance there were other sources for regional development funds, or there was another vast market to which the access is relatively easy and not that costly, accession countries would have been reluctant to comply with EU rules. Credibility of conditionality is usually reduced by the asymmetries in information. For instance, if the European Commission (as an institution with principal role in administration of the enlargement process), has no possibility to monitor compliance of target states, with the EU rules, the credibility of conditionality is weakened.

However, the external incentives model and the social learning model do not explain why the candidate countries react to the adaptation pressures coming from the EU in a particular manner. The models also fail to explain if the changes that are observed are not a result of the transition from the state controlled economy and single party rule during the communist regime (see Chapter 10 for details). In order to overcome this deficiency, the study also looks at the pre-communist experience of Bulgaria in order to identify the specifics of the Bulgarian response to the adaptation pressures coming from the EU.

In order to answer that challenge in CEECs, the Commission required accession countries like Bulgaria to set up a sophisticated monitoring and information gathering mechanism, on all levels of central government. Even though the Commission does not

actively monitor the compliance of member states with the *acquis*, a huge part of central government administrations of acceding CEECs has been kept busy for years filling monitoring tables, 'harmonigrams', drafting extensive screening and progress reports and delivering a lengthily presentations in virtually every policy sector in front of representatives of DG Enlargement teams responsible for the respective country.

To summarize the external incentives model, conditionality will be most effective when rules and conditions are determinate; conditional rewards are certain and quickly paid; threats to withhold these are credible; adoption costs are small and veto players are few.

MULTI-LEVEL GOVERNANCE (MLG)

Introduction of the partnership principle

Going down from general theoretical explanation to the specific national level transformations in response to the adaptation pressures from the EU in the field of regional development policy, one specific transformation needs to be noted – the gradual bringing of other social and economic partners to the decision making process on the national level in response to the pressure from the EU for all supranational, national and subnational actors to act as partners in achievement of a common goal.

The reasons for the introduction of the partnership principle (and the entire 1988 reform of the EU regional policy) can be traced back to the Single European Act (SEA) and the role this document played in the strengthening of the supranational dimension, and namely the role of the European Commission. This, together with several experiments on integrated management of the EU structural funds made creation of a regional policy that is not European only by name. The pre-1988 experience showed that it was unlikely for the member states governments to implement a regional policy that was oriented towards the achievement of the Community goals. Therefore if the European Commission wanted to comply with the requirements of Article 130b-d of the SEA, it had to rely on other partners besides the central governments.

The multi-level decision making that the EU was seeking to introduce in the field of structural policies was not rejecting the state-centric claim that national governments are the most important players of the European decision making process. In fact, even though collective decision making on the EU policies and priorities involves in theory a loss of control of governments of member states over the policy outcome, in practice even in a multi-level environment, governments still retain some degree of control over the decision making

EU level due to intergovernmental nature of one of the key EU institutions – the Council of Ministers. At least in theory, the decision making competencies (on both national and EU level) are shared between different levels of government (Hooghe and Marks 2001). In practice, on national level governments are still to a greater extent employing the ‘give something in order to get more’ principle and are keeping effective control over decision making on national level. For instance in the field of regional development policy, provision of different services is being delegated to the local authorities, but the funds for provisions of such services still come from the central budget, and the respective treasury departments are effectively controlling their provision. On the EU level however, shared competences suggest that the supranational institutions – above all, the European Parliament, the Commission and the European Court of Justice have an independent influence not derived from the competencies of the member state governments.

The MLG concept

In order to explain the above described 1988 development in the EU structural policy, Gary Marks (1993) used for the first time the term ‘multi-level governance’(MLG). Marks defined MLG as ‘a system of continuous negotiation among nested governments at several territorial tiers’. Marks developed his concept further in order to explain how ‘supranational, national, regional and local governments are intermeshed in territorially overarching networks’ (Marks and Hooghe 2004). 1988 was a cornerstone in the history of EC regional policy. In the context of 1981 (Greece) and 1986 (Spain and Portugal) enlargements, when three underdeveloped countries with big regional disparities had joined the Community, and the moves to complete the Common market on the other, financial allocations to the poorer regions of the European Community was doubled and the administration of structural funds and community action programs in the field of regional development has been centred around four principles: partnership, additionality, concentration and programming. The partnership, additionality principles are central to the MLG concept. If one gets back to the definition of MLG given by Marks it is easy to see that without both horizontal and vertical partnerships, instead of ‘a system of continuous negotiation among nested governments’ one is going to have a system of policy formulation, where the central government adopts the policies and forwards them to other national and subnational actors for implementation.

Marks and Hooghe (2004) have identified two types of MLG. In the case of the first one (referred to as Type I), jurisdictions are dispersed at limited number of levels. These jurisdictions – international, national, regional and local are general purpose. Second type is

(Type II) is distinctly different. It conceives specialized jurisdictions, for example provision of specific local service (Marks and Hooghe 2004)

Table 1.1 Types of MLG (Adapted from Marks and Hooghe 2004)

Type I	Type II
General purpose jurisdiction	Task specific jurisdiction
Non-intersecting memberships	Intersecting memberships
Limited levels of jurisdiction	No limit to the levels of jurisdiction
System wide architecture	Flexible design

This study is going to examine what kind of multi-level decision making environment is being promoted in Bulgaria due to the engagement with regional development and cohesion policies of the EU, in particular through the EU partnership requirement.

CONCLUSION

As already explained in the Introduction to this study and opening section of this chapter, the purpose of this chapter was to introduce the reader to the concepts of Europeanization and multi-level governance, and more specifically to the ‘three-step approach’ for modelling of Europeanization processes formulated by Cowles, Caporaso and Risse (2001). However as already explained in the Introduction, the study is taking a step away from the traditional three-step approach and takes a look at the role of the three main actor groups involved in the preparations for implementation of the EU regional policy – the Bulgarian central government, the local authorities and the non-state actors.

In order to examine the change of the role of these three groups of actors, the study seeks to answer three core research questions – ‘What is changing?’, ‘What are the mechanisms of change?’ and ‘Is it possible to classify the changes as multi-level governance?’ The study provides answers to these questions on the basis of data gathered through elite interviews and documents analysis. The reasons for selection of these methods and their application in this study are described in detail in the next chapter.

II. METHODOLOGY

INTRODUCTION

The purpose of this chapter is to introduce the reader to the methods used in order to answer to the key research questions of this study. The chapter begins with an outline of the qualitative case study approach and provides detailed information on the data gathering methods used in the qualitative case studies. The chapter then outlines the merits as well as the deficiencies of each one for the purpose of the study and explains in details how and why each method was used (or not used) in order to gather data for this particular study. The chapter ends up with a section on the usage of triangulation of methods in order to overcome the deficiencies of each of the individual qualitative data gathering methods (interviews, document analysis and participant observation).

QUALITATIVE CASE STUDIES

As already explained above, the three main research questions are ‘What is changing as a result of the country’s political involvement with the EU’, ‘what are the mechanisms of change’ and ‘can the change be described as multi-level governance’. Answering of questions about governance, policy formulation, policy planning and implementation processes, basis of quantitative research approach is not easy. According to Bryman (2004, p. 78), qualitative research ‘fails to distinguish people and social institutions from the world of nature’. From the point of view of this study, this means that a quantitative approach might come upon difficulties, when it comes to the quantification of certain particularities of the interactions between the EU, the candidate countries governments and other subnational actors. Another critique of quantitative research methods formulated by Blumer (1956, p. 685) is that it omits ‘the process of interpretation or definition’. From the point of view of this study it means that an approach based on quantitative research would not be able identify the mechanism of domestic changes as a result of the adaptation pressures coming from the EU.

It is also hard to properly quantify relationships such as the relations between core executive, subnational actors and supranational level of governance. Difficulties in quantification of these relations arise from the fact that such relationships are inherently subjective (Silverman 1993). Other problem related to applying of a quantitative approach is related to the availability of data for analysis. The only quantitative data related to the EU regional policy are the country allocations and their subdivision between the national operational programs as well as the national absorption rates of the structural funds. Analysis of such data tells little about the governance arrangements and the national response to the

EU adaptation pressures. Therefore, since it is not possible to measure in quantitative terms changes such as improvements of planning practices, ‘regionalization’ (creation of planning regions and policy implementation structures), etc. aimed at the improvement of ‘degree of fit’ between Bulgarian regional development policy practices and the EU regional development policy, this study relies on a more qualitative and descriptive approach in order to answer its main questions – What is changing? Can it be described as multi-level governance? How can it be explained (what is the mechanism of change?) due to the involvement of a country (in our case with Bulgaria) with the European Union and the payment of ultimate reward according to the external incentives model (Schimelfennig and Sedelmeier 2005, p.10-18) – the full membership.

The case studies approach

In order to give a detailed answer to its main questions, the study used the qualitative case studies approach. According to Yin (1981), as a research strategy, the case study attempts to examine a contemporary phenomenon in its real life context, especially when the boundaries between the phenomenon and the context are not clearly evident. Stake (2003) distinguishes between three types of case studies. He defines the case studies that are being undertaken because the researcher wants better understanding of the particular case as ‘intrinsic’ case studies.

‘Instrumental’ case studies according to Stake are undertaken in order to provide insight into an issue or to redraw generalization. Here, the case itself is of secondary interest. It plays supportive role and facilitates the understanding of something else. The case is still looked in depth and its contexts are scrutinized, but only in order to help the researcher in pursuing of an external interest.

When even less intrinsic phenomena are researched, the researcher might jointly study a number of cases in order to investigate a phenomenon, population or a general condition, Stake calls this a ‘collective’ case study. Individual cases in a collective case study may or may not be known in advance to manifest some common characteristics. The case study that is looking to explain a phenomenon should take the following basic steps:

- Accurate rendition of the facts of the case;
- Some consideration of the alternative explanations of these facts;
- Conclusion based on the single explanation that appears most congruent with these facts (Yin 1981 p. 61).

This particular piece of research falls into the category of intrinsic case studies since it has been undertaken first and last because of my interest in the particular case. The study is examining contemporary events, where relevant behaviours cannot be manipulated, and the three main questions it seeks to answer are 'what' and 'how much' ('to what extent') (Yin 1994). Case studies rely on primary documents, direct observations and interviewing. However, not all three methods are appropriate for each case study.

One of the key prejudices about the usage of case studies is related to the fact that case studies might produce equivocal evidence or allow biased views to influence the direction of findings and conclusions. There is also a possibility of confusing case study teaching with case study research. In the case of teaching, case study material may deliberately be altered in order to demonstrate certain points more effectively. In case of the research case study, such a step clearly spoils the results. Another common concern about case studies is that they provide little ground for scientific generalization. The third concern about case studies is that they take too long and result in massive, unreadable documents. This argument may be appropriate having in mind case studies done in the past (Feagin, Orum and Sjoberg 1991), but it is not necessarily the way a case study should be done. Case studies do not necessarily take a long time. Usually claims about that of this kind incorrectly confuse research approach (case study), with a specific method (such as for instance ethnography or participant observation). While the two examples (ethnography and participant observation) require a long time in the field, a case study, especially concerning a policy sector, can be made on the basis of government documents, implementation provisions and reports with the help of some interviews in order to check if the documents are implemented as it is stated in these.

Having described the key prejudices towards the case study approach it is now time for me to say that while it is never possible to produce a completely bias free piece of political research, this study intensively applied the triangulation of data gathering methods (see this chapter) in order to 'clean up' the biased information that came through the main data gathering channels (interviewing and document analysis). I also have to note that scientific generalization has never been among the goals of this study. Its main goal was to trace the impact of the EU regional policy over the Bulgarian system of governance over specific period of time (1997-2008) without making any general conclusions. It is now time to describe the three main data gathering methods used in qualitative case studies and how they were used (or not used) in this particular study.

Interviewing

According to Seldon (1996) interviews have several advantages. First of all, they can help to arrange the policy documents and other material gathered for the purpose of the research into a certain order, which makes the analysis much easier. Interviews can also help to uncover another document containing valuable research information and give a hint as to where and how to obtain it. When it comes to the researching of a policy sector, interviews can also help to fill gaps in the documentation. And probably the most important advantage of the interviewing is related to the fact that, when checked against the analyzed document, the interview data can tell us if the analyzed policy document is actually implemented.

Fielding and Thomas (2001, pp. 124-125) distinguish between standardized, semi-standardized and non-standardized interviews. According to them, in the standardized interviews, the order of the questions is the same from one interview to another. The standardized interview resembles the questionnaire and can be extremely unsuitable when the researcher has to interview a public servant about his or hers work. This is so, because the public servants (at least in Bulgaria) are usually obliged to complete between 3 and 5 questionnaires per year. Over the years people develop a very specific attitude towards the questionnaire. It can be summarized with the sentence 'Let's get rid of it'. There is a great chance that a standardized questionnaire would provoke the public servants to fill it as soon as possible in order to get rid of it.

Semi-standardized interviews allow the interviewer to alter the order in which the questions are asked in order to adapt to the level of comprehension of the respondent and handle the fact that while answering to a particular question, people often provide answers to the questions that we were about to ask later, which allows the researcher to probe for additional information. Semi-standardized interviews are the most appropriate choice when one needs to interview public servants about their work. However, they might pose certain problem if the researcher has limited time for analysis since this type of interviews in many cases yields massive amount of additional information, which requires additional time for processing.

The final part of the typology is the non-standardized interviews. In this case, the interviewer has a list of topics which they want the respondent to talk about. In this case the interviewer can even join the conversation by discussing what they think about the topic themselves. Non-standardized interviews might be extremely hard to use when it comes to interviewing of public servants about their work. There are several reasons for that. First of all, it is very hard to keep the non-standardized interview focused on a particular topic for

more than half an hour (the actual time may vary according to the respondent) and even extremely good communication skills of the interviewer can do little in order to help this. After all, at some point, the non-standardized interview inevitably turns into a conversation between two human beings and one of the characteristics of such conversation is that it can easily 'jump' from topic to topic. 'Jumping' is facilitated if the interviewer and the respondent have something in common, which was the case with many interviewees in this study. Since the semi-standardized interviews allow the creation of a more informal and friendly atmosphere between the researcher and the respondent (such an interview has the characteristics of a conversation between two people), while keeping the possibility for the researcher to control the flow of information (there is an interview schedule, but a question can be asked more than once in a different form, the places of the questions may be changed in order to adjust to the respondent, etc.) I decided to use semi-standardized interviews.

Fielding and Thomas (2001, p.130) speak about the possibility of telephone or online interviewing. Besides the deficiencies mentioned by Fielding and Thomas, such as the impossibility to check if the answers are coming from the respondent, the method has other deficiencies such as the limited time available for a telephone interview (which makes it very hard for the researcher to benefit from advantages such as asking one question twice) and the difficulty of creating a relaxed atmosphere for the respondent (he or she cannot see the researcher and has limited time to answer). Due to these problems, telephone interviews were not used for this research. The online interviews can take place via real time means of online communication such as Skype for instance or via e-mail. The interviews via real time means of communication similar to the telephone share more or less similar deficiencies with the telephone interviews (see above) and were not used for the purpose of this study.

E-mail interviews have two more practical deficiencies of method – answers inevitably take some time, because the interviewer has no possibility to control the process directly and the interviewee frequently answers the questions whenever there is some free time and his/hers disposal and the interview might easily provoke an attitude similar to the one to the questionnaires among the public servants. While there are no obstacles (such as time) to asking one question twice, it is not certain that the researcher will get a different answer. This research showed that, the method however has three major advantages – the researcher and the respondent can be away from each other, there is no need for the researcher to take notes or transcribe the interview and the relaxed atmosphere is already there, because the respondent answers the questions when and where it is convenient for him or her. For the purpose of this study, e-mail interviewing was used twice, because neither the

researcher nor the interviewees had the possibility to travel in order to meet in person. In one of the cases, the answer to the interview questions was received after more than one and a half months.

Another problem related to the gathering of information via the interview method was related to the decision of who to interview. I have conducted 19 semi-structured interviews for this research. In order to cover all the aspects of the EU regional policy implementation, the interviews included all the three groups of stakeholders that this study is looking at – the central government, the local and regional authorities and the non-state actors. In order to consider the impact of the power asymmetry between the Bulgarian government and the European Commission, the interviews had also covered the European Commission (DG REGIO) and the European Parliament (MEPs from the REGI committee). A typical interview schedule contained 5 to 7 open questions and a set of clarifying questions used in order to keep the conversation on the topic and obtain some additional information during the interviews. The main questions were usually sent in advance to the interviewee.

These are four randomly selected questions used in the interview schedules:

- What was the involvement of your unit with the Bulgaria during the pre-accession period?
- According to your experience, what are the main problems with the implementation of the EU regional policy in Bulgaria?
- What is changing in Bulgaria as a result of EU regional policy?
- According to your experience, who (central government, local authorities, etc) is the main player in the EU regional policy implementation in Bulgaria?

The main problem related to the interviews was that, pretty much like the EU regional policy itself, postgraduate researchers are something quite new for the Bulgarian public officials and for some of the European Commission officials (especially to those who moved to new positions after the Fifth Enlargement was complete).

This problem had two practical implications. First, in most of the cases, recording of the interviews was not allowed. In order to be able to take notes, I had to draft a list of categories (e.g. ‘municipal development plans’, ‘administrative capacity’, ‘capacity building’, etc.), which were used in order to help me with the writing of the information I needed. The other major implication encountered during the interviewing process (especially during the interviewing of representatives of local authorities and the non-state actors), was that in many cases, interviewees viewed the interview as an opportunity to complain about the practices of the central government. As a result of that, several interviews returned a lot of generally

unhelpful information (in fact these repeated facts already covered by the Bulgarian media). In order to overcome this problem, the information was 'filtered' by comparing against other interviews (e.g. local government interviewees against cabinet ministry interviewees, etc.), reports of the European Commission and documents of the Bulgarian central government.

Observation

According to Yin (1994) another source of information used in the case studies is the Observation. While the participant observation can be the key data gathering method when it comes to ethnography research for instance (see Bryman 2004, Hammersley and Atkinson 2007, etc.), when it comes to the research of the Europeanization of a policy formulation process, the observation is the least appropriate data gathering method.

Unlike processes like policy implementation or parliamentary lobbying that are taking place in real or near real time, Europeanization is a slow process that takes place gradually, over a longer period of time. Therefore, if observation is used as a method for Europeanization research, it may require several observation sessions with highly uncertain results. Furthermore, even if the researcher has a chance to conduct several sessions, nothing can guarantee him or her that it will be possible to observe the Europeanization. Even if the researcher knows that it will be possible to observe Europeanization (e.g. it is expected that national positions for the accession negotiations or the work of various EU level bodies in certain policy sector is going to be drafted and agreed within the administration), he or she may easily be denied access to the administration he or she would be interested to observe. And the final problem related to the inappropriateness of observation for a research of the Europeanization of public administration involved in the coordination of EU affairs, is related to the fact that the work of public administration has a certain seasonal character (because the EU institutions work within a certain timeframe). Even if the researcher finds a way to overcome the obstacles described above some parts of the work of the public administration (the ones where the Europeanization is most visible), for instance the working meetings where the national positions are coordinated with the other units within the administration, will inevitably remain closed to the researcher due to legal reasons (e.g. part of the discussed information is only available to the public servants with the respective authorisation according to the Law on Protection of Classified Information).

If the researcher decides to use the observation as a data gathering method for Europeanization research, finding a way to overcome the obstacles described above might be much harder than, for instance, the traditional choice between overt and covert observation

(Fielding 2001 p. 150). Another obstacle to the use of observation as a data gathering method for this study was related to the fact that most of events and processes that were covered by the study happened in the past (between 1997 and 2007). Due to these particularities of the observation process, the study was based entirely on semi-standardized interviews and document research.

Document research

Adaptation pressures and the need for change in order to improve the degree of fit between the EU and the candidate countries were usually anticipated and planned by the national governments, as well as by the rest of the stakeholders (mostly regional and local governments) and the organized forms of interest that are expecting to change their role in the national (and EU level) policy formulation process as a result of the overcoming of the misfits (e.g. the associations of the local authorities).

In fact, according to Brivati (1996) most of the activities of the national governments are usually based on written documents. Therefore, a document researcher has the possibility to pick from a multitude of documents for analysis. However, this advantage of the document research method might easily be viewed as an obstacle to the research. The reason for this is related to the fact that during the EU accession negotiations process, the Bulgarian central government produced a huge amount of documents and plans. However, during the accession negotiations it became clear that Bulgaria would not join the EU in 2004. As a result of this decision, in the course of the accession negotiations, the Bulgarian government as well as other stakeholders had to switch their preparations from the implementation of the EU regional policy under the 2000-2006 acquis to preparations to implement the policy under the 2007-2013 acquis. Besides being a source of adaptation pressures and an amendment of the prerequisites for payment of awards (see the section on the external incentives model), the shift led to the abandoning of some documents, even though these were not formally abolished or amended. Another deficiency of the method is related to the fact that most of the policy documents are usually produced by the EU and the various levels of government (national, regional and local) as well as by the national associations of the local authorities. Most of the non-state actors (especially the regional NGOs) work on the basis of rules and procedures that are not written on paper. Consequently, the document research method is widely inapplicable when it comes to the researching of the role of the non-state actors (for this purpose the study relied mostly on information from interviews).

According to MacDonald (2001) the meaning of the document involves working on two levels. The first one is the determination of the literal meaning. In the case of this study, the deeper meaning comes from the comparison of the documents of the Bulgarian central government, and the local authorities with the *acquis* in force in order to show how the national level actors in Bulgaria respond to the adaptation pressures from the EU level. Document research for the purpose of this study involved gathering and analysis of the *acquis* related to the implementation of the EU regional policy as well as any EU documents related to the pre-accession process. The purpose of such an analysis was to reveal the adaptation pressures that were coming or about to come from the EU level. The next step was to check the Bulgarian legislation and the planning documents related to the implementation of the EU regional policy in Bulgaria in order to reveal how the Bulgarian actors were responding to the adaptation pressures coming from the EU level.

To summarise, documents are the best source of information on the EU level process that implies some degree of domestic change (see the section on Europeanization in the previous chapter) and the adaptation pressures generated by the need to fit the national policy planning and implementation arrangements into the framework of the EU level process. Documents (national legislation and the documents of the central government) are also the best source of information on the steps that the national actors undertook in order to respond to the adaptation pressures coming from the EU. However, like the interviewing and the participant observation documents have certain deficiencies as a data source. The first deficiency is the fact that the documents are frequently not implemented entirely according to their provisions. Another key deficiency is related to the fact that the documents are frequently designed to be used (by the policy practitioners) in conjunction with other documents (some of which are not accessible for an academic researcher) and provide limited amount of information. The documents are also frequently written in a very diplomatic language. Due to these weaknesses the Regular Reports on the Bulgarian progress towards EU membership (1998-2004) were used in this study only in order to trace the timeline of the accession negotiations. However the study had a multitude of other documents – legislation, regulations, plans, reports (local and national and EU level), *acquis*, etc. to rely on for data gathering purposes.

SELECTION OF METHODS FOR THE PURPOSE OF THIS STUDY

Having described the strengths and weaknesses of each of the three main data gathering methods used in the qualitative case studies research, it is now time to explain why this study relied on a combination of document research and semi structural interviews.

Availability of data

Both EU institutions and Bulgarian central government pursue a policy of transparency and openness and accountability. As a result of this policy, both the EU institutions and the Bulgarian central government openly publish most of their policy documents. The documents are published mostly online (e.g. on web portals such as www.eufunds.bg or the Eur-Lex data base) and are downloadable, which makes them easily accessible for academic researchers. Although some of the EU documents (e.g. the *acquis*) provide only general data on the principles of policy implementation, documents of the Bulgarian central government provide detailed information on the national level actions aimed at the improvement of ‘goodness to fit’ between the national and the EU level policies and practices.

Access to interviewees is a bit more complicated. Although interviewees from the European Commission, the European Parliament and the Mission of Bulgaria to the European Communities were easily accessible and willing to share information, access to Bulgaria public officials was not always easy and required using of personal contacts in order to get access to some of the high ranking public officials. Non-central government actors were extremely easily accessible but the information they provided had to be ‘filtered’ (see the section on interviewing above) from the complaints about the practices of the central government.

Triangulation

Deficiencies of interviews and the document research were already described above. In order to overcome these, this study relied on the triangulation between semi structured interviews and the document analysis as data gathering methods (MacDonald 2001).

The term ‘triangulation’ comes from navigation and land surveying and means determination of the exact position of a point on the basis of the known coordinates of three other points. In the case of this study, triangulation has been performed by checking of the data sources against each other. For instance interview notes were checked against policy documents or interviews of the public service representatives were checked against the interviews of the representatives of the non-state sector.

Other source of information against which the interview data were compared was the media coverage related to the Bulgarian relations with the EU. The purpose of this was first of all to filter the general, unhelpful and frequently biased information (e.g. complains of NGOs and local authorities on the practices of the central government). Other purpose of the triangulation between methods was to check if the policy planning documents drafted in response to the adaptation pressures coming from the EU are implemented according to the provisions these contain or if the documents were not used only to formally satisfy the requirements of the EU accession conditionality.

BULGARIA AND THE REST OF THE EU

In order to be able to classify with a greater precision the Bulgarian response to the adaptation pressures generated by the EU regional policy, and find the appropriate place of the country within the classification of domestic responses to the adaptation pressures formulated by Börzel and Risse (see Chapter 1, p. 16), this study compared Bulgaria with two of the original cohesion countries (Greece and Ireland). Besides helping to properly identify the Bulgarian response towards the adaptation pressures generated by the need to implement the EU regional policy upon accession, this comparison also helped to give an answer to the question why the EU regional policy implementation arrangements in Bulgaria upon accession and in one of the original cohesion countries (Greece) bear a striking degree of similarity having in mind the different stages of the EU regional policy in the beginning of the 1980s when Greece joined the EU and in 2000 when the Bulgarian accession negotiations began.

Rokkan (1966, quoted by Lijphart 1971) distinguishes between two aims of a cross-national comparison. One is the testing of 'macro hypotheses' concerning 'interrelations of structural elements of total systems'. Here the number of cases tends to be limited and the researcher has to rely on the comparative method. The other is 'micro replications' designed to test out in other national and cultural settings a proposition already validated in one setting. The application of the comparative method requires focusing on 'comparable' cases. According to Lijphart (1971) 'comparable' cases are those with a similarity in a large number of the important characteristics which one wants to treat as constants but dissimilar as far as those variables are concerned which one wants to relate to each other.

The EU 15 cases selected for the purpose of this study are Greece and Ireland. From the point of view of Lijphart's definition both countries are comparable to Bulgaria. By the time of the beginning of their involvement with the EU, both countries were economically

underdeveloped with strong central governments. Greece was chosen for three reasons. First, according to Lijphart, comparability is not inherent in any given area, but it is more likely within an area than in a randomly selected set of countries (Lijphart 1971, p. 689). Greece was the only EU 15 country from the Balkans. Second, the country has very similar history to Bulgaria. Both countries re-emerged on the European map after a long period of Ottoman rule. Most of the history of both countries in late the XIX and early XX centuries were characterized by movements for national unification and by wars both with the Ottoman Empire in order to drive it away from the Balkans. The countries also fought a war between themselves. As a result of that, following their reestablishment, both countries have created a governance system heavily dominated by the central government, because the national unification wars and the newly acquired territories as well as the protection of the national minorities in the Ottoman Empire left little room for wide national level partnerships and required strong central government.

After the Second World War, both Bulgaria and Greece had a period of totalitarian rule (a military dictatorship in Greece and a communist regime in Bulgaria). After these periods both countries were forced to seek an access to new markets in order to revitalize the economy. Bulgaria was also forced to look for a model for the democratic reforms following the totalitarian rule. In both cases (Bulgaria and Greece) the answer was the involvement of the countries with the EU. Both Bulgaria and Greece had similar systems of territorial governance prior to their involvement with the EU (see Chapter 8). As a result of that it was expected that the EU would have similar impact on both countries even though the EU conditionality in force in the early 1980s was quite different from the one that was in force during the Fifth Enlargement. Another similarity between Bulgaria and Greece was that by the time both countries became involved with the EU, they were economically underdeveloped and heavily relied on the financial aid from the EU. Even though by the time Greece began its involvement with the EEC/EU, the EU regional policy was nothing more than a mere side-payment to the member states' budgets, Greece became a testing site for experiments on integrated management of the EU structural funds, such as the Integrated Mediterranean Programs, that became a basis for the 1988 reform of the EU regional policy (see Chapter 3 and Chapter 4 for details).

The Irish experience was widely used by Bulgaria in order to prepare for implementation of the EU regional policy, by the Bulgarian central government and the local authorities. During most of the pre-accession period, the resident twinning advisers who assisted the Ministry of Regional Development in the preparation for implementation of the

EU regional policy were Irish. Ireland was also a place of numerous visits by Bulgarian local government officials who were looking to learn about the Irish experience with the EU structural funds. In short, Ireland was considered a success story, when it came to benefiting from the EU regional policy. Therefore for the purpose of this study it was interesting to see how much, and what part of the Irish experience has been borrowed or adapted by the Bulgarian decision makers on various levels (national and local) in order to answer to the adaptation pressures coming from the EU level during the accession negotiations.

CONCLUSION

This piece of research is based on the qualitative case studies approach. A qualitative approach was selected due to impossibility to properly quantify important aspects of the transformation of adaptation pressures generated by the EU regional policy. Even though the case studies relied on document research, interviews and participant observation, the latter method was not used for this study due to various constraints described in this chapter. In order to overcome the deficiencies of the case studies approach and the data gathering methods used (interviewing and documents analysis), this study relies on the triangulation of the data gathering methods. In order to be able to provide a proper classification to the Bulgarian response to the adaptation pressures generated by the EU regional policy, the study also compares Bulgaria to two of the first cohesion countries – Greece and Ireland.

Having described the conceptual framework of this study in Chapter 1 and the methodology in this chapter, it is now time to move to the main source of adaptation pressures tackled by this study – the EU cohesion policy.

III. EUROPEAN COHESION POLICY

INTRODUCTION

The purpose of this chapter is to provide the reader with detailed information of the main source of adaptation pressures, that is being examined by this study – the EU cohesion policy. The chapter traces the history of the EU cohesion policy in order to show the transformation of the policy from a mere side-payment to the member states' budgets to a Community level policy following the Integrated Mediterranean Programs in the second half of the 1980s and the 1988 reform of the structural funds. The chapter also provides detailed information of the main principles of the structural funds management introduced and/or reaffirmed by the 1988 reform and pays specific attention on the partnership principle – a prerequisite for emergence of the multi-level governance. The final section of this chapter is dedicated to the impact of the Fifth Enlargement of the EU over the EU cohesion policy.

ORIGINS OF EUROPEAN REGIONAL POLICY

The Treaty for establishing of the European Economic Community signed in 1957 in Rome, contained a broad goal for bridging disparities between different regions of the Community, without containing any specific provisions on how this should be achieved. At this time, the issues of regional development were mostly handled by the national governments of member states. This can be attributed to two major reasons – institutional structure (policies were formulated mostly by the central government and forwarded to other subnational actors for implementation) and sectoral approach (development programs were drafted with the sectors of economy, not the territory in mind) to policies at that time (Leonardi 2005, p. 33).

From an institutional perspective, the Treaty of Rome was structured on a horizontal and a vertical level. The first was the interaction between member states, and the second was between the member states and the institutions of the EEC (the Commission, the Council of Ministers, etc.). No provisions were made for the participation of sub-national actors such as the regional governments, cities or groups of civil society in the policy process. One of the main reasons for this is actually related to the fact that the key purpose of the Treaty of Rome was the creation of a Customs Union. Due to the nature of the Customs Union, sub-national governments and civil society groups had little to contribute to that. In fact even now the Customs Union remains exclusive realm of the national executive and the institutions of the Community.

The literature on EU cohesion policy (Leonardi 2005, Bache 1998, Hooghe et. al. 1996, etc.) describes several different phases of the policy. During the first phase (1975-1988), the regional policy was actually a side-payment from the Community budget for the member states. Such development efforts were not linked to a specific part of the member state territory (and in many cases actually created regional disparities instead of breaching them) but to different sectors of the economy. Interventions were not based on multi-annual plans, but were carried out in a single year, and the regional development policy of EC was creating little, if any adaptation pressures on national level and no significant domestic changes (see Chapter 1) were required from the member states in order to get access to structural funds.

This phase was characterized by lack of any legal provisions for participation of sub-national forms of government and groups of civil society in the management of development programs. The lack of such opportunities can easily be explained if we take a brief look at the development policies of the EEC member states in the 1950s and 1960s. Most of them were concerned to rebuild and develop basic national industries such as coal mining, steel and energy production, machinery production, etc., that were destroyed during the Second World War.

1975 saw the creation of the European Regional Development Fund (ERDF). However it was not before 1988, when the fund transformed from a mere 'reimbursement' of the development investments of member states with minimum involvement of the European Commission into a cohesion policy of the by that time EEC, which was actively managed by the Commission. One of the main things that made the move from 'reimbursements' to a Cohesion Policy managed on the European level was actually the second enlargement of what is now the European Union. During this enlargement, the Community got new member states - Greece (1981), Spain and Portugal (1986). The common thing between the three states (besides being underdeveloped) was that all three were former authoritarian states. This meant lack of democratic control over government expenditures, lack of management experience, planning decisions sometimes taken on the basis of the perception that the 'wise man' (usually the leader of the respective authoritarian regime) knows everything and makes no mistakes, deliberate keeping some of the regions into underdeveloped position (in order to quell opposition), etc.

By 1986, the EEC was already a Union of 12 countries and the management of the second most expensive Community policy (in terms of budget allocations) after the Common Agriculture Policy without significant supranational involvement of the Commission was not

possible. Furthermore by 1986 it was clear that if a policy was to address the problems of the underdeveloped territories, the regional and local governments as well as the non-state actors had to be involved in the national policy planning mechanisms.

In the beginning of the 1980s, the Commission launched a series of experimental integrated development programmes, bringing together support from the European Social Fund (ESF), the ERDF and from EAGGF (European Agriculture Guarantee and Guidance Fund) in Naples, Belfast and the French Department of Lozer (Leonardi 2005). It was during the preparation of the Single European Act (SEA) and the launching of Integrated Mediterranean Programs (IMPs) (Regulation 2088/1985 EEC), when the original approach to the regional policy was changed. IMPs were using all the Community financial instruments, drawing and interrelating support from all three Funds existing by that time in order to achieve three basic goals – development, adaptation and support. They were also the first attempt to orient development efforts to a specific territory envisaging measures ‘corresponding better to each individual region’s potential’ (European Commission 1983, p.9-10).

IMPs were also among the first Community interventions based on comprehensive national multi-annual programmes, which were submitted by the respective member states (Italy, France and Greece) to the Commission for determination of the potential contribution of the Community. The SEA replaced the vague text related to ‘harmonious development’ of different regions of the EEC with the goal of achieving economic and social cohesion (SEA, Article 130a). The SEA therefore provided the legal opportunity for a regional policy of the EEC (SEA Article 130b-e), using the three existing structural funds (ERDF, ESF and the Guidance section of EAGGF) for coordinated interventions. As a part of the overall strengthening of the role of supranational institutions (the Commission and the Parliament) in the decision-making on Community level, the SEA also stipulated a requirement for the Commission to formulate the new policy rules for achieving of economic and social cohesion.

The SEA provided no opportunity for the regions and other forms of subnational government to be directly represented at European level and allowed the central governments to remain dominant at the EU level (because of the leading role of the Council). Local and regional authorities received the opportunity to take part in the policy formulation at the EU level in 1992 with the provisions of the Treaty for Establishing of the European Union, which created the Committee of the Regions (CoR), as well as with the provisions of the Treaty of Amsterdam (Article 203), which gave the regions an opportunity to take part in the work of institutions of the European Union, such as the Council of Ministers and its working groups

(even though the regions actually represented not themselves but the country of origin in such policy preparatory bodies).

Even though the member states retained important tools for control of the participation of the regions in the policy formulation on European level (such as for instance the COREPER), the changes introduced by the Treaties gave the regions the possibility to make their input into the social and economic policies that were formulated on European level and increased their responsibilities for the implementation of these policies within their territories. Even though the 1988 reform of the structural funds, at least in theory, also gave the regions a possibility to take part in the policy formulation process, it was not before the new Treaties, when the regions obtained their own representative (CoR) that had allowed them to take part in the decision making process. However, during the first Community Support Framework¹ (CSF) cycle (1989-1993), the national executives were at an advantage because the regions and other sub-national actors had no access to the EU institutions.

The Council of Ministers and the Commission and, after 1999 (Amsterdam Treaty), the European Parliament were required to consult the CoR on matters with regional and local importance. The CoR can also forward opinions to the Commission and the Council of Ministers 'in cases in which it considers such action appropriate' (Marks and Hooghe 2001). According to the Treaties, the CoR had the potential to become a strong channel for participation of local and regional authorities in the European level decision making. Generally speaking, the CoR looked as a powerful channel for access of regions of the member states to the decision making process on the EU level. In fact the Committee bears some resemblance to the European Parliament (EP) before the SEA and the Maastricht Treaty – it has only consultative powers. The Council of Ministers and the Commission were required to consult the CoR but were not required to take into account Committee opinions and it has no decision making powers. Thus the potential of the Committee to act as an access channel for the member states' regions to the decision making process effectively remained under the strict control of the member state's national executives.

To summarise, the beginning of the second phase of the regional policy and its transformation from side-payments to the member states' development efforts to a Cohesion Policy of the EEC, according to Article 130a of the SEA was marked by the adoption of the new Framework Council Regulation governing the implementation of the structural funds for the 1989-1994 period (Regulation 2052/88 EEC).

¹ The CSF was the strategic planning document that the member states had to prepare and negotiate with the Commission in order to access the structural funds

1988 Reform of the structural funds

The legal basis for the 1988 reform of the structural funds was provided by the SEA, which effectively gave the Commission the powers to coordinate the regional development efforts in the entire Community and introduced new principles, which revolutionized the decision-making concerning structural funds. The first of the principles, which characterized the reform of structural funds, was the geographic distribution of resources. Interventions were no longer planned on a national basis. They were given a specific regional focus and target. This was achieved through the Framework Regulation, which identified five priority objectives (Article 1, Regulation 2052/1988 EEC):

- Objective 1 (promoting the development and structural adjustment of the regions whose development is lagging behind);
- Objective 2 (converting the regions, frontier regions or parts of regions (including employment areas and urban communities) seriously affected by industrial decline);
- Objective 3 (combating long-term unemployment);
- Objective 4 (facilitating the occupational integration of young people);
- Objectives 5a and 5b (restructuring of agricultural enterprises and development of rural areas).

The key difference with the previous management arrangements of the structural funds was that the bulk of structural support was oriented to territorial objectives (1, 2, and 5b). Out of these three objectives over 61% of the resources of the three Funds, with the highest rates of Community support (75%) went to Objective 1 regions. These levels of support went to four cohesion countries, whose entire territories were eligible for support under Objective 1 (see Annexes of Regulation 2052/EEC) – Greece, Spain, Portugal and Ireland. The rest of member states with Objective 1 regions (UK, France and Italy) received up to 50% Community support for the individual projects. Other major change introduced in Cohesion Policy was the manner in which eligibility for funding was determined. Determining the eligibility criteria became a responsibility of the European Community. According to the Framework Regulation, for instance, the regions eligible for funding under Objective 1, were those NUTS 2 with GDP per capita less than 75% of the Community average. Before continuing further with a description of the changes in the EC Cohesion Policy, we must briefly describe the NUTS classification system since it was used as a basis for the member states regionalization.

Nomenclature Units for Territorial Statistics (NUTS)

During the 1970s, various national statistical subdivisions used by the member states were gradually replaced by the NUTS system created by EUROSTAT. The system was created in order to serve the following purposes:

- Harmonization and development of the Community regional statistics;
- Socio-economic analysis of the regions: For this purpose the NUTS system allowed the member states to establish correlations between the regions in terms of size and provided them with several levels for analysis. A 1961 conference on the regional economies found out that while most of the member states were using NUTS 2 level in order to apply their regional policies, NUTS 1 units were used in order to evaluate the impact of policies like the customs union and NUTS 3 units, that contained many regions that were too small for complex socio-economic analysis were used in order to decide where specific regional measures should be taken²;
- For framing of the EU regional policy: regions that are lagging behind in their development (falling within Objective 1 of the structural funds) were classified at NUTS 2 level. Areas falling within other priority objectives other than 1 were usually classified at NUTS 3 level.

The NUTS system was used by the EEC/EU legislation from 1988, but it was not before 2003, when a Regulation on the NUTS system (Regulation 1059/2003 EC) was adopted (EUROSTAT 2008).

The first criterion for determination of NUTS territorial units was the existing administrative units of the member states. Other key criterion for determination of NUTS territorial units was the population. NUTS 1 territorial unit was to have a population between 3 and 7 million. NUTS 2 territorial units have a population between 0.8 and 3 million. NUTS 3 territorial units must have a population between 150,000 and 800,000 (Regulation 1059/2003 EC).

² See http://ec.europa.eu/eurostat/ramon/nuts/application_regions_en.html for details

Programming

One of the most important innovations introduced in the implementation of structural funds was the requirement for integrated planning. As with the IMPs, the Community financial support was structured in multi-annual planning documents and a contract underwritten by the Commission, the member states and the regions. The document was called the Community Support Framework or CSF (Regulation 2052/1988 EEC, Article 8) and contained a multi-year plan for the period 1989-1993.

The drafting of the CSF was a three-stage process. First the countries submitted detailed plans consisting of national programs for the Objective 1 regions and an indicative distribution of funds in relations to a single and multiple region operational programs. The second phase began with the review of the national plans by the Commission, which had six months in order to study the proposals and request amendments. Once the amendments were made, the Commission adopted Community Support Frameworks. Six out of the seven submitted plans were adopted by the end of 1989. The Greek CSF has been postponed due to series of national elections, which made agreeing and adoption of the CSF impossible before March 1990 (Leonardi 2005).

Once the CSFs were adopted, the member states were to transform the general development plans into specific operational programs. In many cases this action required more time, and effective spending of the structural funds started in 1991. A similar case existed with the national plans for Objectives 2 and 5b (Article 9 of the 1988 Framework Regulation). Regions were to prepare initial drafts of the Single Programming Documents (SPD), containing both general plans and operational measures, and submit these to the national governments and the Commission for approval. For the Objectives with no territorial orientations (3 and 4) traditional planning and implementation remained.

In many cases, the national plans were prepared with great difficulty. In a number of cases, national procedures had to be reformed in order to comply with the European requirements (Leonardi 2005). From the point of view of Europeanization concept, this meant that the new cohesion policy, from a side payment to the national development budgets became a force exerting adaptation pressures over the member states and requiring certain domestic changes (see Chapter 1 for an explanation of the 'goodness to fit') in the member states in order to get structural assistance from the Community.

The second CSF cycle (1994-1999) saw reaffirmation of the principles of the 1988 reform. In 1993, the structural funds undertook to bring the private sector to the management of

development policy, thus extending the partnership principle to organized socio-economic interests. During this second cycle, a more flexible system for designation of regions eligible for structural support was adopted. While the criterion for the regions to receive funding under Objective 1 remained a GDP per capita smaller than 75% of Community average, the 'member states concerned shall propose to the Commission on the basis of the provisions of the said paragraph and taking account of the concentration principle, the list of areas which in their view should benefit from assistance under Objective 2' (Article 9 of Regulation 2081/1993 EEC).

Another major change introduced in 1993 was the creation of the Cohesion Fund. The fund was directly oriented towards environmental and transport projects that were contributing to the achievement of the objectives of the Common Environmental Policy and the development of the transport infrastructure belonging to the Trans-European transport networks (see decision 1692/96/EC for details on TEN-T). The fund was restricted to those member states with a per capita gross national product (GNP) of less than 90 % of the Community average and secondly that they have a programme leading to the fulfilment of the conditions of economic convergence (Preamble of Regulation 1164/1994 EC). In contrast to the structural funds, the Cohesion fund was distributed on a project by project basis to cover infrastructural and environmental projects (actual rates of Community support varied according to the specific operations). In order to access the Cohesion fund, the member states provided detailed dossier in order to justify the project and its expected socio-economic impact and had to nominate a project manager who would be directly responsible to the European Commission.

The creation of the already mentioned above Committee of the Regions had its impact on the restructuring of member states' policies towards their own regions. The member states' core executives were no longer able to label trans-border contacts between regions in the framework of the Single Market as 'foreign policy' and channel them through the ministries of foreign affairs, because the Commission was actively encouraging inter-regional contacts through series of Community initiatives(CI) such as the INTERREG and Leader (Leonardi 2005).

Partnership

The partnership principle was one of the important new additions to the EU regional policy, introduced by the 1988 reform. It was the prerequisite for increased participation of the subnational levels of government and the non-state actors in the member states in the policy

planning and implementation both on national and partially on the EU level (through the CoR or via direct contacts with the EU institutions). From the point of view of the conceptual framework of this study, the partnership principle is the basis for multi-level governance. Partnership was defined in the regulation as ‘close consultation between the Commission, the member states concerned, and the competent authorities designated by the latter on national, regional, local or other level, with each party acting as partner in pursuit of a common goal’ (Council Regulation 2052/88).

The response to the requirement for introduction of partnerships has varied across the member states. The introduction of partnership was not the key concern of the European Commission during the initial stages of accession negotiations with CEECs. For instance in the 1999 Regular Report of the European Commission on Bulgaria’s progress towards accession, the conclusions of regional policy and cohesion heading (Chapter 21) were still very much expressing concerns about the national co-financing and building of administrative and budget capacity than about introduction of new partners to the regional and cohesion policy implementation (European Commission 1999). Requirements for devoting of particular attention to the involvement of regional, socio-economic and non-governmental partners in this process of regional development programming actually appeared in the 2002 Regular Report on Bulgaria’s progress towards membership (European Commission 2002).

The impact of the partnership principle on the different member states depends on the following factors (Marks and Hooghe 2004):

- Importance of national institutional traditions and the ways accommodation has been sought with the Structural funds;
- Importance (and existence) of former partnership experience;
- ‘Learning mechanisms’ for transfer of experience;
- Common tendency towards regionalization/decentralization, reflected in the partnership composition and role;
- Evolution or sometimes devolution of existing models of governance, which can be associated with withdrawal of partners.(Kelleher, Batterbury and Stern 1999)
- Willingness of the Commission to enforce it and availability of tools for such enforcement.

When it comes to the target of this study – Bulgaria - partnerships in the field of governance (in the rare cases when such existed prior to the accession to EU) have always been

dominated by one partner – the strong central government. This study examines whether this partner has admitted other actors to the national decision making process and the relations with the EU or if it has acted as a gate keeper between the EU and the subnational level.

Prior partnership experience was practically non-existent in the Bulgarian political culture, prior to the engagement with the EU and the introduction of the Commission requirement for multi-annual programming of the regional development (European Commission 2002). The partnerships that were created in the country during the pre-accession period were a result of external conditionality (of the EU) and a very limited pressure from within (local authorities) supported by other external players (USAID through the three editions of its Local Government Initiative program).

Rewards (see Chapter 1) for building of partnerships in the field of regional development/cohesion policy, are usually being paid by the EU at a relatively later stage, when the European Commission is assured that some basic policy implementation capacity has been built on central level. External pressures such as requirements of the European Commission to make every effort to bring social and economic partners to the process of regional development programming in Bulgaria lead to introduction of some vertical coordination (to a huge extent dominated by the central government) between national and local levels of government and a very limited horizontal interaction between the levels of government (central and local) and the non-state actors.

Later on in the study, a detailed description of both vertical coordination and horizontal interactions are taking place in the Bulgarian regional development policy formulation and implementation. Contacts with the EU level had for a long time been an area dominated by relatively small but powerful elite within Bulgarian central government - a sort of elite within the elite (see Chapter 6 for details on the EU affairs coordination mechanism). Mobilization of different territorial levels of government and structures of civil society started in the late 1990s (see Chapters 8 and 9). Such mobilization has always been aimed at achieving certain degree of participation of local authorities in the decision making process on central level, related to regional development, provision of services to the local communities and bypass the small elite dealing with Europeanization in the central government in order to gain direct access to the European level of decision making.

While the local authorities were eager to take part in the decision-making process for regional development policy at a very early stage, civil society was a bit late in mobilizing. In fact in many cases a splash of new civil society structures (mostly NGOs) in late 1990s was an attempt to marry certain sources of consultancy and research funding opened only to civil

society structures with the experts who can perform these tasks. Later in the course of the interactions with the EU the focus of some of these civil society structures (those who continued to exist after the funding for which they were created was no longer available) shifted from getting access to certain funding to attempts to influence decision making in certain policy sector.

The process of the development of civil society structures and local government associations started well before 2000 when the Republic of Bulgaria started formal negotiations for accession to the EU. By that time, the European Commission was much more concerned with harmonization of Bulgarian legislation with the *acquis* and building of capacity for regional policy planning in line with the EU practices and management of pre-accession aid on central level. According to 1997 Opinion of the European Commission on the Bulgarian application for membership 'coherent set of strategies, administrative framework and budgetary instruments for a regional development policy and the Regional Development Fund due to operate in January 1997 has not yet been set up' (European Commission 1997, p. 93). The implementation of the partnership principle of the EU cohesion policy in Bulgaria has obviously not been the main concern of the European Commission at this stage.

On the other hand, in the late 1990s, mostly local governments (in Bulgaria the regional tier of government does not exist as independent one, but in fact represents a devolved structure of the core executive) were increasingly mobilizing in order to take part in the policy planning in several sectors, dominated prior to that by the central government (in fact overseen directly by the prime minister and the cabinet minister on regional development).

THE 2000-2006 STRUCTURAL FUNDS CYCLE

EU regional policy was reformed again in 1999 as a part of the Agenda 2000 negotiations over the budget and policy priorities for 2000-2006. Formulation of this round of CSFs was dominated by two major factors. First of all, Stage III of the Economic and Monetary Union (EMU) was launched on 1 January of 1999 and second, by mid-2000 the accession negotiations with the 12 states that joined EU in 2004 and 2007 were already in progress. The latter required allocation of funds for pre-accession activities such as the Instrument for Structural Policy Assistance (ISPA), which closely resembled the Cohesion Fund, and meant

that accession of the candidate countries, would produce a major realignment of Objective 1 regions after 2006.

For most of the EU15 Objective 1 regions it meant that they would have to give up their allocation in favour of needier regions in the new member states. In fact in all the eight former communist countries that were negotiating for EU membership by that time, there was only one region with the prospect of being ineligible under Objective 1 – Prague (see map 3.1 below). The new framework regulation (Regulation 1260/1999 EC) governing the Cohesion Policy stressed the need to increase concentration. Therefore the number of priority areas was reduced compared to the 1988 reform.

While Objective 1 remained unchanged (support of regions with GDP per capita less than 75% of the Community average), Objectives 2 and 5b were merged into a new Objective 2 (supporting the economic and social conversion of areas facing structural difficulties), which placed the regions at the center of decision making process. In order to access funds allocated for this objective, the regions had to prepare a Single Programming Document (SPD) containing both overall objectives and operational measures (Article 15 of Regulation 1260/1999 EC). In this case, the national coordination has disappeared. Now the regions interacted directly with the European Commission.

The second major innovation in terms of territorialisation of Cohesion Policy was the establishment of a rural development program funded by the EAGGF-Guarantee section. Here again it gave the regions responsibility to draw plans on how 10% of EAGGF-Guarantee were to be spent. ISPA funded essential infrastructure and environmental projects in the applicant countries (Article 1, paragraph 2 of Regulation 1267/1999 EC), according to the priorities set in Partnership for Accession documents. The ISPA was a major planning exercise for the regions and similar administrative units (many if not all of the applicant countries had only just established the NUTS regions) of the applicant countries since in order to benefit from the ISPA support, the national executives had to draw up a national planning document (like the ISPA strategy adopted by the Council of Ministers of Republic of Bulgaria) on the basis of regional and municipal development plans (in Bulgaria the process is regulated by the 1999 Law on Regional Development).

Despite the general goal to begin the implementation of the structural funds by 1 January 2000, most of the member states had to delay the implementation due to the need to clarify the ambiguities of national and regional development plans. On the other hand, rapid implementation of the structural funds became a necessity due to several factors. The first one was the N+2 rule, which meant that operational programs received 7% of their budget up

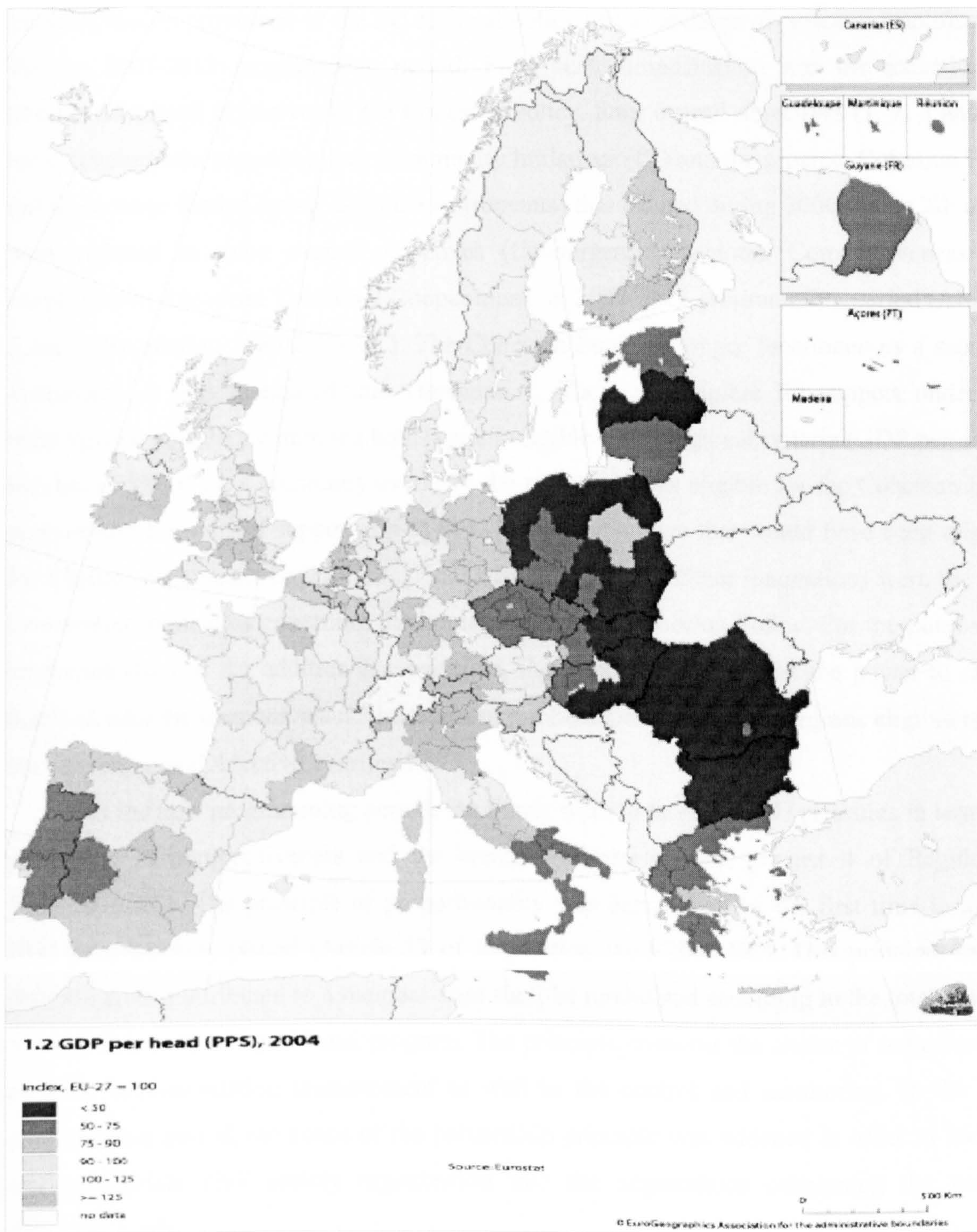
front by the Community and had to spend them by the end of the second year of the programming cycle. If by the following year the amount was not spent, the anticipatory payment for the next year was reduced by this amount. Another important innovation was the 4% performance reserve (Article 7 of Regulation 1260/1999 EC). In this case the Commission withheld from the member states 4% of their total structural funds allocations. These funds were allocated on the basis of satisfaction of Commission's criteria in terms of performance benchmarks. The Commission identified three criteria for the allocation of the performance reserve: (1) effectiveness measuring outputs and results of the programs on yearly basis; (2) management criteria focusing on how projects were monitored, controlled and selected and (3) financial criteria based on how much money is spent and commitments made after the end of third year. The performance reserve effectively became a reason for interregional competition between regions within a member state as well as between member states (European Commission 2004).

2007-2013 PROGRAMMING PERIOD

The beginning of this programming period saw a radically new European Union. By 1 January 2007 the Fifth Enlargement was completed. The Union took onboard ten post-communist countries and Cyprus and Malta in 2004 and 2007. The post-communist countries, which joined the EU in 2004 and 2007 required major structural assistance in order to be able to breach the significant regional disparities with the EU-15. Out of the 12 new entrants, there was only one country (Slovenia) with the potential of becoming a net payer to the Community budget from the beginning of its membership (see map 3.1.).

Besides all the other implications, this enlargement had a major impact on the Cohesion Policy for several reasons. First of all, as already mentioned above, out of more than 50 NUTS 2 regions in the new member states, there was only one ineligible for funding under Objective 1 – Prague in the Czech Republic. Second, practically all new member states were inexperienced in the practical implementation of structural funds, even though 9 out of 10 former communist member states have undergone numerous planning and programming exercises in order to benefit from pre-accession support from programs ISPA, PHARE and SAPARD. This resulted in low absorption of structural funds (according to the Bulgarian minister on European affairs statement made in 2006, the 2004 entrants were absorbing approximately 30% of the allocations, 2007 entrants were expected to repeat this once they start absorbing the structural funds), which effectively slows achieving of convergence

between new entrants and EU15 member states. Third, the management of Cohesion Policy in the Union of 27 is going to be an enormous challenge for the European Commission.



Map 3.1. GDP per capita in EU 27, Source: 4th Cohesion Report, European Commission

Having in mind the characteristics of the Fifth Enlargement described above, the implementation provisions of the EU regional policy had to undergo significant simplification for the 2007-2013 programming period. First, such simplification was the reduction of number of overall objectives of the Cohesion Policy. Four overall objectives (1, 2, 3 and the rural development program), four Community Initiatives (CI) and the separate Cohesion Fund (all these were funded by six different instruments) that existed during 2000-2006 CSF cycle were reduced to three overall objectives (Convergence; Regional Competitiveness and Employment; European Territorial Cooperation) in 2007-2013 programming period (Articles 3 and 4 Regulation 1083/2006 EC). The Cohesion Fund no longer functioned as a separate instrument. It was integrated into Objective 1. The areas eligible for support under the convergence objective combined both regions eligible under regional criteria (GDP per capita less than 75% of the Community average), the member states eligible for the Cohesion Fund support and transitional support (up to 2013) for the countries that would have been eligible for Objective 1 support under the regional criteria in EU-15. Other innovations were the new intervention principles governing the implementation of Cohesion Policy. For the purpose of implementation of the additionality principle, the Commission received the power to check together with the member states, the levels of public expenditure in the regions eligible under the convergence (Objective 1) criteria.

In the new programming period, the Funds were to target the EU priorities in terms of promotion of competitiveness and the creation of employment (Annex 4 of Regulation 1083/2006 EC). The principle of proportionality was introduced for the first time in 2007-2013 programming period (Article 13 of Regulation 1083/2006 EC). This principle means that obligations attributed to a member state shall be modulated according to the total amount of expenditure on an operational program. The principle concerns the choice of indicators for program implementation measurement as well as the control and monitoring. In the new programming period, the scope of the partnership principle was widened in order to include any appropriate civil society organization into the negotiations concerning the use of structural funds.

The new framework regulation also simplified the programming process through the creation of national strategic reference frameworks (NSRF) and cancelled the CSFs related to Objective 1 and the SPDs related to Objectives 2 and 3. Programming complements no longer existed and the operational programs were the only programming and management tool (Article 32 to 46 of the Regulation 1083/2006 EC). Operational programs are to be more

strategic than in the past. The programs are less detailed and contain allocations at priority, not at specific action level. This gives to the member states a higher degree of autonomy in the program implementation.

CONCLUSION

This chapter has described the evolution of the EU regional policy from a mere side payment to the member states budgets in the second half of the 1970s to the full scale Community level policy redistributing significant part of the Community budget in the years prior to the Fifth Enlargement of the EU. The fact that by the time, when the accession negotiations preceding the Fifth Enlargement, the EU regional policy (and the structural funds) had to be planned and implemented on the basis of a complicated system of rules and procedures, meant that the acceding countries like Bulgaria were to face significant 'misfit' between the national level practices and the EU cohesion policy.

From the point of view of the Europeanization concept, this meant that the candidate countries were to experience significant adaptation pressures and undergo significant changes in order to respond to the requirements of the EU accession conditionality. The situation was further complicated by the fact that the major part of the complicated rules mentioned above had to be elaborated by the candidate countries since the regional policy acquis provided only general guidelines for the policy implementation.

IV. EU REGIONAL POLICY IN THE EU15 MEMBER STATES

INTRODUCTION

As I have explained in Chapter 2, in order to be able to explain and classify the Bulgarian response to the adaptation pressures generated by the EU regional policy, the study compares the impact of the EU regional policy on the two of the original cohesion countries (Ireland and Greece) with the impact of the EU regional policy on Bulgaria. Why Greece and Ireland were selected for the comparison was already explained in Chapter 2. To remind the reasons for the selection briefly – both Greece and Ireland like Bulgaria joined the EU as relatively underdeveloped countries with highly centralized systems of governance. Greece and Bulgaria share one more similarity – both passed through a period of authoritarian rule in the second half of the XXth century. Together with the information provided in chapters 5 to 9, the comparison aims to help to properly identify the Bulgarian response to the adaptation pressures generated by the need to implement the EU regional policy towards accession and place it in the classification of domestic responses formulated by Börzel and Risse (see Chapter 1). Besides classification of the Bulgarian domestic response, this chapter also aims to reveal (in the conclusion of this study) various aspects of the impact of time over the accession negotiations preceding the Fifth Enlargement and the adaptation pressures Bulgaria has had to deal with.

REGIONAL POLICY IN THE EU15

Following the experiments for joint coordination of the structural funds (see above), the SEA and the subsequent 1988 reform of the EU regional policy and the introduction of new criteria for distribution of structural funds, including the GDP per capita requirement, the bulk of Community support went to four member states – Ireland, Greece, Spain and Portugal. The four cohesion countries shared some common characteristics. Except Ireland, all of them joined the EEC after periods of some authoritarian rule. All of them were highly centralized states with undeveloped or missing civil societies (especially in the case of Spain, which was under authoritarian rule from 1939 to 1975), lack of traditions of democratic control over the central government, a great number of underdeveloped localities and regions some of which were isolated from the rest of their countries due to lack of proper infrastructure (especially along the border of Greece with what was then a border between NATO and the Warsaw Pact). Even though these countries share some common characteristics, the EU Cohesion Policy had a different impact on the domestic political

arenas. Some of the countries (e.g. Greece and Ireland) experienced medium adaptation pressures and had to undertake domestic reforms in the field of regional development because of reasons that were more of internal, than of European nature. In one case (Ireland) the internal policy reform can be attributed even to the overall economic development of the country. Others had to undertake major domestic institutional and policy reforms led by domestic reasons (both Greece and Ireland), which in turn coincided with the reforms of the EU regional policy and helped the country to comply with the requirements of the EU Cohesion Policy. In some cases (e.g. Ireland), even though there were almost no regional administrative units and the local authorities had limited powers, there were no explicit gate-keeping policies on behalf of the national government. In other cases, although a regional tier of government existed, it was in fact a devolved national government structure and the core executive channelled all interactions with the EU institutions through its structures (e.g. Greece). In most of the cases, the core executive, through the respective ministries of finance, remained in control of the financial resources needed for implementation of regional development policies.

The effects of EU regional policy on the member states – Ireland

Irish engagement with the European Union dates back to the end of the 1950s. Ireland submitted its first application for accession to the EU in 1961, but negotiations lasted until 1972, when the already signed accession treaty was put to the Irish people in a referendum. The treaty was approved with 83% of the votes. An important characteristic of the Irish accession was the lack of differences between the major political parties on the European issues. Second important characteristic of Ireland's accession was the dominance of economic issues and concerns. Ireland was neutral in the Second World War and it lacked the experience (e.g. German occupation and devastation of the economy as a result of the battles for liberation in 1944-1945) of the small continental states. Therefore Irish governments rarely used the rhetoric of integration in their attempts to promote the Union and were able to create an image of a constructive and pragmatic player for the country (Falkner and Laffan 2005).

Prior to the Irish accession to the EU, there was little commitment in the country to regional policy. Although there were a number of government strategies and policies with a regional dimension, centralized sectoral planning remained a norm, and little attention was paid to achieving of sectoral integration and institutional coordination of the local

participation (Adshead 2002). One of the key problems during the time of accession negotiations (early 1970s) and early membership years (1980s) was the lack of comprehensive strategies for interpretation of the regional dimension of development and paying of attention only to the economic interpretation of development. The regions were given the responsibility to manage the regional operative programs during 2000-2006 CSF cycle. Ever since its independence from Great Britain, Ireland has been a highly centralized state with weak local government and non-existent regional government. In fact the Irish system of government was modelled along the British laws and traditions. The local government in Ireland was in fact constructed according to the Local Government Ireland Act (1898), which was older than the state itself. While the local governments were clearly delineated if hierarchically contained, the regional administrative structures existing by that time were more blurred (Rees, Quinn and Connaughton 2004). In 1970s and 80s, the involvement of local authorities in the EU affairs and regional development was minimal, despite a variety of regional initiatives, some of which were initiated even before the accession to the EU. One of these initiatives was the designation of authorities as development agencies (Local Government (Planning and Development) Act 1963). Under this piece of legislation, all local authorities were required to prepare development plans for their areas. In fact most of them clearly lacked the resources to do so.

Due to this, following the 1988 reform of the structural funds the pattern of involvement of Irish local authorities with the EU activities was uneven and sporadic. Some of the local authorities were more informed about the opportunities than others. From a point of view of Europeanization concept, this suggests that the Irish core executive has not always been a barrier between the national and the European level, but the local authorities sometimes lacked the proper capacity in order to be involved with the European programmes. Looking further ahead, this is evidently not a uniquely Irish phenomenon: the situation of the 2007 entrants to the EU was very similar (even though the reasons for these similarities are different). Generally speaking, in the early years of Irish membership, EU regional policy brought little, if any, adaptation pressures. A key reason for this of course was the nature of the EU regional policy, which at that time was largely a Community instrument for co-financing of national development efforts. At this time, the Irish state apparatus was still highly centralized. The main national contacts with the European Commission were the Departments of Finance and Environment (Paraskevopoulos and Leonardi 2004).

The adaptation pressures increased during the 1980s, 1990s and 2000s. Much of the adaptation has been not only in response to the demands from Brussels, but also in response

to the fear of losing access to the structural funds, due to the fact that initially Ireland was a single NUTS 2 region, which was approaching the border of 75% of the average GDP per capita for EU15 and was facing the possibility of phasing out of the structural funds support (National Bank of Ireland 1990, 1996 and 2001, quoted by Rees et al 2004). Changing Irish attitudes as well as the adaptation pressures from the EU following the 1988 reform and subsequent reforms of the structural funds have led to the development of Regional Authorities in 1994 and the Regional Assemblies in 1999. At national level, there were small institutional innovations, and in most cases the government departments incorporated the EU affairs into existing structures and procedures. But, in general the administrative system remained hierarchical with formal relations between local authorities and the central government largely regulated by the Department of Environment and Local Government, which has administrative, financial and technical control over the lower administrative units.

The Irish National Strategic Reference Framework (NSRF) for 2007-2013 programming period was again prepared under the overall coordination of the Department of Finance. This time, the Regional Assemblies were involved as Managing authorities of the respective regional operative programs in the preparation in the NSRF from the beginning of the process. Involvement of the management authorities allowed them to contribute the results of respective regional consultation to the NSRF (Department of Finance 2007). Besides the respective government departments and management authorities, the NSRF was also discussed at the National Development Plan/Community Support Framework Monitoring Committee (NDP/CSF). The Committee includes the relevant management authorities of various operative programs, implementing departments and the Regional Assemblies as well as statutory representatives of interests related to rural development, environment and poverty. Parallel to this consultation, a separate consultation on the national partnership agreement called 'Towards 2016' was taking place. This process included representatives of major socio-economic interests as well as many NGOs. The result of this process helped to formulate priorities of the NSRF. In addition an extensive consultation process in relation to the preparation of the National Development Plan, 2007-2013 was initiated (Falkner and Laffan 2005).

According to the NSRF, the management authorities need to design the interventions under the respective operative programs. They are also responsible for the overall coordination of the investments under the operative programme. Management authorities report to the monitoring committees, who control the physical progress and the financial performance of the operative programs. Monitoring committees are actually the instruments

for horizontal coordination of program implementation. The committees include representatives from the Department of Finance, the government departments responsible for the respective policy area, a representative of the management authority, the Regional Assemblies, the NUTS 3 administrative units, and the social partners. The NSRF management authority was to compose a special Monitoring committee for the NSRF itself. The Monitoring committee is to consist of representatives of the Department of Finance, government departments involved in the implementation of the operative programs, various implementing bodies, the regional authorities and the social partners (Department of Finance 2007).

The Europeanization of Ireland's institutional structure has been slow and in many cases a reactive process. The system of government (both the core executive and subnational one) had to undergo changes and adapt in order to be able to deal everyday management of the EU Cohesion Policy. Some of the adaptation has been rather symbolic in order to respond to requirements from Brussels, but Europeanization was not the only catalyst for administrative and procedural change, as innovations such as the national partnership process demonstrates. The structures and processes created in order to comply with the requirements of the EU Cohesion Policy have been tailored in order to maximize the 'goodness to fit' and the funding opportunities. During the 1970s and 1980s Ireland made a limited commitment to regional policy and local development, due to the assumption that Ireland was a small state and no regionalization was needed. Therefore, the institutional structure remained highly centralized.

Much of the changes in late 1980s and throughout the 1990s were arising from the reforms of the structural funds. These reforms not only contributed to the change in the basis on which relations between the core executive and subnational levels of government were organized, but also led to the creation of new regional structures. However, the regional level continued to lack authority and there was little public identification with the regional authorities (Rees et al 2004). At national level, the learning that resulted from Europeanization led to greater inter-institutional cooperation and coordination, and reduced the strictly sectoral approach. The changes were reinforced by the Commission's emphasis on concentration and territorialisation and have resulted in increased integration between policies as well as increased flexibility to adapt to regional/local situation. This modification led to changes in the capacity of the Irish actors and resulted in both institutional and policy reforms. Other significant learning at national level included the realization of importance of multi-annual planning process and the significance of evaluation process. The partnership

principle of EU regional policy coincided with the national acceptance of importance of partnership. Thus, vertical partnerships at national level have emerged; horizontal partnerships have been put in place at national and subnational level and micro-partnerships have been formed at local level. The non-governmental subnational bodies generated or revitalized as a result of the EU regional policy (for instance LEADER groups and partnerships) also showed significant policy learning during various funding phases. As a result of the learning, these managed to successfully exploit the funding opportunities available and to draw additional resources from public and private sources and integrated into formal decision-making process.

Questions arise about the viability of regional bodies as Ireland is phasing out of Objective 1 support during 2007-2013 programming period and probably would not be eligible for the support under regionalized objectives of the structural funds after the current programming period. There are also questions about the position of the regional authorities in the system of governance, accountability, the multiplicity of organizations; the risk of fragmentation and duplication of supporting structures on national and regional level. Thus, although Europeanization brought possibilities for empowerment of these authorities, the institutional learning at subnational level has been sporadic and uneven. Among the formal governmental institutions, the EU regional policy has had more indirect than explicit effect. In case of the NGOs the impact of Europeanization depended on the capacity of each organization to benefit from the possibilities created by the reforms of the structural funds (local circumstances, the efficiency of their networks, etc). Some of these organizations adapted well and became significant players, while others were slow to change and lacked the capacity needed in order to meet the new commitments related to the EU. It must be noted, that in some cases there was a resistance to change on behalf of administrators and elected officials who feared that the local development activists might take over their roles as well as by local activists some of whom resented being controlled by integration in the formal mechanisms of government (Rees, et. al 2004).

A detailed examination of the Europeanization of Ireland shows evidence of both policy and institutional adaptation. Procedural and administrative change has been widespread and unevenly distributed across different administrative levels. Ireland's adaptation has been politically pragmatic, administratively ambitious and institutionally limited. Within the regions, there has been evidence of innovation, mobilization and experimentation, as well as increased competence, capacity and confidence. In effect, this

represents institutional realignment to cope with the new requirements, rather than a radical institutional transformation and renovation (Rees, Quinn and Connaughton 2004).

Ireland's involvement with the EU contributed to the creation of limited multi-level governance in the country. In the 1970s and the 1980s, the country made limited commitment to the regional policy (because of the belief that the country was too small) and the central government retained a great degree of control over the policy process. However, the reforms of the structural funds in the late 1980s and the overall economic development led to the creation of the regional tier of government (1994 and 1999). And unlike the case of Bulgaria, where the regions created in order to satisfy the EU requirements remained statistical units, the Irish regional authorities were given the powers to manage their own operational programmes.

The effects of EU regional policy in Greece

The Greek Republic had a unique feature, which distinguished it from the rest of the EU-15 countries and had its influence in many EU policy areas. Up until the end of the Cold War the country has been physically separated from the rest of the EU. Unlike the UK and Ireland, that are also separated by the rest of the EU, for a significant part of this time, Greece has been separated by the rest of the EU by the Warsaw pact. This fact had many implications on financial allocations to Greece from the Community budget in policy areas ranging from border control (up until 2007 all the country's borders were external EU borders) and the Customs union to the Cohesion Policy.

Ever since its independence from the Ottoman Empire in 1830 Greece has been a highly centralized state. A major reason for this was related to the fact, that throughout its history, the Greek Republic received new territories between the beginning of the XX century (former Ottoman territories in Thrace) and 1948 (Dodecanese islands) and the national integration was a key priority (Ioakimidis 1996). This required a strong central government in order to be achieved successfully and the question for a decentralization and development of specific regions was not even near the list of priorities. Even the end of the Second World War and the German occupation meant no peace and possibility to focus on economic revival and local development of the country. Almost immediately after the end of the WWII, the country entered into a civil war. The country joined the EU (then EEC) in 1981. By the beginning of the 1980s, Greece was constitutionally divided into 55 prefectures (*nomoi*) headed by prefects (*nomarches*). Prefects were appointed and represented the central government. Their job was to carry out government decisions and policies on lower

administrative levels. The prefects however, had no powers to question or ignore government decisions. On the other hand, there were 6000 Local Government Authorities (LGA), known as municipalities and communes (*demoi* and *koinotites*) that were to provide some local services and infrastructure.

This situation changed significantly in the following decade. Less than ten months after the accession to the EU in 1981, the Panhellenic Socialist Movement (PASOK) came to power after general elections. PASOK made some explicit promises for introduction of a regional tier of government and for granting of economic self-sufficiency and administrative independence. However, this commitment was not interlinked to the requirements of the European Community. PASOK proclaimed that decentralization was an integral element of the principle of direct democracy (Andreou 2006). In the following years, the powers of the LGAs were enhanced to a much lesser extent than expected. The reform was aimed at promoting the political participation and strengthening of the 'development mission' of the local authorities. However, there was no drawing of a distinct border between the powers of the central government and the local authorities. A limited number of local authorities (the strongest municipalities) managed to take advantage of the new opportunities, while the vast majority of them retained their traditional role (Andreou 2006). Important innovation also took place on prefecture level. From 1982, prefects were supported by prefecture councils with decision making powers, concerning the public works to be undertaken in the prefecture, as well as the prefecture budget. The councils were not elected. They consisted of representatives of the local authorities, professional organizations, labour organizations and commercial chambers (Verney and Papageorgiou 1993). The councils were dominated by the governing party and provided controlled local interest group contribution to the planning on prefecture level. Introduction of new institutional structure however was not a step towards Europeanization or a response to the EU rules (Getimis and Demetropoulou 2004, p. 357). The key reason for these was the desire of PASOK to carry out a radical reform and increase its political control over the country's administrative system. The EU played a crucial role for the establishment of the regional level of government, which followed in 1985-1986. This reform was triggered by the launching of the Integrated Mediterranean Programs (IMPs)¹.

For the purpose of the IMPs, Greece was divided into six areas, but these regions had no political structures or administrative units apart from the monitoring committees set up according to Article 9 of Regulation 2088/1985 EEC. Shortly after the submission of the first

¹ See Chapter 2 for details about the IMPs

IMP, Greek legislation (Law 1622/88 on Local Governance, Regional Development and Democratic programming) defined 13 administrative regions at NUTS 2 level, which later formed the basic units for the country's Community Support Framework. Each of these regions was to be headed by a regional secretary, appointed by the government and assisted by civil servants from the national administrative structures. Appointed regional councils consisting of the representatives of the state and the local authorities were also established. The Councils were chaired by the regional secretaries (Papageorgiou and Verney 1992, pp 140-141). The newly created regional tier of government actually replicated the prefecture structure on the regional level, which shows the PASOK government's intention to retain control over economic planning, while allowing some limited access to the process for affiliated interest groups.

The new reform legislation was not implemented in full and until 1994 the new regional administrations were in fact an empty structure. During the first decade of their existence, the only task of the Greek regions was to manage the respective regional operative programs (Andreou 2006). Shortly after the creation of the regions and the beginning of the IMPs, the reforms halted completely. In fact between 1987 and 1994, the reforms stopped in most of the policy areas, and there was some regression to the traditional centralized state (Verney and Papageorgiou 1993, pp. 113). Shortly after its return to power in 1993, PASOK again committed itself to decentralization. The first direct result from this commitment was the introduction of elected prefects and prefecture council in 1994. At the same time, the issues of competence, financial and human resources were not tackled and the fact that prefects were elected made no significant change in the pre-existing situation. The second major innovation was gradual establishment of independent regional administration, primarily through the newly adopted legislation that delegated to the regions the competences for planning, programming and implementation of economic, social and cultural development policies for the respective territory. This however, did little to promote the participation of various regional actors into the decision making process. Another administrative reform took place in 1997, when the number of municipalities was drastically reduced and some government functions were transferred to the local level. Following the PASOK reforms Greece had four levels of governance – the national government, 13 administrative regions (NUTS 2), 54 prefectures (NUTS 3) and the local authorities (990 municipalities and 133 communities) (Andreou 2006).

One of the most important effects of the reforms in the early 1990s was the creation of a political arena at prefecture level (through the introduction of elected prefects) and the

change of the nature of relations between various levels, which at least in theory should lead to the empowerment of subnational actors. In fact, according to the literature (Ioakimidis 1996) the legislation stipulating administrative decentralization of the county was never implemented in full, and the impressive devolution of powers was not backed by the respective provision of financial resources. Moreover, no financial decentralization took place and the Greek fiscal system remained highly centralized and the Ministry of Economy and Finance continued to exercise control over the all types of expenditures and revenues, as well as on the Public Investments Program (Andreou 2006).

Turning to the effects of Europeanization on the decentralization and regional development of Greece, one is to notice that the only EU contribution was the creation of the regional tier of government in 1986. Traditionally, two core features of the Greek planning system were the emphasis on national growth and centralism. The European impact on the country's economic planning became evident even before the EU membership. The first regional development plan was drafted shortly before the accession of the country to the EU, since there was a risk that the country won't be able to qualify for support from the ERDF. The EU itself became directly involved in the formulation of the Greek regional development policy through the creation of the IMPs. The IMPs introduced the new concepts of partnership and subsidiarity, which increased the 'misfit' between the Greek planning practices and the EU level (Getimis and Demetropoulou 2004, p. 358).

The Greek IMP package was prepared between 1985 and 1986 by the Ministry of Economy. The ministry requested proposals from other government departments, central agencies and the prefects, but all finally the IMPs were put together on central level and the fundamental concern of the writers was to maximize the fund absorption at earliest possible time. As a result of that, IMPs instead of an experiment in decentralization turned into a centralized planning exercise. The performance of the Monitoring committee, has not significantly improved the situation since they were not given the resources, expertise and information in order to perform their tasks properly (Andreou 2006).

The 1988 reform of the structural funds presented an even more serious challenge for the Greek state. According to the requirement for multi-annual programming the country was to submit to the Commission a Regional Development Plan (RDP) in partnership with the regional and local authorities. The plan was to serve as a basis for the CSF for Greece. In fact the requirement for submission of an RDP was a task beyond the abilities of the Greek government. First of all, the Ministry of Economy simply lacked the human resources and horizontal structures needed to produce detailed proposals. Competence sharing was limited

and decision making was concentrated on the top of the central administration. The input of local actors was again limited, due to domination of sectoral development priorities and poor quality of proposals submitted by the 13 regional secretaries after consultation with the prefectures (Ioakimidis 1996).

From 1989 to 1993 the financial weight of the EU programs in Greece rose significantly. The overall financial package for Greece reached 15 billion ECU² (1994 prices). These funds were managed on national level and the EU 'regional' policy in fact turned into a national development policy of the Hellenic Republic. Implementation of the Community Support Framework for the country was monitored by a Monitoring Committee for the overall CSF supported by monitoring committees overseeing each of the 12 sectoral operative programs and 13 regional operative programs. Monitoring Committees consisted of representatives of the national administration (for the sectoral operative programs), prefecture and regional officials (for the regional operative programs), Commission officials, representatives of the Ministry of Economy (ME) and representatives of relevant social partners. Usually the Monitoring Committees met twice a year and had a permanent secretariat composed of civil servants from the respective ministry or region. At regional level, there was little infrastructure and low quality of human capital to support the operative programs (Getimis and Demetropoulou 2004 p. 369). At sectoral level, the monitoring committees were staffed by the existing administration, which often was not able to work productively (Andreou 2006).

The ME had the overall responsibility for the CSF and was in contact with the Commission services. As a result, the ME was more susceptible to adaptation pressures coming from Brussels. Moreover, the main priority of the ME was maximization of fund absorption. Therefore it found itself in conflict with other ministries, especially with the important ones in terms of finance (such as the Ministry of Public Works). Regional secretaries were in a weaker position and had to comply with the demands of ME, but at the same time they retained some autonomy due to the fact that formally they were under the Ministry of Home Affairs, Public Administration and Decentralization. However, the regional administrations were not able to perform many of the tasks and had to rely to the ministries (to their services on prefecture level), who themselves were insufficient and unwilling to devolve powers.

² ECU – European Currency Units

Generally speaking, during the first CSF cycle (1989-1993) implementation of the EU Cohesion Policy was left entirely to the pre-existing administrative system. In September 1993, the Greek government submitted to the Commission the new Regional Development Plan, which was to become the basis for the second CSF (1994-1999). This time, drafting of the regional development plan was a more cooperative effort, though the ME again had the final word. The plan was drafted by an interministerial committee set within the ME, with some limited regional participation, but with greater input from the private sector and various consultancies (Ioakimidis 1996). During the negotiations preceding the adoption of the second CSF, the Commission made it clear, that it is unhappy with the current arrangements in Greece and pushed for creation of administrative structures as independent as possible from the public administration. This pressure bore fruit despite the resistance from some government ministries, implementing agencies and public servants.

Finally a semi-independent management and monitoring institution (Management Organization Unit - MOU) was established. By law the MOU was responsible for providing management advice to the monitoring authorities. Besides MOU, a semi-independent body for attraction private investments and a Joint Steering Committee for Public Works and a body for quality control of infrastructure projects have been formed (Law 2372/1996)³. Moreover a number of semi-independent companies were formed for management of infrastructural projects on a public private partnership (PPP) basis. As a result, even though the management and monitoring structure officially remained unchanged, the quality of policy-making increased and the implementation varied between various operative programs.

The interaction between the European Commission and the Greek government led to Europeanization of the national development policy, but its impact on performance of the central and regional administration was limited. At the same time multiplication of channels for access of subnational actors to the European level and the mobilization of local interests in order to benefit from the new funding opportunities led to creation of several policy networks but these remained entangled into the existing political bargaining. It has been argued that implementation of the partnership principle in 1990s has shifted the major objectives from democratic participation to managerial efficiency, which led to underestimation of the principle of participatory governance (Getimis and Paraskevopoulos 2002). However, one should not overlook the fact that Greek subnational actors were not able to assume the full responsibilities arising from the implementation of the partnership

³ For details on the management organization units see www.mou.gr

principle. Almost twenty years of decentralization, apart from creating two weak tiers of regional governance, left many 'black holes' in the vertical allocation of competencies. Under these circumstances, centralized programming and management by entities retaining some independence was seen as a necessary evil, at least in short term.

Well before the expiration of the second CSF for Greece the ME has formed an interministerial planning committee that consulted the ministries and the regions in order to achieve consensus without decreasing of quality of Greek development proposals. During this process outside experts attached to various operative programs played the dual role of assisting the planning committee in drafting the proposals and carrying out the necessary ex-ante evaluations. The final problem to overcome before the completion of the RDP was the distribution of financial resources between the sectors and regions. This time ME wanted to achieve unanimous agreement on this issue, but this proved to be impossible, and after hard negotiations, the issue was solved by the Cabinet, following a personal intervention from the prime minister. The final outcome reaffirmed the domination of national development objectives over the regional ones, placing the emphasis on upgrading of infrastructure.

The RDP was forwarded to the newly appointed Prodi Commission in September 1999. From the beginning it was clear that the new Commission's negotiating mandate placed a greater emphasis on measures like employment and environmental protection programs as opposed to the big infrastructural projects (first priority of the Greek authorities). During the negotiations after the submission of the Greek RDP it became evident, that the main issue was the degree of governmental control over the management structures. The Commission was in favour of a management structure immune from outside interference, while the Greek government wanted to incorporate the new management structures (e.g. MOD) into the existing public administration.

In the end, the view of the Greek government prevailed. It was decided, that each operative program would be managed by a 'special service' under the authority of the respective ministry or region (Andreou 2006). On the other hand, the Commission insisted to control setting of new management authorities, payments and the monitoring system located within ME. Due to the scope of the Commission demands and the slow actions of the Greek administration, the implementation of the second CSF started in the second half of 2001. In December 2000, the Greek government passed new legislation (Law 2860/00) establishing the institutional framework in line with the principles of the new CSF. The body in charge of the overall management – the CSF management authority – was the same unit within ME, which was in charge of the first and the second CSF. It has been reinforced in terms of

personnel and infrastructure in order to carry out its many missions such as coordination and supervision of the works of the management authorities under various operative programs, general reporting to the Commission, administration of the Integrated Information and Management System, control of the implementation of additionality principle, coordination of the CSF implementation with the payment authority, allocation of the performance reserve and planning reserve and management of the Cohesion Fund. Each operative program was managed by a management authority (MA) within the respective sector ministry or the region. MAs were composed in an identical way and were staffed by reposted or newly recruited public servants. Supporting bodies (see above) from the previous programming period were retained and placed under the service of MAs. The Monitoring Committees (MCs) were reformed. Their extended membership reflected extension of the partnership principle, although, according to Andreou for instance there were evidence that partnership was largely a symbolic and procedural exercise without any real meaning.

Part of the reforming of MCs was the definition of their tasks, which happened for the first time. The mechanism of decision making within the committees was radically changed. While during the first two periods, no decision was taken without the consent of the representative of ME, the regional or general secretary and the representative of the Commission; during 2000-2006 programming period the decisions were taken by simple majority, although the president of the MC (the general or regional secretary) retained the right of veto. According to Andreou (2006), effects of the Commission withdrawal from the program management are not clear.

Cohesion Policy in Greece has always been a matter of high politics. Both policy planning and implementation process have always been under the tight control of the ME. Essentially all big decisions concerning the Cohesion Policy have been initiated by the Central Management Authority of the CSF under the guidance of the deputy minister of economy in charge of the CSF. Then the directives of the ME were to be adopted by the Monitoring Committee. Usually day to day issues were handled within the Managing Authorities, with ME retaining supervisory powers, though in some sectoral operative programs attempts are made to bypass the ME⁴. The institutional framework of the third Greek CSF has been embedded in the old institutions and practices. Despite the establishment of semi-independent bodies, the introduction of tight control mechanisms and the threat of

⁴ For instance the Ministry of Labor is using its contacts with DG Employment in order to bypass ME(Andreou 2006)

sanctions in case of implementation failure, the established institutions and interests are still very powerful.

The National Strategic Reference Framework (see Regulation 1083/2006 EC) for 2007-2013 programming period has again been adopted under the supervision of ME. Drafting of the NSRF started in 2004 by an interministerial committee chaired by the minister of economy. One year later (June 2005), during the first out of four National Development Conference, ME summarized the proposals submitted by the ministries, regions and other partners. During the conference the priorities of the NSRF were formulated. The NSRF was finalized during the fourth National Development Conference (October 2006).

EU Cohesion Policy has had a significant impact on the Greek administrative system, policies and politics. Yet, contrary to the expectations, the EU influence did not manifest itself in the relations between the core executive and the regions, but in the field of policy objectives, styles and practices (Getimis and Demetropoulou 2004, p. 359). In fact many of the changes in the territorial relations were due to internal reasons (e.g. the need to reform the country after the 7 year military rule). This means that Greek political actors have accommodated Europeanization pressures by adapting existing processes, policies and institutions without changing their essential features and collective understanding attached to them. Besides the creation of the Greek regions (considered necessary for the absorption of the Community Funds) the Europeanization did not involve an institutional reform, but adding of new policies and institutions to the existing ones, without changing them. In fact, the establishment of the regions is the only significant institutional novelty that can be attributed to the EU Cohesion Policy. However, the new regional administrations were a replication of the prefecture councils on a greater scale.

Even after more than 20 years of existence and series of reforms enhancing their competencies and strengthening their institutional apparatus, the Greek regions still depend on central government. This is due to the fact that the central government is not willing to relinquish political powers related to distribution of public funds at regional level. Therefore the issues of regional programming have been handled by centrally controlled structures. These permit only limited participation of local and sectoral interests. In these settings, the Cohesion Policy instead of empowering the regional actors and promoting a region-based approach to the economic problems served primarily as a tool for maximizing of the political leverage of the national government.

However, the impact of EU Cohesion Policy on policy orientations and organizational patterns was more significant. Until the early 1990s the Greek government was mainly

concerned by the redistributive aspect of the Cohesion Policy and took almost no measures to secure absorption and effective use of the EU Funds. This was tolerated by the European Commission, which had not yet developed concise policy on questions related to monitoring and evaluation of the EU projects and programs. These conditions changed during the second Greek CSF due to different factors, both internal and external to the Cohesion Policy. The first set of factors is related to the growing sensitivity of the Commission towards the effectiveness. The second set of factors is related to the restrictions and incentives posed by the Greek convergence efforts in the view of the Monetary Union (EMU) and the leadership effect manifested after the rise of the modernist wing of PASOK to power in 1996 (Ioakimidis 2001). At this time, Greece adopted a strategy on incremental accommodation. The government has gradually built special structures and supporting mechanisms that were nominally in charge of the management.

This pattern of adjustment brought four main advantages. It satisfied the demands of the European Commission for a rapid improvement in the country's management capacity. It had a minimal impact on the pre existing balance of power and had 'low visibility' hence there was little possibility for an organized opposition by local interests. And finally, the approach gave new life to the central government control over the regional development.

CONCLUSION

As this and the previous chapter showed, at the time Greece and Ireland joined the EEC, it was very hard to speak about a Community level regional policy exercising any form of adaptation pressures over the candidate countries during the period preceding their accession. In the case of both countries adaptation pressures came much later - after the 1988 reform of the structural funds. However, there is a huge degree of similarities between Bulgaria, Greece and Ireland. By the time the three countries joined the EEC/EU, they had highly centralized systems of governance, a weak regional tier of governance and were not committed to the development of the regions. Therefore it is not surprising that the Greek arrangements for implementation of the EU regional policy bear a striking degree of similarity with the arrangements for implementation of the EU regional policy in Bulgaria during the first structural funds cycle for the country (2007-2013), despite the fact that both countries were subject to different adaptation pressures by the time they joined the EU. The reason for these similarities is related to the impact of the EU timescale upon the enlargement process. As it

will be explained in Chapter 10, the need to complete the Fifth Enlargement on time meant that the European Commission would have to give up its attempts to promote the decentralization of the former communist countries like Bulgaria. The shift of the Commission's approach and the process of accession negotiations under Chapter 21 Regional Policy and Structural Instruments is described in the next chapter of this study.

V. EU REGIONAL POLICY AND FIFTH ENLARGEMENT

INTRODUCTION

The purpose of this chapter is to describe the EU accession conditionality in the field of regional policy, as well as its evolution during the negotiation process (1997-2006) and the transition in the Commission's approach towards the candidate countries from the attempt to promote decentralization and multi-level governance to the efforts for ensuring of efficient implementation of the EU regional policy after the candidate countries joined the EU. The information is used later in this study in considering whether the national level changes provoked by the Bulgarian involvement with the EU can be described as multi-level governance and to examine if the shift in the Commission's approach has contributed to the further centralization of the EU regional policy implementation arrangements (see Bruszt 2008). The second objective of this chapter is to describe the differences in the way candidate countries responded to the adaptation pressures coming from the EU on the basis of their political traditions prior to the introduction of the communist regimes in the late 1940s.

The shifting of the Commission's approach from the promotion of partnership and multi-level governance in the candidate countries, towards a more efficient centralized system for the EU regional policy implementation in the candidate countries is central to this study. The reason for this is related to the fact that even though in theory, the candidate countries had no possibility to decrease the adaptation costs by uploading their policy preferences to the EU level (see Chapter 1); it was the shifting approach of the Commission that allowed candidate countries like Bulgaria to perform a limited uploading of its preferences related to the EU regional policy implementation.

THE FALL OF COMMUNISM

After the fall of communist regimes in Central and Eastern Europe in the late 1980s and the closing of the economic organization (the Council for Mutual Economic Assistance¹) of the communist countries, the former communist countries faced several hard questions about their future. For instance, in Bulgaria, although it was clear that after the fall of communism the

¹ The economic arm of the Warsaw Pact, which existed between 1949 and 1991

country should begin to build market economy and liberal democracy, it was not clear how this should happen. Other post-communist countries faced similar choice.

For several reasons, it was extremely important to find out quickly what should be done. First of all, these countries had to undergo huge and in many cases unpopular political and economic reforms. There was no ready model on how to carry out these reforms. The model had to be borrowed or adapted from somewhere else since the economies of the former communist countries had been controlled by the state for the past 45 years prior to 1989. Furthermore, all former communist countries were affected by the severe economic crisis which marked the final years of the former communist block. As a consequence, all of them needed external help for the reforms since in the beginning of the 1990s even the ideas where to start the reforms from were virtually missing and any suggestions from various parts of the political elites of the former communist countries led mostly to heated internal debates, which in some cases even delayed vital reforms and made them more costly. The former communist countries also needed access to new markets (the vast market of the former USSR was closed for them and the USSR itself was falling apart) in order to revitalize their economies and answer to the internal expectations for general improvement of the living standard after the four year economic crisis (1985-1989) preceding the collapse of the Communist block.

Seeking an answer to the question 'How should we get to the market economy and the liberal democracy?' was a reason for heated internal debates that lasted sometimes almost half a decade in virtually all of the former communist countries. Gradually, during these debates, part of the newly formed post communist elites started to promote the idea for 'return to the European family', from which the countries in Central and Eastern Europe (CEECs) had been separated by the 'Iron Curtain'.

RETURN TO THE EUROPEAN FAMILY AND THE ROLE OF THE EU IN THE PROCESS

By that time (late 1989-1991) it was not yet quite clear how the CEECs would 'return to the European family'. Initially, it was not clear how the 'return to Europe' was going to take place. A democratic model ready for 'borrowing' and a market bigger and richer than the one of the former USSR (the EU) were 'on the other side of the fence', but very few members of the newly

formed post-communist political elites were brave enough to even dream that their countries would join the EU. In fact, one of the Bulgarian MP (Solomon Passy, speech in front of the Grand National Assembly 1991), who dared to suggest during his speech in the National Assembly in 1991 that the country should join the NATO and the EU was proclaimed a 'traitor' and a 'mad man' by his political opponents and some of the media affiliated to the former communist party. Ironically, 14 years later (in 2005) this MP (by this time, a minister of foreign affairs) signed the Treaty for Accession of Bulgaria and Romania to the European Union.

Partnership and association agreements

At the beginning of the 1990s the CEECs began to negotiate and sign association agreements with the EU. The partnerships and association agreement were the next step in the deepening of the relations between the former communist countries and the EU, after the establishment of diplomatic relations in the late 1980s. These agreements represented also a temporary answer to the key question that the post communist countries were facing - 'How to get to the market economy and the liberal democracy?' Agreements envisaged strengthening of the cooperation and the exchange of best practices between the EU and the former communist countries in most of the areas that were later (after 1997) to become the accession negotiation chapters, as well as asymmetric liberalization (in favour of the post communist countries) of the trade between the EU and the former communist countries (in order to assist the economic recovery of the post communist countries)².

The process of negotiation and adopting of Europe Agreements lasted between 1991 and 1995. From 1993 the political elites in the CEEC slowly began to come to the idea that the proclaimed 'return to the European family' might mean potential membership of their countries in the EU. During the 1993 Copenhagen summit of the European Council, the European Union responded to the growing will of the CEECs to 'return to the European family' by acknowledging that the 'associated countries in Central and Eastern Europe that so desire shall become members of the European Union' (European Council 1993). The Copenhagen summit of

² See the Association Agreement between Bulgaria and EEC at http://ec.europa.eu/bulgaria/documents/abc/europe-agreement-0-2_bg.pdf for details (in Bulgarian)

the European Council laid down three conditions (popularly known as the Copenhagen criteria) for accession of associated countries to the EU:

- Achieved stability of institutions guaranteeing democracy and the rule of law;
- Functioning market economy;
- Capacity to cope with the pressures of membership.

By that time, there was no understanding how the fulfilment of these criteria by the applicant countries was to be assessed. On the basis of these criteria, the Commission pursued a 'pre-accession' enlargement strategy based on bilateral negotiations with the applicant countries. The strategy was formulated during the 1994 European Council summit in Essen and was built around the, what was then four pillars of EU-CEEC relations: Association agreements (also known as Europe agreements), PHARE³, 'structural dialogue' and legislative harmonization. The initial bilateral approach of the strategy was reinforced by the conclusions of 1994 and 1995 summits of the European Council in Essen and Madrid.

It is easily visible if one reads the 'Report from the Council to the Essen European Council on a strategy to prepare for the accession of the associated CCEE' (Annex IV of the Presidency Conclusions, 1994 European Council in Essen), that enlargement was perceived by the Commission and the Council of Ministers as a process of negotiation between the EU and the national governments of the applicant countries. While this approach made sense – after all the accession negotiations are between the sovereign states and the EU, it left the regional elites and the major part of the general public outside the negotiation process (Hughes, Sasse and Gordon 2004, p.62). The paradox here is that even though the EU excluded regional and sub-national elites from the accession negotiations, one of the key concerns of the Community was how best to organize and involve the regional and local governments in successful implementation of the EU regional policy.

The anticipated impact of the EU enlargement process over EU regional policy was discussed during the 1995 Madrid summit of the European Council. The summit introduced a fourth condition for the applicant countries – the requirement to have an administrative capacity to implement the acquis. It was only at this stage, when the Commission was asked to prepare an evaluation of the enlargement on the EU as well as 'opinions', evaluating each of the applicant

³ PHARE stands for "Poland and Hungary Aid for Restructuring of Economy"

countries individually. The *Agenda 2000* report of the Commission (published in 1997), formulated 'a reinforced pre-accession strategy', which shifted from multilateral negotiations to negotiations with individual applicant countries. The shift was explained as an introduction of a better mechanism for dealing with country specific needs, identified in the Commission's opinions on each of the applicant countries. In fact, the Commission's opinions were the first documents that mentioning the regional 'capacity' as a heading describing lack of preparedness of the CEECs for membership (European Commission 1997). Consequently, instruments such as the 'reinforced pre-accession strategy', 'Accession Partnerships' between the EU and the applicant countries, National Plans for Adoption of Acquis (NPAA) and PHARE aid were targeted towards building of 'capacity' for membership.

The Accession Partnerships were linked to the 1997 Commission opinions and were revised and renewed as necessary. The revisions were adopted by the Council on the basis of Commission proposals linked to the assessments on the progress of each applicant country towards membership, given in the respective Regular Report. Not surprisingly, the vision of enlargement that was promoted by the EU and the governments of the applicant countries through the NPAA was a 'national' one (Hughes, Sasse and Gordon 2004). Moreover, the short and midterm priorities under the NPAA were not focused on regional policy issues as it can be seen from the respective sections of the Regular Reports (see European Commission 1998, 1999, 1999a, 2000, 2001). An assessment on the Bulgarian progress in the field of regional policy (Chapter 21) appeared for the first time in 2002 Regular Report on the Bulgarian progress towards EU membership. However the Report only mentioned that the social and economic partners should be included in the policy planning process without going into any details on what actions should be taken by the Bulgarian government (see Chapter 10 for details).

EU regional policy and the accession conditionality

After 1998, regional policy became one of the most important aspects of enlargement for the Commission. This is easily understandable having in mind that the regional policy was the second most expensive Community policy after the CAP and due to the fact that all the applicant countries from the Fifth Enlargement were to be major beneficiaries of the structural funds and the Cohesion Fund. Consequently, both the Commission and the CEECs governments had a

strong motivation to pay particular attention to the arrangements for management of the regional policy after accession. The Commission's approach to its conditionality on this issue, however, was inconsistent over time.

The EU regional policy acquis specified no institutional structure that had to be in place in the member states in order to insure successful implementation of the EU regional policy. In fact the only requirement, partially related to the institutional architecture of the EU regional policy, was the requirement for partnership. However the partnership requirement was very general and the Commission had limited means to check if the partnership principle was being actually implemented, because it was forced to rely on information provided by the central government and indirect observations of the behaviour of the non-central government actors during various meetings of the management and monitoring bodies (interview, European Commission official, June 2008). The institutional architecture of the European regional policy was highly flexible and varied from member state to member state. The organization of the regional policy functions depended on the territorial and administrative organization of the member states. The latter ranged from highly centralized states like Greece and UK to federal states like Germany and Belgium. The Commission's role was mostly one of the overall policy management, dispersion of funds, monitoring of overall policy implementation.

The Commission had no direct impact on the institutional models for regional policy implementation by the member states. The existence of different models of sub-national governance in the EU and the lack of clear institutional prerequisites on Community level was clearly visible in Chapter 21 Regional Policy and Structural Instruments, which was one of the thinnest parts of the acquis, compared for instance to such areas like Chapter 9 Transport, where the part concerning type approval of motor vehicles alone contained more than 50 directives. From a conceptual point of view, thin and vague acquis tended to decrease the credibility of conditionality (Schimmelfennig and Sedelmeier 2005 p. 12). Again from the point of view of the external incentives model, vague acquis also posed another conceptual problem. At least in theory, it is harder for the party offering the reward (in the case of this study the EU) to prove that the conditions for the reception of award are not met.

Another conceptual question related to the 'thinness' of the acquis is if the 'thin' acquis create a potential for learning by the candidate countries. While a positive answer to this question

(especially having in mind the experience of latter candidate countries like Croatia) might seem more than obvious, one must take into account the fact that most of the candidate countries in the 2000s were eager to complete the accession negotiations in order to join the EU within the deadlines stipulated by the European Council summits (May 2004 and January 2007). At least in Bulgaria this meant little time for learning other than the adapting of solutions that worked in the EU15 (adapting usually took place through the PHARE twinning projects) to the Bulgarian environment.

The thinness of the *acquis* compared to the importance of Chapter 21 was a major conditionality gap. In order to examine how the Commission responded to this weakness in the conditionality, it is interesting to see if informal conditionality has been used in order to influence the institutional choices of the former communist countries. Another paradox of the enlargement was related to the fact that parts of the Commission were influenced by the ideas of multi-level governance and in particular by the desirability of institutional change in the applicant countries in order to include the sub-national governments in the decision making concerning the regional policy, but the sub-national actors were structurally excluded from the enlargement negotiations (Joint Bulgaria-Committee of the Regions Consultative Committee, July 2004). The negotiations between the Commission and the CEEC governments, led to the perceptions among the key CEEC actors that the Commission is trying to impose the 'EU model of regionalization' on them (Hughes, Sasse and Gordon et. al. 2004 p.68). The perception of the EU model arose from an environment where many of the Commission actors involved in PHARE and the country teams of what was to become DG Enlargement were influenced by the ongoing debates about the reform of the regional policy in the beginning of the 1990s. Together with the institutional changes introduced with the Maastricht treaty, what was then EEC saw a major debate, on who (the Commission or the member states) would be most effective in the management of the structural funds, while developing the partnership and the subsidiarity principles.

According to Hughes, Sasse and Gordon, evidence suggests that Commission officials who were frustrated from the attempts to extend Commission's role in the regional policy through the 1993 reform, were motivated to use the enlargement conditionality in order to pursue its own agenda for the implementation of the regional policy in the candidate countries. Regional

policy acquis gave them little possibilities to do that, because of the 'thinness' of Chapter 21 already mentioned above. When the Commission had been delegated the responsibility for enlargement in 1994, it had weak administrative tools to deal with the CEECs. A new DG (Enlargement) had to be established. The staff of the new DG was recruited mostly from other DGs (REGIO, RELEX⁴) and the departments of the member states national governments with relevant experience in the delivering of technical and structural assistance, often at regional level. Some of the new DG officials had significant experience in the delivering of development aid. During the enlargement process, the Commission and the private consultants hired with PHARE money stressed the need for partnership both in the programming phase and during the implementation of the regional policy. This has been done for several reasons. First of all, the Commission's experience showed that states with weak administrative capacity at regional and local level were most likely to have serious problems with accessing and managing of the structural funds. Moreover, the Commission in the 1990s got used to the interacting with various institutions, networks and organized interests from regional and sub-national levels, that started to appear in Brussels in great numbers after 1993.

Thus, the enlargement process from 1994 onwards became influenced by the carry-over of policy practices and preferences within the Commission from earlier debates about the regional policy. Some of the actors within the Commission were in favour of the participation of regional institutions in the regional policy and tried to use the enlargement conditionality in order to influence the CEECs in that direction (interview, officials, NSORB and FLGR, May - June 2008). According to the officials from the Commission, the Commission does not impose 'but expects the countries to come up with a 'compatible structure' (Hughes, Sasse and Gordon 2004, p. 71). However, the Commission never defined what a 'compatible structure' is. Moreover, the Commission was caught up by the general drive of the western countries for a quick transformation in the CEECs. Generally speaking, the weakness of formal conditionality in Chapter 21, given the 'thinness' of the acquis, made key factors in the Commission to employ informal conditionality in order to pursue its policy objectives.

One of the key requirements related to the enlargement, which was mentioned in the Copenhagen criteria, though not elaborated in details, was the requirement of capacity. The

⁴ Directorate General External Relations

requirement was most explicitly linked with the second Copenhagen criteria – ‘capacity to cope with the competitive pressures and market forces within the Union’ (European Council 1993). However, the third and to a lesser extent the first Copenhagen criterion also suggested that CEECs were required to demonstrate capacity (in this case capacity to implement the *acquis* and comply with the membership obligations). The word ‘ability’ in the third Copenhagen criterions could have easily replaced the word capacity. In fact the French versions of the Conclusions of the Presidency from the Copenhagen summit used the word ‘capacite’. By this time, it was not clear, what the term ‘capacity’ was supposed to mean.

After the Commission Opinions on the candidate countries and the pre-accession strategy in 1997, the capacity issue was expanded in order to include things such as legislation, regulations and in particular, with regards to Chapter 21, the idea of ‘regional administrative capacity’. Weak administrative capacity, particularly at regional level with regard to Chapter 21 has been highlighted in many of the Regular Reports as one of the main shortcomings of the candidate countries. The paradox is, that despite the financial implications of regionalization in the CEECs for the EU, and despite the fact that the Commission talked about institutional embedding of partnership in the regional policy and demanding a greater regional capacity, the participation of the regional elites and institutions from the CEECs in the enlargement process was rather limited. The Committee of the Regions (CoR) has repeatedly highlighted this structural flaw and argued that the negotiations are a ‘state monopoly’ and the regions are excluded from participation, but as I already explained in the previous chapter, the CoR has been given only consultative competencies by the Treaties and had no power to do something about the exclusion of the regions.

It was expected, that as greater knowledge about the candidate countries and experience in the management of their differences emerges during the negotiation process, the Commission would adopt a more differentiated policy approach towards the CEECs. The Commission changed its approach in 1997, when it moved from ignoring its own messages about the need for partnership and excluding of the sub-national elites from the negotiations on regional policy, the Commission Opinions identified weak regional capacity as a key problem for enlargement. In the Opinions and the subsequent Regular Reports, the Commission cited the requirements of Chapter 21, as if it provided clear EU standards that were a lever for the Commission and an incentive for

the CEECs to develop regional policy and institutions. After that, the critique about the ‘weak’ or ‘inadequate’ administrative capacity at the regional level was constantly used by the Commission. However, no clear benchmarks have been set for measuring of the progress towards the achieving of such ‘capacity’. From the point of view of the external incentives model (Schimmelfennig and Sedelmeier 2005 and Chapter 1 of this study), this situation makes rule adoption difficult, because there are no clear conditions what has to be done by the CEECs in order to receive the reward from the EU (in this case, to achieve provisional or full closure of the negotiations on Chapter 21).

The Commission’s official documents stressed that there is no EU model of regionalization: ‘The acquis under chapter 21 does not define how specific structures for the management of the structural funds and the Cohesion fund should be set up, but leaves that to the member states’ (European Commission 2002). In order to comply with the requirements of Chapter 21, the countries were to demonstrate ‘appropriate legal framework’ and negotiate NUTS 2 regions with the Commission. The CEECs were also to demonstrate ‘programming capacity’. Unlike the concept of ‘regional administrative capacity’, where no clear benchmarks existed, the CEECs were to demonstrate their ‘programming capacity’ at some point of the enlargement process, since the access to pre-accession aid (both PHARE and ISPA) required drafting and negotiating with the Commission of the respective planning documents (National Development Plans and ISPA strategies). The CEECs were also to demonstrate administrative capacity, which meant that they were to define the task of all bodies and institutions involved in the preparation and implementation of the regional policy and ensure effective inter-ministerial coordination. Later in the study I will reveal how the process of ensuring effective inter-ministerial coordination usually required creation of new administrative structures and in some of the CEECs has been a reason for disputes which of the cabinet ministries shall assume the overall coordination of the regional policy.

In order to sum up, the Chapter 21 was concerned more with the procedural, than with the institutional aspect of the regional policy, reflecting the lack of Commission’s competence in the field (Hughes, Sasse and Gordon 2004). Most of the content of Chapter 21 came from the Framework Regulation on the structural funds (Regulation 1260/1999 EC), which required no transposition in the national legal systems of the member states. Thus, the vague language of

Chapter 21 reflected the fact that the Framework Regulation left the institutional matters to the member states. Nevertheless, the Commission made the issue of capacity in the field of administration, programming and financial management a key area of monitoring through the Regular Reports. The Regular Reports tended to concentrate on the adoption and amendments of legislation, regulations and regional development programs as well as reorganization of administrative units, while also making a general reference on the need to ‘further enhance’ administrative capacity.

The Commission tried to promote its preferences for regionalization by using several pre-accession instruments such as PHARE as well as through specifically targeted projects funded by other Community programs such as TEMPUS. After the 1997 reorganization of PHARE, 30% of the program funds were allocated to its ‘institution building’ component. However, many of these funds were spent under budget headings not necessarily related to building of capacity. From 1998, the Commission also employed another tool, called twinning. In general terms, twinning meant seconding of a national expert from an administrative unit of a member state into an equivalent administrative unit in an applicant country in order to assist with the application of *acquis*. It is very hard to evaluate the role of twinning for building of capacity for implementation of the regional policy. Generally speaking, according to the Bulgarian officials interviewed for this study, the contribution of twinning projects towards building of capacity for the implementation of *acquis* depended on a rather subjective criterion – the individual pre-accession or twinning adviser. Twinning was extended to the regional level in 2000 programming period.

In the absence of thick *acquis* containing detailed institutional requirements in Chapter 21, the Commission employed the criteria for administrative reform developed by the SIGMA⁵ group of the OECD, in order to define ‘administrative capacity’. These criteria focused on a macro level reform, pointing the need to establish independent and professional civil service and judiciary, but made no recommendations about the form of sub-national governance. Within the Commission, there was an internal conflict over whether Chapter 21 offered a model for regionalization and how should the model be implemented (Hughes, Sasse and Gordon 2004). The conflict was within and between the DGs involved in the enlargement process and hinged

⁵ Support for Improvement in Governance and Management in Central and East European Countries

around the creation of NUTS 2 type regions and should the Commission apply pressure on the CEECs to install elected authorities at the regional level of administration.

The task of creating NUTS 2 regions was not an easy one for the Commission, because between the 1970s and 2003, there was no piece of Community legislation regulating the NUTS system (see Chapter 2 for details). The key question within the Commission was whether the regionalization should be statistical or political, or both (NUTS 2 statistical region is overlapped by elected level of governance). According to Commission officials interviewed for this study (interview, DG REGIO official, March 2008) the partnership principle of the EU regional policy was the best practice for CEECs. So, the goal was to establish multi-level governance with appropriate programming and administrative capacity, with funds allocated on the basis of development at the NUTS 2 level.

Conditionality allowed the Commission to intervene directly in the designation of the NUTS 2 level regions in the CEECs. So any efforts of the CEECs to follow, for instance, the Irish experience, and manipulate the NUTS 2 regions in order to maximize the future funding opportunities were rejected by the Commission. For instance it rejected the Slovenia's attempt to create two NUTS 2 regions and forced it to make one region from the whole country (European Commission 2001). Besides the Commission's interference in the creation of NUTS 2 type regions in the CEECs, the EUROSTAT systematically employed the NUTS system in its interactions with the national statistical offices of the candidate countries. One of the effects of the accession conditionality in the regional policy was that it has identified the Commission's attempt to strengthen the legal basis of the NUTS system in the whole EU. The draft regulation on the NUTS system was prepared in 2001. It stated that the NUTS system has to be set up in legislation in order to allow formulation of clear rules for changes in the NUTS regions (Preamble of Regulation 1059/2003 EC).

Prior to 1998, there was no communication between the Commission and the candidate countries on the regional policy. The Commission's formal views were set in the 1997 Opinions and the subsequent Regular Reports. The Commission made no consistent recommendations on adopting of particular model of regional governance at NUTS 2 level. In fact, according to the interviewees from the Bulgarian cabinet ministries and the government planning bodies, the Commission's recommendations, took the form of proposals made during the negotiation

process. These proposals were frequently withdrawn since the Commission had to marry the requirement for partnership with the requirement for efficient policy implementation. On the other hand, the Commission used the Regular Reports in order to commend countries developing 'active' regional policy that is one that involves all levels of governance establishing NUTS 2 regions and building regional 'institutions'. This practice became an incentive for the candidate countries to build a regional policy based on the participation of sub-national actors.

Initially, Hungary, for instance, was on the top of the Commission's list for progress in Chapter 21. The key reason for that was the 1996 Law on Regional Development and Physical Planning. It was prepared with the assistance of PHARE program and implemented administrative statistical regionalization in compliance with the NUTS system. The piece of legislation laid down the guidelines for the formulation of a National Development Concept in line with the EU regional development policy. The functional logic of the regional settings introduced by this piece of legislation came from the Regional Research Center of the Hungarian National Academy of Science, which developed the National Regional Development Concept and recommended the establishment of six NUTS 2 type regions corresponding to six economic planning regions established in 1971. Finally, the regionalization was finished slightly different way. A seventh region was established in the western Hungary after consultation with EUROSTAT (Hughes, Sasse and Gordon 2004) after the adoption of the 1998 Law on the National Regional Development Concept. The law allowed the establishment on a voluntary basis of regional development councils (RDC) that were to assist the government in the management of the regional policy. The RDCs were to be composed of the representatives of the county councils, local government representatives, representatives of the civil society and social interests as well as officials of the Ministry of Environment and Regional Development. However there was no agreement between the main political parties on the powers that were to be allocated to the RDCs, because no one wanted to decrease the powers of the counties and the municipalities. The Commission's 1997 Opinion on Hungary called the 1996 Law on Regional Development and Physical Planning a 'legal framework closely in line with the EU Structural Policy' (European Commission 1997).

Poland also proposed (and implemented in 1998) a radical reform of the sub-national system of governance. The Polish reform consisted of three main elements:

- 49 pre existing territorial administrative units (voevodships) were replaced by 16 larger territorial units;
- The new 16 voevodships were not a devolved central government structures. They were regional self-self government structures headed by a regional assembly (Sejmik), elected directly by the population of the voevodship, and electing in turn a leader (Marshal);
- The Regional Governor (Voevod) was appointed by the core executive and served as a representative of the core executive in the region (Christopoulos 2006).

The reform had three main areas of compatibility with the EU conditionality, both formal and informal. First of all, it strengthened the regional administrative capacity of the state by devolving of powers to the lower levels. Second, it created a new territorial system corresponding to the requirements of NUTS (with the 16 voevodships corresponding to NUTS 2 type regions), while combining self-government and administrative decentralization. Polish legislators correctly estimated that the responsibilities of the new regional governments such as the promotion of regional economic development, development of the regional infrastructure, regional public services and environmental protection would satisfy the EU demands for 'regional capacity' (Hughes, Sasse and Gordon 2004).

The proposed development in regional self-government was commended as a step towards a 'modernized regional policy closer to that of the EU' having a 'significant positive effect' on Poland's accession preparation in the field of regional policy (European Commission 1997 and 1999). With the introduction of the new 'voivodstvo' and 'powiat' self-government units in 1999, the passage of the new law on regional development in 2000 and the establishment of the Ministry of Regional Development in the same year, Poland considered itself to be adjusting to the EU standards.

Slovakia suffered from a general Commission's critique for the Mečiar government. Particularly, the local self-government reform in Slovakia was criticized for retaining a great degree of central government control over the decision making (European Commission 1997). The harshest critique was for the Czech Republic, which according to the Commission's opinion 'has no regional policy' (European Commission 1997a). The Commission's criticism was related to the fact that 'there exists no elected body between the State and the communes although the

constitution foresees the establishment of the so-called territorial units of self-administration' (European Commission 1997). Besides the Opinions and the subsequent Regular Reports, the Commission also transmitted its preferences through PHARE, working papers, speeches and bilateral meetings, for instance during the meetings of the sectoral committees that were set up under the Europe agreements.

Generally speaking, in the policy domain, where the formal conditionality was weak or non-existent, among the CEEC officials involved in the accession negotiations there was a perception that the Commission relied on the stick and carrot method, either by criticizing or by commending for compliance in the Regular Reports, providing PHARE funding in order to encourage particular institutional developments and regionalization. Commission officials were usually defensive when blamed with an attempt to impose particular model of regionalization. In fact, the Commission officials interviewed during this study tended to refer to the requirements of *acquis* on regional administrative capacity for management of the structural funds (though as noted, such requirements are extremely vague in the *acquis*), while emphasizing that no single template for administrative reform was imposed). According to the Commission officials, the regions had to be a naturally grown product of Eastern Europe. According to them, all that CEECs had to guarantee was an ability to manage the structural funds. Again, according to these officials, the CEECs had the choice between decentralized organs or field structures of the central government. All that the candidate countries needed was interlocutors – for the partnership prerequisite. (Hughes, Sasse and Gordon 2004).

The Commission itself underwent some policy learning on the enlargement process in mid to late 1990s as it can be seen from 1997-1998 PHARE reform, when the program turned from providing general aid for economic restructuring to pre-accession support for the candidate countries towards preparation of membership in the EU. Changes in the Commission's approach towards regional policy came later, but these also were a part of the policy learning process. Within the Commission, the tensions between conflicting policy positions became more apparent over time as enlargement progressed. On one hand, the early pressures from the Commission were driven by the preferences of key officials in DG Enlargement, for instance leaders of the country teams, and DG REGIO for an institutional architecture in the CEECs embedding decentralization and partnership with the regions, and on the other hand, the Commission

realized that there should be an emphasis on efficiency and therefore should rely on the most reliable, easily monitored and efficient mechanisms – the central ministries. According to some of the PHARE officials, there was no point in pushing for regional level institutions in small countries like Slovenia and the Baltic States, but Poland and Romania for instance were considered too big in order to be governed entirely from the center (Hughes, Sasse and Gordon 2004).

One of the key problems was the existence of two competing visions (democratizing and technocratic one) within the Commission, on what are the appropriate institutional settings for the future management of the structural funds in the CEECs. Many within the Commission were in favour of more decentralized approach, because it was considered a more efficient way of taking into account the regional specifics and it was considered more democratic. As the enlargement progressed, the Commission modified its requirements for ‘regional administrative capacity’ to the requirement for a ‘strong managing authority’ and ‘inter-ministerial coordination’ of the regional policy and structural funds as a part of the general concern for the post accession implementation. In its working documents immediately before the first stage of the Fifth Enlargement (May 2004) the Commission clarified that, given its concerns about the weak regional administrative capacity of the candidate countries in order to maximize efficiency and improve the control of expenditures, the central governments should have stronger control over the EU regional policy implementation upon accession.

In its final Regular Reports in 2002, the Commission commended countries like Hungary with non-existent regional governments that had ‘redefined’ their financial management and control for structural funds and regional policy towards a heavily centralized approach (European Commission 2002). On the other hand, Poland, which had the strongest and the most decentralized regional government, was criticized for lack of ‘vigour’ in such central control (European Commission 2002). Continuing Regular Reports and subsequent Monitoring Reports published between September 2005 and September 2006 for the second wave countries (Bulgaria and Romania) also praised the countries for the establishment of a centralized regional policy management structure. The language of the reports still referred to the administrative capacity but it was already talking about the capacity of management authorities and the key concerns shifted from attracting of the regional and local governments to the decision making on regional

policy to things such as the potential institutional competition on the relatively scarce qualified staff needed for the management of the regional policy after the accession. It seems that the closer enlargement was, the greater were the concerns of the Commission about repetition of problems previously encountered with Spain, Greece and Portugal, where the regional policy management institutions had to be built from scratch, and initially there was mismanagement of funds. According to some Commission officials, the main failure of PHARE was the lack of impact on the 'organization of the state' in the CEECs (Hughes, Sasse and Gordon 2004).

The competing visions and shifts of approach within the Commission to regional policy planning and implementation in the candidate countries reflected the learning curve mentioned above as well as the differences between various departments within the Commission, namely between DG Enlargement and DG REGIO on whether to promote centralized or decentralized management of the regional policy within CEECs. The process of enlargement shows that the Commission has not acted as a unified actor in the application of the accession conditionality. It did not have a consistent well defined institutional preference for decentralization. The message from the Commission changed over time not only due to practical experience, but also due to which officials were engaged in the process at the particular time.

In such a fluid environment, when the lack of formal conditionality in the regional policy made it hard to formulate clear and consistent benchmarking criteria and evaluate the outcomes in the candidate countries according to these outcomes. Therefore, the Commission relied heavily on informal conditionality. The informal conditionality (such as advice, given to the members of the negotiation teams, 'methodological assistance' for solving of certain issues, training of key officials, etc.) was often employed in an ad hoc fashion, thus making a strong perception in the CEECs that the conditionality existed, but it was inconsistent.

Given the fact, that according to the *acquis*, the competence for the institutional design for regional policy implementation is in the hands of the national governments of the member states, the Commission lacked the legal instruments necessary in order to impose an 'EU' model on the candidate countries from Central and Eastern Europe. The lack of formal leverage meant that the actors within the Commission had to use informal levers in order to push the CEECs towards a particular model of regional decentralization. In this respect, the context in which the enlargement process began was crucial. EU enlargement conditionality for the CEECs in the

field of regional policy was under the impact of an internal spill-over of policy debates within the Commission related to the earlier debates on reforming regional policy.

Most of the CEECs began to change their systems of regional governance once the accession negotiations were well under way. Even though the Commission in the early stages of the process tried to influence the creation of decentralized regional governance, in some cases the regionalization started two years after the 1997 Opinions and remained a devolved central government structures under the control of the respective central ministry even in the beginning of the membership, though major participation of sub-national governments and organized local and regional interests as well as civil societies was actively encouraged.

If looking strictly from the point of view of the external incentives model, the Commission's behaviour made the rule adoption in the regional policy field extremely difficult (see Schimmelfenning and Sedelmeier 2005 and Chapter 1 of this study). First of all there was no 'thick' and clear conditionality, even the informal conditionality employed by the Commission did little in order to help. The Commission failed to act as a united actor and allowed internal policy disputes to influence the process. One of the possible explanations for the successful rule adoption of the rules in the field of regional policy by the CEECs (despite the Commission's behaviour) are empirical – the access to the structural funds, but by 1999 for most of the CEECs these were an extremely remote perspective. In this case, the external incentives model is not able to give a sufficient explanation of the willingness of the CEECs to adopt the EU regional policy rules. An alternative to the external incentives model can be found if the rule adoption is analyzed in the framework of the social learning model (see Chapter 1).

As already explained in Chapter 1, according to the social learning model, the likelihood of rule adoption increases if the CEEC governments are persuaded the rules are appropriate to the situation in their countries. Likelihood of rule adoption also increases with the increase of the rule legitimacy. Another hypothesis of the social learning model formulated by Schimmelfenning and Sedelmeier is that the likelihood of rule adoption increases if the targeted government and society identify themselves with the community from which the rule originates. How does the adoption of the EU regional policy rules by the CEECs fit into the social learning model? First of all, as it was already explained in the beginning of this chapter, after the fall of communism, the

'return to the European family' was a widely proclaimed goal of the post-communist governments in Central and Eastern Europe.

CONCLUSION

By 1993 the perspective for EU membership slowly began to grasp the minds of the CEECs. Moreover, the EU gave a moderate support to such desires by acknowledging that associated countries who so desire may become members of the EU and by formulating criteria for membership (though extremely vague). So the rules formulated by the EU in general (including the regional policy rules) were gaining more and more legitimacy as the enlargement process progressed. Second, as mentioned in the beginning of the chapter, after the fall of communism CEECs faced the need to make huge reforms in practically every sector of the economy and administrative systems.

One such field in which a reform had to be made (with or without the perspective of EU membership) was the system of sub-national (regional and local) governance. This reform was in fact to become a significant institution rebuilding and remodelling because the local and regional government settings existing immediately after the fall of communist regimes were simply not up to the task of governing the specific territory, promoting the development of the regional economies, not to mention things like admitting of organized local or the forming civil society to the decision-making process related to the territory governed by the respective territorial administrative units.

The local and regional government settings in the CEECs immediately after the fall of communism were in fact created in the last years of the communist regimes and served only one purpose: to act as a tool for furthering of the goals of the ruling communist party from the center to the periphery (Hughes, Sasse and Gordon 2004). Furthermore, the remodelling in local and regional government settings was required because in many cases the regional administrative systems of the communist countries were constructed without taking into account the specifics of the respective country. In some cases (e.g. Bulgaria in late 1980s) there were even attempts to build a regional administrative system similar to the one that existed in USSR by that time.

As it was mentioned in the beginning of the chapter, in some cases there was even no idea where to start the reforms from, and the EU offered a set of more or less successful

(depending on the particular member state) models of regional and local governance. So as the enlargement process progressed and the CEECs began to know the EU member states in more details (for instance through the twinning advisors coming under PHARE funded projects) the appropriateness of the EU regional policy rules according to the CEECs grew. Speaking about the final prerequisite for rule adoption under the social learning model – the identity – the rhetoric of ‘return to the European family’ shows that CEECs after the fall of communism increasingly identified themselves with the ‘democratic’ part of Europe (Western Europe and the EU in particular). Having in mind all of the above, adoption of the EU regional policy rules by the CEECs should not be attributed only to the power asymmetry in favour of the EU and the expectation of the ultimate external reward (membership of the CEECs in the EU) at the end of the bargaining process (the external incentives model), but also to the need to carry out significant reforms in various sectors, including the regional development and the sub-national administrative structures.

During the initial post communist period in most of the CEECs the issue of local government reform was high on the political agenda as a central theme of democracy building. In order to formulate these reforms, the CEEC policy makers looked at the transferability of the western local government models as well as at the ‘models’ promoted by the Commission and its actors (Hughes, Sasse and Gordon 2004, p. 118). The regional reform had functional and normative dimensions. The CEECs had different pre-communism experience. Some of them were part of the Austro-Hungarian Empire (Czech Republic, Hungary, Slovakia, Slovenia) or the Russian Empire (Poland) and some of them were liberated from the Ottoman Empire in the XIX century (Bulgaria and Romania). The CEECs that were part of the Austro-Hungarian Empire thus had experience of self-government and autonomy dating from the splitting of Austrian Empire into the Austro-Hungarian Empire in 1867 and lasting in many cases by the end of 1930s. The countries that were liberated by Russia from the Ottoman Empire on the other hand had very little experience of regional self-government. This was partly due to the influence of the Russian emperor on the setting of the political systems of the newly formed states and partly because of the fact that they were engaged in several consecutive wars both with the Ottoman Empire in order to expel it from the Peninsula and other countries in the Balkans and between themselves pursuing their national unification projects, which (even though well developed

regional administrative structures existed, these had no powers to make decisions concerning the territory they governed) required strong centralized states. The Baltic states were part of the former Soviet Union and had extremely limited pre communist experience lasting from 1918 to 1940.

After the fall of the communist regimes in the beginning of the 1990s and the beginning of the EU enlargement process, the functional legacy of the communist regional structures were used as a geographical template for the NUTS regions. The policy issue of whether to go for statistical or political regionalization was subject to important territorial and functional restrictions in the CEECs. It was only relevant to the big countries like Poland, Hungary, the Czech Republic and Slovakia. In the smaller countries like Slovenia, Lithuania, Latvia and Estonia, the debates on regionalization were primarily spurred by an external reason – the pressures of the EU regional policy accession conditionality. Thus, even though regionalization became a key issue in most of the CEECs during the EU enlargement process, the domestic factors in the post-communist countries should also be taken into account.

VI. BULGARIAN TERRITORIAL GOVERNANCE AND THE POLITICAL INVOLVMENT WITH THE EU

INTRODUCTION

Having described the EU regional policy and its impact on the EU15 countries and the accession negotiations preceding the Fifth Enlargement of the EU, it is now time to provide the reader with detailed information on the Bulgarian system of territorial governance and the country's political involvement with the European Union in this chapter. This information plays extremely important role in this study. First of all, it helps to get a good understanding on the factors that shaped the Bulgarian response to the adaptation pressures generated by the EU level policies that had to be implemented upon accession. Second, the chapter provides the reader with detailed information with the mechanism for coordination of the EU affairs in Bulgaria during the pre-accession period. The mechanism plays a central role in this study, since during the pre-accession period it was the key tool used by the central government for initiation of domestic changes in response to the adaptation pressures originating from the EU.

On the basis of this information, the chapter will argue that due to the longstanding tradition of centralized governance, the Bulgarian central government retained control over the EU integration of the country and the preparations for implementation of the Community Policies upon accession despite the attempts of the Commission to promote the development of multi-level governance during the early stages of the pre-accession process (see Chapter 5). The conclusion of the chapter paints a detailed picture of the process of EU integration and the regionalization of the country in response to the EU accession conditionality in the field of the EU regional policy in order to prepare the ground for the chapters explaining the role of the three main groups of actors that took part in the policy formulation process – the central government, the local authorities and the non-state actors.

HISTORICAL BACKGROUND¹

The modern Bulgarian state reappeared on the political map of Europe in March 1878 after the last XIX century war between the Russia and the Ottoman Empire. Needless to say, the newly emerged state had no traditions of regional self-government. In fact the only forms of territorial organization (apart from the official Ottoman administrative-territorial system) of the Bulgarians were the Orthodox Church communities. After the Bulgarians were granted by the Turkish sultan the right to have their own church (1870 Reform Acts), the communities were granted an extremely limited right of self-governance.

Due to fears that the newly emerged state would be a channel for Russian influence on the Balkan Peninsula, following a peace congress that took place in Berlin in the second half of 1878, a new peace treaty between Russia and the Ottoman Empire was signed and the newly formed Bulgarian state was divided into two. One of the parts was the Bulgarian state, the other one was an autonomous region of Eastern Rumelia, which remained within the Ottoman Empire. The region was united with Bulgaria in 1885. In 1879 the newly formed Bulgarian parliament adopted the first Bulgarian Constitution. The new constitution divided the country into 21 territorial administrative units called *okrazia* and 58 *okolii*. The first administrative reform of Bulgaria took place in 1887, two years after the country united with the former autonomous region of Eastern Rumelia. The country was divided into 26 *okrags* and 84 *okolias*. None of these units ever had any tasks other than to implement the policies formulated by the government in Sofia. The first constitution was in force between 1879 and 1947 with some interruptions (it was temporarily suspended in 1881 and 1932).

The Constitution was considered one of the most democratic pieces of statutory legislation drafted in Europe by that time (late XIX century). It introduced the principles of democratic representation, accountability of the monarch and the government. But even this democratic constitution in fact created a highly centralized Bulgarian state. This was due to several reasons. First of all the main priority of the country was one – reunification with the territories separated from the country by the Berlin peace congress. In order to achieve this priority the country fought three wars with its neighbours and took an active part in the First World War. Second, the southern part of the country was populated by compact masses of

¹ The section draws heavily on Bulgarian history textbooks and the 'Historical Development of the Bulgarian Administrative Subdivision' study of the Ministry of Regional Development and Public Works, February 2006

descendants of the Turkish landowners and Bulgarian Muslims and the fear of separatism was very strong. Third, the Ottoman Empire was still populated by compact masses of Bulgarian population, whose rights and standard of living had to be taken care of. This again required a strong central government.

Again, this required strong central government and left little room for regional autonomy. In fact, several times during its existence, the state was governed by the military, by its prime ministers or personally by the monarch. The local and regional governance structures had only two tasks - provision of public services and implementation of the policies adopted by the Parliament and the central government. Throughout the 68 years between the adoption of the first constitution and the coming of the communist government, the country had no specifically formulated regional development policy. Most of the economic development issues were resolved in the framework of the sectoral approach. Even though most of the economic development initiatives and measures had a regional dimension, they were not directed to a particular region, of the country but to a specific industry sectors developed in the respective region. The country simply had much more pressing issues ranging from preparation for the national unification wars and securing of the certain rights for the Bulgarians who remained in the Ottoman Empire to dealing with the refugees from the wars and political battles to win and preserve the country's independence. Policies with a regional dimension were limited to finding of arable land to the large masses of refugees from the Bulgarian territories in Thrace and Macedonia, who started coming to the country after an uprising of the Bulgarian population in the Ottoman provinces in 1903 and continued to do so after the unsuccessful Second Balkan War and the defeat of Bulgaria in the First World War.

In 1947 the first Bulgarian Constitution was abolished. Although the new constitution contained a specific chapter that proclaimed the right of local self-governance, Bulgaria remained a highly centralized state. In fact, the newly created territorial administrative structures - *obstini* and *okrazi* (a regional unit with characteristics similar to those of the NUTS 3 regions) – received an additional task besides the implementation of the policies formulated by the central government on the respective territory. This additional task was to implement the decisions of the communist party on the governed territory.

LOCAL GOVERNMENT AND ADMINISTRATIVE SUBDIVISION DURING THE COMMUNIST REGIME

From the early 1950s, until the late 1980s, Bulgaria saw significant economic development. But like in Western Europe, the communist regime favoured the sectoral approach. Instead of investing in the development of specific regions, the communist government preferred to invest in the development of specific sectors of industry. Most of the public investments went to heavy industry such as metallurgy, mining industry and the heavy machinery production. No specific attention was paid to the regions. Moreover, some of the southern regions of the country, which were on the border between NATO and the Warsaw Pact between 1955 and the early 1990s, were deliberately kept in an underdeveloped state in terms of economy and infrastructure, first of all in order to slow a potential advance of the expected assault of NATO forces into Bulgaria and second, due to the fact that these regions were (and still are) populated by compact masses of Bulgarian Muslims (both Turkish minority and descendants of the Bulgarians converted into Islam in the XIV century) and the central government feared potential separatist movements due to the fact that the regions bordered with Turkey.

The sectoral economic development policies and the central planning, in fact created the first regional disparities within the country. Some of the *okrags*, where no heavy industry factories were situated, started to lag behind the *okrags* where the industry has been developed. Moreover, the sectoral economic development led to the movement of large masses of the Bulgarian population around the country, thus draining some of the Bulgarian territories of their human capital.

The territorial organization of Bulgaria saw several changes between 1947 and the second half of the 1980s. Between 1946 and 1949, the country was divided into 9 regions and 95 *okolias*². In 1949, the 9 regions were divided into 14 *okrags*³. There were various reasons for this, but the most important ones were two. First of all there was some degree of carryover of the previous administrative subdivision and regional governance settings. Second, this was the time of the establishing of 'people's democratic rule' (a local type of Stalinist regime) and the central government needed a greater control over the country. In 1959, due to the increased urbanization, the country was initially divided into 30 and later (after 1961) into 28 *okrags* and

² Okolia is an administrative unit consisting of several municipalities and headed by an appointed administration

³ An administrative unit similar in size to the NUTS 3 region

979 municipalities. Such a change in the administrative subdivision was probably required by the changing structure of the population. Most of the population was moving from the agricultural areas to the cities where new industries were established, or to the newly established settlements like for instance the town of Dimitrovgrad (the city was created by the communist regime).

As a result of this, the structure of settlements in Bulgaria changed and while prior to the communist regime, the country had very few big cities, where the government needed to have devolved structures, at the beginning of the 1960s the number of such cities increased significantly. The number of the municipalities was initially reduced to 291 and later to 273. In 1987 the administrative system of the country saw a major reorganization. The 28 *okrags* were united into regions and the 273 municipalities were united into settlement systems. Although the initial intent of the Bulgarian communist party during the planning of this territorial reorganization was to create an administrative structure similar to the one of the Soviet Union, in order to strengthen the central control over the regions, the final result of this reform were 9 regional entities, very similar in size to the NUTS 2 regions. None of these units has ever been governed by an administration elected by the population of the governed territory. None of the administrations of the territorial units had any formal possibility to take part in the formulation of the national level policies, which they had to implement on the governed territory.

The economic prosperity of the country continued until the second half of the 1980s, when Mikhail Gorbachov came to power in the USSR and initiated the so-called 'Perestroika' political course. Perestroika had several implications for Bulgaria. From a political point of view, the communist party was forced to allow the creation of some limited civil society structures. In fact one of the first civil society structures created in Bulgaria after the beginning of Perestroika had very little to do with politics. The entity in question was created in the border town of Ruse in order to protest against the trans-border pollution coming from the chemical plants in the Romanian town of Giurgievo (on the opposite bank of the Danube). Second, Perestroika became a reason for a significant economic decline, not only in Bulgaria, but all over the communist countries since the Soviet Union was no longer willing to provide the communist countries with raw materials (e.g. crude oil) on lower prices or against delayed payment. Ultimately, Perestroika and the economic decline led to the collapse of the communist regimes in 1989.

As already mentioned in the previous chapter, in the beginning of the 1990s, after the fall of the communist regimes, practically all Central and East European countries saw the need for

radical economic and political reforms and the emergence of the drive for the 'return to the European family'. Bulgaria was no different. 1990 and 1991 saw extremely heated political debates on what model of reforms should be adopted and how exactly the 'return to the European family' should take place. In 1991 the Grand Assembly (a special format of the Bulgarian Parliament, which has the power to adopt a new constitution) has been convened for the second time in the Bulgarian history (the first one was in 1879) in order to adopt the new Bulgarian Constitution.

The new Constitution again set the scene for a highly centralized state. The Constitution divided the country into municipalities and regions. The reason for this was that by 1991 when the new Constitution was adopted, the country already had 45 years of experience in two level administrative territorial subdivisions (*okrag-obstina*). Each of the regions was governed by a regional governor, directly appointed by the prime minister, following a nomination from the minister of regional development. The offices of the regional governors were (and still are) staffed by public servants appointed on the basis of the same rules used to appoint the administration of the central government. The regional governor offices were in charge of the implementation of the central government policies in the region and had controlling powers over the municipalities. Municipalities are governed by directly elected mayors and municipal councils. These local governments were in charge of the implementation of the central government policies within the municipality. There were no legal provisions allowing them even to forward proposals for policy changes to the central government, let alone influence such changes. Furthermore, even though the local authorities were formally independent from the central government, very few of them were financially independent from the state. It was not before the adoption of the 1999 Law on Regional Development in response to the pressures for regionalization coming from the EU (see Chapter 8), when the local authorities were formally obliged to take part in the programming of the regional development. Unlike the previous three constitutions of Bulgaria, the 1991 one (which is still in force) contained specific provisions stipulating that the central government should provide for the balanced development of the different regions of the country and should assist the regions through credits and targeted investments (Article 20 of the Constitution of Republic of Bulgaria). The final administrative reform of the Bulgarian state, which was not connected to adaptation pressures coming from the European Union, took place in 1998, when the 9 regions were once again divided into 28 regions

with the new Law on Administrative and Territorial Organization (Ministry of Regional Development 2006).

The role of the 'past'

The Bulgarian experience prior to the involvement of the country with the EU shows significant 'stickiness' (see Pierson 1996 and Chapter 1) of the centralized governance both on national and subnational level. Even though between 1878 and 1947 the country had one of the most democratic constitutions in Europe, the participation of actors outside the central government was limited to the monarch and to the participation of an extremely limited number (less than 3) of non-state actors that were active in the Bulgarian territories outside the borders of the Bulgarian kingdom. The communist regime strengthened the centralism, adding one more level above the central government – the communist party. Most of the non-state actors were liquidated and the sectoral approach towards development planning was strengthened.

As already explained in Chapter 1, the fall of communism was expected to become the 'seismic event' that was supposed to puncture the existing equilibrium and eventually lead to the creation of new systems of governance. However as explained in Chapter 5, most of the former communist countries had a relatively clear idea on where should they go after the end of communism, but a limited knowledge on how should they get there. In order to find an answer to the question, at least the Bulgarian policy makers from the beginning of the democratic transition frequently looked back in the pre-communist past in order to find solutions for the reforms of the Bulgarian system of governance. As a result of that, the system of governance that was created shortly after the fall of communism was once again heavily centralized and even though a limited number of non-state and non-central government actors were allowed to take part in the policy formulation process, the central government control remained during the first 7 years of the EU membership (2007-2013).

BULGARIA AND THE EU

Like the other CEECs, Bulgaria started its 'return to the European family' with the conclusion of an Association Agreement (also known as a Europe agreement) with the European Communities in April 1993. According to the scarce Bulgarian literature covering this period, the main goal of the Europe agreement (besides the trade liberalization) was the gradual introduction of the

associated country to the principles of the Common Market (Kuneva 2007). In fact, besides the liberalization, the Europe agreement covered most of the areas, that were later (in 2000) to become the accession negotiation chapters.

As far as regional policy is concerned, the Europe agreement contained provisions for exchange of information between the national, regional and local authorities and provision of specific assistance to Bulgaria in order for the latter to formulate its own regional policy (Article 88 of the European Agreement). Later (after 1999) such assistance has been delivered in the framework of PHARE program. From a conceptual point of view, at this point the relations between the EU and Bulgaria were not determined by the accession conditionality and the Europeanization of the Bulgarian regional development policy can be explained by the social learning model (see Chapter 1). Besides the lack of accession conditionality, there were also several reasons for the appropriateness of the social learning model. First of all, like other CEECs Bulgaria had to undergo significant reforms, such as finding of a replacement for the sectoral approach to the economic development (which was clearly not working in the beginning of the 1990s) and address the steadily growing regional disparities within the country. In order to start such reforms, Bulgarian governments needed an easily adaptable external model (see Chapter 5). Second, besides a model for such reforms, the EU also provided assistance (both expert and financial) for these reforms. The third thing provided by the Europe agreement was a possibility for the Bulgarian business to gain partial access the Common market.

The Europe Agreement entered into force in 1995. In December 1995, following an increasing internal pressure for integration of the country into the 'Euro-Atlantic family' (in other words for submission of applications for membership into EU and NATO), the socialist government managed to secure the required parliamentary approval and submitted the official application of the Republic of Bulgaria for an EU membership. During entire 1996 and the first half of 1997, the country went into a severe economic and political crisis and the beginning of the membership negotiations was not possible. The country had already stabilized its economy and a new right-wing government came to power, when the Commission published its Opinion on Bulgaria in July 1997. Like the Opinions on other applicant countries, the Opinion on Bulgaria was structured according to the Copenhagen Criteria. The country was evaluated according to political criteria, economic criteria and the ability to take obligations of membership.

Regional policy fell within the scope of economic criteria. Since the main goals of the EU cohesion policy are economic growth and prosperity, the section on the regional policy and cohesion in the Opinion on Bulgaria contained brief statistics about the overall economic situation in the country, describing the increasing regional disparities within the country due to the decline of the industry and agriculture (partially caused by the land reform initiated shortly after the fall of communism). When it comes to the policies, the Opinion identifies a major misfit between Bulgaria and the EU level. The country was practically being evaluated as having no regional policy. According to the Commission, most of the regional development initiatives in Bulgaria were implemented within the framework of the sectoral approach. As far as the institutional misfits between Bulgaria and the EU were concerned, the Opinion was extremely brief. According to the Commission, Bulgaria lacked relevant administrative framework for a regional development policy. The section finished with the recommendations for strengthening of the administrative procedures and establishment of inter-ministerial coordination. The new government was commended for the plans to create a specialized unit for coordination of the European affairs within the central government administration (European Commission 1997). In the meantime, Bulgaria continued to be an extremely centralized country. All the promises given to the local authorities for fiscal decentralization failed to materialize and some of the local governments headed by mayors affiliated to the parliamentary opposition were discriminated by the central government (see Chapter 8).

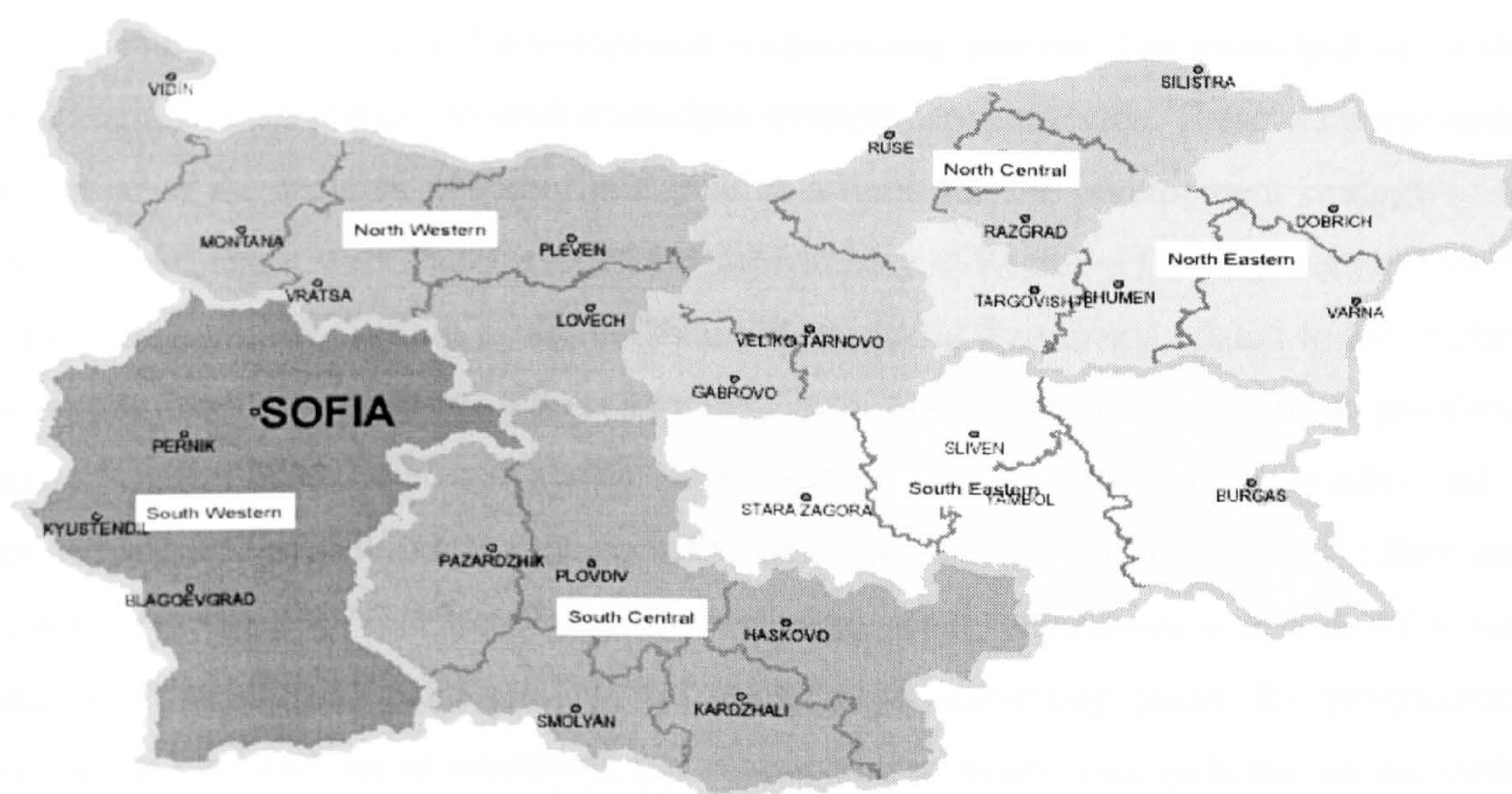
The Luxemburg summit of the European Council (December 1997) included Bulgaria in the procedure according to Article 49 of the Treaty of the European Union (membership in the EU) and decided that the accession negotiations with Bulgaria ‘will begin when substantial progress on the implementation of the membership criteria is achieved’ (Kuneva 2007). The first Regular Report on the Bulgarian progress towards accession to the EU has been published in 1998. This one and the following Regular Reports retained a structure similar to the one of the Opinion. According to Börzel and Risse (see Chapter 1) in order for the Europeanization to lead to a domestic change, two prerequisites have to be in place. First of all there must be a misfit between the national and the EU level, and second there must be somebody at the national level, who is able to respond to the adaptation pressures coming from the EU. An important part of the national response to the EU adaptation pressures is usually the EU affairs coordination mechanism. In fact due to the provisions of the 1991 Bulgarian Constitution, this mechanism was

the main tool for initiation of domestic changes in response to the adaptation pressures originating from the EU.

The 1998 Regular Report refrained from making any specific recommendations on the Bulgarian EU affairs coordination mechanism and simply noted that the new government that came to power in 1997 is creating a new coordination mechanism around the minister of foreign affairs. The new core of the new EU affairs coordination mechanism were 30 working groups, each of whom was in charge of a specific acquis chapter. When it came to regional policy, the 1998 Regular Report identified significant misfits between Bulgaria and the EU. According to the Report, Bulgaria still had no capacity needed in order to implement the EU regional policy. The country was also criticized for having weak inter-ministerial coordination mechanism for the regional policy implementation. The 1998 reform of administrative division of the country (see above) was the only action of Bulgaria commended by the European Commission. The Regular Report did not mention the need to include the local government and other subnational actors into the planning and implementation of regional policy. From a conceptual point of view, at this point the institutional and policy misfits between Bulgaria and the EU became more evident, and the country was forced to undertake policy actions in order to correct the misfits and receive the rewards coming from the EU (see Schimmelfennig and Sedelmeier 2005 and Chapter 1). One of the first actions taken by Bulgaria in order to create the administrative and legal structure for implementation of the EU regional policy was the adoption of the Law on Regional Development in March 1999.

The new law was a revolutionary piece of legislation. First of all it was a significant step towards departing from the implementation of regional development initiatives in the framework of the sectoral approach (European Commission 1997). The most significant step towards the departing from the sectoral approach was the division of the country into six planning regions (NUTS 2 level regions, see figure 7.1.). From the point of view of this study this means that for the first time, the policy planning was interlinked with the territory towards which the policy is aimed, not with a sector of the economy. Second major reason for the importance of such change is related to the fact that it helps for creation of real partnerships between the central government and the subnational actors. Besides the division of the country into planning regions, the new law made several steps towards the 1998 Commission critique that the country has no administrative framework for the implementation of the EU regional policy. A specialized Regional

Development Council was created within the Bulgarian Council of Ministers⁴. Probably for the first time in the Bulgarian history, the Council provided a forum for representation of regional interests, because the legislation required the participation of the governors of the 28 NUTS 3 level regions and the representative of the National Association of Municipalities. The law also provided a possibility for an ad hoc inclusion of other subnational actors in the work of the Council. According to the law, the Regional Development Council had significant powers related to the management of the regional development initiatives in Bulgaria.



Map 6.1. NUTS 2 regions in Bulgaria. Source: Ministry of Regional Development

These powers ranged from evaluation of the regional development initiatives of the cabinet ministries and implementing agencies, through approval of the National Regional Development Plan (such approval was required for the formal adoption of the plan), to the coordination of the implementation of the National Regional Development Plan by the cabinet ministries, the implementing agencies and the administrations of the NUTS 3 level regions. Therefore, the possibility for inclusion of a representative of the local governments and other subnational actors

⁴ Here and throughout the remaining chapters on Bulgaria, “Council of Ministers” is used as a synonym of the Bulgarian central government.

(academic institutions, local development NGOs, etc.) might seem a significant step towards the creation of both vertical and horizontal dimensions of multi-level governance in Bulgaria. In fact the representatives of the local authorities had limited possibilities to influence the decision-making process, since the central government had the opportunity to secure a stable majority in the Council, since most of its members were representatives of the cabinet ministries (Law on regional development, 1999).

The second important step towards the bridging of misfits identified in the 1997 Opinion and the 1998 Regular Report of the European Commission was the introduction of a three stage multi-annual regional development programming process. The municipalities within NUTS 3 regions were obliged to draft municipal development strategies. These were forwarded to the Office of the regional governor and used as a basis for the development strategy of the NUTS 3 region. These were then forwarded to the Ministry of Regional Development in order to serve as a basis for the drafting of the national programming documents related to the regional development (e.g. the National Development Plan). The mechanism remained practically unchanged in the 2004 Law on Regional Development (see this chapter for details) and its revised version was used to prepare the operative programs and the National Strategic Reference Framework for the 2007-2013 cycle of the structural funds. Whenever members of a local administration or elected municipal mayors were asked something about the programming (either during interviewing or seminars), the answer almost every time included an accusation that the programming was dominated by the cabinet ministries and the local priorities are rarely taken into account (interviews, mayors of Razlog and Kozlodui, 2008-2009)

One of the outputs of the programming mechanism was the 1999 Preliminary National Development Plan. The NUTS 2 regions created with the 1999 Law on Regional Development were not separate administrative units. These were only statistical units, not governed by a separate regional administration of any form. All the activities related to the management of the regional development initiatives and programs were left to the administration of the NUTS 3 units (Offices of the regional governors). In order to manage the regional development on the governed territory, the regional governors had to create regional development councils, which replicated on the regional scale the structure of the Regional Development Council at the Council of Ministers. The only difference was that the regional councils were staffed by the mayors of the municipalities from the NUTS 3 region. In order to coordinate activities going beyond the

boundaries of the particular NUTS 3 region, the law allowed the conclusion of association agreements between the respective regional governor offices.

The 1999 Regular Report of the Bulgarian progress towards accession noted that the overall capacity of the Bulgarian administration for implementation remained weak. Concerning regional policy, the Report noted that a mechanism for an inter-institutional coordination was created. The Report however criticized the country for having no capacity for multi-annual programming and noted that the 'administration of the NUTS 2 planning regions should begin to operate' (European Commission 1999). It is interesting to note, that the administration mentioned by DG Enlargement in the Regular Report was actually created by a regulation of the central government, and was located within the Ministry of Regional Development and Public Works. This administration actually consisted of a territorial unit staffed by experts for each of the planning regions and was a part of the General Directorate Programming of the Regional Development of the Ministry of Regional Development. In other words, these were not even devolved central government administration. The Report also contained an evaluation of the implementation of 1999 Accession Partnership with Bulgaria. Concerning the regional policy and the cohesion, the evaluation concluded that Bulgaria has achieved some progress towards the creation of a legal framework for implementation of the EU regional policy, but the administrative capacity remained weak.

The overall conclusion of the 1999 Regular Report was that Bulgaria was implementing the political criteria for membership and that steps were being taken in order to fulfil the economic and the administrative criteria. On the basis of these conclusions, the Helsinki summit of the European Council decided to begin the accession negotiations with Bulgaria in 2000. This decision of the Helsinki summit is usually subject to numerous speculations in the literature on the regional policy and the EU enlargement (Schimmelfennig and Sedelmeier 2005, Leonardi 2005, etc.). The literature states that Bulgaria and Romania, unlike the other eight post-communist CEEs were not ready to begin the negotiations and that the EU began negotiating the accession of Bulgaria and Romania solely due to political reasons. Relatively similar concerns were (and sometimes still are) repeatedly voiced by the Bulgarian parliamentary opposition well until the second half of 2006, when it became clear that the accession of the country to the EU is inevitable.

The accession negotiations

Before I begin with the provision of the detailed information on the accession negotiations between Bulgaria and the EU, there is a methodological note that has to be made. Due to the lack of an academic study of the accession negotiations between Bulgaria and the EU, this section draws on the analysis of the information published in various sources such as the website of the European Commission representation in Sofia (e.europa.eu/Bulgaria/index_bg.htm), other online sources maintained by Bulgarian NGO's (eg. www.europe.bg) and the daily media coverage of the accession negotiations.

The accession negotiations with Bulgaria started in February 2000. The accession negotiations were held within the framework of an Inter Governmental Conference (IGC), on which the member states, the Bulgarian government and the European Commission were represented. The IGC convened on ministerial level and on the level of deputy heads of delegations (chief negotiators). The negotiation process was divided into 31 chapters. In order to begin negotiations on a specific chapter, the acceding country had to prepare a negotiation position and present it at the conference. The member states, and the Commission then prepared a Joint Position. This Joint Position could request the undertaking of certain actions by the candidate country, propose a provisional closure of the chapter or request additional information concerning the intention of the candidate country to adopt and implement particular *acquis*.

Between February 2000 and the second half of 2001 the EU affairs coordination mechanism of Bulgaria was relatively simple. It consisted of the European Integration directorate of the Ministry of Foreign Affairs (MFA), 30 working groups, each one responsible for a different *acquis* chapter, and a chief negotiator. Excluding the first chief negotiator (a former minister of industry), the post was held by the deputy minister of foreign affairs in charge of European integration. The 'chain' had several weak links. The first weak link was related to the fact that there was no clear subdivision of competencies between the prime minister and the minister of foreign affairs, which allowed the prime minister to interfere in the coordination process at any given moment. Up until the second half of 2001, when practically the whole country was governed by the strongest right wing political party and both the prime minister and the minister of foreign affairs were from the leadership of this party. The second weak link was related to the competencies of the chief negotiator. The post was formally within the administration of the MFA, and the person occupying the office had no powers to influence other

administrations (cabinet ministries or implementing agencies), act as a mediator in inter-institutional conflicts or demand certain actions aimed at performing of domestic transformations and leading to synchronization of the Bulgarian legislation and the implementation practices with the *Acquis Communautaire* in the respective policy field.

Another weak link of the 'chain' was the fact that the European Integration directorate of the MFA had no way of influencing similar units in other ministries and any tough coordination issue or an institutional conflict at least in theory required the personal interference of the minister of foreign affairs or the prime minister. As a result of this, the negotiation process was relatively slow, at least until the beginning of 2002. The first chapters that were opened were the relatively easy ones to negotiate like Telecommunications and Culture. The only Common market related chapters that were opened at the beginning of negotiations were on the free movement of Capital, Company Law and SMEs. By 2000 these were also relatively easy negotiable chapters because the country came out of a severe crisis in the banking and the financial services sector (second half of 1996- mid 1997) to a greater extent by adopting some of the EU standards in the field and by imposing of tighter financial discipline.

On the other hand by that time the number of SMEs was relatively limited and the legislation in force was to a greater extent synchronized with the *acquis* in the field (not only as a preparation for the accession negotiations, but also as a part of the general economic reform going on in the country). Speaking from the point of view of the Europeanization concept and the external incentives model, the beginning of accession negotiations paid significant reward to Bulgaria (see Chapter 1) and made the adoption of the EU rules by Bulgaria easier, because the conditionality became much more credible because once the accession negotiations began, the perspective for a full membership of the country in the EU became much more realistic.

In November 2000, the Commission published the third Regular Report on the Bulgarian progress towards membership. An important part of the Report was an evaluation of the 1999 Accession Partnership. The report contained the first detailed evaluation of the implementation of the EU pre accession support instruments in Bulgaria. The Commission commended Bulgaria for the 1998 and 1999 reforms of the management system for the implementation of the PHARE program in Bulgaria. Again, from the point of view of the accession conditionality, the Report promised the payment of several interconnected rewards related to the management of the PHARE program. According to the Report, upon fulfilment of the conditions of the 2000-2006

Framework Regulation for the Structural Funds, Bulgaria was going to get the permission to move to a decentralized management of the PHARE program from 2002. This meant that the implementation of the PHARE projects could be speeded significantly because, while retaining the overall control and monitoring over the program, Brussels was about to leave the day-to-day management of the program to the Bulgarian administration.

The second important reward promised to Bulgaria in the 2000 Regular Report was the movement from annual to multi-annual programming and implementation of the PHARE. In order to get this reward, Bulgaria had to draft the accompanying national programming documents on the development of the sectors using pre-accession aid (DG Enlargement 2000). In order to explain why these rewards were significant I must note that PHARE was (and probably will be during the 2007-2009 phasing out period) one of the biggest sources for pre-accession support by the European Union. The Regular Report once again pointed out the weak administrative capacity and inter-institutional coordination for the implementation of the PHARE program. Bulgaria was also commended for amending the Provisions on Organization of the Ministry of Regional Development. This amendment leads to the creation of a special unit for programming of the regional development (Directorate General for Regional Development Programming). The section on Chapter 21 in the report identified several misfits between the Bulgarian regional policy and the regional policy of the European Union. According to the Report, the Preliminary National Development Plan was not providing the relevant development strategy of the country. However, there was no hint at what the relevant development strategy of the country was. According to the Commission an important question still to be solved were the public consultations on the Preliminary National Development Plan. The country was once again criticized for lacking relevant administrative capacity. Again there was no information about what was going to be considered an adequate capacity.

The process of integration and the reforms in Bulgaria were slowed until the summer of 2001 because of the general elections and coming to power of a new coalition of two liberal parties. As a result of this slowing of the reforms, in November of 2001, the Commission published an extremely critical Regular Report on Bulgaria. Concerning regional policy implementation, one might easily note, that while the Regular Reports from 1998, 1999 and 2000 contained general critiques, the 2001 one contained several more specific ones. From the point of view of the external incentives model, this is related to the fact, while between 1998 and

September 2001 the accession negotiations on Chapter 21 were not formally opened and the prospect for payment of a 'reward' by the EU in the field of regional policy was remote (rule adoption by Bulgaria was expected to be less likely).

Two months before the publication of the 2001 Regular Report, the new Bulgarian government submitted a negotiation position in order to formally open Chapter 21 'Regional Policy and Structural Instruments'. As Hughes, Sasse and Gordon (2004) note, in the beginning of the EU enlargement process, the accession negotiations were viewed mostly as a bilateral process between the government of the candidate country and the European Commission (acting on behalf of the EU). A brief look at the 1998-2000 Regular Reports and the respective evaluations of the Accession Partnerships easily confirms this. In 2001, the approach began to change.

Besides the regular general critiques for having weak inter-institutional coordination mechanisms, the country was for the first time criticized for the 'lack of real partnership structures, including municipalities, offices of the regional governors, economic entities and social partners' (European Commission 2001) on the regional level. According to the Commission, a bigger involvement of the subnational actors was about to make the programming, implementation and evaluation of the support from the EU more transparent as well as speed up the absorption of the EU pre-accession and structural funds support (interview, official European Commission, March 2008). The reason for the appearance of this critique in 2001 can be traced back to the White Paper on European Governance published by the Commission in July 2001. The White Paper repeatedly proclaimed the need for inclusion of the local and regional authorities in the formulation and implementation of the EU policies. According to the document, the national governments had to 'involve their regions and cities fully in the European policy-making' (European Commission 2001). The Commission believed that the principal responsibility for involving of the regions and the local level in the EU policy was with the national governments (see the White Paper on European Governance, 2001). It is important to note, that white papers in general are usually a set of recommendations that serve as a basis for future actions (e.g. preparation of proposals for secondary legislation by the Commission) and the governments of the member states are not formally obliged to undertake any actions on the basis of the white papers.

However, what made the case with the ‘real partnership structures’ a bit more interesting from a research point of view was that the Commission lacked feasible means to check if the partnership structures were in fact real. It is also worth pointing out, that the Commission never went beyond any general critiques (in the Regular Reports) that the social and economic partners are not included in the policy planning process (see chapters 9 and 10).

According to interviewees from the local authorities and the European Commission least until 2002, the local levels had extremely limited access to the European institutions (interviews with officials from the municipalities of Kozlodui and Razlog, July 2008 and March 2009). And in many cases, the reasons for such a lack of access were not the ‘gatekeeping’ practices of the central government. In 2000 and 2001 the local authorities had very low capacity to manage some of the issues related to the governed territory, let alone try to access the EU level (Joint Bulgaria CoR consultative committee 2002-2004). Some of the local governments had no specialized structures for programming of the local development or communications with the EU. Instruments like the Town Twinning program were still not widely used, partially due to the fact that the twinning towns were obliged to cover half of the twinning expenses. Therefore it was not possible for the Bulgarian local officials to establish and maintain extensive contacts with their colleagues from the EU. In fact by that time, the only channel for access of the Bulgarian local authorities to the EU level was through the National Association of Municipalities, but even this channel was rarely able to reach further than the Committee of the Regions.

By the end of 2001 the regional development policy of the country already looked significantly different from the settings observed by the European Commission during the preparation of the Opinions on the preparedness for EU membership. Specific legislation was in force in order to regulate the programming and implementation of the regional development and a setting of an institutional framework for a limited representation of the interests of the local authorities in the programming process has already been in place and some preliminary procedure for inter-institutional coordination of the regional development initiatives were in place. The end of November of 2001 brought an important innovation in the accession negotiations between Bulgaria and the EU. On 28 November, Bulgaria and the EU formally opened the accession negotiations on Chapter 21 Regional Policy and Structural Instruments.

Chapter 21: Regional Policy and Structural Instruments

In Chapters 1 and 5 of this study I have described what makes adoption of the EU rules harder. Chapter 21 was an extremely 'thin' chapter, containing very general acquis, prescribing no institutional setting. On the other hand, this was the chapter with potentially biggest financial implications. Due to this, the negotiations on this chapter continued almost three years. The chapter was finally closed at the end of 2004. The acquis under Chapter 21 consist of 45 pieces of secondary legislation, the most important of which was the Framework regulation on the Structural Funds (Regulation 1266/1999). Unlike other chapters, the acquis here required no transposition. Since by that time Regulations were not directly applicable in Bulgaria however, the country was required to adopt appropriate legal framework allowing the implementation of the acquis provisions. The country was also expected to agree provisional NUTS classification with the European Commission.

As far as the programming capacity was concerned, the country was expected to draft a National Development Plan according the Framework Regulation on the Structural Funds. It was also expected to have multi-annual programming mechanism in place and ensure the implementation of the partnership principle at the different stages of programming and implementation of the Structural Funds. Although, the acquis had no specific provisions concerning the institutional settings for implementation of the regional policy, the country was expected to clearly define the tasks and responsibilities of all bodies and institutions involved in the programming and implementation of the Structural and Cohesion Funds. The country also had to provide a mechanism for inter-ministerial coordination. Furthermore, Bulgaria had to provide information on its co-financing capacity as well as on the level of its public or equivalent expenditure for structural actions in order to insure that the additionality requirements were met (European Commission 2004).

Until December 2002, Bulgaria had a complicated system for the programming and implementation of EU regional policy. The leading cabinet ministry under Chapter 21 was the Ministry of Regional Development, which was also in charge of the programming and implementation of 'economic and social cohesion measures' (currently falling within Regional Development and Competition Operational Programs, funded by the European Regional Development Fund). On the other hand, the overall coordination of pre-accession aid from the EU was performed by the minister of finance, and the overall management of the EU funds was

also performed by the Ministry of Finance. Furthermore, funding of the local authorities was also performed by the Ministry of Finance (see Chapter 8 for details on the municipal budgets). Besides that, within the Ministry of Transport, there was a separate implementing agency for the transport related pre-accession aid and the minister of economy was trying to push for the creation of an implementing agency in order to take the 'economic and social cohesion' projects from the Ministry of Regional Development (see Chapter 7 and Chart 7.1.).

EU accession negotiations and the advent of coalition politics in Bulgaria

The reason for the existence of two leading ministries was to a greater extent political. From 1997 to 2000 the Ministry of Regional Development was headed by one of the most influential figures of the Union of Democratic Forces (the right wing party that came to power after the elections in 1997). It must be noted that the 1997-2001 Bulgarian government was not quite different from most of the Bulgarian governments after the fall of communism. The common thing between these governments was that they were either coming from or were dominated by one of the two major political parties (UDF or the Bulgarian socialists) with the strongest parliamentary majority.

However, the government that came to power after the 2001 general elections was slightly different from that rule. Even though the newly formed political party NDSV won more than 50% of the seats in the parliament, its leader (the last Bulgarian king) was reluctant to construct a government, entirely from its own party. Instead of that, prior to the constituting of the new government in the Parliament, the future prime minister initiated wide consultations in order to bring the Bulgarian socialists, a major liberal party called the Movement for Rights and Freedoms (MRF)⁵ and the former governing party (the Union of Democratic Forces) into the government. The UDF flatly refused to take part in the government, but the Ministry of Regional Development was given to an 'independent' expert (the current mayor of the town of Blagoevgrad), who was a member of the Supreme Council of the Bulgarian Socialist Party in an attempt by the prime minister to bring as many parties as possible to the governance process in order to simplify the accession negotiations with the EU. However, the coalition lasted for a

⁵ created in the 1990 in order to represent the Muslim and Turkish minorities

short time (see below) and most of the accession negotiations under Chapter 21 (late 2002-2004) were conducted by the Ministry of Finance dominated by NDSV.

After the 2005 regular parliamentary elections, in order to ensure the continuity of the negotiation process, the leading parties (Bulgarian socialists, NDSV and the MRF) once again formed a governing coalition. However, the governing coalition was once again backed by significant parliamentary majority (169 out of 240 MPs) and the EU affairs coordination mechanism remained practically unchanged. The Ministry of Finance remained the lead ministry on Chapter 21 and continued overseeing the final preparations for the implementation of the EU regional policy. The Ministry of Regional Development (once again given to the Bulgarian socialist party) became the managing authority of the Regional Development Operational Programme. However, the effects (especially mid and long-term ones) of coalition politics over the Bulgarian political life remain to be seen since these are the first two coalitions in the Bulgaria for the past 70 years.

Reforms of the EU affairs coordination

By the beginning of 2002 it was clear that the national level transformations in response to the adaptation pressures from the EU were not happening. As a result of that, the country was not receiving the rewards that were offered under the external incentives model. As a result of that, by the beginning of 2002, important negotiation chapters (Regional Policy and Structural Instruments was among them) were just opened. Another extremely important chapter – Justice and Home Affairs, which was about to remain a subject of monitoring by the European Commission during the first three years of the membership was still open.

One of the key problems could easily be described with a joke made by the current Commissioner on Consumer Protection in the beginning of 2007, during one of her last appearances on the national TV as a Bulgarian minister on European affairs – a ‘bad guy’ was needed. In other words, the EU affairs coordination mechanism that was supposed to transform the EU adaptation pressures into domestic changes was not working. One of the reasons was in the competencies of the chief negotiator. The person staffing the post was a deputy minister and if he or she needed request something from the cabinet ministers, it had to be done through the minister of foreign affairs. On the other hand, the main institutions for political coordination by that time was the Council on European Integration (CEI), which was headed by the deputy prime

minister on European Integration and consisted of all the cabinet ministers and the head of the permanent representation of Bulgaria at the European Communities. Since the Council consisted of senior politicians instead of career public servants, it had problems with conveying of the EU requirements to the national actors. Apart from all these, another person with ministerial powers was needed to manage the European integration of Bulgaria, because the minister of foreign affairs (up until 2004), had to devote most of his time to another major integration project – joining of Bulgaria to NATO.

The second important innovation in the EU affairs coordination was the introduction of an administrative coordination level – the Council on Coordination and Monitoring (CKM). This council was chaired by the minister on European affairs, and consisted the heads of the 31 working groups (on the *acquis* chapters) and by the deputy ministers on European integration. As of February 2002, all the administrative coordination of the EU affairs was taking place through this council and only the ones requiring the direct involvement of the highest executive level (the deputy prime minister on European integration, or the prime minister after 2005) were resolved by the CEI. The second important innovation was that, while the MFA remained in charge of some of the EU affairs, a significant part of the EU affairs coordination moved to an administrative unit within the Council of Ministers (Council of Ministers of the Republic Bulgaria 2005, 2007). Another significant change in the system happened in May 2002, when the deputy minister of foreign affairs in charge of the European integration became a minister without portfolio in charge of the European affairs.

Reforms in the preparations for implementation of the EU regional policy

In order to address the critique from several subsequent Regular Reports, that there was no clear subdivision between the institutions responsible for the implementation of the EU regional policy, in May 2002 the Council of Ministers adopted a strategy for the participation of Bulgaria in the Structural Funds and the Cohesion Fund. The key goal of the strategy was to address two major misfits. First of all, in terms of programming, the main problem was that according to the programming mechanism introduced by the 1999 legislation, no programming documents were drafted for each individual NUTS 2 region. Program documents were drafted on the local, NUTS 3 and national level, and the NUTS 2 level was used mostly for gathering of statistics. On the other hand, the *acquis* on the regional policy required programs on the level of the NUTS 2

regions to be used as a basis for the drafting of the Community Support Framework for the respective country. The second major problem was that the existing administrative framework provided very little room for participation of the local authorities; the private business and the social partners in the planning and programming of the regional policy (see chapters 8 and 9). According to the strategy, a new legislative framework was needed in order to address these problems. It also contained a detailed description of the institutions participating in the programming and implementation of the EU regional policy. Besides that, the strategy envisaged a detailed study of the social and economic partners, drafting of rules for hierarchical and horizontal coordination, and the strengthening of the state consultative committees for economic and social cohesion in each of the planning (NUTS 2) regions (Ministry of Finance 2002).

In the end of 2002, the politically 'independent' minister of regional development resigned from the post following internal tensions in the socialist party. Besides the internal political dispute, this resignation had a direct impact on the negotiations on Chapter 21. Following the minister's resignation, the Ministry of Regional Development was no longer the leading ministry on the chapter. The Ministry of Finance was finally given the entire coordination of the drafting of the National Development Plan, as well as the monitoring and implementation of the pre-accession aid. In accordance with the Framework regulation for the Structural Funds, the Ministry also took the responsibility for the formulation of the national priorities related to the aid provided by the EU. The reforms found its positive reflection in the 2002 Regular Report on the Bulgaria. Concerning the overall institutional settings, the Commission identified no misfits, and moved from criticizing to recommendations that Bulgaria should continue 'to strengthen the administrative capacity of the existing structures in order to guarantee that the country can fully benefit from the EU funds' (European Commission 2002). As far as Chapter 21 was concerned, the Report contained a somewhat misleading message. Even though the strategy for participation in the structural funds and the Cohesion Fund was commended as 'providing clear institutional structure for the implementation of the structural funds', the country was still criticized for the weak programming and administrative capacity, and advised that further efforts are needed concerning Chapter 21.

Final pre-accession years (2003-2006)

By the beginning of 2003 it was clear that Bulgaria (together with Romania) was lagging behind the Central European post-communist countries with the accession negotiations and would not be able to finish them on time in order to join the EU in May 2004. On the other hand, the 2002 Copenhagen summit of the European Council decided that the accession negotiations, (including the negotiations on the chapters with financial implications like Agriculture and Regional Policy and Structural Instruments) with Bulgaria would continue under the same conditions and the country was expected to join the EU by 2007 if it was ready by that time (European Council 2002). While it might sound as somehow discouraging message, from the point of view of the Europeanization concept (see Chapter 1), this meant readiness of the EU to pay the ultimate reward to the country – full EU membership.

Lack of administrative capacity and the implementation of the partnership principle in Bulgaria continued to be the main concerns of the European Commission in 2003. Therefore the last (2003) Accession Partnership of Bulgaria contained priorities for strengthening of the administrative structures in order to allow Bulgaria to fully benefit from the Structural Funds and the strengthening of consultations with non-state actors. The Accession partnership also recommended further improvement of inter-ministerial coordination and definition of tasks of the bodies involved with the implementation of the structural funds. The country was also advised to improve the policy formulation mechanisms and strengthen the quality of the National Development Plan and other programming documents. In order to address these critiques and achieve closure of Chapter 21, the core executive initiated a procedure for adoption of entirely new law on regional development. The new law was adopted by the Parliament in February 2004. The law changed the boundaries of the planning regions (NUTS 2) in order to harmonize the Bulgarian NUTS 2 regions with the provisions of Regulation 1059/2003 EC (See the section on NUTS system in Chapter 2). The law again envisaged a national development strategy and development strategies of the NUTS 3 regions, but the innovation in terms of planning documents was that separate development plans were also about to be drafted for each of the NUTS 2 regions. Instead of the regional development councils at the level of NUTS 3 regions, the new legislation envisaged creation of regional development councils at the level of NUTS 2 regions. The mechanism of formation of these councils was similar to the mechanism envisaged by the 1999 law.

Another important innovation in the 2004 law was that the representatives of the local authorities in the regional development councils already had full voting powers in the decision making process, but the representatives of the civil society were still not permanently represented in the work of the regional development councils (they were to be invited by the chairperson of the council to attend particular meeting). A final change made in the institutional framework was the creation of six implementing units within the Ministry of Regional Development. This central government administration was to be in charge of the implementation of the Structural Funds and the Cohesion Fund in each of the planning regions (NUTS 2 level). Following these changes, Bulgaria succeeded in achieving provisional closure of Chapter 21 in June 2004. The last Regular Report on Bulgaria (2004) noted the progress made with regards to the administrative and legal framework and the interministerial coordination and noted that the country should proceed with the planned measures and finish the 2007-2013 National Development Plan in time, in order to be able to use it as a basis for Community Support Framework for 2007-2013 programming period. In the summer of 2004, all negotiation chapters were closed and in April 2005 Bulgaria and Romania signed the Accession Treaty with the EU.

In the period between April 2005 and January 2007, the country had a special status. The European Commission continued to monitor the country's progress, but the representatives of the Bulgarian administration began to take part as observers in the work of the European institutions. Even this was significant change. Prior to April 2005 the relations between Bulgaria and the EU were exclusively top-down in orientation. Bulgaria had to implement policies, the formulation of which the country had no impact on whatsoever. In fact, the policies and the secondary legislation related to them were implemented without any participation of Bulgarian representatives. After the signing of the Accession Treaty, the relations between Bulgaria and the EU slowly became to take the form of bilateral interaction.

The media comments on 2005 and 2006 Monitoring Reports on the Bulgarian progress towards membership divided the acquis chapters into 'green', 'yellow' (requiring further efforts) and 'red' (requiring urgent action), according to the readiness of the country to apply the acquis falling within the respective chapter. Chapter 21 remained in the 'yellow' sector until the spring of 2006. The Commission was still concerned about the administrative capacity of the local and regional structures that were to take part in the implementation of the Structural Funds in Bulgaria. It must be noted that at this time the critiques of the administrative capacity of Bulgaria

were much more specific. There are several reasons for this. First of all, by the end of 2005 the Commission already had some experience with the 2004 entrants. Generally speaking, most of the CEECs that joined the EU in 2004 managed to absorb between 30 and 40% of the Structural Funds, due to the lack of capacity on regional and local level. Another reason for Commission criticism was related to the fact that throughout most of 2006 most of the Bulgarian programming documents, including the National Strategic Reference Framework and the operational programs were not ready and some of the management authorities were still not undergoing various preparations (appointment and training of staff, measures to retain the qualified staff) and the capacity on local level was still inadequate.

Following the completion of several institution building projects funded by PHARE and the final setting of the management authorities of the new operative programs, the Commission was formally satisfied with the Bulgarian administrative capacity on the core executive level. However, the capacity of the local governments still remains an issue and Bulgaria was criticized for this even by Commissioner Danuta Hübner during the formal approval of the Bulgarian National Strategic Reference Framework in 2007. This might seem as a problem mostly from practitioner's point of view. But from the point of view of the multi-level governance concept the fact that the local level is unable to participate effectively in the programming and implementation of the regional policy, means that it would be possible to construct only partnerships that are dominated by the partner, who has the adequate capacity (the core executive and its devolved structures).

CONCLUSION

As this chapter shows, like the other former communist countries, by the second half of 1995 Bulgaria saw EU membership as one of the possible ways to get to the ultimate goals of the post-communist transition (market economy and liberal democracy) and to revive the Bulgarian economy. However, due to one of the most severe economic crisis (1995-1997), Bulgaria was not able to begin its accession negotiations until 2000. Shortly before the formal beginning of the accession negotiations it became clear that the misfits between Bulgarian national practices and the *acquis* in most policy areas were significant and the country would have to undergo further reforms (besides those needed in order to complete the transition to market economy) in order to join the EU. Therefore, in order to 'sell' the idea for EU membership to the Bulgarian public,

several consecutive central governments stressed the benefits that the EU structural funds were to bring to the country. This was especially true in the tough moments of the accession negotiations like the summer of 2002, when it became clear that in order to close Chapter 14 (Energy policy), Bulgaria would have to close half of the nuclear power plant in Kozloduy (the power plant provides 40% of the energy consumption of Bulgaria). The negotiations between Bulgaria and EU under Chapter 21 Regional Policy and Structural Instruments were however no different than the accession negotiations on other *acquis* chapters with significant financial implications (eg Chapter 7 Agriculture). Like in the case of other negotiation chapters such as Agriculture, the negotiations under Chapter 21 had to address significant misfits between the national policies and the EU level policies. Again like the rest of the chapters, negotiations under Chapter 21 led to major realignment of the Bulgarian institutional framework in the respective policy field. What was different about Chapter 21 however was that the central government had to find a way to bring (at least partially) the local authorities to the regional policy programming and implementation process, since most of the financial support from the EU structural funds was about to go to the local authorities (see Chapter 5 and 6 for details).

At the beginning of the accession negotiations it was expected by the general public that the structural funds in general and the EU regional policy would lead to significant change in the regions of Bulgaria. In fact, the key change that resulted from the preparation of Bulgaria for the implementation of the EU regional policy was actually the formulation of a Bulgarian regional policy as such. During the preparation for accession, the country slowly began to depart from the sectoral planning approach to the economic development. As already explained, in order to facilitate the regional policy planning, and following the requirements of the EU, the country was divided into six planning regions (NUTS 2 regions). Besides converging with the requirements of the EU, this subdivision helped to address the regional disparities that arose in Bulgaria during the communist years, when the economy of the country was developed on the basis of a sectoral approach.

The planning regions, however, were (and still are) only statistical units, which were not headed by specific administration. The only administration directly linked to these was the territorial units of the Ministry of Regional Development, but even their task is to implement the regional development policy that is formulated in Sofia. This brings forward the question of why Bulgaria chose the statistical regionalization instead of the political one, like Poland for instance.

Generally speaking, the choice between statistical and political regions (introduction of a regional tier of governance with self-governing powers) usually depends on the pre-communist experience of the particular candidate country and on the internal pressures for regionalization (See Hughes et al 2004 and Chapter 3 of this study). The EU has been a reason for the emergence of a regionalization debate in countries where there was no internal push for regionalization, like for instance in Slovenia and the Baltic countries (Hughes et al 2004). As already shown in the beginning of this chapter, throughout its 130 years history from the liberation of the Bulgarian territory from the Ottoman Empire, the Bulgarian political and administrative tradition was one of a highly centralized country, in many cases built around a presumption similar to the 'Westminster model' – that the 'leader knows best'. The only difference was that the position of the 'leader' was occupied by different persons at different times of the Bulgarian history. At some point it was the prime minister, at some point it was the king and at some point it was the communist secretary general. The only autonomous Bulgarian administrative structure (the East Rumelia province) ever, existed between 1878 and 1885 within the Ottoman Empire before being reunited with the Bulgarian state following an internal reunification movement. After the reunification of the Bulgarian state and the province of East Rumelia, there has never been another autonomous Bulgarian administrative entity created by law, either within the territory of the Bulgarian states or on the Bulgarian territories that remained in the Ottoman Empire after 1878. Furthermore, between 1885 and 1918 Bulgaria took active part in four wars (with the Ottoman Empire and its Christian neighbours on the Balkan Peninsula), and was on the brink of a civil war in 1885-1886. In fact the country was saved from the civil war only because between 1886 and 1894 it was ruled by its prime minister. So as far as the pre-communism experience is concerned, it was very hard to expect that the core executive would introduce any form of regionalization, if there was no pressure from the EU, let alone introduce a regional tier of governance with self-governance powers.

There were two more obstacles for the development of the political regionalization of Bulgaria: constraints that existed both before the communist regime and during the communist rule (and actually to some extent these still exist). The first one was related to the structure of the Bulgarian population. The southern part of the country and the Black Sea coast were inhabited by compact masses of Bulgarian Muslim population (both descendants of Ottoman land owners, who fled the country in 1878 and returned shortly afterwards as well as descendants of

Bulgarians converted into Islam in late XIV and XV century), and these people were always suspected by the governments in Sofia and by parts of the Bulgarian population of being in allegiance to Turkey and thus fears of potential separatism (especially in the late years of the communism and the yearly years of democracy) made the political regionalization impossible. As far as the internal pressures for regionalization are concerned, it must be noted, that such pressures were extremely sporadic and usually came from some of the local authorities, after the accession negotiations with the EU started in 2000. The calls were sporadic, because the main concern of the local authorities were mostly related to receiving of a relative financial independence from the core executive. Furthermore, most of the calls for political regionalization were not supported by other non-state actors, excluding a pretty recent (November 2007) media publication advocating for drafting of regional operational programs.

The second constraint on political regionalization was related to the fact that the problems of lack of capacity on local level existed long before the country began to negotiate accession to the EU. Due to the limited budgets of the local authorities they were rarely able to attract or retain the qualified staff required for drafting and management of regional operative programs.

Interviews taken for the purpose of this study in the European Commission suggest that the Commission has learned a lot from the pre-accession period, when it comes to the building of the administrative capacity for implementation of the EU regional policy in Bulgaria. First of all the Commission is no longer relying only on the data submitted by the Bulgarian core executive in order to check if the requirements for building of capacity for implementation of the EU regional policy in Bulgaria are being met. Second, probably for the first time since the involvement of Bulgaria with the EU, in 2007 the country has been required to prepare specific measures for the improvement of the capacity of subnational actors.

Because of these factors, statistical regionalization was the most appropriate choice for Bulgaria. In fact before 2003, when the NUTS system ceased to be an agreement between the national statistical offices and the EUROSTAT and became part of the secondary acquis, the pattern of regionalization of Bulgaria was widely disputed within the country. I had the chance to hear the most interesting proposal for regionalization of Bulgaria during a public lecture in the summer of 2007. The proposal was to divide the country into three regions. Although this proposal had its proponents among some high ranking civil servants, its major drawback was

related to the fact that at least one of the three regions was about to become ineligible for Structural Funds under Objective 1 (interview, senior official, Ministry of Regional Development, June 2007). However, the priorities of several consecutive central governments were related to the maximum absorption of the EU structural funds in order to convey to the population the message that the country is benefiting from the EU membership and adoption of any form of regionalization that was envisaging phasing out of the EU structural funds support was not acceptable.

VII. THE EUROPEANIZATION OF REGIONAL DEVELOPMENT POLICY IN BULGARIA – THE ROLE OF CENTRAL GOVERNMENT

INTRODUCTION

This chapter picks up the line of argument related to the control of the central government over the policy formulation process from Chapter 6 and explains in detail the role of the central government and its cabinet ministries in the Europeanization of the Bulgarian regional development policy. The purpose of this description is threefold.

First of all, the Bulgarian EU affairs coordination mechanism was created on the basis of the lead ministry principle and the cabinet ministries have the competencies to initiate changes (including changes in response to the EU) in the policy sectors. And as explained in the previous chapter, the changes required for implementation of Community level policies upon accession were performed via the coordination mechanism. Second, one of the hypotheses tested by this study is that besides the policy implementation settings, the EU adaptation pressures also changed the power relations between the cabinet ministries. Third, not all cabinet ministries (and their policy implementing agencies) were equally affected by the EU adaptation pressures generated by an EU policy (in our case – by the EU regional policy). In order to test the hypothesis and see how the cabinet ministries were affected by the preparations for implementation of the EU regional policy, the chapter adopts a ministry by ministry approach starting with the leading ministries that took part in the negotiations under Chapter 21 and giving a brief insight on the role of other ministries that were designated as managing authorities of operational programs funded by the EU structural funds.

The conclusion of the chapter explains how the Bulgarian central government managed the changes required in order to improve the ‘degree of fit’ between the Bulgarian policies and the EU regional policy. This part of the chapter shows that the changes in Bulgaria were managed by further centralization of the national policy formulation process.

BULGARIAN CENTRAL GOVERNMENT AND THE EUROPEANIZATION CONCEPT

Two conditions must be in place if Europeanization is expected to provoke change in the domestic policies and politics (Börzel and Risse 2003 and Chapter 1 of this study). First of all

there must be some degree of misfit or incompatibility between the EU level policies and processes and the national ones. Second – somebody (institution, actor or a group of actors) must be able to respond to the adaptation pressures from the EU level. Since the response to the adaptation pressures from Brussels requires a wide range of domestic transformations ranging from the drafting and adoption of new legislation, through the adoption of new policy practices, to the drafting of national strategic and programming documents, as well as multi-annual budget forecasts, the actor that is going to respond to the adaptation pressure coming from the EU level has to have special powers and capacity. It must be able to draft a piece of legislation and pass it through the national legislative system. It must also have the administration needed in order to implement the new legislation and policy practices and control the implementation of these by other national actors. It must also be able to represent the country abroad (on the EU level) and unify other national level actors in order to gain public support for the domestic transformations. The main Bulgarian actor, who has been given by the Constitution the powers to perform all of the actions described above, is the central government.

One might ask the question if the central government is a single actor. Both a positive and a negative answer to the question will have their grounds. However, probably the best answer to the question is that the Bulgarian central government is a coordinated network of actors. Even though various government departments usually have relative freedom to decide on the sectoral policies (or lead the decision making process when it comes to cross sectoral issue), final decisions are usually coordinated and agreed before being adopted. Adoption itself takes place on the meetings of the central government, where the agenda is organized on a principle similar to the ‘a points’ (issues that are being voted upon without discussion) in the agenda of the EU Council of Ministers. In order to get onto the ‘a points’ list, a policy issue needs to get the approval of all cabinet ministries and implementing agencies. From a conceptual point of view, this means that if one is to look for veto points in the Bulgarian system of policy planning and implementation, the central government is the most likely place to find them. Most of the veto points however are not definite – policy proposals can still be forwarded for review and subsequent adoption by the central government.

The only veto points that can stop a policy proposal from being adopted by the central government (and forwarded to the Parliament for adoption of new legislation if such measures are required) were the Ministry of Finance and the services directly under the auspices of the

prime-minister (known as the administration of the Council of Ministers in the Bulgarian legal system). The source of the veto powers of the Ministry of Finance is related to the fact that the ministry oversees the implementation of the national budget. In other words, the ministry has to allocate the funds required for implementation of each policy action and the veto of the ministry over a policy action usually means that it won't be possible to obtain the budget required. The source of veto powers of the coordination services directly under the prime minister is related to the fact that these have the competencies to oversee the overall implementation of the policies in the country. The final veto point is the Bulgarian Parliament. The source of its veto powers is explained in details in Chapter 10.

Due to the nature of the adaptation pressures coming from the EU (lack of national level policies in many sectors), the central government became the only actor who can respond to such pressures and turn them into domestic changes. The reasons for this are several. First of all, no other national, let alone subnational level actor ever had the powers to perform any kind of domestic political transformation. Even though actors like the NGOs (by mid 1990s) or the local authorities had the possibility to initiate a debate (except between 1944 and 1989 when such a debate was impossible) over a domestic change they believed is necessary, at certain point, the actual change always required the involvement of the central government, because it had powers to initiate changes in the legislation (the most frequent changes required in order to liquidate a misfit between national and EU level) vested by the Constitution. Second, in many cases a domestic change (especially the ones performed in response to the adaptation pressures from Brussels) had to begin with a legislation change and such a change always required the involvement of the administrative capacity of a particular cabinet ministry, in order to prepare the draft legislation as well as other central government resources (such as the parliamentary majority, which supports the current central government). Third, even though the state budget is adopted by the Parliament, it is the central government that drafts the budget (and approves the multi-annual budget forecasts), and no realistic domestic change is possible if no financial resources are available in order to back it.

CENTRAL GOVERNMENT AND THE REGIONS – HISTORICAL OVERVIEW

As already explained in the previous chapter, Bulgaria had been a highly centralized country, ever since it re-emerged on the European map in March 1878. Needless to say the core executive

has always been the most important player in the governance of the country, as well as the oldest one (the first government was appointed by the monarch in 1879). Initially the central government consisted of limited number of ministries (the first one consisted of seven), each of which was responsible for the complete management of a policy sector (or a couple of policy sectors). In some cases (due to political reasons or if the particular ministry was considered to be very important for the day to day politics), no minister has been appointed to head a specific cabinet ministry and it was governed directly by the prime minister. Usually the main responsibility of a cabinet ministry was (and still is) to formulate the policy in a specific sector (or a couple of sectors in the last decade of XIX and the beginning of XX century), draft the required legislation and manage the implementation of the formulated (and adopted) policy. During most of the Bulgarian history prior to 1944 there were limited mechanisms for the solving of internal conflicts and in most cases a conflict between different policies (managed by different ministries) has been resolved following the personal attention of the prime minister.

Between 1879 and 1990s, due to the lack of a specific regional development policy, the relations between the central governments were limited to downloading of the policies adopted by the central government to the regions and the local authorities and the main job of the ministries in charge of the relations between the centre and the regions was to oversee the downloading process and control the implementation. Various activities that took place in the regions fell within the areas of responsibility of the Ministry of Public Buildings, Ministry of Agriculture and the Ministry of Finance. Furthermore for quite a long period of time, the only Bulgarian cabinet ministries who had regional structures of their own were the War Ministry and Ministry of Interior. However, since it was not possible to manage the implementation of a policy on a particular territory from the center, the country was divided into regions¹ (the number varied between 14 and 28 between 1878 and present days) (Ministry of Regional Development 2006 and Constitution of the Kingdom of Bulgaria 1879). Each region has been governed by a regional governor, directly appointed by the central government. The job of the regional governor was to implement the state policy on the territory and exercise control over the local authorities in the specific region. The person occupying the post has been supported by small executive staff, whose job was to oversee the implementation of specific sectoral policies on the

¹ During various periods of the Bulgarian history, these were called *okrag* or *oblast*

governed territory. Due to various reasons (e.g. the fear of separatism, lack of human resources and lack of significant differences in the development of the regions) the central government never tried to encourage the building of a capacity for a policy formulation on regional level.

From the point of view of policy formulation powers, the communist regime brought no changes. All the national policies were still formulated by the centre (the government in Sofia and the Central Committee of the Bulgarian Communist Party) and forwarded to the regions for implementation. However the communist regime brought significant changes in the organization of the cabinet ministries and the regional administrations. The average cabinet ministry was no longer a relatively small central level administration in charge of general policy formulation in several sectors. Many of the cabinet ministries accommodated large, highly specialized sectoral departments, with its own internal management structure. During 1999-2000 public administration reform (partly a response to the first adaptation pressures generated by the third Copenhagen criteria² - 'ability to assume the membership obligations') many of these were used as a basis for the creation of the policy implementing agencies within the cabinet ministries. There was still no cabinet ministry coordinating the regional development initiatives, though the activities that had an impact on the governance of the regions fell within the competencies of three cabinet ministries – Finance, Construction and Transport. After 2000, the accession negotiations under Chapter 21 Regional Policy and Structural Instruments fell within the competencies of the Ministries of Finance and Construction (renamed to Regional Development and Public Works in the beginning of the 1990s).

The second important change brought by the communist rule was related to the regions. These were no longer governed by an appointed regional governor, supported by a relatively smaller number of executive officials, appointed on the basis of the same rules used to appoint the officials of the central government administration. The regions were practically governed by a regional committee of the communist party. The relations between the regions and the central government remained similar to the ones prior to the communist regime. All policies were formulated by the government in Sofia, approved by the communist party and implemented in the regions under the control of the regional structures of the communist party. The late 1980s saw a major reform of the country administrative subdivision. In order to follow the general

² See Chapter 2 for the Copenhagen criteria for EU membership

trend of reforms in the socialist countries, generated from the Russian Perestroika, the country was divided into nine bigger regions, which at least on paper had some limited self-governing powers (see Chapter 6 for details).

Following the Bulgarian preparation to begin accession negotiations with the EU, the relations between the central government and the regions began to change following the 1997 Opinion of the European Commission on Bulgarian readiness for EU membership. As already explained in the previous chapter, the major misfit identified by the Opinion was that Bulgaria had no regional development policy so everything had to be created from the beginning. Even though the 1999 Law on Regional Development (adopted partially in response to the 1997 Commission Opinion) introduced a highly centralized regional development programming mechanism (See Chapter 4 for a detailed description), where the final policy formulation and approval of the strategic documents was still within the competencies of a single cabinet ministry (Regional Development), the regions (even though it is hard to speak about separate regions) and local authorities were no longer limited to the implementation of a policy formulated by the central government in Sofia. Instead, the regions and the local authorities were required to provide an input (in the form of regional development strategies and municipal development plans) into the national strategic documents related to the regional development. However, the central government failed to communicate to the regions the importance of the programming documents and many municipal development plans and regional development strategies were prepared by consulting companies, who used a common blueprint and sometimes even forgot to change the names of the municipalities (interviews, officials FLGR and NSORB May 2008).

As a result of that, the cabinet ministries had to play much bigger role than expected in the drafting of documents like the Regional Development Operational Programme (OP) and the final result was a centralized system of EU regional policy implementation in Bulgaria, despite the repeated critiques from Brussels for a greater involvement of the non-state actors (European Commission 2002-2004). Furthermore, the interview results suggest that around 2001 (when the negotiations on Chapter 21 started) the European Commission was much more concerned about the efficient implementation of the EU regional policy in Bulgaria, than for the building of multi-level governance (interview, official Ministry of Finance, May 2008). Even though the EC continuously (practically all Regular Reports from 2002 till the last one in 2004 bear evidence for this) asked for a greater decentralization and involvement of the local authorities and the non-

state actors in the regional policy programming, it was finally persuaded to accept more centralized system for the EU regional policy implementation because of the 'lack of capacity on regional and local level'(interviews, officials, municipalities of Sofia, Kozlodui and Razlog, June 2008 and March 2009).

Accession negotiations under Chapter 21 regional policy and structural instruments

The previous two chapters have already explained why the EU accession negotiations were conducted mostly between the Commission and the central governments and gave information on the 'upper part'³ (overall political and administrative coordination) of the EU affairs coordination mechanism in Bulgaria. However the planning of specific transformations to be done within Bulgaria in order to respond to the adaptation pressures generated by the EU accession conditionality took place in the 'lower' (expert part). This part consisted of 31 working groups (one for each negotiation chapter). The groups were usually organized on the basis of the lead ministry principle (with the chairperson of the group being an official from the lead ministry) and consisting mostly of career public servants from the cabinet ministries and the policy implementation agencies that were involved in the implementation of the respective acquis (Ordinance 145/2005 of the Council of Ministers of Republic of Bulgaria).

The working groups were established in late January 2000, shortly before the beginning of the accession negotiations. However, when it came to Chapter 21, the situation was a bit different. Even though the working group on Chapter 21 was headed by an official from the Ministry of Regional Development, the drafting of the National Development Plan (Regulation 1260/1999 EC) and the National Reference Framework (Regulation 1083/2006 EC), which was about to serve as a basis for the work of the EU structural funds in Bulgaria, was prepared by the Agency for Economic Analysis and Forecasts (a policy planning agency within the Ministry of Finance). Furthermore, the management of the EU structural funds related to the environment and waters was handled by the respective cabinet ministry and the minister of economy tried very hard to establish a PHARE executive agency within its own ministry in order to simplify the implementation of the economic and social cohesion measures under PHARE. And to make

³ The division into 'lower' and 'upper' part of the EU affairs coordination is related mostly to the officials involved in each part – the prime minister, the cabinet ministers and the deputy ministers in charge of European affairs in the "upper" part and mostly career public servants in the lower

matters even more interesting, since 2001 the three ministers (Finance, Regional Development and Environment) had different political affiliations. As already explained in the previous chapter, by the end of 2002, following the resignation of the ‘independent’ (in fact a member of the Bulgarian socialist party) minister, the overall coordination of preparation for the implementation of the EU regional policy was given to the Minister of Finance (CM Ordinance 33/2002). The Ministry of Finance is not represented in the regions. Presumably, this made it harder for the representatives of the ministry to ‘listen’ to the preferences of the local authorities and lead to a more centralized system of the EU regional policy implementation in Bulgaria; however from the point of view of the effective management of the EU structural funds, the system seems to have satisfied the European Commission because it helped for the successful closure of the negotiations under Chapter 21.

The following sections provides details on the role of the ministries of finance, regional development, environment and waters and some other cabinet ministries and implementing agencies, as well as the deputy prime minister without portfolio (in charge of the EU funds absorption) in the programming and implementation of the EU regional policy implementation in Bulgaria. The reasons for choosing of these institutions were three. First of all, all these took part in the accession negotiations on Chapter 21 Regional Policy and Structural Instruments. Second, during various stages of the accession negotiations process the Ministry of Finance and the Ministry of Regional Development played the role of lead ministry in the field of EU regional policy planning and implementation. Third, the task of implementation of partnership guidelines was given to the Ministry of Finance. According to interviewees from the local authorities, the non-state actors and this had significant influence on the partnerships formed during the pre-accession period.

MINISTRY OF FINANCE

This is one of the oldest cabinet ministries in Bulgaria. It was created in 1879 with the first Bulgarian Constitution. Until the mid-1940s the ministry played a very important role in the governance of Bulgaria – it was in charge for the drafting of the state budget and overseeing the public expenditures. This role gradually diminished during the communist regime and the total state control over the economy, because the actual control over the process (like most other things in the state) has been taken over by the communist party. The role of the ministry

increased significantly following the collapse of the communist regime not least because of the need of sound financial and budget discipline in order overcome the effects of the economic crisis, which continued for almost eight years after the collapse of communism. The ministry also began to exercise significant impact on the work of the regions and the local authorities. Since it was handling the funding of the local authorities, it was also given the task of supporting the local authorities in the preparation of the programming documents (municipal development plans) of the local authorities (Council of Ministers of Republic of Bulgaria Ordinance 95/2003).

The role of the ministry further increased following the Bulgarian involvement with the EU. When the country PHARE programs were established by the European Commission in 1997, the ministry became the managing authority of the support from EU (the pre-accession financial instruments). In order to handle the tasks related to the management of the support from the EU, Bulgaria had to create a new specialized administration and coordination mechanism and the key role in this mechanism was given to the Ministry of Finance. Following the signing of a Memorandum of understanding between the Bulgarian government and the European Commission (1999), Bulgaria established a specialized treasury unit, which was given the task of an overall management of the support from the EU pre accession instruments. The treasury unit was established within the Ministry of Finance in order to support the work of the National Authorizing Officer (NAO). The position of the NAO was occupied by the minister of finance, who had the possibility to delegate these powers to one of the deputy ministers of finance (following a decision of the Bulgarian Council of Ministers). The main task of the NAO was to oversee the implementation of all pre-accession instruments in Bulgaria (PHARE, ISPA and SAPARD). The person occupying this post was also in charge of the implementation of the national co-financing and of the additionality principle.

The post of the national aid coordinator was also held by a deputy minister of finance (again appointed on the basis of a decision of the Bulgarian Council of Ministers). The post was a direct result of the adaptation pressures coming from the EU. It was created in 1999 following the movement from multinational to country PHARE programs. The person acted (and still acts) as a single contact point between the Bulgarian government and the European Commission on issues related to the overall planning, programming and management of the financial aid provided by the EU. In order to support the work of the national manager and the national coordinator, the central government had to start a significant expansion of the administrative

capacity of the Ministry of Finance. The ministry was also presented on the second level (executive agencies) of the management of the EU pre accession support (see Chart 7.1).

INSTITUTIONAL FRAME OF THE PHARE PROGRAMME CYCLE

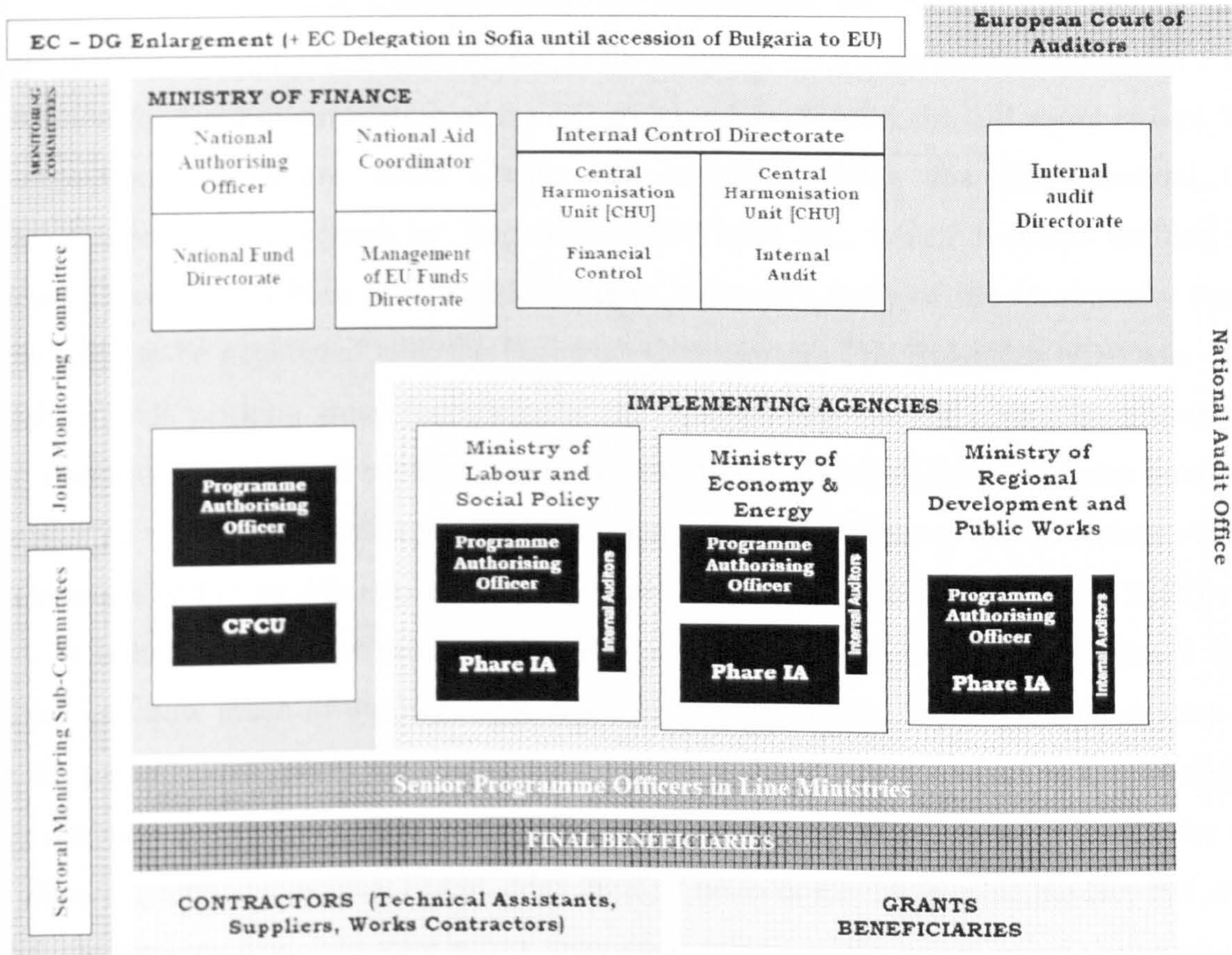


Chart 7.1. PHARE program cycle, source: www.minfin.bg

One of the PHARE executive agencies - the CFCU, which was in charge of the institution building and capacity projects on central and local level - was established within the ministry. In order to show how important this role was, I must note that during the 1990s most of the PHARE projects, (as well as some of the funds allocated under the Community Initiatives such as Tempus) were allocated for institution building projects or for projects that incorporated an institution building element. When speaking about implementing agencies under the PHARE programming cycle I must make a clarification. The term 'implementing agency' was used in the joint Bulgaria – EU documents in order to outline the part of the leading ministry that was

directly responsible for the administration of the EU pre-accession support in the respective policy sector. None of these was an independent unit. Implementing agencies were staffed by public servants from the respective ministry and directly accountable to the respective deputy minister.

Besides the financial management of the EU support, the ministry also had significant impact on the programming process related to the usage of the EU pre-accession support and the preparation for the implementation of the EU structural funds after the full membership. When the accession negotiations under Chapter 21 started in 2001, the EU structural funds implementation was governed by Regulation 1260/1999 EC, which required drafting of a National Development Plan (NDP) which was to serve as a basis of the Community Support Framework, to be negotiated with the European Commission. The Bulgarian NDP was drafted by quite a wide working group (consisting of the representatives of the central government, the local authorities, social and economic partners and the academics) chaired by the minister of finance. The work of the group was actively supported by the Agency for Economic Analysis and Forecasts within the Ministry of Finance (interview, senior official AEAF, May 2008).

It is hard to say how much of the work of the group has been directly steered by the ministry and how much of the work took place in a pluralistic environment. Interviewees from both the central government services and the non-state actors that took part in the work of the group claimed that the proposals coming from outside the central government have been taken into account (interview, official FLGR, May 2008). However having in mind the fact that several of the interviewees from non-state actors mentioned practices like provision of vast amounts of information in the latest possible moment prior to the meeting as well as the fact that the secretariat of the group was within the Ministry of Finance, one might assume that the central government retained overall control of the plan drafting process (interview, senior official, BARDA, May 2008).

National Strategic Reference Framework

The National Strategic Reference Framework (NSRF) for the 2007-2013 programming period of the structural funds, was drafted on the basis of article 28 of Regulation 1083/2006 EC. The NSRF is a mid to long term planning document, drafted on the basis of the Community Strategic Guidelines and the National Reform Programs. The NSRF formulates the priorities and the

general objectives that are to be pursued with the help of the EU structural funds during the programming period. The NSRF also provides indications on the governance and the partnership settings within the member state (European Parliament 2008). At least according to Article 11 of the Framework Regulation for the structural funds (1083/2006 EC), the NSRFs are to be prepared in accordance with the partnership principle. However, a closer look at the Bulgarian NSRF shows that sometimes the Commission was willing to accept a system for implementation of the EU regional policy that is dominated by the central government, if it was convinced (e.g. during the accession negotiations) that the local and regional authorities, in the new member state, had no capacity to manage separate operational programs (interview, official Ministry of Finance, June 2008).

By late 2002 it became clear that Bulgaria would not join the EU in 2004 (before the end of 2002-2006 programming period). This meant that the country had to switch its efforts from the preparation for the EU regional policy implementation according to Regulation 1260/1999 to the creation of the programming documents required for the implementation of the EU regional policy according to 2007-2013 acquis. Therefore, the Ministry of Finance as a managing authority of the pre-accession support from the EU was given the task of preparing a draft NSRF.

Building of the administrative capacity at local level

Even though the planning and implementation of the EU regional policy in Bulgaria is under the tight control of the central government, more than 80% of the EU structural funds for Bulgaria were designated for projects of the local authorities (see NSRF 2007-2013 and the Regional Development OP for the same period). This makes the issues of local level administrative capacity (both programming and implementation capacity) extremely important. Capacity-building efforts of the Bulgarian governments since 2000 were quite different. While at central level, capacity building efforts followed a uniform policy and received sufficient financial support, at the local level these efforts were frequently characterised by the lack of coordination between the ministries involved in the process. According to interviewees from the National Association of Municipalities, during the pre-accession period, it was a common practice for two different cabinet ministries to provide similar training to a same group of local government officials. As a result of the lack of overall coordination of the capacity building activities during the preparation and immediately after the beginning of the accession negotiations with the EU,

the Ministry of Finance and its specialized internal training unit (created in order to provide in service training to the public servants) were simultaneously involved in the building of local capacity for work with the EU structural funds together with other cabinet ministries and training units under the Minister of State Administration (interview, official NSORB, June 2008).

When talking about capacity building I must make a clarification. One can distinguish between two types of capacity. The first one is the capacity to formulate policies concerning the specific regions (determine specific regional priorities, formulate development goals and draft a regional OP on the basis of these). The second type of capacity is the capacity for drafting of fundable proposals under the operational programs. Building of a capacity to formulate policies concerning the specific region has rarely been a subject of central government support. Even though the lack of such support was usually justified with the lack of significant differences between the Bulgarian regions, however the real reasons were related to the fear of strong regions. This fear is generated by the fact that certain parts of the country are considered 'fortresses' of specific political parties and strong regions (especially on NUTS 2 level) were viewed as a potential threat for the implementation of the national programs of the central government and even jeopardize the re-election of the parliamentary majority backing the current central government (interview, senior official, Bulgarian Parliament, July 2008).

Even though the threat of separatism does no longer exist following the collapse of communism, it is usually used by a newly created nationalist party called 'Ataka'(Attack), whenever it has to mobilize its supporters for any form of elections (local, European Parliament, etc.). Furthermore the attempts of some of the local authorities to build a policy formulation capacity is constantly hampered by the attempts of the Minister of State Administration to reduce the number of public servants both on central and local level, without reducing amount of work that has to be carried out by the administration. This is why instead of the building of a proper programming capacity within their administrations; many heads of smaller local authorities (e.g. small mountainous municipalities like Troyan in central Bulgaria) have no other choice but to resort to private consulting companies (interviews, official NSORB, June 2008). As already explained, it seems that the central government failed to convey the importance of the programming documents to the local authorities. As a result of that, the local authorities frequently perceived the task of drafting municipal development plans not as a prerequisite for

funding of the local development programs from the EU structural funds but as another unnecessary administrative burden.

Many local governments undertook a pretty formal approach to the drafting of the municipal development plans, in fact in some of the cases (especially in smaller municipalities), the local authorities used the services of consulting companies for the first time since they were established. On the other hand, the consulting companies are still inexperienced in the preparation of programming documents. During the candidacy period, these were usually staffed by 4-5 current or former academics and/or former public servants (usually from the central government services). Frequently these companies were mostly looking for fast profits and took little time in order to get acquainted with the territory governed by the specific local authority. In fact, according to interviewees from national level organizations of local authorities, many of the municipal development plans were drafted on the 'copy-paste' principle and even the names of the municipalities were frequently unchanged (interview, official FLGR May 2008).

However, having in mind the fact that only a small amount of the municipal budgets (mostly the funds coming from sources outside the grant from the national budget) was available for free spending by the local authorities (see Chapter 8 for details on the municipal budgets), awarding of contracts to international companies was not an option. In many cases the plans were drafted in offices in Sofia without any visits at the particular territory. On the other hand, Offices of the Regional Governors also lacked administrative capacity (trained personnel in sufficient numbers) and rarely work outside the regional center. This made it hard for the officials working for the regional governor to assist the municipalities from the region in the improvement of their development plans and results in a poor quality of regional development strategies (NUTS 3) and the planning regions development plans (NUTS 2). In fact, a detailed analysis of the situation shows that many of the municipal plans were not drafted with the upcoming implementation of the EU regional policy in mind, but simply in order to satisfy the requirement of the legislation for the existence of such a document and to avoid administrative sanctions from the central government. And as a result, some of the national programming documents required significant input from the central government (mostly the Ministry of Finance) because of the low quality of the input coming from the local (and regional) programming documents (lack of clear priorities or lack of priorities at all in the municipal development plans, etc.). The lack of such capacity was widely used as a justification for a

highly centralized system for implementation of the EU pre-accession support and the EU regional policy in Bulgaria.

The second type of local capacity is the capacity to absorb EU funds (draft good funding proposals and implement the projects) and spend them according to the regulations in force. Unlike the previous type of capacity, this one requires mostly good knowledge of the EU structural funds guidelines and frequently a moderate lobbying capacity (good contacts with the public servants from the central government). The existence of such a capacity at local level is vital for the successful implementation of the EU regional policy and all the capacity building efforts (mostly various forms of training) of the central government directed towards building of such capacity.

The NSRF envisaged the drafting of a detailed plan for improvement of the local level capacity. However, according to several of the interviewees, the plan was just drafted (May 2008) and the implementation has not yet started. Therefore various specialized training units (including the Higher Financial School – the training unit of the Ministry of Finance) among the state administration continue to build the capacity of the local authorities as they did in the pre-accession period by ad hoc training of groups of officials from the local governments (interview, official Ministry of Finance, June 2008). Speaking, about capacity building, the Ministry of Finance will continue to play a significant role in the process on central level during the 2007-2013 programming period, because it is the managing authority of the Technical Assistance OP. Initially drafting of this OP was not envisaged in the NSRF. The program was a result of a Commission recommendation for improved national level coordination of the structural funds implementation in Bulgaria. The Technical Assistance OP is a horizontal program, covering the provision of technical assistance to the Central Coordination Unit, the Authorizing Authority, the Auditing Authority (all three are administrative units within the Ministry of Finance). From the point of view of this study, the lack of capacity for planning and implementation of the EU regional policy on local level means, that a culture of dependence of the local authorities on the central government was created in the pre-accession period.

In other words, besides financial support, the local authorities also depended on the central government for expert assistance in order to prepare the respective programming documents that were to facilitate the access of the specific municipality to the EU structural

funds. This also means that strong control of the central government on the EU regional policy implementation would continue to exist during the first years of the EU membership.

The Ministry of Finance and the partnership principle

For the purpose of the implementation of the principle, the partners in Bulgaria are divided in two categories by the unit of the Ministry of Finance that was in charge for drafting of the partnership principle implementation guidelines – administrative partners, social and economic partners (Ministry of Finance 2004). The partners within the first group (the cabinet ministries, the implementing agencies, local and regional authorities) are engaged in other national level partnerships, besides the ones constructed for the drafting and implementation of the NDP/NSRF (and the respective OPs). Such partners are also limited in numbers and have pretty specific responsibilities defined by the legislation in force or by regulations adopted by the Council of Ministers of the Republic of Bulgaria.

On the other hand, partners like NGOs representing national level organized interests, researchers and business associations need to be selected on the basis of specific criteria devised again by public servants from the Ministry of Finance in order to take part in the programming and implementation of the EU structural funds. The reasons for this are related to the great number of such partners and somehow unclear activities of such partners – there are many NGOs that once established, never worked or stopped working after implementing a single project for instance (see Chapter 9 for detailed description of the Bulgarian NGOs and other non-state actors). This means that even though in theory there were wide possibilities for horizontal partnerships (especially on local level), in practice the number of potential partners was much smaller. On the other hand, the participation of such actors in the implementation of the NDP/NSRF is important, because usually they possess ‘field’ knowledge on specific policy sectors like environment, transport, etc. Due to the competitive environment characterizing the relations between the non state actors, the non state partners that are already designated to take part in the implementation of the partnership principle do not object to these criteria, which mean that these are not likely to undergo any change. In practice, the application of the partnership principle is a two stage process.

Each managing authority of an OP or the Cohesion Fund had to draft a list of the potential partners on the basis of the criteria drafted by the Ministry of Finance. The lists are

summarized by the managing authority of the Community Support Framework (a directorate within the Ministry of Finance) and submitted to the NDP coordination council for approval. The council itself is staffed by the representatives of the central government, the local authorities (National Association of Municipalities) and representatives of the national level NGOs. While the central government services are represented there 'by right', the national level NGOs were chosen on the basis of the provisions of the Labour Code of Republic of Bulgaria (besides labour relations, the Code also regulates the designation of NGOs for representatives of national level interests). After that, the organizations from the list were able to join the working groups in charge of the OP drafting (CM Ordinance 171/2004). The ministry also acts as a single contact point between the Bulgarian central government and the European Commission all issues related to the EU regional policy, for this purpose it has a representative at the Mission of Republic of Bulgaria at the EU in Brussels (interview, senior official, Mission of Republic of Bulgaria at the EU, June 2008).

Bulgaria was not much different from the other EU member states, where the task of drafting of the NSRF was given (by the central governments) to the ministries of finance or their executive agencies (European Parliament 2008). Like in Greece, the drafting of the NSRF in Bulgaria is highly centralized mostly because of the lack of proper planning capacity on local level, which in turn required a greater input from the central government in order to produce programming documents of sufficient quality that can be approved by the European Commission (interview, senior official AEF, May 2008). The multitude of civil society actors (e.g. the number of road haulers associations has increased from 5 to more than 15 between 2000 and 2004, there is a huge number of environmental NGOs and groups ranging from the national level ones to ones that are working on a specific endangered area or species) and their different capacity also requires at least some form of state control over the implementation of the partnership principle in order to select potential partners that really have something to contribute to the drafting of the NDP/NSRF. The fact that the Ministry of Finance plays a central part in the implementation of the partnership principle made it a convenient 'scapegoat' for other cabinet ministries, who are frequently blaming their failure to build partnerships with the non-state actors on the Ministry of Finance. The reason for this was related to the fact that the ministry was a very convenient scapegoat due to the fact that it was in charge for the adoption of partnership principle implementation criteria. Following the appointment of a special deputy prime minister

in charge for the EU structural funds in July 2008, the minister of finance is no longer handling the overall coordination of the NSRF. In order to improve the control over the structural funds programming and implementation in Bulgaria, the overall coordination of the NSRF has been given to a deputy prime minister without portfolio. It was expected to improve the coordination of the EU structural funds support by concentrating of the work in one office, in the hands of a person with a greater nominal power than the ordinary cabinet ministers.

THE MINISTRY OF REGIONAL DEVELOPMENT AND PUBLIC WORKS

As already explained in the previous chapter, between 1878 and 1999 Bulgaria had no policies aimed at the development of a specific part of the country's territory. On the other hand, during most of its history, Bulgaria has been an agricultural country with underdeveloped infrastructure (roads and railroads), which required special policy and government oversight, because of the need to use such infrastructure during the National Unification Wars⁴. Therefore one of the first cabinet ministries to be created was the Ministry of Public Roads and Building. Following the adoption of the first Bulgarian communist constitution in 1947, the ministry was divided into two ministries – the Ministry of Construction and Roads and the Ministry of Public Works. During the communist regime, both ministries were busy implementing the ambitious government program for construction of new roads and state controlled industry. Later, during the communist regime, the ministries were unified into a Ministry of Construction.

The ministry was renamed the Ministry of Regional Development shortly after the fall of communism. Besides some of the competencies of the Ministry of Construction (big transport infrastructure projects, territorial planning), the new ministry also started to handle the relations between the central government, its regional administrations and the local authorities. In fact the ministry started to handle most of the issues related to local self-government (excluding the budgets of the local governments). The role of the ministry increased further, following the transition to PHARE programs oriented towards specific candidate countries (1997). The Ministry of Regional Development and Public Works became the implementing agency for two of the most significant components of the national PHARE program – the economic and social cohesion measures and the cross border cooperation program with Greece (from the Bulgarian

⁴ The two Balkan wars(1912-1913) and the First World War

side). Economic and social cohesion included programs such as the development of cultural tourism that had direct impact on many municipalities lagging behind the regions rest of the country's regions.

Following the adoption of the 1999 Law on Regional Development, the ministry assumed a great deal of the responsibility for the programming and the implementation of the regional development initiatives of the central government. Since at that time (1999), there were no *acquis* (see Chapter 3) on the size of the NUTS 2 regions, the adoption of the regional development law (partially a response to the 1997 European Commission Opinion on Bulgaria) was preceded by a heated national level debate on the proposed regionalization of Bulgaria. The main reason for the debate was related to the boundaries of the planning regions (NUTS 2 level). The regions were devised mostly on the basis of the central government's priority to maximize the absorption of the EU structural funds. These were later (in 2004) amended in order to comply with NUTS *acquis* adopted in 2003. The law established six planning regions (NUTS 2 statistical units); the number is to remain unchanged in 2007-2013 structural funds cycle. However there were proposals from independent experts to divide the country into three to four planning regions, two of which were about to be phased out of Objective 1 (see Chapter 3) during the 2014-2020 programming period (interview, senior official Ministry of Regional Development, June 2008). Another reason for the debate was related to the misunderstanding about the nature of the NUTS 2 regions. The planning regions were purely statistical units that were not governed by separate regional administrations. Even though each of the planning regions had an intermediate unit responsible for the implementation of the EU regional development programs in each of the planning regions, these were regional divisions of the Directorate General on Regional Development Programming (DGRDP) within the Ministry of Regional Development. The units were staffed by public servants from the ministry and are accountable to the deputy director of the DGRDP. However most of the regions (NUTS 3) within the planning region wanted to be designated as a center of the NUTS 2 region (according to the Law on Regional Development, each NUTS 2 region has a formal administrative center) because of the belief that this is going to bring them a better access to the EU structural funds (interview, official NSORB, June 2008).

According to the National Association of Municipalities, the belief of the local authorities and the administration of the NUTS 3 regions that the regional center will be in privileged

position, when it comes to EU funding is also one of the key obstacles to the potential introduction of a second level of local government (elected regional administrations with extended powers) at the NUTS 2 level (interview, official NSORB, June 2008). On the other hand, the lack of elected regional administrations means that the programming and implementation of the EU regional policy in Bulgaria is going to remain highly centralized. From the point of view of this study, this means that the creation of multi-level governance in Bulgaria is just beginning. Furthermore, having in mind the fact that according to Bache and Flinders (2004), the multi-level governance has a horizontal and a vertical dimension, one might easily see that in Bulgaria, the vertical dimension was extremely strong, while the horizontal dimension is weak, and some of the connections between actors in the horizontal tier existed on an ad hoc basis. It is very hard to view the planning regions (NUTS 2) as a step towards the building of multi-level governance, because the regions are purely statistical units. These are not headed by specific administration, in fact the only units that exist on this level are the regional development councils (staffed mostly by representatives of the NUTS3 regions, the local authorities and the representatives of the regional units of the Ministry of Regional Development) that work on ad hoc basis and have no other powers but to approve the NUTS 2 regional development plan. Needless to say, the domination of actors directly under the control of the central government in the regional development councils assures a strict control of the central government over the work of the NUTS 2 regional development councils.

Besides being the executive agency of the economic and social cohesion measures under PHARE, the Ministry of Regional Development also took significant part in the implementation of the Instrument for Structural Policies for Pre-Accession (ISPA), when the program was initiated in 1999. The ISPA program was aimed at funding transport and environmental infrastructure projects, which are to help the candidate country achieve the Accession Partnership goals. The program procedures are very close to the procedures governing the Cohesion Fund implementation. The transport infrastructure projects (mostly roads and railroad, which are part of the Trans European Networks - Transport) were mostly national level ones. These were implemented directly by the central government with little or no involvement of the regions. However, the environmental projects had significant impact on the local authorities.

In order to improve the provision of public service by the local authorities and make them less dependent on the central government funding, in 2002 the Council of Ministers (Bulgarian

central government) decided to draft and adopt a financial decentralization program. The working group in charge of the program was headed by the Minister of Regional Development. The program should have been implemented by 2005. However its implementation was significantly delayed, because between 2002 and 2007 it existed mostly as a set of some general ideas on what should be done in the future. From the point of view of EU regional policy implementation, this meant that the local authorities had to rely on the central government budget for EU projects co-financing and capacity building.

Following the adoption of the 2004 Law on Regional Development, adopted in order to align the Bulgarian regions with the requirements of Regulation 1059/2003 EC (the acquis on the NUTS system) and to include the NUTS 2 regions into the programming process (the 1999 Law envisaged programming on NUTS 3 level), the EU development policy programming mechanism was amended, but the Ministry of Regional Development retained significant impact on the process. The Law on Regional Development was once again amended in 2005 in order to align it with the requirements of the upcoming acquis for the EU structural funds in 2007-2013. Since the 1999 Law on Regional Development envisaged no drafting of a regional development operational program, because it was adopted before Bulgaria started the accession negotiations with the EU and the implementation of the EU regional policy was extremely remote perspective, the 2004 Law had to amend the programming mechanism that existed between 1999 and 2004. Therefore, the new law envisaged the creation of a new programming document – the regional development OP (in accordance with Article 37 of Regulation 1083/2006 EC).

The regional development operational programme

This programme was drafted by a working group headed by the Ministry of Regional Development, which was also about to be designated as a management authority of the OP. In order to respond to the requirement for partnership during the programming of the EU regional policy, the working group that was formed for the drafting of the programme consisted of 40 different government institutions and non state actors such as associations of the local authorities, regional development agencies (see Chapter 9 for detailed information on the Bulgarian regional development agencies), regional development councils, business associations, NGOs and other stakeholders.

The Bulgarian government chose to draft a single, national level, regional development OP instead of six regional programs for each of the NUTS 2 regions due to several reasons. I have already mentioned the first one – lack of capacity at regional level in order to formulate specific priorities for the region and implement a regional OP. The second reason was related to the fact that besides the area around the capital and the second biggest city (Varna), the rest of the regions was equally underdeveloped and still have relatively similar problems to deal with. Instead of providing relatively smaller funds, for projects in all the 262 municipalities in Bulgaria, the major part of the program (70% of the funds) is oriented towards 36 urban areas (86 municipalities), because of the perception that these 86 urban municipalities will act as a motor for the development of the surrounding smaller ones (interview, official FLGR, May 2008). Therefore the program is oriented towards the improvement of the infrastructure for provision of public services infrastructure within the 36 urban areas. A relatively smaller part of the program is oriented towards things such as the development of tourism services in the smaller municipalities with historical sites and the construction of national level infrastructure such as pipelines and communication networks. Funding of activities such as development of the local transport infrastructure in the smaller municipalities fell within the scope of the National Rural Development Plan (Regional Development OP 2007-2013).

Despite the existence of a special OP oriented towards the provision of technical assistance and capacity building (see above) within the management authorities, 5% of the funds under the regional development OP were allocated to the technical assistance and capacity building. Unlike the technical assistance OP, which was oriented mostly towards the managing authorities (the central level), the technical assistance component of the regional development OP (at least in theory) is oriented towards building of capacity for EU funds absorption within the direct beneficiaries of the program – the municipalities. However, so far this component is used in order to cover the preliminary project preparation costs (e.g. feasibility studies) and capacity building costs at central level (the regional OP managing authority) and it is not clear if this component will lead to improved programming capacity at local and regional level. The lack of several regional OPs instead of the existing single regional development OP frequently draws critics from various non state actors (mostly consulting companies). According to the non-state actors (interview, official Kardjarly RDA, July 2008), the regional development OP is regional only by name and supports mostly the implementation of various state policies on the specific

territory. However, it must be noted that the local governments (the immediate OP beneficiaries) in Bulgaria are given the task of implementing various national level policies (e.g. housing policy) and were expected to provide various public services (education, local transport, water supply, waste disposal and management, sewerage, various services oriented towards the public safety etc.) as well as maintain the infrastructure needed for the provision of such services. On the other hand, the improvement of such infrastructure is among the main priorities of the regional development OP.

The Ministry of Regional Development and the partnership principle

During the late years of the candidacy period and the first membership year (2005-2007), there was extremely limited pressure to build partnerships not only for the sake of satisfying the requirements of the EU regional policy (interview, senior official Ministry of Regional Development, May 2008). Having in mind the fact that the 2005-2007 period was the time when most of the regional policy reforms in Bulgaria took place, one might assume that the EU is giving preference to the centralization (which as explained in Chapter 5 was viewed as a guarantee for the efficient policy implementation) over the creation of working partnerships. In fact, officials of the EC continuously stressed that Bulgaria was going to receive every help needed in order to spend its structural funds allocations efficiently but, when asked about their key partners in Bulgaria always mentioned only the respective cabinet ministry (interviews, officials European Commission, March 2008).

On other hand, the Bulgarian government attempted to limit the participation of powerful non-central government players like the Regional Development Agencies (RDAs), with a wide national level network (currently there are 20 regional development agencies), uniting the local business and the local authorities (RDAs are voluntary regional development alliances between the local authorities, the local business and the non-state actors) and the National Association of Municipalities, in the decision making process of the NUTS 2 regional development councils (Law on Regional Development 2008). Even though the councils already include representatives of the municipalities from the planning region, it must be noted that for the regional governors and for the representatives of the cabinet ministries it is much easier to control the representatives of the individual municipalities and the central government is most likely to retain a tight control even over the partnerships that are formed on local and regional level. The

Ministry of Regional Development is extremely slow when it comes to the implementation of the partnership principle. At least according to the strategic documents, it has retained significant degree of control over the regional policy programming during the current programming period (2007-2013).

What was the reason for the 'slowness' mentioned above? Probably the key place to look for an answer to this question is the position of the ministry within the central government. Although in theory, all cabinet ministries and implementing agencies are considered to have equal powers concerning their policy sectors and the coordination of cross-sectoral issues, this study shows that the preparation for implementation of the EU regional policy upon accession changed the balance of power between the cabinet ministries. The importance of each ministry usually depended on the policy area (or areas) it oversaw and the importance of the policies in the respective sector for the achievement of the priorities set in the central government's programme. However, even though the Ministry of Regional Development lacked the overall coordination powers of the Ministry of Finance, the Minister on European Affairs or the Deputy Prime Minister on the EU structural funds it was always among the most important cabinet ministries. In fact during the past 20 years, there was a single Minister of Regional Development with a political party affiliation different from the party affiliation of the prime minister (see Chapter 6). Although this was never mentioned directly by a document source or an interviewee, this meant that the minister of regional development had direct support of its political party, which generally meant smaller internal pressures (e.g. from the Parliament or the Head of State) for change.

THE MINISTRY OF ENVIRONMENT AND WATERS - AN EXAMPLE OF WORKING PARTNERSHIP

The Ministry of Environment and Waters is one of the 'youngest' cabinet ministries. It was created in 1976 as Committee for the Protection of Environment at the Council of Ministers (Bulgarian central government). Its tasks were related to the preparation of the legislation and regulations related to the environmental protection, coordination of the national programs for protection of environment and the natural resources and specialized control over the environmental protection actions. Despite the creation of a specialized committee for environmental protection it must be noted that the environmental protection was not high on the list of the priorities of the communist government. In fact the government despite the existing administrative structure and legislation, the country did almost nothing in order to protect the environment or save natural resources. However, by the late 1970s, the environmental effects of the massive industrialization of the country were becoming evident, and the committee was created with the idea of tackling these issues. After the communist regime ended, Bulgaria had a wide variety of environmental problems that had to be solved with external assistance (air pollution due to the heavy industry, lack of water cleaning facilities, etc.). The Committee was transformed into a Ministry of Environment in 1990. In 1997 the water sector policy was added to the responsibilities of the ministry. Following the 1999-2000 reform of the public administration, the implementation of the environment protection activities was entrusted to a specialized executive agency at the Minister of Environment and Waters and the ministry continued to implement only the tasks related to the strategic planning and policy formulation.

Following the initiation of the ISPA program in 2000, the ministry became the executive agency for the environmental component of the program. The transport component of ISPA was oriented mostly towards national level transport infrastructure projects (roads, railroads, Sofia airport, etc.) that were directly managed by the Ministry of Transport. The main task of the environmental component of ISPA was to provide investments for the construction and improvement of infrastructure related to the sewerage waters, potable water, waste management, etc (typical activities of the local authorities). The most significant part of the ISPA investments went to the integrated water management projects (significant part of these was implemented in the big cities) and regional waste disposal sites (Ministry of Environment and Waters 2007).

Unlike other cabinet ministries, who managed their pre-accession instruments in a highly centralized manner, the Ministry of Environment and Waters acted as a promoter of realistic partnerships, frequently consulted the local authorities and helped them with various preparatory works (preliminary designs and obtaining of authorizations) related to the preparation of project proposals. The ministry also does its best to attract environmental NGOs. When it came to the implementation of the partnership principle by the Ministry of Environment and Waters, one must note that the work of the ministry is extremely simplified by two factors. First of all, as already explained above, while it is relatively easy to determine the administrative partners (the state administration, local authorities, etc.) because they are a limited number and have a specific mandate, the non-state partners need to be selected on the basis of specific criteria. However, speaking about the non-state partners in the field of environmental protection was also limited in numbers and easily identifiable. Unlike the NGOs in other sectors (e.g. transport) most of the environmental non-state actors already have some experience in defending and promoting of national level environmental issues. Furthermore such organizations rarely need some specific capacity building efforts on behalf of the government. The second most important reason for successful implementation of the partnership principle is related to the personal commitment of the recent minister of environment and waters (2005-2009) to attract the widest possible group of partners to the implementation of the EU structural funds and the Cohesion fund. In 2005 the ministry was designated the management authority of the OP Environment for the 2007-2013 programming period. The program has been drafted in order to respond to the Convergence objective (Regulation 1083/2006 EC) and its main priority is the improvement of the water and waste management infrastructure in the urban areas. The implementation of the OP has started in the beginning of 2008.

The experience of the Ministry of Environment and Waters shows that opening of the decision making process for external actors is not a uniform process in the networks of all government departments. In fact, if the Ministry of Environment and Waters is viewed by itself, one can easily observe an existing type 1 multi-level governance system, where the local authorities and the non-state actors were actively engaged in the decision making process. This system was created as direct result of the EU pre-accession support and the need to implement the environmental component of the ISPA program.

The working partnership example

The key question that comes up after a comparison between the Ministry of Regional Development and the Ministry of Environment and Waters is why the two ministries had sometimes radically different approach to the implementation of the partnership principle. The first place to look for an answer to the question is once again the party affiliation of the minister. Following the 2005 general elections, the Ministry of Environment was given to the smallest political party in the coalition – the Movement for Rights and Freedoms (MRF). MRF was created in the early 1990s. Although it was never directly mentioned, during the first months of its existence the key goal of the party was to represent the Bulgarian regions with compact masses of Muslim population. However, since the Bulgarian Constitution (1991) prohibited the establishment of political parties based on ethnic principle, the MRF actively moved away from its image of the political party of the Muslim population in Bulgaria and did its best in order to portray itself as a liberal political party that trying to gather electoral support from the whole Bulgarian populations.

Parts of the efforts to change the party image were the attempts to improve the Bulgarian access to the pre-accession financial support from the EU. In order to do that the ministers from MRF (the party controlled the Ministry of Environment and Waters and the Ministry of Agriculture), frequently ‘saved’ EU pre-accession funds (e.g. under the environmental component of ISPA) designated for Bulgaria by brokering ‘last minute’ deals between the involved local authorities. In the area of the Ministry of Environment and Waters, this started with the ‘last minute’ deal with the local governments in order to save the ISPA funding for six regional waste disposal sites from returning to the EU budget in several cases by direct negotiations with the mayors (by the Minister of Environment) and lobbying for support of the projects. Subsequently, this ‘one-off’ action of the ministry turned into a policy course and was widely employed in the preparation and negotiation of Environment OP and included other partners besides the local authorities (e.g. environmental NGOs)⁵.

⁵ The section draws on information from the Bulgarian daily media published in the 2005-2007 period

OTHER MINISTRIES AND IMPLEMENTING AGENCIES

Besides the ones described above, several other cabinet ministries and implementing agencies are connected to the implementation of the EU regional policy in Bulgaria. These are mostly managing authorities of operational programs funded by the Cohesion Fund and the European Regional Development Fund (ERDF).

The Ministry of Transport and the Transport OP

Besides being the lead ministry of the accession negotiations under Chapter 9 Transport Policy, the ministry was the implementing agency for the ISPA projects concerning transport infrastructure (excluding roads). Most of the projects managed by the ministry were national level ones involving little or no participation from the local authorities and the regions (ISPA funded construction of Trans-European transport infrastructure). However, when it comes to the ISPA implementation, the ministry is a good example of centralized management and lack of proper administrative capacity, which in turn led to great delays of most of the projects.

The ministry was designated as a management authority of the second most expensive (approximately 2 billion €) operational program of Bulgaria – transport OP. The program is to be funded by the ERDF and the Cohesion Fund and is mostly oriented towards investments in transport infrastructure during the 2007-2013 periods. The program implementation mechanism is highly centralized and practically all the management is to be handled by the ministry. Even though the managing authority has a specific mechanism for participation of non-state organizations working in public interest (see Chapter 9) in the work of the OP monitoring committee, their participation has been allowed in order to formally satisfy the requirement for a partnership during the implementation of the EU regional policy. The second reason for the inclusion of the non-state partners in the monitoring committee of OP Transport is related to the fact that many of the non state actors (mostly transport and environmental NGOs and independent research centers) possess expert knowledge, which will not otherwise be available to the monitoring committee. The non-state actors have no rights to take part in the decision making process in the monitoring committee.

The Competition OP

Competition operational program is managed by the Ministry of Economy and Energy. This is one of the youngest Bulgarian cabinet ministries. It was a result of unification of the Ministry of Industry and the Ministry of Foreign Trade (2000) and later of the Ministry of Economy and the Ministry of Energy (2005). The Ministry of Economy played significant role in the EU accession negotiations on all Common market related acquis chapters.

The Competition OP has been drafted in accordance with the obligations undertaken by Bulgaria during the closure of negotiations under Chapter 21 Regional Policy and Structural Instruments. It is one of the key documents outlining the economic and social cohesion policy during the first years of the EU membership. The program is funded by the ERDF. The OP is heavily interconnected with the implementation of the regional development OP. Since the main priorities of the regional development OP are the improvement of various infrastructures in the urban areas and the construction of national communication networks and pipelines, it is expected that the successful implementation of the regional development OP will contribute to the improvement of the business environment and attract foreign investments (goals of the Competition OP). Furthermore the Competition OP has a special priority aimed towards the support of small and medium enterprises. The implementation of the measures under this priority will have a significant impact on the regions falling within the Convergence objective.

The implementation of the partnership principle and the participation of non-state actors (various NGOs) in the work of the Competition OP monitoring committee is governed by a fairly standard set of rules, which are limiting their possibilities for influencing of the decision making process. Besides the national level employers organizations recognized by the Council of Ministers of Bulgaria (the procedure is defined by the Labour Code), any other NGO can send its experts to take part in the committee work. However, while the national level employers organizations and the representatives of the local authorities have the right to vote, other NGOs taking part in the work of the monitoring committee do not have the right to vote in the decision making process. If an organization is to take part in the work of the committee it must not be a member of a national level employer organization or a regional development council (Law on regional development). This significantly limits the group of possible participants and excludes non-state organizations like the Regional Development Agencies from the work of the monitoring committee. Furthermore the potential participant must obtain a written nomination to

the monitoring committee from at least 10 other NGOs, which is not always possible because the NGOs often tend to view each other as competitors for the scarce funding sources available. Interviewees at a major national level NGO suggest that the national level employer organizations are trying to remain the only NGOs taking part in the work of the monitoring committees (not only when it comes to Competition OP).

The Administrative Capacity OP

Initially Bulgarian government started drafting five operational programs on the preliminary planning done during the preparation of the National Development Plan and the NSRF. However due to the problems with the administrative capacity both on central and local level, that persisted throughout the pre-accession period (interview, official Ministry of Finance, June 2008), the Commission asked Bulgaria to prepare a specialized operational program – administrative capacity OP (interview, senior official, European Parliament June 2008).

This is a relatively small program managed by the newly created (after 2005 general elections) Ministry of State Administration and Administrative Reform. The program is funded by the European Social Fund. It is oriented towards the general improvement of the policy formulation and strategic planning capacity of the state administration as well as towards the building of partnership creation skills within the administration and the non state actors.

THE DEPUTY PRIME MINISTER IN CHARGE OF THE EU STRUCTURAL FUNDS

Bulgaria is already experiencing problems related to the implementation of the EU structural funds, the 2007-2010 transitional facility (ex PHARE) and the SAPARD program. The problems are related mostly to the lack of administrative capacity, which resulted in problems with the quality of the local and regional programming documents and poor control and coordination of the structural funds implementation. Since NSRF and the operational programs were already negotiated with the Commission, it was already too late to do something in order to improve the quality of the programming documents for the 2007- 2013 period, the government had only one option left – to improve the national level control and the coordination between the cabinet ministries involved in the structural funds programming and implementation (e.g. as management authorities of OPs and the NSRF).

In the previous chapter I have already described how the government attempted to strengthen the overall coordination of the EU affairs by appointing a cabinet minister without portfolio to be in charge of the sector. In the pre-accession period, the approach worked out. This is why, following the internal pressures (e.g. from the President) to do something in order to not to jeopardize the Bulgarian access to the EU structural funds, the central government decided to appoint a Deputy Prime Minister to coordinate the EU financial support through the structural funds, the Transitional Facility (ex PHARE) and SAPARD. However, it was not possible to appoint one of the cabinet ministers (e.g. the Minister of Finance or the Minister in charge of European Affairs) to act as a Deputy Prime Minister in charge of the EU support. Both ministers were affiliated with different political parties and appointment of one of them to act as a Deputy Prime Minister was about to upset the power balance in the governing coalition (each of the three parties already had a Deputy Prime Minister). Therefore following consultations with the President, the Bulgarian ambassador in Germany was recalled and given the new post.

The key task of the new Deputy Prime Minister was to coordinate and control the implementation of the strategic programming documents, initiate changes in the programming documents, control the implementation of the pre-accession financial instruments (ISPA, PHARE/Transition Facility, SAPARD). The Deputy Prime Minister was also given the powers of making decisions and prescribing collective measures related to the implementation of the EU financial support in Bulgaria. The person occupying the office was also given the task of coordinating the implementation of measures aimed towards the increasing of the administrative capacity on central local and regional level. The Deputy Prime Minister was given the overall control of all branches of the administration related to the structural funds programming and implementation.

It is still too early to say what the impact will be of the creation of this office on the relations between the central government and the regions. Furthermore it is hard to say if the post will exist following the upcoming general elections (July 2009). However, it is quite likely that the post will continue to exist after the summer of 2009 and the work of the person occupying it will lead to a greater centralization of the EU regional policy implementation and make the implementation of the partnership principle harder, because the role of the local authorities is going to be reduced to providing of input for the national level programming documents. Furthermore the centralization is not going contribute to the improvement of the programming

documents quality, because most of the strategic planning is going to be concentrated in the office of the deputy prime minister, which is a relatively small administrative unit (consisting of 18 officials) located in Sofia and has no possibility to monitor the work of 28 offices of the regional governors and 264 municipal administrations, let alone help them during the program implementation in 2007-2013 or the programming for 2014-2020 period. Furthermore as already explained above, the future of this deputy prime minister post and the administration supporting it is highly uncertain. It is quite likely that in order to prove itself useful, the current occupant of the post will try to absorb more power (at least the current developments show that it won't be hard), which encourage most of the regional governors to give up the efforts of capacity building because someone in Sofia will be expected to read the programming document and correct the errors. This will save the regional administrations money, and encourage most of the local authorities to continue with the formal approach towards the preparation of municipal development plans and resort to the help of private consulting companies or the NGOs. Moreover, in this case the local authorities, NGOs and other non state actors will increasingly lose interest in participating in any forms of partnership and multi-level governance and the final result will be a system of EU regional policy management build on the assumption that 'The leader knows best'.

CONCLUSION: THE MANAGEMENT OF CHANGE

As this chapter already showed, even though Bulgaria retained a heavily centralized system of regional policy planning and implementation during the pre-accession period and proceeded to further centralization during the second year of its EU membership, the central government saw significant change both in its institutional framework and in the position of the actors within the framework. Therefore the question how this change was managed and incorporated into the Bulgarian system of governance comes up inevitably. If I am to rephrase Bulmer and Burch (1998, quoted by Bache 2008, p.10), the change, although significant was handled entirely within the Bulgarian traditions. In other words, whenever the central government confronted the need to implement a new policy (including the EU regional policy), the central government created specific administrative units (usually directorates or separate policy implementation agencies within the cabinet ministries) or placed the implementation of the new policy within the powers of an existing administrative unit working in a similar policy field. Once created, the new

administration was given the task of planning and implementing the new policy within the framework of the respective cabinet ministry. The new structure was usually directly accountable to the respective cabinet minister or in very rare cases to the prime minister.

The local authorities and the non-state actors were usually given a limited role in the process of change. Although the local authorities had the possibility to make their input in the making of the national strategic documents related to the implementation of the EU regional policy, individual local authorities had limited possibilities to take direct part in the policy planning on national level. The only channel for influencing of the national level policy process that the mayors had at their disposal was the National Association of Municipalities. The next chapter is going to provide details on the work of this channels and the overall impact of the EU regional policy over the local authorities in Bulgaria and their role in the policy formulation and the governance process.

VIII. THE EUROPEANIZATION OF REGIONAL DEVELOPMENT POLICY IN BULGARIA – THE ROLE OF THE LOCAL AUTHORITIES

INTRODUCTION

The chapter describes the impact of the EU regional policy planning on the Bulgarian local authorities and the role of the local authorities in the policy planning and implementation process. Bulgarian local governments were expected to be the main beneficiary of the EU structural funds support and since there is no regional level of government (existing 28 regional administrations are part of the central government). The chapter will show that the local governments were the only partner of the central government in the vertical tier of governance. It will also argue that due to the uneven distribution of the resource required for successful participation in the policy formulation (trained staff, funds and access to EU level), most of the local authorities developed a culture of dependence on the central government. This in turn led to further centralization of the national regional policy formulation mechanisms.

The chapter begins with a detailed description of the debate on the regional subdivision of the country, followed by a description of the role of the local authorities in the Bulgarian governance and the impact of the EU accession negotiations on the Bulgarian local authorities. In order to explain the participation of the Bulgarian local authorities in the accession negotiations and the governance process in general, the chapter introduces the reader to the provisions of Article 137 of the Constitution of Republic of Bulgaria and the associations of the local authorities in Bulgarian.

In the conclusion, the chapter summarises the findings on the role of the local authorities and argues that these point out to the transformation of the pre-existing policy networks into a weak form of multi-level governance. In the case of Bulgaria the partner on top of the vertical dimension still keeps control on most of the resources, but gradually eases the access of other partners to the policy formulation process.

THE REGIONALIZATION DEBATE

Ever since the country began its transition from communism to market economy in the 1990s, there was an ongoing debate between the local authorities, the central government and other stakeholders about the type of territorial governance system that the country should introduce.

The main issue of the debate was should Bulgaria introduce a second tier of territorial self-government (elected regional administrations) and at what level (groups of municipalities or NUTS 3 regions) should this be introduced (interview, official National Association of Municipalities of Republic of Bulgaria (NSORB), June 2008). However, as already explained previously in this study, independent regions were unknown in the Bulgarian political tradition. Therefore no central government after the end of the communist regime was willing to support the proposals for introduction of elected regional governors and lose one of its means for control over the policy implementation at local level. Eventual introduction of political regions also meant that the significant part of the Bulgarian legislation, starting from the legal provisions concerning the budget and taxation had to be changed, while the Bulgarian government had other legislative priorities related to the harmonization of the Bulgarian legislation with the *acquis communautaire*. Although never directly stated, another reason that made the central government refrain from supporting of the concept of elected regions was the belief that the party to whom the elected regional governor is affiliated is expected to get most of the votes from the region during general elections (interview, senior official of the Bulgarian Parliament, July 2008).

Following the beginning of the EU accession negotiations, the introduction of political regions was interconnected with the future implementation of the EU regional policy. According to the proponents of political regions (again associations of local authorities and some experts on local government working for the Ministry of Regional Development), it was not possible 'to implement the EU regional policy without real regions' (interview, senior official Ministry of Regional Development June 2008). Interviews at the organizations of the local authorities also yielded evidence that introduction of some form of independent regions, was a part of the EU requirements during the earlier phase of the accession negotiations (see Chapter 5). However, contrary to the conceptual models explaining the changing powers of the EU accession conditionality, the Bulgarian government managed to persuade the European Commission that introduction of regional governments with greater independence from the centre was not going to help the effective implementation of the EU regional policy. One of the reasons for such a success of the Bulgarian negotiation teams was the lack of substantial difference in the level of development of the Bulgarian regions (all NUTS2 regions are eligible for Objective 1 of the structural funds). Another reason can be found in the lack of capacity at local level (interview, official Ministry of Finance, June 2008). Consequently, the planning regions (NUTS 2 level)

introduced in response to the pressure from Brussels were purely for statistical purposes (interview, official NSORB, June 2008).

The question about the introduction of regional governments became a hot topic once again after the country joined the EU, because of the EU regional policy. However the most recent laws on regional development (2008) and administrative subdivision of Bulgaria do not envisage the introduction of other independent administrative units besides the municipalities. Furthermore, even if the political regions are introduced (most probably in 2014-2020 programming period), these are going to be at the NUTS 3 level (interview, senior official Bulgarian Parliament, July 2008). Such regional authorities are most likely to have limited impact on the programming and implementation of the EU regional policy, because the actual programming will remain concentrated at the NUTS 2 and central level.

One of the key obstacles for the introduction of regional governments with extended powers is the fact that Bulgaria is no longer a candidate country and the developments at the EU level, do not have the same influence on the national level as it was prior to 2007. Therefore the drive for a new regionalization of the country will have to come from below (e.g. the associations of local authorities), which is not likely to happen having in mind the Bulgarian traditions of a highly centralized governance system, where the policy formulation capacity is concentrated mostly on the central government level. Furthermore, even though, the idea of political regionalization has its proponents like the associations of local authorities) and some experts, 'lack of political will to introduce independent regional governments' can be clearly observed (interview, senior official of the Ministry of Regional Development, June 2008).

THE LOCAL GOVERNMENT IN BULGARIA

According to the Bulgarian Constitution (1991), the territory of the country is divided into regions and municipalities. The regional governments are devolved structures of the central government and (before the adoption of the second Law on Regional Development in 2004) were the main regional policy programming unit. The municipality is the main unit of local self-government (Articles 136 and 142 of the Constitution of Republic of Bulgaria 1991). Currently the territory of Bulgaria is divided into 264 municipalities. Three of these (Sofia, Varna and Plovdiv – the municipalities with population over 200 000) have internal subdivisions into districts. According to the National Association of Municipalities the average Bulgarian

municipality consists of approximately 25 settlements and has a population of approximately 30 000 citizens.

The structure of the local governments closely replicates that of the national government (with an executive and a legislative branch). Each municipality is headed by a mayor (four years term) directly elected by the population of the municipality. Settlements with 250 citizens are governed by elected mayors and settlements with population under 100 citizens are governed by mayor representatives appointed by the mayor of the municipality. The biggest municipalities (over 200,000) also have elected district mayors (as of 2007) and district administrations. However these have limited independence and are accountable to the mayor of the municipality and the Municipal Council (Law on Local Government and Local Administration 2007).

Besides the mayor, the population of the municipality elects a municipal council. The council adopts the overall policy for the development of the municipality as well as the municipal budget. The day-to-day activities related to the governance of the municipality and the provision of services to the population, are being performed by the municipal administration. Although the organization of the municipal administrations varies depending on the size of the particular municipality, most of the municipal administrations are organized in directorates. Each of the directorates is usually responsible for a particular policy sector or a group of sectors (e.g. territorial planning, public transportation, education, etc.). The main responsibilities of the local governments are related to provision of public services to the population of the governed territory. The public services are ranging from the management of the local transport infrastructure (e.g. municipal roads), through the territorial development planning (e.g. drafting and maintenance of various plans stipulated by the Territorial Organization Law) to the joint implementation (with the central government) of national level policies like education, health care, etc. However, despite the fact that the municipalities have to implement these policies on the governed territory (the territorial structures of the central government usually have monitoring and control competencies), they have limited possibilities to influence their formulation. In fact the only possibility of the local authorities to take part in the national level policy formulation process was through the National Association of Municipalities. All the policies concerning the local level (including the regional policy) are currently being formulated mostly on national and/or EU level and are forwarded to the local authorities for implementation.

Municipal Budgets

Prior to 2007, the municipal budgets were formed on a redistributive basis. This meant that, all the public revenues collected from the governed territory (e.g. income tax, corporate taxes, property taxes, etc.), that are above certain levels (different for each municipality) are collected by the National Revenue Agency (within the Ministry of Finance), and are redistributed to the local authorities in the form of grants from the national budget. Even though the local authorities are allowed to secure their own sources of revenue (e.g. from municipal companies or from rents for municipal properties) not all local governments have municipal assets (e.g. free land, municipal companies or a large industry on the governed territory) that can allow them to secure their own revenues. In fact some of the local authorities had to rely completely on the grants from the national budget. This created some significant inequalities between different municipalities. While some of them are motivated to invest (although limited amounts of money) in their EU regional policy implementation capacity and co-finance the implementation of projects supported by the EU structural funds, others were relying completely on the central government. In the past (e.g. in 1997-2001), these characteristics of the municipal budgets gave the central government the possibility to discriminate (e.g. by limiting the funds from the state budget) some of the municipalities relying on the central government funding in order to promote mayors belonging to the governing political party during the upcoming local elections (2003). Usually the municipalities that were subject to a deliberate negative discrimination were headed by mayors supported by the parliamentary opposition.

From the point of view of EU regional policy implementation, the municipalities receiving no grants from the state budget had different problems than the smaller municipalities. Even though in theory these municipalities were able to absorb bigger shares of the pre-accession support and the structural funds (if the revenues collected from their territory were not transferred to the central budget), in practice this was not the case, since by taking away their funds, the central government decreased their abilities for co-financing and capacity building. In order to overcome the problem, the local government of Sofia (the Bulgarian capital) tried to lobby for separate programming document for the capital city. However, the central government preferred sectoral and national level operational programs due to purely political reasons (interview, official Municipality of Sofia, June 2008). Although in 2002 the central government adopted a concept and a program for a financial decentralization (see the section on the Ministry

of Regional Development in Chapter 7), it was not before 2007 when the local governments were allowed to retain a greater share of the taxes collected from the territory they governed.

The mechanism of funding of the local authorities made the poorer municipalities dependent on the central government assistance in case these municipalities wanted to take part in the absorption of the EU structural funds and made their participation in the regional policy planning limited at best. Such dependence is one of the reasons why the local authorities were not willing to undertake capacity building efforts of their own in order to prepare for the implementation of the EU regional policy following the EU membership. Also because of the culture of dependency, reinforced by the approach undertaken during the preparation of the Regional Development OP (directing the bulk of ERDF support towards 86 out of 264 municipalities), many of the smaller municipalities had no interest in participating in any form of partnerships, either with other local governments or with the central government, because the central government and the bigger municipalities were expected to be the dominant partners.

Associations of the local authorities

Article 137 of the Bulgarian Constitution and the Law on Local Self-government gave the municipalities the right to unite in order to defend common interests. The idea behind these provisions was to promote the horizontal partnership between the local authorities and allow them to plan and implement joint solutions of problems that are frequently going beyond the boundaries of a particular territory. However in the past (e.g. during the implementation of various pre-accession programs), the local authorities were frequently failing to form horizontal partnerships. In many cases this was happening contrary to any economic logic and the central government had to promote forming of horizontal partnerships (interviews, cabinet ministries and the NSORB, May-June 2008).

The national level associations of the local authorities were the only channels for the local authorities to take part in the decision making process related to the EU pre-accession support and the EU regional policy. Second, as already mentioned in the previous chapter, the key obstacle to the local government participation in the planning and programming of the EU regional policy was the lack of capacity. Besides individual capacity building efforts such as training, these associations (especially the two national level ones described below) also facilitated the exchange of best practices with the local and regional authorities from the other

candidate countries and the EU as well as contacts with the EU institutions like CoR. Third, at least in theory, these associations were supposed to facilitate formulation of cross-territorial priorities and facilitate the regional development programming process within the NUTS 3 regions.

Even though the associations were created on the basis of a specialized Constitutional provision, it must be noted that the two major national level associations of the local authorities (the National Association of Municipalities and the Foundation for Local Government Reform - FLGR) were completely non-governmental organizations. Neither the NSORB nor the FLGR received any form of governmental support for their creation. The central government was not interested in the provision of such support and the local authorities were not able to provide such support, because of the limited financial resources and the lack of expert knowledge in the beginning of the democratic transition. In fact, these two organizations are a direct product of the assistance that the United States Agency for International Development (USAID) rendered to Bulgaria for the democratization of the country.

National Association of Municipalities in the Republic of Bulgaria

The provision of the Constitution served as the legal basis for the creation of the National Association of Municipalities (NSORB) in 1996. With the help of the USAID (Local Government Initiative program) the association managed to build significant administrative capacity and managed to acquire certain competencies concerning various local government related issues. These competencies were given to the Association on the basis of a cooperation agreement with the Bulgarian central government signed in 2001. On the basis of this agreement, the association has been given the right to participate in the legislative process and the meetings of the Council of Ministers (the Bulgarian central government), when issues related to local government were discussed. The agreement also contained a special part on the inclusion of the local authorities in the European integration process, which envisaged the participation of representatives of the local authorities (in most of the cases it was actually the NSORB) in the EU accession negotiations and the work of the institutions engaged in EU accession negotiations. The agreement envisaged expert level cooperation between the central government and the National Association of Municipalities.

As a result of this provision, the representatives of the NSORB were included in the monitoring committees of the national level strategic instruments related to the implementation of EU regional policy. Until 2006, the association was the only Bulgarian non-central government organization that was represented in Brussels. Besides the National Association of Municipalities, there are 10 regional associations of the local authorities. Some of these (e.g. an association of the municipalities in central Bulgaria) worked actively in order to provide various consultations to the member municipalities and help them acquire contacts and exchange best practices with local authorities from the EU 25.

Foundation for local government reform

The foundation started as a voluntary initiative of a group of Bulgarian mayors in 1995. Its main activities are in the field of provision of consulting services to the government and the local authorities in the areas of regional development planning, European integration, regional economic development and European affairs of the local authorities. FLGR is a member of the Regional development operational program. In May 2008 the foundation was commissioned by the Ministry of Regional Development in order to perform a review of the existing systems of second level of local government (political regions) in the EU, presumably in order to propose potential solution for the introduction of political regions in Bulgaria. However it is not clear if the review of the existing governance systems with elected regions will result in any actions towards change of the Bulgarian territorial governance (interview, official FLGR, May 2008).

Bulgarian local authorities and the EU accession negotiations

As already described in Chapter 5, during the association process (signing of the Europe Agreements) between the former communist countries and the EU as well as during a major part of the EU accession negotiations, the relations between the EU and the former communist country were mostly between the central governments and the European Commission. The only EU level institution, trying to promote active participation of the local authorities in the accession negotiations was the Committee of the Regions. However, according to the Treaty of Amsterdam, the Committee of the Regions has only consultative powers. Even though in 2005, shortly prior to the signing of the Accession Treaty, the CoR-Bulgaria Joint Consultative Committee published two recommendations outlining issues like the need to include the local

authorities in the national level programming Bulgaria was no different from the other post communist candidate countries, and the Bulgaria-EU relations remained mostly between the central government and the European Commission (NSORB and CoR 2005). Furthermore, after the initiation of the national PHARE programs (1997), most of the EU support in Bulgaria went for various capacity building projects in the central government administration and the territorial structures of the central government (to a much lesser extent).

It was not before PHARE 2000, when funds for municipal projects were envisaged in the national PHARE program. A limited amount of the funds were dedicated to the building of capacity and preparation of for the future implementation of the EU structural funds. In fact, before the beginning of the EU accession negotiations most of the funds dedicated to the improvement of the administrative capacity of the local governments in Bulgaria were coming from sources like the USAID (through the Local Government Initiative program) or through some Community Initiatives like the TEMPUS, which envisaged measures for exchange of best practices between the EU member states and the candidate countries. The situation with the Instrument for Structural Pre-Accession Assistance (ISPA) was a bit different. Although the transport component of the program was directed mostly towards national level road and railroad projects, the environmental component of the program was oriented towards typical municipal projects like waste management and water management. However, the role of the municipalities in the implementation of these projects was limited to the preparation of the project proposals and the subsequent management of the infrastructure created as a result of the ISPA projects implementation. Furthermore the implementation of the instrument showed problems with the implementation of the partnership principle that were frequently omitted in the Regular Reports on the Bulgarian progress towards EU membership.

While the Regular Reports on the Bulgarian progress towards EU membership paid some attention to the partnership between the central government, the local authorities and the non-state actors, limited attention was paid to the partnership between the local authorities and between the local authorities and the non-state actors. In the case with the environmental ISPA program this meant that sites for several of the big municipal projects (six waste disposal facilities build in order to be used by the local governments in the region) were chosen by the Ministry of Environment following a discussion with the hosting municipalities, but without any discussion between the hosting municipalities and the other local authorities from the region. As

a result of this, some of the local governments refused to use these waste disposal sites and their construction became possible after the intervention of the central government (see Chapter 7).

The municipal development plan required by the Law on Regional Development was a long-term strategic document outlining the municipal development priorities and the immediate objectives to be achieved as well as the financial resources that were to be used for the achievement of such objectives. The key idea behind the municipal development plan was that if the particular local government wanted to get money from the EU structural funds, it was to have the respective immediate objective in the municipal development plan (interview, official of the FLGR, May 2008). Even though no interview source or document stated this directly, another important effect of the municipal development plan drafting was expected to be the initiation of local level partnerships. The plans had to be drafted by the respective municipal administration, following consultations with the local NGOs, business and other non-state actors.

However in 1999 when the law was adopted the EU membership perspective was extremely remote. Furthermore many of the local governments had no information about the EU structural funds or the partnership principle. A significant number of the local authorities, especially the smaller ones, had little administrative capacity (e.g. lack of trained personnel in sufficient numbers) to devote to the long term planning. On the other hand, the local governments were required to have the municipal development plans within limited time and many of them had limited partnership experience and especially in the smaller municipalities there were no civil society structures that could have been consulted during the planning process. As a result of that, many of the municipalities (both small ones and regional centers) simply were unable to understand why they were required to draft long term plans.

However instead of investing in capacity building and partnership with the local non-state actors, many local government authorities, decided to award consultancy contracts for the preparation of the municipal development plans (interview, senior official of the Municipality of Razlog, July 2008). The previous chapter has already described the effect of this decision on the overall EU regional policy programming process in Bulgaria. The situation strengthened the dependency culture mentioned in the beginning of this chapter, because the local authorities expected that the regional governor offices or the services in the cabinet ministries will inevitably interfere in order to correct any mistakes made during the programming process (UNDP Bulgaria 2006). Instead of paying proper attention to the planning process, many of the

local authorities engaged in a heated debate about the centers of the newly created NUTS-2 regions, believing that if the regional center is the center of their NUTS-3 region (*oblast*) they will have better access to EU funding.

The situation with the planning remained unchanged before the opening of the accession negotiations under Chapter 21 Regional Policy and Structural Instruments. During the accession negotiations, the Bulgarian local authorities began to acquire more knowledge and more practical experience on the implementation of the EU pre-accession support instruments, which in turn led to a better understanding of the importance of proper planning. However, despite the increased understanding about the importance of the proper planning many of the local authorities preferred not to invest in building of proper planning capacity (trained staff) and continued to count on consultancy contracts for the planning of the municipal development (interview, senior official Municipality of Razlog, July 2008). As a result of that some of the activities for which the local authorities were about to seek support from the EU structural funds found no place in the municipal development plans and the development plans of the NUTS 2 regions. This required significant interference of the central government in the planning process. The cabinet ministries had to amend the national level planning documents (e.g. the Regional Development OP) in order to add additional priorities and immediate objectives that were omitted in the planning documents of the local authorities (interview, official FLGR, May 2008).

CAPACITY TO IMPLEMENT EU REGIONAL POLICY AT LOCAL LEVEL

Chapter 7 has already discussed the difference between the capacity to participate in the regional policy programming and the capacity to benefit from the EU regional policy. This section will pay specific attention to the administrative and the financial capacity of the local authorities to take part in the EU regional policy implementation. From the point of view of this study, lack of administrative and financial capacity means that the local governments were about to remain dependent on the help of the central government. This in turn meant that the vertical dimension of the national governance arrangements would be dominated by the central governance in the near future. Lack of capacity on local level also suggests that the central government does not need to apply gate keeping policies if it wants to remain the key partner of the EU in Bulgaria.

Administrative capacity

Throughout the pre-accession period, the most frequent critique in the Regular Reports on Bulgarian progress towards EU membership was related to the lack of proper administrative capacity for the implementation of the EU regional policy. Practically all public servants from the administration of the central government interviewed for the purpose of this study claimed that the problem with the administrative capacity on central level decreased in the past few years (2004-2006) before accession and that when it comes to capacity, the main problem is at the local level. According to the Bulgarian central government, the capacity for absorption of the EU funds at local and regional level depends on:

- The level of awareness about and understanding of the objectives of the EU cohesion policy and the requirements for access to the structural support from the EU;
- Availability of trained staff in sufficient numbers;
- existence of well-established processes and experience in the application of the principle of partnership in strategic planning and project development;
- availability of financial resources and preparedness for co-financing of projects (Ministry of Regional Development 2006)

All these criteria suggest that the central government wants to see well developed capacity for drafting of project proposals and implementation of the project approved for funding from the EU structural funds. The reason why the central government wants to see exactly this kind of capacity is related to the fact that the bulk of EU structural funds are expected to go to the local governments (especially under the Regional Development OP). On the other hand, one of the main objectives of the Bulgarian central governments during the 2007-2013 programming period is going to be the maximization of the EU structural funds absorption. The achievement of this objective is expected to help the central governments persuade the Bulgarian population that the EU membership is bringing benefits to the country. Therefore one might assume that even if the local authorities do not overcome their culture of dependency and start investing in capacity building, the central government will pay significant attention to the improvement of the local and regional capacity.

It is very hard to describe the state of readiness of the Bulgarian local authorities for implementation of the EU structural funds by the time when the accession negotiations under Chapter 21 were closed (November 2004). On one hand some of the municipalities (especially

the bigger ones and the rural ones) had significant experience with pre-accession instruments like ISPA and SAPARD, a core of trained experts with some experience in the implementation of project funded by the pre-accession aid and some experience in working in partnership with the central government (e.g. the Ministry of Environment, the Ministry of Agriculture, USAID/LGI, local non-state actors, etc). These local authorities began to develop (especially those who worked under SAPARD¹) an understanding about the mechanisms of the EU structural funds. These local authorities slowly began to appreciate the importance of having direct contacts with the European Commission. In order to improve the existing contacts with the European Commission some of the municipalities (with population above 200,000) began to send representatives in Brussels in order to gain first hand information about the opportunities for EU structural support and establish contacts with other local authorities and regions from the rest of EU (interview, official European Commission, March 2008).

On the other hand, there was a large group of municipalities with little or no experience with the EU pre-accession support instruments, limited partnership skills and limited access to information about the EU regional policy in general and limited direct contacts with regional and local authorities from EU25. These were mostly small municipalities, in many cases located far from the center of the center of the respective NUTS 3 region, with no local non-state actors, limited financial resources and small staff. This prevented them from implementing of any capacity building initiatives on their own and made them dependent on the central government for information about funding opportunities from the EU structural funds and the EU regional policy in general. The smaller number of municipal officials usually meant that provision of training to officials from these municipalities was very hard, because such municipal officials had to leave their offices for the duration of training and for a certain period of time the local government was expected to work with a smaller staff (interview, official NSORB, June 2008). Furthermore, the limited financial resources meant that these municipalities are making limited spending on the development of the territory and in order to ensure the implementation of the additionality principle, these municipalities were to rely on the central government. Because of the limited financial resource such municipalities were also unable to benefit from Community Initiatives like the town twinning in order to make contacts with local and regional authorities

¹ The program employs procedures similar to the EU structural funds

from EU25 and attract personnel that already has the required skills for working with the EU structural funds. In fact, the scarce regional development funds of these municipalities usually went to consulting companies (in many cases from outside the region).

BUILDING OF THE LOCAL LEVEL CAPACITY

During the first years after the fall of communism (1989-1999), the Bulgarian legislation envisaged no specific institutional responsibilities for improvement of the administrative capacity of the central government or the local authorities. The Law on the State Servants, adopted in 1999 stipulated that each administration should provide possibilities for the improvement of qualification of the public servants. However, the law made no difference between the central government administration and the local authorities and for quite a long period of time (practically up until 2007-2008) the main local capacity building measure was the provision of various training and to less extent, the exchange of best practices with the local and regional authorities of the EU 25. Since the law appointed no specific institution to take care of the capacity building, prior to 2005, when the Ministry of State Administration was created, both the Ministry of Finance and the Ministry of Regional Development provided frequently overlapping training to the local authorities in order to attempt to improve their administrative capacity (interview, official NSORB, June 2008). The possibility to exchange best practices and establish contacts with the local authorities from the EU 25 was available only to the municipalities that were taking part in Community initiatives like the Town Twinning. On the other hand, the participation in the Town Twinning program was not available to the local governments with limited financial resources, because the participating local governments were required to cover 50% of the twinning costs. The participation in various Community initiatives also required personnel possessing certain skills (e.g. language skills), and appointing and retaining of such personnel was extremely difficult having in mind the significant difference of salary levels and the professional development opportunities between the central government institutions and the local authorities.

The Regular Reports on the Bulgarian progress towards EU membership published in the beginning of the EU accession negotiations showed that building of adequate administrative capacity was about to be one of the major problems that Bulgaria was about to face on the road toward EU membership. In order to remedy the situation, Article 35 of the Law on the State

Servants stipulated the creation of a specialized training institute (Institute of Public Administration and European Integration - IPAEI). Ever since the institute was established, its main task was to provide short courses to public servants from various (central, regional and local) levels of government. Each year, the institute issues a catalogue of the training courses it offers. Following the publication of the catalogue, the public servants are free to choose a training course and submit a request for approval. In order to provide the training, the institute is employing Bulgarian public servants (mostly from the central government administration – e.g. the EU affairs coordination unit at the Council of Ministers, the cabinet ministries) or foreign consultants (especially if the particular training was co-funded from sources like PHARE). However, this training was not always tailored to the needs of the local governments. In many cases they contained only general and introductory information, because the trainers that were selected to provide it lacked practical experience.

Even the training provided by IPAEI was not always available to the local authorities. In order to send an official to attend a training course, each administration (no matter if it's local, regional or national) had to pay a small fee (as well as the travel expenses of the attending official), which came from its budget. And this was not always possible in the case of the limited municipal budgets. Hence, the result was that despite the training of a large number of municipal officials (mostly from the big municipalities), no significant improvement of the capacity of the local governments to prepare the required planning documents and implement the EU regional policy has been achieved and the critiques about the low administrative capacity of the Bulgarian authorities on all levels was present in every Regular Report on Bulgaria published by the European Commission between 1998 and 2004. The non-state institutions engaged in capacity building were mostly the NSORB and the regional associations of the local authorities. In many cases training was provided in the framework of projects funded by various EU pre-accession instruments, or the USAID. Usually such training was undertaken by local government experts (both from Bulgaria, including the central government and the EU). Besides pure capacity building part, such trainings (usually part of the experts came from the central government) were frequently used in order to help the local authorities get the most up to date information about the current developments at the EU level in the field of regional policy.

Capacity to implement the EU regional policy at local level

During the progress of the accession negotiations under Chapter 21 it became clear that 80% of the EU structural funds support was about to go to the local authorities, which required adequate capacity in order to spend these money according to the requirements of the EU. In order to ensure that the Bulgarian local authorities had the appropriate capacity to absorb the EU structural funds support, the central government and the European Commission planned (in the National Strategic Reference Framework) the drafting of detailed plan for improvement of the local level capacity for dealing with the EU structural funds. Even though according to the National Strategic Reference Framework, the plan had to be drafted by March 2008, in June the 2008 plan was just received by the respective Commission service and the information about the measures envisaged by the plan and its timeframe was not openly available for use (interview, senior official of the European Commission, June 2008).

Financial capacity

Besides administrative capacity to implement the EU regional policy, most of the local authorities lacked the financial resource needed in order to implement any regional development initiatives. Even though this might seem not quite important from the point of view of the regional policy governance, one must take into account the fact that the lack of financial resources makes it impossible for the local authorities to comply with the EU requirement for match funding and makes the access to the structural funds and the Cohesion Fund impossible. Therefore this section is dedicated to, the financial capacity for EU regional policy implementation in Bulgaria.

An UNDP (2006) study of the Bulgarian local authorities' capacity to implement the EU regional policy, suggests that the number of Bulgarian municipalities who are ready to invest in project development and co-finance their project has grown three times (to 80% of the Bulgarian municipalities) between 2004 and 2006. However, it must be noted that due to the mechanisms used in order to form the municipal budgets prior to 2007 and due to the delayed program for financial decentralization, most of the local authorities lacked the means to devote significant funds to the development of the territory, because, according to the legislation in force the funds from the national budget of revenue are to be spent on the day-today provision of public services

to the population and to cover the working expenses (e.g. salaries of municipal staff) of the local administration.

The only financial resources that the local governments were to allocate freely (e.g. for the project design and implementation) are the own revenues. According to the Law on the State Budget (2005-2008), these were expected to increase slowly as a result of the greater financial autonomy granted to the municipalities in 2007. Despite that, it is not certain if the own revenues of the local authorities will increase enough in order to allow them to overcome the dependency on the central government, concerning the capacity building and the project co-financing. Therefore in order to satisfy the requirements of the additionality principle and implement the EU structural funds, most of the municipalities (especially the smaller ones) had to rely on the central government support.

Even though most of the local governments were willing to co-finance projects, slightly more than half of them (53% according to a UNDP funded study) were willing to invest into activities like preparation of project proposals. On the other hand, due to the expected delay in the negotiating of the Bulgarian National Strategic Reference Framework and the operational programs with the Commission (NSRF was adopted 9 months after the accession), the Bulgarian central government needed a portfolio of fundable project proposals in order to start the absorption of the EU structural funds shortly after the approval of the Bulgarian strategic documents (among the top priorities of the current central government). Since the municipalities were not ready to invest in the preparation of such project proposals, the central government had to resort to the EU pre-accession support in order to provide the local authorities with the funds required for the preparation of such proposals. Looking from the point of view of the main misfit between Bulgarian policies and the EU regional policy (the lack of policy planning and implementation capacity at the local level) identified during the pre-accession period and in the first two membership years, this meant that instead of building of local capacity through practice (in order to overcome the misfit), the Bulgarian central government and the local authorities are seeking the help of foreign consultants, which (according to Commission officials interviewed in March and June 2008) were not always of sufficient quality.

In order to ensure the existence of sufficient number of project proposals and to start the implementation of the operational programs like Environment and Regional Development, the

central government decided to set up special financing facility, called the FLAG fund². The main goal of the fund was to assist the local authorities in their preparation of project proposals under the Cohesion Fund and the structural funds. It is about to finance various preparatory studies (e.g. feasibility studies, territorial development plans, etc.) and provide the funds needed for project implementation prior to their recovery from the EU structural instruments. In 2008, the fund was not operational. However, looking at the composition of the managing body one might safely assume, that FLAG is among the few examples of realistic partnerships created for the implementation of the EU regional development policy. It is managed by a relatively small body where all the actors (the cabinet ministries and the NSORB as a representative of the local authorities) engaged in the implementation of the EU regional development policy are represented, and unlike the monitoring committees of the operational programs, all of the actors represented at the managing authority of the FLAG have equal voting powers. The first director of the fund came from the National Association of Municipalities.

LOCAL AUTHORITIES AND THE IMPLEMENTATION OF THE PARTNERSHIP PRINCIPLE

The framework regulations on the EU regional policy define the partnership principle as a close consultation between the Commission, the member states concerned, and the competent authorities designated by the latter on national, regional, local or other level, with each party acting as partner in pursuit of a common goal. This definition shows that the partnership principle has in fact two dimensions – vertical and horizontal. The experience concerning the construction of horizontal partnerships in order to implement the EU regional policy to access the EU pre-accession support instruments greatly varied among the local authorities, both in the pre-accession years and in the first year of the EU membership.

In this chapter I have already touched upon some cases in which horizontal partnerships between different local authorities (even between local governments within one NUTS3 region) were difficult or impossible to form. The main reason for this was related to the fact that the main task of the Bulgarian local authorities ever since the country reappeared on the European map in 1878 was to implement the policies formulated by the central government in Sofia.

² Details on the FLAG fund can be found at <http://www.flag-bg.com/?id=41&l=2>

Because of this, many of the local authorities (especially the smaller ones) tended not to look beyond the boundaries of the governed territory and frequently were not able to recognize the need to form partnerships with other local authorities in order to solve common problems going beyond the boundaries of the particular municipality (UNDP 2006).

In cases like the implementation of parts of the environmental ISPA program for instance, the central government tried to promote forming of horizontal partnerships among the local authorities. However, even this assistance was frequently not enough, and contrary to any economic logic some of the local authorities even refused to use infrastructure that was built with ISPA (e.g. six regional waste disposal sites) funding because it was located on a territory governed by another local authority and managed by public enterprise controlled by it. In fact, the local authorities frequently tended to view each other as competitors for the limited resources coming from the state budget and the EU pre-accession support instruments (interview, senior official, Agency for Economic Analysis and Forecasts, May 2008).

The forming of horizontal partnerships was further complicated by the different political affiliation of the mayors and the majorities within the municipal councils. If a mayor affiliated to the opposition party cooperated with a mayor supported the current governing coalition, he or she might be seen as 'traitors' by their political party. This had many implications on their work (especially if the municipal council is also dominated by the same opposition party) and jeopardizes the prospects for re-election of the person. Other major obstacle to the horizontal partnerships between the local authorities was the feelings that the potential benefits from the implementation of the joint project or from a long term partnership are about to be distributed unevenly between the participating local authorities. The feeling of uneven benefits distribution was particularly strong when the small municipalities were to cooperate with a bigger one (UNDP 2006). One of the few forms of horizontal partnerships that some of the local authorities found acceptable were the regional associations of municipalities. However, there were only 10 regional associations and not all of the 264 municipalities are taking part in such organizations. The situation with the horizontal partnerships between the local authorities and other organizations (e.g. NGOs, private business and its organizations and other forms of organized interests) also greatly varied among the local authorities (interview, official FLGR, May 2008). According to the Ministry of State Administration (Administrative Capacity Operational Program 2007) the territorial structure of the non-state organizations was highly

disproportionate. Most of them were located in the capital and the NUTS 3 regional centers. During the pre-accession period, the local governments evaluated as extremely important the cooperation with the NGOs. The reasons for these were several. First of all, close cooperation between the local authorities and the non-state actors (e.g. NGOs) allowed the local authorities to undertake capacity building activities (training and study tours) and establish contacts with local authorities from the EU. Usually this happened in the framework of implementation by the NGOs of various projects funded by the EU pre-accession instruments.

However the number of NGOs implementing projects funded under various EU pre-accession instruments was rather small and such possibilities for cooperation were not available to many of the local authorities. Successful partnerships with the private business were usually constructed by the bigger local authorities. Due to the lack of such experience, some of the local authorities (smaller ones, or the ones that are remotely located from the center of the NUTS3 regions) have extremely limited experience in working with non-state organizations (UNDP 2006).

The local level horizontal partnerships during the EU regional policy planning phase (especially during the pre-accession period) suffered from a common characteristic of the Bulgarian administrative practice. Planning documents (not only those concerning EU regional policy) were frequently drafted by a very small group of experts (e.g. the administrative unit in charge and one or two consultants) and presented for a public discussion by the stakeholders at a relatively later period of their preparation. Furthermore such public discussions were frequently held for a short period of time (e.g. 3-4 hours), which limited the possibilities for input on behalf of the stakeholders. This approach was applied on a relatively wide basis on all levels of government (interview, senior official BARDA, May 2008). However, by 2004, the cabinet ministries had adopted the practice to distribute some of the planning document subject to public discussion via their websites, which still gave to the stakeholders the possibility to react early enough and many of the local authorities had no websites or no practice to publish the planning documents on their websites.

Local level horizontal partnerships followed the formal approach applied to partnership at national level. In other words, the partnerships established during the policy planning process were considered a 'necessary evil' and were constructed mostly in order to satisfy the formal requirements. On the other hand, according to the only study of the local capacity published in

Bulgaria prior to the accession to the EU, the NGOs were frequently unable to understand the potential benefits from participation in the regional policy planning, because one of the biggest problems of most of the Bulgarian NGOs was the funding (many of them, especially smaller ones were funded almost entirely from the projects they were implementing) and the participation in a partnership created in order to draft the municipal development plan for instance had no direct financial implications for the NGOs. Therefore they preferred to team up with the local authorities mostly when it came to project implementation (UNDP 2006).

During the pre-accession period, the horizontal partnerships between the Bulgarian local authorities and the local and regional authorities from the EU were not easy to establish. Usually such contacts were a side product of various projects for exchange of best practices (both projects funded under various Community Initiatives and to a more limited extent under the pre-accession funds), when representatives of the Bulgarian local authorities had chances to visit EU countries. Another important channel for horizontal contacts with the local and regional authorities from the EU was the Town Twinning programme. However according to the National Association of Municipalities (coordinator of the Town Twinning for Bulgaria), between 1998 and 2003 only 20 (out of 264) Bulgarian municipalities managed to establish contacts and only 10 of these signed cooperation agreements (NSORB 2005). Contacts with the EU institutions during the pre-accession period were almost entirely within the competences of the central government. From the point of view of the conceptual framework of this study, this means that the central government had not needed to apply specific gatekeeping policies in order to remain the exclusive partner of the EU in Bulgaria.

Speaking about the vertical partnerships between the Bulgarian local authorities and the central government, one must take into account the fact that the Bulgarian political traditions knew no example of such partnerships prior to the Bulgarian involvement with the EU. Even though these might safely be classified as a direct EU effect, it must be noted that a greater part of the partnerships were formed mostly in order to satisfy the EU regional policy. However, these partnerships can still be viewed as a step towards opening of the decision making process for a wider participation of non-state and non central government actors.

As I already mentioned in Chapters 6 and 7, even after the country became involved with the EU there was a clear subdivision of the tasks between the central government and the local authorities. Policies related to the regional development were formulated on central level and

implemented by the local authorities in many cases with the funds provided by the Ministry of Finance from the state budget. The central government used its territorial units (regional governments and specialized territorial units of some cabinet ministries) in order to control the policy implementation process. The reason for this can be traced back to the Bulgarian history of strong central government, beginning from the end of XIX. Bache (1998) speaks about the attempts of the UK central government to prevent the access of the local authorities to the EU level in the early phase of engagement with EU regional policy. It was not possible for the Bulgarian government to prevent the access of the non-state actors (e.g. NGOs) to the EU level, because of various reasons (e.g. many NGOs were established by or worked closely with former politicians who already had wide contact networks in the EU member states and the EU institutions – see Chapter 7 for more details). However, despite the fact that the Bulgarian central government did nothing specific in order to prevent the access of the Bulgarian local authorities to the EU level, such an access was quite difficult to establish for several reasons. First of all in the pre-accession period, there was no forum, where the representatives of the Bulgarian local authorities and the EU institutions can physically meet in order to establish contacts between them. Unlike the central government, which had several joint forums, where its representatives could meet with the representatives of the EU institutions in order to discuss with them various issues related to the accession negotiations and the future EU membership, the only such forum open to the representatives of the local authorities was the Bulgaria – CoR joint committee. Second, the key institution in charge of the steering of the accession process (the European Commission) was much more concerned about the setting of a system for effective implementation of the EU regional policy instead of the application of its own recommendations to formulate the national level policies with a greater participation of the regional and local governments (White Paper on EU Governance 2001).

Because of this, it seems that the Commission preferred to have the central government as a key partner and relied heavily on the information provided by the central government concerning the policy implementation capacity of the local governments and their participation in the EU regional policy programming. In fact, according to a senior official of the European Commission interviewed in June 2008, during the pre-accession period, the key method available to the Commission in order to check if the local authorities are in fact contributing to the regional policy programming process was to monitor the behaviour of the local level representatives at

various public hearings and monitoring committees, which obviously brought little information if the local authorities are in fact a part of the working partnership.

Even though all Commission officials interviewed in the framework of this study claimed that according to the information they had, the contributions of the local authorities have been taken into account during EU regional policy programming process, the approach described above shows quite formal attitude towards the implementation of the partnerships principle in Bulgaria. Following the accession of the country, the situation began to change, albeit very slowly. The EU institutions slowly found out that they should not rely only on the information coming from the central government and slowly became to establish contacts of their own with the Bulgarian local authorities. Second, shortly after the accession, the EU became an important feature of the Bulgarian political life. Each political party (no matter if it is in the governing coalition, the parliamentary opposition, or outside the parliament), tried to gain the 'approval' of Brussels in order to portray itself as the true promoter of the 'EU values' (those were never defined in details) and remain in power or gain a parliamentary majority. Therefore, in order to gain such approval, various political parties began to arrange visits of the representatives of the local authorities (mayors affiliated to these political parties) to the EU institutions (mostly DG REGIO within the EC). The Commission also began to make its own contacts with the Bulgarian local authorities more actively (interviews at DG REGIO, March 2008) and visit the Bulgarian local authorities in order to help with the implementation of the EU structural funds and to ensure that the requirement for contribution of the local and non-state actors to the programming documents related to the EU regional policy implementation were met.

CONCLUSION

The differences between the EU level practices and policies and the regional policy programming and implementation practices applied at local level and in the relations between the central government and the subnational governments in Bulgaria can safely be described as significant. Therefore if one uses the misfit concept (Börzel and Risse 2003 and Chapter 1 of this study) in order to explain the changes on national level resulting from the impact of the EU, one should expect changes in the relations between the Bulgarian government and the other national as well as subnational actors. Changes should also be expected in the Bulgarian regional policy planning practices. Such an expectation is further reinforced if the external incentives and the

social learning models (Schimmelfennig and Sedelmeier 2005 and Chapter 1 of this study) are applied in order to explain the changing powers of the EU accession conditionality and the adoption of certain EU rules by a candidate country, because of the fact that the candidate country associates itself with the community from which these rule originate.

However, the situation 'in the field' can be described with a great degree of precision by the concluding phrases from the interview of a senior local government official (June 2008) – 'Decentralization is not happening quick enough' (for the local authorities). Even though the local authorities are considered to be the most important actors in the EU structural funds implementation (because most of the funds are going to the local government projects), their role in the EU regional policy programming was limited to the preparation of a limited input into the national strategic documents for the current policy cycle. As a result of such limited participation in the national programming process, the local authorities failed to develop policy formulation capacity and preferred to hire consulting companies in order to satisfy the formal requirement of the law for making an input in the national strategic documents. When it came to the implementation phase, the local governments however are expected to participate actively and prepare fundable project proposals. However, due to the lack of financial resources in order to satisfy the requirement for additionality, most of the local authorities had to depend on the financial assistance of the central government.

The culture of dependence on the central government also made some of the local authorities reluctant to invest in their own capacity building initiatives. As a result of this, the EU requirement for partnership was met by limited internal pressures for opening of the decision making process for a wider participation of actors outside the central government. Whenever it comes to horizontal partnerships on regional, national and EU level, the picture is quite different depending on the size of the municipality, its partnership skills and the availability of non-state actors to act as partners. While a handful of municipalities gained some experience in forming partnerships with the neighbouring local governments (either on ad-hoc basis or in the framework of various associations of the local authorities) and contacts with the local authorities in the rest of the EU, and the EU institutions, most of the local authorities don't recognize even the need to cooperate with the neighbouring local governments in order to plan and implement joint actions aimed at the development of the entire region. From the point of view of multi-level

governance building, this means that the central government is quite likely to continue dominating the EU regional policy planning.

The problems related to the continuing centralization and the limited role of the local authorities in the EU regional policy seems to be recognized at the European Commission (at least on exert level). However, it seems that the European Commission is pretty comfortable with the dominant role of the Bulgarian central government. The role of the central government in the EU regional policy programming and implementation and the situation is not likely to change in this programming period (2007-2013) the efficient implementation remains high on the list of the European Commission's own priorities. This means that the potential strengthening of multi-level governance in the course of the EU regional policy implementation would be a result of internal pressures.

From policy networks to multi-level governance

Resource dependence of the Bulgarian local authorities on the central government closely fits into the network-based polity perspective, used by Rhodes (1997, p. 9) in his study of the British system of governance. Rhodes identified four main types of resources – financial, informational, political, organizational and legal – constitutional. As this study showed, throughout the pre-accession period in Bulgaria all these resources were controlled by the central government, which distributed them to the local authorities (see chapters 6, 7 and this chapter).

In other words, during most of the pre-accession period, the Bulgarian system of governance had a strong vertical dimension, where one of the partners (the central government) has most of the resources, the powers to impose the rules of the game (e.g. by amending the legislation and other national level regulations) and had unlimited formal and informal access to the EU level. The other major partner (local government) had limited access to resources (depending on the availability of revenue generating assets), limited possibility to influence the national level decision making process (mostly through forms of organized interest such as the National Association of Municipalities) and a very limited access to the EU level (mostly via CoR). However, the need to observe the partnership principle during the preparation of the strategic planning document led to the inevitable need to attract partners outside the central government to the policy planning process. As already explained in this chapter and the previous one, the process began with the involvement of the local authorities in the regional policy

planning process. The next chapter of this study is going to show how the non-state actors were involved in the process. As a result of the need to show compliance with the partnership principle, the Bulgarian system of governance slowly began to develop a horizontal dimension and move away from the network based governance model applied by Rhodes to a weak form of multi-level governance.

It is hard however to say if the movement towards multi-level governance was a result of specific adaptation pressure coming from the EU. Despite the strong power asymmetry between the Bulgarian government and the European Commission (see the sections on the external incentives model in Chapters 1 and 8), the latter was willing to accept a system of weak multi-level governance, dominated by the central government, because such a system provided for efficient implementation of the EU regional policy once Bulgaria became a member of the EU. The reason for this was related to the fact that because of the resource dependence on the central government, the Bulgarian local authorities failed to develop their own capacity for implementation of the EU regional policy and had to rely on the central government. Lack of capacity for implementation of the EU regional policy on local and regional level also makes the appearance of a third partner (strong regional governments) highly unlikely, at least until the end of the current programming period (2007-2013).

IX. THE EUROPEANIZATION OF REGIONAL DEVELOPMENT POLICY IN BULGARIA – THE NON-STATE ACTORS

INTRODUCTION

This chapter deals with the role of the non-state actors in the implementation of the EU regional policy in Bulgaria. It argues that most of the non-state organizations (excluding the Regional Development Agencies and the Regional Associations of the Local Authorities) were least affected by the EU accession conditionality in the field of the EU regional policy. According to the literature (Hughes, Sasse and Gordon 2004, Bache 2008, etc.), the response of the former communist countries to the Europeanization pressures coming from Brussels, depended on their past experience. Therefore in order to explain the role of the Bulgarian non-state actors in the Bulgarian policy planning and implementation processes in the pre-accession period and the EU membership years, the chapter makes a brief historical overview of the role of the Bulgarian non-state actors (both the ones operating on the Bulgarian territory and those that operated on the Balkan Peninsula) as well as the period between 1996 and 2000 when the country witnessed a wave of creation of new NGOs and other non-state actors, before reviewing in details the current situation and the role of the Bulgarian NGOs and other non-state actors in the planning and implementation of the EU regional policy during the pre-accession period.

In the conclusion, the chapter argues that the renaissance of the Bulgarian non-state sector was not the result of any form of EU pressure but primarily a logical outcome of the democratization of the country after the fall of communism. The process was aided by the work of many international donor organizations such as the USAID and the British Know How Fund.

HISTORICAL OVERVIEW

The first forms of non-state organizations of the Bulgarian population of the Ottoman Empire date back to the second half of the XIX century. Later (1878), when Bulgaria became an independent state, the realm of policymaking was dominated by central government, but a multitude of non-state actors that were created in ottoman times continued to exist. The non-state actors in question varied from professional guilds that began their existence in late XVIII and early XIX century, through charity organizations, Orthodox Church and school communities to paramilitary organizations aiming to initiate revolts in the Ottoman Empire and liberate the Bulgarian territories that remained outside the new state. Some of the

Bulgarian non-state actors (like the Bulgarian Book Society established in 1869 in Romania and the Bulgarian *Opalchenie*¹ established in 1877 in the Russian city of Samara) began their existence prior to the Bulgarian state. Later, such non-state actors were integrated in the institutional framework of the newly emerged state (the Book Society became the Bulgarian Academy of Science and the *Opalchenie* became the backbone of the Bulgarian Armed Forces). Following the 1878 Berlin peace treaty between the Russian and the Ottoman Empires, and the subdivision of the Bulgarian territories into two parts (the Bulgarian state, the Eastern Rumelia autonomous province of the Ottoman Empire) and the returning of a significant part of the Bulgarian territories to the Ottoman Empire, forced the new government in Sofia to adopt its key foreign and domestic policy priority – unification of the Bulgarian territories.

However since the newly independent state had no diplomatic service (formally it was a vassal of the Ottoman Empire) or intelligence services and the Bulgarian non-state actors (including organizations of the Bulgarian population in the Ottoman Empire) such as the sports unions in the Eastern Rumelia (a hidden form of provision of military training to the Bulgarian youth from the autonomous province), the church communities and the Bulgarian schools had to fill in these gaps and help the Bulgarian governments lobby for a better position of the Bulgarian population of the Ottoman state and provide information. Due to this, during the 1880s, the 1890s and the early years of the XX century (prior to the World War I), the Bulgarian state and the non-state actors (even the paramilitary organizations) enjoyed a pretty long history (practically until the early 1920s) of peaceful coexistence. In fact, according to the Bulgarian historians, in some cases Bulgarian non-state actors (organizations involved in paramilitary activities in the Ottoman Empire) were used in order to conceal the intervention of Bulgarian regular troops in support of the 1903 revolts of the Bulgarian population in Macedonia and Thrace (TV interview of the Director of the National History Museum, Bulgarian National TV, august 2008).

The state of peaceful coexistence between the Bulgarian government and the non-state actors was heavily shattered by the defeat in the First World War and the emergence of the socialist movements attempting to provoke revolts similar to the 1917 Russian Revolution and the 1918 revolts in the Germany. However the period between the end of the First World War and the beginning of the communist rule in the late 1940s marked the beginning of a trend that continues to dominate the relations between the Bulgarian governments and the

¹ Voluntary Bulgarian infantry regiment within the Russian Army during the 1877-1878 Liberation War

non-state actors up until the present day. While most of the governments perceived various non-state actors as a necessary evil or even as a form of foreign agents (especially in the period between the two world wars), it was clear that some of the non-state actors (e.g. charity organizations, professional organizations, etc.) posed specific expert knowledge and capabilities (e.g. shortly after the First World War such organizations were raising funds in order to support the Bulgarian POWs², paramilitary organizations were also able to render support to the central government in quelling of various revolts in the 1920s) that were not available to the central government. Therefore the governments did their best to maintain good working relations with these organizations, while not giving them any opportunities to participate in the governance of the country. Even during the communist regime, when every sphere of the public life in Bulgaria was completely controlled by the state, a limited number of formally non-state actors (mostly professional organizations, labour unions and youth organizations) were allowed to continue their existence. However these were closely controlled by the state. Since there was no particular emphasis on the development of any parts of the Bulgarian territory, there were no other regional organizations, besides the regional committees of the Bulgarian communist party.

This situation continued from late 1940s until 1985, when Mikhail Gorbachev came to power in USSR and initiated the famous Perestroika reforms (See Chapter 6). Part of the Perestroika reforms was the Glasnost policy, which meant that the communist countries should gradually begin to provide for a wider participation of the people in the decision making process of the communist countries. Even though the Bulgarian government and the communist party were not willing to allow any form of opening of the decision-making process, it was not possible to completely ignore the example of the USSR and one of the concessions that the communist government had to make was to recognize the right of the Bulgarian citizens to unite and as a result of that, the late 1980s saw the creation of the first Bulgarian truly non-state actors after the Second World War, even though such organizations were closely monitored by the secret services of the communist state. One such example was an organization, that was created somehow spontaneously by the citizens of the north-eastern Bulgarian city of Ruse (on the Danube river) in order to protest against the trans-border pollution coming from a chemical plant in the Romanian town of Gyurgievo (on the opposite bank of the river) in the late 1980s. Another example of such organizations were the Glasnost

² POW-prisoners of war

and Democracy clubs, which were created again in the late 1980s as a direct result of adaptation pressures to comply with the Perestroika policy, that were coming from USSR.

The first six years after the fall of the communist regime and beginning of the 'return to the European family' saw relatively limited development of Bulgarian non-state actors. One of the main rights of the people that were guaranteed by the 1991 Bulgarian Constitution was to unite. However, after 45 years of the communist rule, the country practically lacked any form of civil society and besides the labour unions from the times of the communist regime and some professional organizations, that continued to exist (although their role decreased significantly), the only significant non-state actor (an NGO called the Atlantic Club, whose main goal was to lobby for the Bulgarian accession to NATO and the EU) was recently created. The main reasons for the slow creation of the Bulgarian non-state sector were two. First of all there was a general lack of knowledge and capacity concerning the work of such organizations in a country where every sphere of the public life was by that time still heavily dominated by the state. The second reason was related to the fact that the groups in the Bulgarian society (e.g. ethnical minorities, environmentalists, etc.) that were interested in creating of NGOs, had limited possibilities to secure the financial resources needed in order to cover the operational expenses of the non-state organizations. The state on the other hand had neither the political will, nor the financial resources needed in order to help in securing of such funds³.

BULGARIAN CIVIL SOCIETY DURING THE TRANSITION PERIOD

Before I begin with the description of the civil society development in Bulgaria after the fall of communism, there is a conceptual clarification to be made. The rapid creation of new civil society organizations in Bulgaria between 1996 and 2005 was not a result of adaption pressures coming from the EU. The process resulted from the fall of communism and the beginning of the transition to liberal democracy.

Even though, prior to the occupation by the Red Army in 1944 and the communist regime Bulgaria had a well developed non-state sector, it must be noted that the Bulgarian civil society organizations in the beginning of the 1990s lacked the traditions and the experience of the non-state sector in other post communist countries like Poland, where the first non-state organizations (e.g. the 'Solidarity' trade union from the beginning of the

³ Historical review section draws on Crampton R.J. (2007) "Bulgaria (Oxford History of Modern Europe)"

1980s) emerged spontaneously during the communist rule in order to protest against the policies of the communism government. The first Bulgarian non-state organization (a civic committee initiated in order to protest against the pollution of the town of Russe, from the chlorine factories in the Romanian town of Gyurgievo) was created in 1988 and one of the few things that saved the organization from disbanding and retaliation of the communist secret police was the fall of the Bulgarian communist regime in November of 1989.

The 1991 Bulgarian Constitution guaranteed the right of the Bulgarian citizens to unite in order to defend their rights. Even though the legislation in force at the beginning of the 1990s was adopted in 1949 (provisions of the Law on Families and Entities regulating the work of the NGO sector were in force until 2001) it created no obstacles to the creation of new NGOs. The average length of the NGO registration procedure was one month. The liberal legislation and the availability of donor aid from large foreign NGOs and governmental donor organizations (e.g. the USAID, the British Know How Fund) that were assisting the democratic transition in Bulgaria led to steady growth in the creation of civil society organizations in Bulgaria from the second half of the 1990s onwards.

The newly created civil society organizations were involved in various sectors ranging from minority rights through public policy, environmental protection and social sciences to charity work and information technologies. The process of the creation of civil society organizations was further strengthened by the entering into force of the Association Agreement with the European Communities (1995), which gradually opened a number of Community Initiatives as well as the PHARE program for Bulgaria. All these created opportunities for the civil society organizations (especially the small ones) to secure some financial resources for their existence. The final reason for the creation of a significant number of civil society organizations in this period was related to the fact that the state withdrew from many spheres of the public life. The vacuum that was created by the state withdrawal was usually filled by service provision oriented civil society organizations. The withdrawal could be attributed to various reasons such as the lack of financial and human resources, lack of knowledge of what to do in the initial stages of the transition, etc. Another reason for the creation of new civil society organizations, besides the withdrawal of the state was the emergence of new sectors such as the human rights, environmental protection, protection of minorities, regional economic development, education and culture, vocational training, patient rights, regional development, etc. Since the state frequently lacked resources (trained staff and funds) as well as interest to provide services in these sectors, and such services were provided by the civil society organizations.

Non-state actors in Bulgaria – an attempt for classification

The non-state actors in Bulgaria are extremely hard to classify. They work in different areas (see above), have different locations (the capital, NUTS 3 regional centres, etc.), different experiences and capacities. Not all of them are interested in participation in the implementation of the EU regional policy in Bulgaria. Most of the smaller civil society organizations were in fact created exactly in order to benefit from the existing opportunities for a donor support by that time and without any clear vision what they were going to do once such possibilities decrease or cease to exist (Ministry of State Administration 2007). The reason for this was partially embedded in the legislation regulating the work of such organizations, which prior to 2000 contained no requirements that such organizations should perform any work in public interest, but on the other hand allowed them not to pay corporate tax.

According to the Freedom House report 'Countries in Transition' (2007) and the Bulgarian Ministry of State Administration most of the NGOs were heavily dependent on the donor aid (Ministry of State Administration 2007). This meant that such organizations usually had no possibility to develop any other capacity, besides the one needed to draft project proposals for the various donor support schemes, which reduced their role to the one of passive beneficiaries, who were not able to involve the society in the decision making process. A smaller number of the non-state actors (approximately 45% of the organizations located in the bigger cities according to the Ministry of State Administration) however became engaged in provisions of various services in order to overcome the role of passive beneficiaries. Service provision was the main activity of approximately 58% of the regional associations of municipalities. 8% of these were providing services on a frequent basis. 63% of the regional development agencies and 50% of the chambers of commerce were also engaged in the provision of services to the local authorities, 12% of the chambers of commerce and the regional development agencies were doing this on a frequent basis. Approximately 29% of the civil society organizations were engaged in lobbying activities. A key characteristic of the service provision oriented organizations was related to the fact that none of them counted entirely on external donor assistance in order to perform their day to day operations. As a result of that, these were able to develop not only capacity for drafting of project proposals but also capacity for contribution towards the programming process related to the implementation of various EU level policies (Ministry of State Administration 2007).

Regional associations of municipalities and regional development agencies

Whenever it comes to regional governance and regional economic development, the two most important groups of non-state actors are the regional associations of municipalities and the regional development agencies.

The regional associations of municipalities were created on the basis of Article 137 of the Bulgarian Constitution, which gave the local authorities the right to unite in order to pursue common interests. Despite the constitutional provision, the state provided no funds or any other forms of assistance for creation of associations of the local authorities and most of the associations of the local authorities in Bulgaria began their existence as personal initiatives of the local government officials from particular regions that were funded independently from sources outside the budget of the participating local authorities (e.g. from sources like USAID). It is extremely hard to attribute the regional government associations to any form of the EU impact. They were much more an effect of the general transition from communism to democracy.

Bulgarian Regional Development Agencies are also a form of non-state enterprises. These were formed as voluntary unions between the local authorities, the local business and major regional non-state actors. These can also hardly be attributed to any form of EU impact. They were a product of the need for development of the particular regions and to the need to overcome the lack of capacity within the local authorities.

Regional Associations of Municipalities

Unlike the local government associations in some member states of the EU15 (e.g., the UK), the Bulgarian regional associations of municipalities are non-governmental organizations. Their activities are regulated by the same legislation that regulates the work of the non-economic legal entities working in public interest. Most of these associations were created as a result of active external support (mostly coming from the USAID and its Local Government Initiative Program), including not only the funds needed for the beginning of the operations, but also various training aimed at the creation of some basic administrative capacity and assistance for establishment of contacts with associations of the local authorities from the other candidate countries and the EU member states. Usually the associations are physically located in one of the participating municipalities (in most cases also a NUTS3 regional center). Day-to-day operations of these associations are usually headed by professional managers, who are not public servants or elected municipal officials. The main activity of

these associations has been the provision of services related to the access to donor funding, promoting of contacts between the member local governments and the local authorities from the EU, etc (interview, official FLGR, May 2008).

By 1999, when the first Law on Regional Development was adopted, these organizations were already well established and the law stipulated that these associations may be invited to take part in the work of the regional development councils (NUTS 3 level). Although the law provided that the regional local government associations have no right to take part in the regional development decisions making process, the fact that they are the only organizations that are specifically mentioned in the law shows their importance as one of the few non-state actors that were expected to take part in the implementation of the EU regional policy in Bulgaria.

The Bulgarian Association of Regional Development Agencies

The Bulgarian Association of the Regional Development Agencies (BARDA) was founded in 1997 by 7 regional development agencies. The regional development agencies are a form of public-private partnership formed between the local authorities, the local businesses and the academia in order to promote the development of the territory governed by the participating local authority. There is still no specific piece of legislation regulating the work of regional development agencies. Currently there are about 20 regional development agencies in various NUTS3 regional centers. Their key activity is provision of services to the municipalities and the local business, preparation of project proposals for various EU funding instruments, gathering and provision of information to the local business. The BARDA was a member of the working group for the National Development Plan/National Strategic Reference Framework (see Chapter 7) as well as several operational program monitoring committees (interview, senior official BARDA, May 2008).

The Law on Non-economic Legal Entities

By 2000, the Bulgarian central government decided to propose new regulations concerning the activities of the legal entities not performing business activities. The new Law on Non-economic Legal Entities (2001) dramatically changed the regulation of the work of civil society and business organizations. It divided the non-state organizations into legal entities working in public interest and legal entities working in private interest.

Both of the types were non-governmental, not-for-profit organizations. However the second group of organizations were expected to work in the interest of their members and

were not allowed to take direct part in the formulation of national level policies in Bulgaria, except through the nationally recognized employer organizations (according to the Labour Code of Republic of Bulgaria). Organizations working in private interest were the only possibility for the Bulgarian private business to take at least some part in the planning and implementation of the EU regional policy in Bulgaria. Organizations working in private interest were allowed to submit project proposals for funding under pre-accession funding instruments and the EU structural funds (interview, official, Kardzali RDA, July 2008). The non-state organizations working in public interest were allowed to take part in the policy formulation (e.g. most of the non-state actors involved in the drafting of the National Development Plan/National Strategic Reference Framework were registered in public interest). Apart from creating clearer regulations for the work of the non-state actors, the new law has significantly reduced the number of the non-state actors, since the civil society organizations were required to register not only with the court as it was required prior to 2001, but also with the Ministry of Justice and in order to be registered, they had to prove that they were working in public interest in order benefit from the more preferential treating of the entities working in public interest.

PARTNERSHIPS AND CIVIL SOCIETY ORGANIZATIONS

Like PASOK in Greece in the 1980s, most of the political parties that came to power in the late 1990s and early 2000s made the standard election promises for a wider participation of the civil society organizations in the governance process, once they came to power (see Chapter 6). However once the parties won the elections, usually all previous promises for greater involvement of the civil society in the country governance failed to materialize and the role of most of the non-state organizations was reduced to the one of competitors for donor support. The reason for such failure to deliver on the pre-election promises was that the governing political parties wanted to have full control over the national level policy formulation in order to pursue their own priorities.

If civil society, local government or business organizations were admitted to the policy formulation process, it was done because the organizations had a wide national level representation and it was hard to ignore them, or because (especially after 2000) the Regular Reports on Bulgarian progress towards EU membership called for a greater involvement of the non-state actors. However by the summer of 2001, the pressures from Brussels (following the adoption of the White Paper on EU governance in the same year) and from within the country (e.g. from the Bulgarian business organizations and other large national level

organized interests) for a greater inclusion of the civil society and the business organizations in the policy formulation process called for some actions. As a response to this call, the Bulgarian Parliament adopted the Law on the Economic and Social Council (2001), creating a specialized council of the Bulgarian Parliament that was to serve as a forum for consultations between the government and the national level non-state actors.

According to the law, the main task of the Economic and Social Council (ESC) was to express the will of the 'civil society structures on the issues related to the economic and social development of the country' and to 'provide for the participation of the representatives of the civil society in the public and social life' (Article 1-3 Law on Social and Economic Council 2001). However it is hard to say that the organization has managed to play any significant role in the policy formulation process, because its main activity has been to draft opinions and resolutions (either if it so decides or following a request from the central government, the Head of the Parliament or the President) that were not compulsory. In fact it is pretty hard to say that the organization is able to make an independent contribution to the policy formulation process, because the organization is not independent. Its main source of funds is the budget of the Bulgarian Parliament. Furthermore if any organization is to take part in the work of the council it has to pass the procedures under Article 7 of the Labour Code of R. Bulgaria (nomination of national representative organizations following a decision of the central government). However in the first years of the EU membership the Council remained one of the few forums for the involvement of national level non-state actors in the policy planning process in Bulgaria. Other forms of participation were the national level committees (e.g. the National Development Plan/National Strategic Reference Framework drafting committee) and the managing authorities of the operational programs (Ministry of State Administration 2007).

Whenever it comes to the cooperation between the civil society organizations, the prevailing opinion in the sector is that cooperation can increase financial stability and improve the capacity of the non-state organizations. However, most of the non-state organizations are not doing anything in order to initiate or maintain partnerships with other organizations from the sector (Ministry of State Administration 2007). In fact, according to a senior official from BARDA, the competition between the non-state actors began to get more severe in the final pre-accession years (2005-late 2006) and intensified in the first years of the EU membership (interview, senior official BARDA, May 2008). The reasons for this are twofold. First of all, during most of the years of its existence, non-state organizations had to live in an environment characterised by severe competition for the limited source of donor

support and most of them viewed other civil society organizations as competitors for the donor support. As a result of that, horizontal partnerships were rarely formed and most of the civil society organizations acquired no skills required for successful partnerships. The other reason was pretty similar to the heated disputes for the determination of the NUTS 2 regional centers (see Chapter 7). It was believed that the participation in the planning of various policies (e.g. the EU regional policy implementation process) would give more influence to non-state organizations and provide them with a secure funding source. However such a consideration failed to take into account the fact that the national policy formulation process was still quite heavily dominated by the central government.

When it comes to the EU level, some Bulgarian national-level non-state actors are currently taking part in the European Economic and Social Committee (EESC), which represents the interests of civil society in front of the Commission, the European Council and the European Parliament. However, the appointment of Bulgarian civil society organizations is taking place after a nomination from the Bulgarian central government, which in turn acts on the basis of a nomination, coming from the national ESC, which even though is called the 'civic parliament' is funded from the budget of the Bulgarian Parliament. This means that the Bulgarian civil society organizations that are nominated are carefully selected by the central government.

Only a handful of Bulgarian organizations (e.g. the associations of municipalities, BARDA, some national level business organizations) have the capacity to perform activities at the EU level, other than occasional contacts with various services of the European Commission and with the MEPs. Those organizations that have some capacity to participate in joint actions with their counterparts from the other EU member states are quite frequently working in very close cooperation with the central government, which still dominates the European affairs coordination within the country as it used to do in the pre-accession period. In fact such close cooperation is the reason why such organizations (e.g. the NSORB and regional associations of the local authorities) are frequently considered as a 'part of the system' (interview, senior official, Municipality of Razlog, July 2008) by those who are supposed to benefit from their services (e.g. the local authorities).

Non-state actors and EU regional policy implementation in Bulgaria

As explained in Chapters 3 and 4, when the membership negotiations between former communist countries and the EU began in the late 1990s and early 2000s, they were mostly between the national governments of the candidate countries and the European Commission. Bulgaria was no different. Although big national level lobbying organizations like the Atlantic Club (see above) actively promoted the Bulgarian integration to the European Union, the actual negotiations were taking place during intergovernmental conferences between Bulgaria, the Commission and the member states (See Chapter 6 for details). Furthermore, even the organizations that were active in the field of European affairs worked on negotiation chapters different from 21 (Regional Policy and Structural Instruments).

Usually most of the civil society organizations concentrated on 'hot' negotiation chapters like 24 (Justice and Home Affairs) and especially on parts of the chapter such as the customs and police cooperation, because they believed that it would simplify their access to donor funding (both EU and international) by making them more visible on national and EU level and bring them other benefits after the upcoming general elections (5 July 2009). The civil society organizations working on this field were extremely active in the final years before the accession to the EU. In the beginning of 2006 they prepared an alternative to the Monitoring Report on the Bulgarian Readiness for EU membership, containing information on the negotiation chapters that were of interest for the civil society organizations (Alternative Monitoring Report on Bulgarian Progress towards EU membership 2006).

As already explained in Chapter 5, the EU regional policy planning and programming was between the different levels of government (with a strong domination of the cabinet ministries) and the European Commission. Even though several consecutive Regular Reports from the European Commission called for a greater involvement of the social and economic partners, the nature of the accession negotiations and the transformations required in order to respond to the adaptation pressures coming from Brussels left little, if any, room for participation of the Bulgarian non-state organizations in the EU accession negotiations on Chapter 21. The reason for this was related to the fact that, especially in the early years of the pre-accession period, most of the required transformations were related to the drafting of new legislation (see Chapter 8). On the other hand, the capacity for drafting of legislation was within the services of the central government. Legal rights to initiate drafting of new legislation were also a competency of the central government.

The negotiations under Chapter 21 were one of the toughest parts of the negotiation process (together with the negotiations under Chapter 7 Agriculture), and the Commission

had some other urgent concerns such as the setting of proper national and regional level institutional framework, procedures for inter-institutional coordination, legal framework and guidelines required for the successful implementation of the EU structural funds. Furthermore, according to several interviewees from various non-state organisations, the European Commission was convinced, both by the central government during the negotiation process and by other information sources (e.g. the Delegation of the European Commission in Sofia), that most of the administrative capacity required for the successful fulfilment of the above requirements was concentrated within the central ministries and the implementing agencies. On the other hand, most of the structural funds support was about to go to the local authorities (see chapters 7 and 8). This left the non-state organizations with little to contribute to the process.

The national level NGOs and the business organizations came to the EU integration process at a later stage (2005-2006), when the accession negotiations were completed and the preparation of the operational programmes required for the access to the EU structural funding was well under way. The reason for the late coming of civil society actors to the EU accession negotiations and the EU regional policy programming process can be attributed to two reasons. According to the interviewees from BARDA and Kardzali RDA (May and July 2008), the central government was not willing to make any concessions to other national level actors and preferred to retain the control over the national policy-making process and the adaptation pressures coming from the EU level oriented mostly towards the greater involvement of the local authorities in the regional policy planning. However, the second reason lies within the non-state sector itself. Interviews with the representatives of the Bulgarian business community (2008) showed that, for instance, major business organizations like the Bulgarian Chamber of Commerce and Industry decided that they should take part in the EU regional policy process when it was too late (2006). By this time, draft national level strategic documents had already been prepared and were undergoing some adjustments in order to be ready for negotiations with the European Commission, once Bulgaria joined the EU (Interview, business official, May 2008).

Even though it was too late, the national level business and professional organizations were included in the EU regional policy planning process (following decision of the central government). The reason for this was similar to the reasons for the close cooperation and the peaceful coexistence of the Bulgarian government and the non-state actors in the early years of the Bulgarian state. The non-state actors (mostly various professional organizations) possessed specific knowledge on various sectors of the Bulgarian economy and the public life

in general, and the central government services needed this expert knowledge during the adjustment of operational programmes like Environment, Transport, etc.

Non-state actors and the European integration

When it came to the attitude of the civil society and the business organizations to EU accession and to their willingness to take part in the implementation of the various EU level policies (including the EU regional policy), the situation was quite diverse. While the NGOs had a strongly positive attitude towards the EU accession, the business organizations were generally more sceptical, because the EU accession brought the need for significant investments (from the individual companies) in order to align with EU standards. Speaking about the implementation of EU regional policy, 74% of the NGOs and 37% of the business organizations were willing to participate in the programming and implementation process (UNDP Bulgaria 2006). Generally, during the latter pre-accession years the NGOs were more motivated, better informed and more willing to form partnerships with the public administration. Business organizations were less informed about the EU and the Community policies in general and less prepared for the participation in the EU regional policy (UNDP Bulgaria 2006). The reasons for this were first of all related to the fact that EU integration in general was considered 'a government business' (interview, business official, May 2008).

Therefore, even though information about the Community policies was widely available, the business organizations and its members were not willing to look for it. In fact, most of the Bulgarian companies were not even confident that they would be able to become beneficiaries of structural funds aid. Hence, the business organizations did not experience any pressures from their members to take more active participation in EU regional policy planning (UNDP Bulgaria 2006).

Pretty much like the local authorities, the civil society organizations and the business organizations lacked the required capacity needed to contribute to the Bulgarian regional policy planning process. According to a 2006 study of the capacity for implementation of the EU regional policy of the Bulgarian NGOs and the business organizations, the main reason that drove the willingness of the Bulgarian NGOs to take part in the implementation of the EU regional policy is related to the fact that the NGOs (especially those that are oriented to provision of services) have good knowledge of the problems and the needs of their target groups and want to contribute to the solving of these problems (UNDP Bulgaria 2006). According to the same study, the business organizations wanted to take part in the implementation of the EU regional policy and the absorption of the EU structural funds,

because their members needed to be ready to withstand the competitive pressures of the Common Market, once Bulgaria joined the EU.

A significant part of the civil society organizations and the members of business organizations and the civil society organizations wanted not only to have access to the support from the EU structural funds, but also to take part in the decision making process, project selection and monitoring of the policy implementation. The roles both civil society and business organizations saw for themselves meant that they were going to be mostly beneficiaries of the EU structural funds and were expected to contribute little if anything to the EU policy programming process (UNDP Bulgaria, 2006). The roles of structural funds beneficiaries and participants in the policy programming process were conflicting with each other. However, the June – July 2008 developments in the implementation of the EU regional policy in Bulgaria, such as several large scale corruption scandals and withholding of 610 million € from the EU pre-accession instruments by the European Commission, suggested that any potential conflicts of interest, such as the position of the same organization within the structural funds beneficiaries and participants in the decision making process related to the implementation of the strategic documents related to the EU structural fund, are most likely not going to be accepted by the Commission and the European Parliament.

When it came to the capacity to draft funding proposals to benefit from the structural funds support, it must be noted that the civil society organizations had considerably greater project experience than the Bulgarian business, because the projects were one of the main sources for funding for the civil society organizations. However, both the business and the civil society organizations were not prepared to benefit from the EU structural funds support, because even the projects implemented by the civil society organizations were not funded by the EU pre-accession financial instruments, but by external donors (such as the USAID, the Open Society Foundation, etc), who were applying more flexible criteria (less bureaucratic) than the ones in force for the PHARE program or Community Initiatives managed by the European Commission. These donor organizations have already withdrawn from Bulgaria in the last years of the pre-accession period or are currently withdrawing (UNDP Bulgaria 2006).

The members of Bulgarian business organizations on the other hand refrained from investing into various measures aimed at the increased competitiveness (innovations, new equipment, personnel training, exchange of practices with companies from the EU) for quite a long time (practically during the whole pre-accession period), because the EU Common Market was viewed as something in the distant future. Furthermore, even when the business

made any capacity development investments it resorted to national financing sources (e.g. the banking sector); instead of the EU pre-accession financial instruments or Community initiatives like the 'Leonardo DaVinci' of the Framework Program VI (interview, business official, May 2008). The reason for this can also be attributed to the nature of the EU pre-accession financial instruments. Most of the PHARE program for Bulgaria, for instance was dedicated to the preparations for implementation of the acquis by the public administration. A small part of the funds was dedicated to specific sectors of the economy that were expected to have impact on the Bulgarian regions (e.g. to the tourism) or to measures aimed at the improvement of the competitiveness of the Bulgarian business (e.g. certification of the Bulgarian companies under the ISO 9001:2000). Due to this, the Bulgarian business saw itself mostly as a beneficiary of the EU structural funds and did little in order to build a capacity for participation in the EU regional policy implementation after the country joined the EU.

The civil society organizations were also doing little in order to improve their capacity because their rich project experience from the past made them believe that they are ready for the structural funds. Here, like the case with the business organizations, 'others' (the public administration) are frequently blamed for any failures of the civil society organizations in the implementation of strategic documents related both to the EU pre-accession support and to the structural funds (interview, senior official BARDA, May 2008). Another problem related to the capacity of the civil society organizations was, that the rich project experience mentioned above was concentrated within a limited number of organizations, which further discourages the sector from capacity building aimed at contribution to the implementation of various EU policies at national level. The reason for such a discouragement is related to the fact that the civil society organizations that do not succeed in getting access to EU funding for their projects, frequently attribute their failure to the corruption within the public administration, instead to the gaps in their own capacity. In fact, when being asked about the capacity gaps, interviewees in national and regional level organizations involved in the implementation of the EU regional policy in Bulgaria were not only referring to corruption within the public administration, but also saying that 'Bulgaria has no regional policy, but systematic activities have been made in order to simulate one' (interview, official Kardzali RDA, July 2008) instead of giving any information about their capacity gaps.

Participation in the planning processes

Whenever it comes to participation in the planning and programming processes related to the EU structural funds, the picture is quite contradictory. Both the business and the civil society organizations were declaring a highly positive attitude towards the participation in the planning process. According to UNDP Bulgaria (2006), the participation of civil society organizations in the planning process is relatively intensive. This is true especially on the local level, where in the smaller local authorities, the civil society organizations were frequently the only partners available to the local government. However, according to the same UNDP study, by 2005 approximately 50% of the NGOs did not play any role in local level planning.

On the level of the NUTS 3 regions, the planning process was already heavily dominated by the regional administrations and the local authorities. It is hard to say what (if any) was the participation of the civil society organizations on NUTS 2 level. In fact according to most of the interviewees, the process at NUTS 2 level was dominated by the NUTS 3 regional administrations and the Ministry of Regional Development (Law on Regional Development 2008). At the national level, only approximately 10% of the non-state actors, mostly BARDA, the associations of local government, other NGOs providing services to the local authorities and the national employer organizations (recognized by the central government on the basis of the Labour Code provisions) are taking part in the planning process related to the EU structural funds. Business participation in the planning processes is considerably lower than that of the civil society organizations. Most of the companies are much more concerned with their day to day activities than with the planning related to the cohesion policy implementation. Generally speaking, the positive attitude towards the participation in the planning process, fails to turn into specific actions.

Cooperation with the local, regional and central government

Both business and the civil society organizations saw interactions with the public administration at various levels during the planning process, project preparation and the provision of general information related to the EU structural funds, as very important and cooperated intensively with the public administration (e.g. took part in public discussions on various programming documents and provided proposals for the amendment of these documents). One of the main problems that the non-state actors faced in these interactions is related to the fact that for the other side (the administration), the interactions are frequently not among the key priorities. On other hand both the business and the civil society organizations usually do not understand the competencies of the particular administration (e.g. the municipal administration) and usually have high expectations from the interactions with the public administration. Most of the administration units (this is especially valid for the local authorities) were frequently unable to meet these expectations, because of their competencies (interview, business official, May 2008). As a result of this misunderstanding, the business and the civil society were usually highly disappointed from their interactions with the public administration.

Other problems related to the interactions between the civil society, the business sector and the public administration (mostly at the local and regional level) was the lack of formal consultation mechanisms and procedures. At the central government level, the Ministry of Finance was given the competencies to draft specific partnership criteria. However, these were mostly for the managing authorities of the operational programmes. The local authorities had no list of the potential partners and no guidelines for the implementation of the partnership principle on the local level. This was due to the lack of legal requirements for existence of such procedures and partially limited administrative capacity of the local authorities. The latter usually preferred to handle the interactions with the business and the civil society on an ad hoc basis since it was frequently not possible to set up a working group for the drafting of procedures for interaction and consultation with the civil society.

Other problems concerning the interactions between the non-state actors in general and the public administration (especially the central government administration) are related to the centralization of decision-making and the refusal of the administration to treat the NGOs and the business as equal partners. Because of these, the administration frequently acts as if nothing has happened, when they are approached by non-state actors. The administration also used other techniques in order to discourage the civil society and the business organizations (e.g. the RDAs). According to senior interviewee from BARDA such techniques include

provision of huge amounts of information for important meetings at the latest possible moment (e.g. 100+ pages document on the day before the meeting) and provision of information about the decisions after these are taken.

Cooperation within and between the sectors

Similarly to the interactions with the administration, the civil society organizations and the business stated that the cooperation within the sector is an important condition for participation in the absorption of the structural funds (UNDP, Bulgaria 2006). However, the cooperation is still mostly on a temporary basis. Communication between the sectors is weaker compared to the cooperation within the sectors. According to UNDP, approximately 50% of the NGOs have not interacted with the companies. One of the reasons for this is that the business frequently does not see how it can benefit from the cooperation with the NGOs. As already described above, both the NGOs and the business saw themselves as beneficiaries of the structural funds and therefore sometimes they saw each other as rivals. Competition is also a reason for the lack of cooperation within the sectors (especially among the Bulgarian business).

Both the business and the civil society sector are dominated by small organizations. This is a problem for the successful protection of their interests (including the interests concerning the European affairs in general and the structural funds) on national and EU level (in fact, unlike the local authorities, the Bulgarian business sector is not formally represented in Brussels). The existence of a large number of small-scale organizations also limited the possibilities for their participation in the monitoring and evaluation of the strategic documents related to the EU structural funds, identification of suitable partners, development of international contacts, effective exchange of information and mutual support within the sector.

Real interactions between the civil society organizations and the business are most frequent on local level and the membership in various unions and associations is mostly on the national level. In other words, the situation here is pretty similar to the one where the cooperation between the local authorities on NUTS 3 level is extremely limited and sometimes requires the direct interference of the cabinet ministries, while the solutions of problems are sought mostly on central level, where the interaction is much more difficult, because the central government services frequently have other priorities (such as the overall management of the EU affairs) besides the facilitation of local or regional level partnerships. In fact, according to interviewees from BARDA there were also cases, concerning the

interactions with the central government, in which solutions to the problems have been sought at EU level (DG REGIO), where interactions are even harder and the officials from the European Commission who were contacted were not able to do anything besides returning the issue to the Bulgarian central government and ask the respective government service to react upon it.

The problem is deepened by the small number of associations that provide specialized support to the civil society and the business organizations in order to prepare them for the EU structural funds. The UNDP survey quoted in this chapter shows that the business organizations and associations of the civil society organizations that existed in 2005 and beyond were unable to provide the specialized support needed for successful participation in the planning and programming process as well as for the absorption of the EU structural funds. Furthermore, both sectors had no firm position about the kind of organization needed in order to provide support. Increased competition within and between the sectors is the last obstacle to the creation of a unified support organization that would provide structural funds information and training to the business and the civil society organizations and the business. There are no prospects that such an organization is going to be created during the first years of the EU membership (UNDP Bulgaria 2006). Another major capacity gap of the civil society organizations and the business sector concerning the EU structural funds is the lack of essential knowledge and skills. The lack of knowledge and skills can be found practically everywhere, from the lack of basic knowledge on the competencies of various levels of administration, to lack of strategic planning and project proposal drafting skills.

Like the local authorities, the civil society and the business organizations had (and still have) a severe problem when it comes to the project co-financing. As explained above, both sectors are dominated by small organizations that are unable to co-finance projects or pay for the preparation of project proposals. However, unlike the municipalities, who can benefit from the support of a dedicated funding facility (see the section on the FLAG fund in Chapter 8), civil society organizations and the Bulgarian business need to find sources of funding on themselves (e.g. through the banking sector). Due to this, many non-state actors are unable to take part in the implementation of the EU regional development policy even as beneficiaries.

BULGARIAN UNIVERSITIES AND THE REGIONAL POLICY

Bulgaria has approximately 42 institutions providing university-level education. However it is hard to classify most of these as non-state actors, because even though the Law on Higher

Education provides for academic autonomy, a significant part of their budget comes from central government, which provides a possibility for the state to control the universities indirectly. Furthermore, most of the universities budgets are spent on the provision of education not for research.

Academic experts from the Bulgarian universities were frequently invited by the government to take part in the discussion and/or adoption of various national programming documents (e.g. the National Transport Infrastructure Strategy 2005-2015). However it must be noted that the Bulgarian legislation (the Law on Regional Development, etc.) contained no procedures making such participation compulsory. As a result of that, the academic experts were invited to take part on an ad hoc basis, and usually when the issues discussed by the respective government bodies or joint working groups required the opinion of someone with specific expert knowledge (usually a member of the academic community working in the field). Generally, the role of the Bulgarian academic institutions in EU regional development policy planning and implementation during the final pre-accession years and the first membership years was limited mostly to provision of training (both academic and vocational), drafting of funding proposals under various EU pre-accession funding instruments and Community Initiatives (e.g. Framework Programs 5-7).

CONCLUSION: DEMOCRATIZATION OR EUROPEANIZATION?

It must be noted that the renaissance of the Bulgarian non-state sector and the creation of a multitude of non-state organizations at the beginning of the democratic transition in Bulgaria had little to do with any form of pressure from the EU. Even though the prospect of EU membership was used in order to unite the civil society in the country, the process of creating of civil society organizations was a result of the transition from communism to liberal democracy and the assistance of donor organizations such as USAID, OSF, etc. The process began in a highly controlled manner in the final years of the communist regime in order to show the communist party of the USSR that Bulgaria is complying with the Glasnost policy and reached its peak in 1995-2005 to result in 22,366 non-state organizations in 2005 (Dorosiev and Ganev 2007).

The key reason for a creation of such a huge number of civil society organizations⁴ was related to the need to organize the interests of the population in fields in which the communist state had never been active such as minority rights protection (all the ethnic

⁴ Almost half of the number of the civil society organizations in Poland (57000 in 2007) having in mind that the population of Poland is more than five times bigger than the Bulgarian population.

minorities in Bulgaria have NGOs), environmental protection (it was the non-state organizations that initiated specific actions in the field, such as protection of the Black Seas coast, the mountains and other endangered areas from excessive construction of holiday housing), regional development (RDAs started their existence as alliances for development of particular pieces of the Bulgarian territory), etc. However, due to the dependence on donor aid in the beginning of their existence, most of the NGOs failed to promote the participation of the civil society in the policy formulation process and the role of the citizens was reduced to the one of passive beneficiaries (Dorosiev and Ganev 2007, p. 172). Even though the accession of Bulgaria to the European Union and the EU regional policy were welcomed and expected by the Bulgarian civil society and non-central government organizations, as well as to a more limited extent by the Bulgarian business, only a handful of Bulgarian non-state actors managed to take more active part in the process both on national and on EU level. The reasons for this are several.

First of all, as explained in Chapter 5, there was no formal conditionality on how an applicant country should organize its planning and programming process related to the EU structural funds. When it came to partnership, there was only a general requirement for setting up partnerships, but on the other hand there was a big concern on behalf of the European Commission to ensure efficient spending of the EU structural funds. On the other hand, most of the priorities for structural funds in Bulgaria were related to the national level infrastructure and the services that were provided by the local authorities to the population. Such priorities were set because both the Bulgarian central government and the European Commission wanted to send to the Bulgarian population a strong message that European integration is about to bring positive change in its everyday life in order to show that some sensitive compromises made by Bulgaria during the negotiation process (e.g. closure of part of the facilities in the biggest electricity producer on the Balkan peninsula – Kozloduy power plant in northern Bulgaria) were not in vain. And the easiest tool for sending such a message quickly, to a greater part of the Bulgarian population was through a quick absorption of the EU structural funds.

If the external incentives model (Schimmelfennig and Sedelmeier 2005 and Chapter 1) is used in order to explain the involvement of Bulgarian non-state actors in the EU regional policy implementation, the first thing that one might notice is the lack of both formal and informal accession conditionality in the scope of partnerships that are to be formed for the implementation of the structural funds. In fact the need for a greater inclusion of the non-state actors had been mentioned with a single sentence in some of the Regular Reports on the

Bulgarian progress towards EU membership. Again from the point of view of the external incentive model, this means that the Bulgarian government was about to receive a smaller, or no reward for a greater inclusion of the non-state actors in the policy planning process. Having in mind also the priorities of the Bulgarian central government (described above) it is not surprising that only a handful of Bulgarian non-state actors found some place in the planning and programming of the implementation of EU regional development policy in Bulgaria. Due to the limited participation of the Bulgarian non-state actors, the competition for participation in the policy programming process between them was intensifying in the first membership years, because of the belief that such a participation would help them and their members (especially valid for the business organizations) get a better access to the EU structural funds.

A closer look at the process shows the beginning of a social learning process (Schimmelfennig and Sedelmeier 2005 and Chapter 1). Several consecutive central governments (since the beginning of the EU accession negotiations) were trying to attract a small number of non-state actors possessing expert knowledge about specific sectors of the economy (e.g. transport, environmental protection) and the public life to the policy planning process in order to benefit from such knowledge. However the role of such organizations in the decision-making process was extremely limited. It is unlikely that the situation is going to change in the near future because pressures for a greater involvement of the non-state actors are probably not likely to originate in Brussels before the end of the current structural funds cycle (2007-2013). Moreover, non-state actors currently do not possess sufficient capacity in order to achieve a successful change of their position.

X. CONCLUSION

INTRODUCTION

This chapter summarizes the findings of the study and addresses the three main research questions set out in the opening chapter, explicitly engaging with the theoretical framework developed. It also reflects on the possibilities for further research on the topic.

THE CONCEPT OF EUROPEANIZATION

For the purpose of this study, the term Europeanization was perceived as adaptation of national systems of governance to the rules, policies and standards created on the EU level. This understanding closely corresponds to the third usage of the term identified by Olsen (2002) and with the definition of Europeanization given by Radaelli (2003, p.30) of 'Processes of construction, diffusion and institutionalization of formal and informal rules, procedures, policy paradigms, styles, "ways of doing things" and shared beliefs and norms which are first defined and consolidated in the making of EU public policy and politics and incorporated in the logic of domestic discourse, identities, political structures and public policies'.

Here, the term was used in order to shed light on the changes that occurred on national and regional level in Bulgaria as a result of its involvement with EU regional policy before the beginning of the of the accession negotiations with the EU (1997-2000), during the actual negotiations and monitoring period (2000-2006) and during the first two years of the full membership (2007-2008). According to Börzel and Risse (2003), if an EU level process is expected to provoke changes on national level in the member states (and the candidate countries), there must be clear misfit between the policies formulated on national level and between the policies that are formulated on EU level (Börzel and Risse 2003 and Chapter 1), otherwise there will be no need for domestic change. The misfit concept formulated by Börzel and Risse is particularly useful when there are clear procedures and requirements (both formal and informal) at the EU level. At first look, EU regional policy may not look appropriate for the application of the misfit concept because the *acquis* regulating the regional policy provided only general guidance how the policy should be implemented. Specifics related to the organization of the programming process, the legal and the institutional framework, partnership composition, the inter-institutional coordination, etc., are left to the member states. However, in the case of candidate countries like Bulgaria, where

the framework for implementation of the EU regional policy had to be created from zero, the Commission had relatively clear, though thin, requirements about what should be achieved by a candidate country in order to close the negotiations under Chapter 21 (Regional Policy and Structural Instruments”). This made the misfit approach appropriate for the purpose of this research (see Chapters 5 and 6 on the requirements).

One might ask if it is possible to speak about a misfit if there is no national level policy with similar effect as the EU regional policy. It is not possible to give a straightforward answer to this question. Obviously if there is no national level policy, it might be hard to speak about the misfit between something that does not exist (especially in the beginning of the EU accession negotiations). However a careful review of the requirements formulated by the European Commission showed that the lack of national level regional policy, by itself is a major misfit. Why is that? The lack of national level policy in a particular field meant that the candidate country would not be able to satisfy the requirements of the Copenhagen criteria. In other words, the lack of a national level regional policy meant that the country would not be able to undertake the obligations arising from the EU membership.

The lack of a national level regional policy was both a policy misfit and an institutional misfit, since the existing institutional framework was oriented towards the implementation of sectoral policies (see Börzel and Risse 2003 and Chapter 1 of this study). From the point of view of the external incentives model, this misfit required significant changes, such as the creation of legal framework, a new institutional framework, new planning procedures and procedures for inter-institutional coordination. Furthermore, the fact that lack of regional policy implementation mechanism at national level was a misfit can easily be seen if one takes into account the political priorities of the European Commission (e.g. efficient implementation of the Community level policies). Looking both from the theoretical, and empirical point of view (the lengthy negotiations under Chapter 21 and the ‘last minute’ adjustments in 2006), one might safely assume that this misfit was one of the biggest obstacles to Bulgarian EU membership.

Generally speaking, the process of change through Europeanization was taking place in every sphere of the Bulgarian political and economic life (especially once the accession negotiations neared the technical completion¹ in 2003-2004), because all of the policies formulated on the EU level required specific transformations in the course of the accession

¹ By technical completion I mean the final closing of all negotiation chapters

negotiations. However, the impact of the EU policies on the national level differed between the policy fields in relation to the scope of participants and the mechanisms of the adoption of EU rules in Bulgaria, as well as in terms of the expected impact after the Bulgarian accession. Some policies like the Customs Union required only the participation of central government and EU actors in the adaptation process.

While some EU policies were new for Bulgaria and required the formulation of brand new national level policies, major elements of other EU policies (e.g. the Transport Policy, Free Movement of Capitals, etc.) were already applied before the beginning of the accession negotiations. The Bulgarian government chose to 'import' elements of the Common Transport Policy in order to respond to the requirements for the access to the Bulgarian hauliers to the Community transport market. The rules in the fields of banking regulations and the free movement of capital were used in order to simplify the trade between Bulgaria and the EU and in order to reform the Bulgarian banking system after the 1995-1997 crisis. All this means that it is hard to attribute the adoption of these EU rules to an external incentive. These EU rules were usually adopted on the basis of the social learning method and the adoption involved the central government, the Bulgarian business community and NGOs. As a result of this, some of the EU policies provoked limited national level transformations, while others required formulation of new national level policies, creation of new or radical rearrangement of the existing institutional frameworks.

The external incentives model

In order to address the core research questions set out in Chapter 1), the study relied primarily on the external incentives model formulated by Schimmelfennig and Sedelmeier (2005). To recap briefly here, the external incentives model is an actor-centred, rationalist bargaining model. The outcome of bargaining processes depends on the bargaining power of actors and tactics used by the actors in the process.

The Fifth Enlargement of the EU left the actors (especially the candidate countries) with an extremely limited choice of bargaining tactics. Pretty much like the other former communist candidate countries, in many cases during the accession negotiations, the respective Bulgarian institutions were simply presented with a list of EU requirements, which had to be fulfilled in order to close the negotiations under the respective *acquis* chapter (see Hughes, Sasse and Gordon 2004 for details on the negotiations under Chapter 21). The only bargaining possible was the negotiation of a transitional period for the respective *acquis* (see

the Treaty for Accession of Bulgaria and Romania to the EU, April 2005 for the various transitional periods that were negotiated).

In terms of power, when the external incentives model is applied to the EU accession negotiations, one can observe significant power asymmetry in favour of the European Commission. This means that the relations between the European Commission and the candidate countries were generally very top-down and the European Commission effectively downloaded the *acquis*, the EU standards, the policy implementation procedure, etc., to the candidate countries, who in turn incorporated them in the national level legal systems and governance arrangements in order to get the rewards specified by the EU. Hence, the external incentives model has become the classical theoretical model for explaining the impact of the EU accession conditionality on the candidate countries.

If the model is used in order to explain the adoption of the rules related to the EU regional policy by the candidate countries, the power asymmetries between them and the European Commission becomes even bigger and the adoption of the rules is even more likely, because all over the candidate countries, the EU structural funds contributions were viewed as an opportunity to solve numerous problems resulting from the transition of the East European candidate countries from state controlled economy during the communist period, to the market economy (Jacoby 2005). However, this study showed that when the EU regional policy is concerned, the relations between Bulgaria and the European Commission during the candidacy period were not exclusively top-down and the relations between the European Commission and the candidate countries (in the case of this study - Bulgaria) were not exclusively top-down, despite the strong power asymmetry. The reason for this can be found within the specifics of the Fifth Enlargement of the European Union.

The Fifth Enlargement was the biggest enlargement of the Union and the first when the EU was about to take on board a large group of underdeveloped countries. As a result of this, the group of beneficiaries of the EU structural funds was radically rearranged – out of more than 50 NUTS 2 regions in the EU8+2 (the eight former communist countries, Cyprus and Malta) only one (Greater Prague) was not eligible for support under Objective 1 of the structural funds (see map 3.1). As a result of the Fifth Enlargement, some of the regions in the EU15 were about to be phased out from EU structural funds support. The Fifth Enlargement was also about to require large scale reforms of the EU governance mechanisms in order for the possibility for efficient decision making on EU level to be preserved.

These particularities of the Fifth Enlargement were about to contribute to the development of the 'enlargement fatigue' within the EU. However, the EU institutions (mostly the Commission) had priorities of their own, and one of these priorities was related to the timely completion of the Fifth Enlargement. Therefore, in order to achieve these priorities, the Commission was willing to ease some of its requirements, and make some concessions to the candidate countries, especially when it came to tough negotiation chapters like 7 (Agriculture) and 21 (Regional Policy and Structural Instruments) in order to speed up the negotiation process. Although the concessions made by the European Commission to candidate countries like Bulgaria were always in line with the *acquis*, some of the concessions shaped the national level settings for implementation of the EU regional policy in Bulgaria for the first structural funds period after the country became a member of the EU (2007-2013).

The social learning model

In order to complement the external incentives model, this study used the social learning model (Schimmelfennig and Sedelmeier 2005 and Chapter 1). According to this model, the likelihood of EU rule adoption increases if the target candidate country government is persuaded the rule is appropriate to the situation in the country. The likelihood of rule adoption also increases with the increase of the rule legitimacy (if the candidate countries associated themselves with the rules). Another hypothesis of this model is that the likelihood of rule adoption increases if the targeted government and society identify themselves with the community from which the rule originates.

In the case of Bulgaria, all the governments after 1997 were persuaded that the rules originating from the EU were appropriate to the situation in the country. The EU rules were perceived as legitimate, because the 'return to the European family' (see Chapter 5) was among the priorities of all Bulgarian central governments after the fall of communism in 1989. However, the social learning model was not helpful in explaining how exactly the policy and the institutional settings in Bulgaria changed as a result of the preparation for implementation of the EU regional policy. Indeed, neither the external incentives nor the social learning model explain entirely why Bulgaria was able to negotiate a relatively centralized system for implementation of the EU regional policy during 2007-2013. The reason for the incomplete explanation of the Bulgarian reaction towards these adaptation pressures is that neither model takes into account the fact that successful EU policy

implementation requires achievement of a certain degree of administrative capacity both on national and on regional level within the member states.

The study shows that while the administrative capacity at the national level was relatively easy to build, because of the availability of long term capacity-building plans that were backed with financial resources and the relevant institutional framework to facilitate the process, capacity at regional and local level was much harder to build. As a result of this, even though the European Commission continuously advocated greater involvement of the regional and local authorities in the implementation of the Community policies by the member states, it finally accepted a more centralized system for implementation of the EU regional policy in Bulgaria, in 2007-2013 despite the significant power asymmetry. It should be noted that the situation in the other post-communist countries that joined the EU was quite different. In Poland and the Czech Republic, the greater involvement of the regions came as a result of internal pressures, while in the other post-communist countries the debate on regionalization came as a result of the EU pressures related to the preparation for implementation of the EU regional policy (See Chapter 5).

THE PARTNERSHIP PRINCIPLE

One of the specific transformations this study looked for evidence of was the gradual opening of the national level policy formulation processes for the participation of the local and regional governments and the various forms of organized non-state interests. Ever since 1988 reforms, when EU regional policy became an EU regional policy not only by name, the partnership principle became central to the implementation process (See Chapter 3). When one seeks to explain the impact of the partnership principle over the candidate countries, following has to be considered:

- What was the place of the partnership principle in the EU accession conditionality?
- How did the Commission combine the requirement for efficient policy implementation, with the requirement for introduction of the partnerships?
- What (if any) means were available to the Commission in order to check if the partnerships that were created in response to the adaptation pressures were realistic?
- What was the reaction of the Bulgarian government (central, regional and local) to the requirement for partnership?
- Did partnerships for the implementation of EU regional policy emerge in Bulgaria, and with what effect?

Chapter 5 described in detail the approach of the European Commission towards the introduction of partnership and multi-level governance in the candidate countries and the shift from a system based on the multi-level governance to a system based on the efficient policy implementation in the candidate countries. Since Bulgaria was among the countries in the second part of the Fifth Enlargement of the EU and ‘enlargement fatigue’ was already building up in EU15 countries (especially in ‘net payers’ such as Germany, where in 2005-2006 several high ranking politicians were proposing postponement of the Bulgarian and Romanian accession), the European Commission had to pay specific attention to the building of an efficient system for implementation of EU regional policy in the country. As a result of this necessity, the Commission had to accept that the central government was going to play the leading role in the planning and implementation of the EU regional policy. The reason for this was that the existing planning capacity was concentrated in the central government.

During the negotiation process, the Commission had also accepted that the partnerships about to be formed in Bulgaria were going to be mostly between various levels of government and a limited number of non-central government and non-state actors (e.g. associations of the local authorities and environmental NGOs). In other words, the requirement for partnership had to coexist with the requirement for efficiency. As a result of this, the Commission paid little attention to the construction of horizontal partnerships, although a sentence calling for such partnerships was present in every Regular Report for the Bulgarian progress towards EU membership. Furthermore, this study showed that both during the pre-accession period and the first years of the Bulgarian EU membership the Commission had no means to check if the partnerships constructed in Bulgaria were realistic. According to interviewees from DG REGIO, the Commission was forced to rely on indirect methods like the observation of the behaviour of partners (e.g. the local authorities, non-state actors such as the environmental organizations, etc.) during meeting of various management bodies (interview, senior official DG REGIO, June 2008). From the point of view of the adaptation pressures coming from the EU, this meant that during the first few years of the Bulgarian EU membership, there would be no adaptation pressures from Brussels for enlargement of the existing partnerships between the central government and the local authorities. In fact the messages from the Commission (coming in the form of the reports of the European Commission under the monitoring mechanism embedded in the Accession Treaty) were that the EU was in favour of some additional centralization in order to ensure the efficient

implementation of both the Transitional Facility (ex-PHARE program) and the EU structural funds (see Chapter 8).

BULGARIA AND THE REST OF THE EU

In Chapter 4 I have presented the impact of the EU regional policy on two of the original cohesion countries – Greece and Ireland. Now is the time to compare them with the impact of the EU regional policy on the Bulgarian system of governance. The main purpose of this comparison is to assist in the classification of the Bulgarian response to the adaptation pressures generated by the need to implement the EU regional policy upon accession. The other key purpose of the comparison is to reveal the aspects of the impact of EU timing over the accession negotiations with Bulgaria.

Ordering from the ‘Irish menu’²

By the time Ireland joined the EU, it was a small, underdeveloped country with a strong central government, weak local authorities and non existing regional government. However, the country joined the EU under completely different conditions to?, especially when it comes to the EU regional policy. In fact by 1972 there was no EU regional policy, even in the form of side payment to the budget of the member states. Hence it was very hard to speak about adaptation pressures originating from the need to prepare for the implementation of the EU regional policy. However a more detailed look shows that even though, Bulgarian policy makers continuously pointed out Ireland as a ‘success story’ in the field of structural funds, similarities between Bulgaria and Ireland can also be found in the field of the general coordination of the EU affairs on national level. Like in Ireland, initially the Bulgarian government created the structure for overall coordination of the EU affairs within the Ministry of Foreign Affairs. Again like in the Irish case the Bulgarian system of coordination of the EU affairs saw a gradual increase of the role of the Office of the Prime Minister (in Bulgaria it was called Administration of the Council of Ministers) in the process.

At the local level the situation was also similar. The role of the local authorities both in Bulgaria and Ireland was limited. Even before Ireland became a member of the EU, the Irish local authorities were designated as development agencies under the Local Government (Planning and Development) Act 1963. The Act stipulated that the local authorities should

² See Jacoby 2004

prepare development plans for their territories. However some of the local authorities lacked the resources to prepare such plans. The 1999 Law on Regional Development in Bulgaria created exactly the same situation. Because of the lack of programming resources on one hand, and the need to follow the deadlines, Bulgarian local authorities had to resort to external aid (consulting companies and the central government services) in order to prepare the municipal development plans, that were about to allow them to benefit from the EU financial support. Furthermore, even when both the Irish and the Bulgarian governments applied no direct gatekeeping policies, the local authorities from both countries were not always able to benefit from the possibilities offered by the EU. The reason for this was again the lack of capacity on the local level in both countries.

However, unlike Bulgaria where most of the adaptation pressures came from the EU, Ireland was also subject of adaptation pressures resulting from the internal fears that the country might lose the support from the EU structural funds. The reason for this was related to the fact that before the adoption of the Regulation on the NUTS system (Regulation 1059/2003) Ireland was designated as a single NUTS 2 region. Because of the fact that the country managed to attract significant amount of foreign direct investments and the country was about to pass the 75% GDP per capita threshold, which was about to make it ineligible for support under Objective 1. As a result of these pressures, for the current structural funds period (2007-2013) Ireland had to strengthen the regional tier of government and divide the country into two NUTS 2 regions. All Bulgarian regions are currently (2007-2013) eligible for support under Objective 1 of the structural funds. In fact, in January 2007, when the country joined the EU, internal adaptation pressures similar to the Irish fear of losing the EU structural funds support, were nothing else but an extremely remote perspective. However, by the end of the current structural funds cycle, at least two of the Bulgarian planning regions (NUTS 2 level) might face the possibility of being phased out of the EU structural funds support. However, on the basis of the existing data it was not possible to make a forecast if such a problem would lead to the strengthening of the regional tier of government in Bulgaria.

Bulgaria and Greece

When it comes to the accession conditionality in general, it must be noted, that the accession conditionality during the accession of Greece to the EU was quite different from the one that was in force during the Fifth Enlargement. Furthermore, Greece became a member of the European Union, during the hottest years of the Cold War. Having in mind the history of the

country and the attempts of the Greek communists to take control of the country, followed by a civil war shortly after the end of the WWII, one might also safely assume that Greece was admitted in the EU in order to be kept into the Western sphere of influence. Such conditions did not exist in 1997-2000, when Bulgaria began its accession negotiations.

Shortly after Greece joined the EU, the country has experienced limited decentralization and increase of the powers of the Greek local authorities had little to do with any form of the EU accession conditionality. These were result of the desire of the Greek socialists (PASOK) to carry out a radical reform and gain firmer control over the administrative system of the country (Andreou 2006). The transition from communism to democracy and market economy in Bulgaria also brought a limited decentralization and increase of powers of the Bulgarian local authorities. The 1991 Bulgarian Constitution gave them more powers than they had during the communist regime. However the Constitution retained the control of the central government on the budget resources and on the policy formulation process.

In Greece, the EU played a crucial role in the creation of the regional government of the country, which was created in 1985-1986 following the initiation of the Integrated Mediterranean Programs and the creation of the NUTS 2 regions and their administration. The EU had no impact whatsoever on the Bulgarian regional authorities. Even though, the debate about the introduction of elected regional authorities in Bulgaria started in the 1990s, throughout the whole pre-accession period and in the first years of the EU membership (2007-2008), the regional governments in Bulgaria remained under the control of the Ministry of Regional Development (see Chapters 7 and 8). Despite all attempts of the Commission to promote wider participation of the sub-national actors in the implementation of Community policies in the member states, the EU regional policy in Greece turned into a national development policy of the Hellenic Republic and the Ministry of Economy and Finance retained overall control over the policy planning and implementation (Andreou 2006).

Several interviewees suggest that the European Commission attempted to promote a wider participation of sub-national actors in the EU regional policy implementation (interviews, officials European Commission, March 2008). However, the Commission was forced to accept that the central government was going to play the key role in the process, because of the lack of capacity for efficient policy implementation in the local authorities and the non-state actors (see chapters 5 to 7). Speaking about NUTS 2 regions, unlike the Greek

case, in which at least on paper, there was some form of regional administration (the monitoring committees of the regional operational programs), in Bulgaria, the Law on regional development created no administration to head these regions. The only thing that was formed were consulting bodies (regional planning councils), whose only role was to coordinate the input of the NUTS 2 region in the national level programming documents [see previous point].

The reason for the differences between Greece and Bulgaria can partially be attributed to the development of the EU regional policy and the European Union over time. By the time when Greece joined the EEC/EU, the regional policy was a mere side payment to the national budgets of the member states, with a limited control on behalf of the Commission. By the time Bulgaria began its accession negotiations, the regional policy evolved into a Community policy, which is being implemented under the tight control of the European Commission and the European Parliament (especially when it comes to the budgets issues). From the point of view of the Europeanization theory this means that by the time Greece became involved with the EU, it was hard to speak about a misfit between the national development policies of the member states and the EU level regional policy. And since there was no misfit; the member states were not experiencing any adaptation pressures from the EU.

On the other hand, when the post communist countries began their accession negotiations with the EU, the EU regional policy was no longer a side payment to the budgets of the member states. It was a Community level policy with its own rules and implementation guidelines. During the second wave of the Fifth Enlargement the Union was joined by exactly the same number of NUTS 2 regions as Greece had. Both the Bulgarian and the Romanian NUTS 2 regions were eligible for support under Objective 1 of the structural funds. This meant that by the time Bulgaria began its accession negotiations, the EU regional policy already exercised significant adaptation pressures over the candidate countries because of the need to radically realign the national development policies towards the territories, not the sectors of economy (as was the case during the communist regimes), incorporate the respective *acquis* in the national legal systems and also due to the perspective for a radical change of the number of NUTS 2 regions eligible for support under Objective 1, which required tighter control over the spending of the structural funds.

The role of time in the accession process

Bulmer (2009, p. 317) made two observations related to the impact of the EU timescale over the member states. First, that EU member states had to develop domestic institutional arrangements to deal with the duties of membership: these duties are downstream (reception, for example of EU legislation) and upstream (engagement in the EU decision making process). And second, that time plays important role in the EU enlargement. When it comes to the external incentives model, it must be noted that introduction of the time variable into the process of adoption of the EU rules by the candidate countries, usually undermines the credibility of the accession conditionality since the acceding country knows that with or without the fulfilment of the conditionality, the reward is going to be paid. However it was not known, when the reward would be paid. And due to their political priorities target governments are forced to respond to the adaptation pressures in order to get the reward from the EU as soon as possible.

Adaptation pressures and the response of the individual member states depended on the timing of their accession. For instance, for the original six member states the downstream dimension was not a major concern in the 1950s, since the priority was on the upstream and the construction of the European Communities. With each successive enlargement, the adaptation pressures on the acceding countries increased because of the drafting of new supranational policies (e.g. CAP), growth of rules, procedures and legislation. Thus, the later that countries joined the EU, the greater was the pressure for domestic reform. The countries from the Fifth Enlargement experienced significant adaptation pressure, since their accession happened shortly after the completion of the democratic transition and the end of the Cold War (Goetz 2005).

The EU's main impact on the regions began with the development of the EU structural funds in the 1970s and increased after the SEA and the reform in the late 1980s. Consequently for countries that joined the EU in the 1980s (e.g. Greece), the adaptation pressures caused by the EU regional policy were different from the adaptation pressures experienced by the countries from the Fifth Enlargement and the misfit between the national policies, legislation and institutional frameworks of the candidate countries and the EU regional policy was significant.

However, this study showed that different adaptation pressures and 'misfit' between the national level policies and the EU policies (owing to the different time of the country's accession) can result in similar national response to the adaptation pressures from Brussels.

Even though Bulgaria and Greece joined the EU at different time, and experienced different level of adaptation pressures (Greece joined the EU prior to the 1988 reform of the EU regional policy), during the first years of their membership both countries responded in a strikingly similar manner to the adaptation pressures generated by what was by the time of their accession the EU regional policy (see Chapter 4). From the point of view of the impact of time over enlargement, in the case of Greece, a centralized system of policy formulation and implementation was a normal result of the state of the EU regional policy by the time of the Greek accession to the EU (see Chapter 3) and the fact that Greece joined the EU during the Cold War. In the case of Bulgaria however, the centralized system of planning and implementation of the EU regional policy showed a slightly different impact of timing over the accession process, than the one defined by Bulmer (2009).

By the time Bulgaria began its accession negotiations in 2000, the EU regional policy was not just a side-payment to the member states budgets (see chapters 3 and 4) but a full scale Community policy (in fact it was the second most expensive Community policy after CAP). As a result of this, the 'misfit' between Bulgarian national policies and the EU regional policy was much greater than in the 1970s and 1980s when cohesion countries such as Greece and Ireland joined the EU. Therefore, if one follows the conclusions of Bulmer (2009) one might expect that the country will see radical change and significant decentralization of the policy formulation process.

However, even though there was significant change in terms of adoption of new policies and changes of the institutional architecture (see chapters 7 to 9), Bulgaria retained a fairly centralized architecture of EU regional policy implementation. This became possible for several reasons. The first one, namely the change of Commission's approach towards the EU regional policy in the pre-accession period was already described in detail in Chapter 3. From the point of view of impact of time on the enlargement process, this change in the Commission's approach was the 'little event that happened at the right time' (Pierson 2000, p. 263) in order to have big consequences such as the completion of the Fifth Enlargement of the EU. The second most important reason was that unlike other post-communist candidate countries such as Poland, where the adaptation pressures from the EU were 'met' by internal pressures for change of the regional governance (see Chapter 5), no such thing happened in Bulgaria.

THE PROCESS OF CHANGE

Before I get into detail on the answers of the three main research questions, I would like to describe in some more details the main cause for changes according to this study, namely the EU conditionality. Schimmelfennig and Sedelmeier (2005, p. 211) suggest that one should distinguish between the democratic conditionality and the *acquis* conditionality. They use the term 'democratic conditionality' in order to describe the general EU rules of liberal democracy. According to Schimmelfennig and Sedelmeier, 'the EU has applied its conditionality from the very start of the transformations in the CEECs' (Schimmelfennig and Sedelmeier 2005).

The instruments of such conditionality were, for instance, the Association Agreements between the former communist countries and the EU. The EU democratic conditionality worked together with the efforts of other West European organizations like the Council of Europe, NATO and the OECD to assist the democratization of Eastern Europe. According to Schimmelfennig and Sedelmeier, the main external incentives offered by the democratic conditionality were the institutional links with the EU. However, a brief review on the history of Bulgarian transition towards democracy would show that hardly any change in the former communist countries can be attributed to the democratic conditionality. In fact these changes were about to happen with or without the EU, since the former communist system of governance had to be replaced.

The reward offered by the democratic conditionality – the institutional links with the EU alone - was not sufficient reason for a general change of the national system of governance. Institutional links were not a feasible reward for adoption of the EU rules. Such ties were about to be established anyway as a result of the end of the Cold War and the development of the relations between the former communist countries and their former NATO adversaries. Furthermore, the institutional links between the former communist countries and what was then the EEC, actually started during the later years of the communist regimes (around 1988), when most of the communist countries established diplomatic relations with the EEC itself, besides the existing bilateral relations with the member states. What the democratic conditionality offered, was a model for the post-communist reforms, a possibility for strengthening of the economic relations, exchange of practices in various policy sectors and some financial and expert support on behalf of the European Union (via the PHARE program). At this point, the adaptation pressures originated mostly from the need to perform a quick transition from a state controlled to market economy.

The *acquis* conditionality came at a much later stage, when the criteria for EU membership were already formulated and the post-communist countries began accession negotiations with the EU. At this point, the main external incentive for adoption of the EU rules by the candidate countries was the perspective for a full EU membership. In order to get this reward, the former communist countries had to adopt the EU rules and policies. From the point of view of the misfit concept, this is when the misfits between the national and the EU level were identified and the countries began to experience adaptation pressures originating at the EU level. In the case of Bulgaria (like with the other post-communist countries), the *acquis* conditionality began to replace the democratic conditionality in 1997, when the European Commission published its Opinion on the Bulgaria readiness for EU membership.

What is changing?

Before I give the answer to this question, I would like to shed some light on the type of changes that were needed in Bulgaria in order for the country to prepare for EU membership. First of all, if any changes were to occur as a result of the country's involvement with the EU, the Union had to have national level partner in the bargaining process (see the section on the external incentives model and Chapter 1). Such a partner should have been able to 'keep track' of the requirements that the country should fulfil in order to receive the ultimate external incentive (the full EU membership) and initiate and manage the processes that were to lead to the required changes.

When it came to the implementation of Community policies (any Community policy) the first change that was needed was the adoption of new legislation. During the pre-accession period, the process was known as 'harmonization' of the legislation. It was needed because even though most of the EU legislation related to the Common policies was directly applicable in the member states it was not applicable in Bulgaria at the time when the country began its accession negotiations. A second change that was required was related to the creation of the respective institutional frameworks that were needed for the implementation of the Community policies. This change also required significant changes in the legal framework of the candidate country (e.g. in the regulations concerning the public service), an extensive capacity-building process (usually in the form of establishing of training infrastructure and the training of a 'critical' mass of public servants from various levels of government over a limited period of time) as well as setting up of a complicated set of procedures for cooperation between the involved institutions, resolving of inter-institutional

conflicts, organization of national level partnerships (e.g. by drafting of guidelines for implementation of the partnership principle), etc.

All these usually require the participation of the biggest national level actor – the central government. However, when it came to the changes within the central government of a candidate country (in our case Bulgaria) provoked by the perspectives for financial support from the EU (either via the pre-accession instruments or via the EU regional policy) I must note that there was a change that is not among the changes described above. The change is actually in the power relations between the cabinet ministries within the central government. During the communist regimes, usually the most powerful cabinet ministries (excluding the ministries of defence and interior³) were the ones that were in charge of the heavy industry and the foreign trade. However the perspective for a financial support from the EU and the need to hold the accession negotiations under Chapter 21 and oversee the planning process related to the future implementation of the EU regional policy has significantly changed this. Partially as a result of the adaptation pressures of the administrative criteria for membership, in Bulgaria, during shortly before and immediately after the beginning of the accession negotiations with the EU (1999-2000), the cabinet ministries overseeing the foreign trade and the heavy industry became a part of the of the newly formed mega-cabinet ministry called the Ministry of Economy.

During the communist regime, cabinet ministries such as Finance played secondary role, cabinet ministries such as the Regional Development had completely different working sectors and cabinet ministries such as Environment and Waters had not even existed as a cabinet ministry. However, the perspective for EU pre-accession support and the accession negotiations under *acquis* chapters had significantly changed the role of the Ministry of Finance. One of the first requirements of the European Commission was that a special unit for central management of the EU pre-accession funds should be set up. Such a unit was set up within the Ministry. By 2002, the ministry already had the overall responsibility for the coordination of Community support and the implementation of the strategic planning documents related to the EU structural funds and retained this responsibility until the summer of 2008, when a special deputy prime minister has been appointed to manage the EU structural funds. However, the ministry retained the position of one of the most powerful ministries since the Deputy Prime Minister had to be supported by the staff of the Ministry of

³ ministries of interior were usually overseeing the work of the respective political police service

Finance (see Chapter 7 for details). From the point of view of this research, this realignment of the cabinet ministries and the concentration of the overall control over the EU regional policy in the hands of one ministry meant strong central government control over the regional policy implementation and confirmed that the existence of a strong vertical dimension dominated by one partner (the central government) in the Bulgarian regional policy implementation architecture (see Chapter 8 for details). Another important change was that, as a result of the Opinion of the European Commission, Bulgaria was forced to formulate its own regional policy in order to receive the external incentives offered by the EU during the accession negotiations. However, since the *acquis* related to the EU regional policy contained no detailed requirements about the institutional structure, the Bulgarian government managed to negotiate a centralized system for the EU regional policy implementation in Bulgaria (see above for details).

When it comes to the local authorities, the changes provoked by the preparation for implementation of the EU regional policy were not as visible as in the case of central government (Chapter 8). In fact, even after a very detailed look, one might assume that when it comes to the local authorities, there was limited (if any) change despite the adaptation pressures from Brussels coming via the central government and the fact that the Bulgarian local authorities had been offered tangible external incentives – contributions from the pre-accession financial instruments and the EU structural funds towards the development of the governed territory. Like the central government, the Bulgarian local authorities started to experience the first adaptation pressures related to the future implementation of the EU regional policy shortly after the European Commission published its Opinion on Bulgarian readiness for EU membership in 1997. The 1999 and subsequent versions of the Law on Regional Development (2004, 2008) on regional development adopted in response to the adaptation pressures coming from the EU at the various stages of the candidacy period and early membership years, required the local authorities to take an active part in the programming process related to the implementation of the EU regional policy. However, the laws stipulated no requirements for the creation of a local administrative framework for dealing with the programming process on local level and due to the long term culture of financial and capacity dependence on the central government, only a handful of local authorities (the biggest ones) managed to invest in the creation of their own programming capacity (Law on Regional Development 1999, 2004 and 2008). The biggest part of the local

governments relied on the central government to help them with the capacity building and intervene in order to correct errors in the programming process local level.

The Bulgarian involvement with the EU also gave the local authorities the opportunity to establish contacts with the local authorities from other member states in order to defend and advance joint interests in front of the European institutions. Again, due to lack of capacity, only a limited number of local authorities were able to benefit from this possibility without the help of the national level associations. In fact one and a half years after Bulgaria became a full member of the EU and 10 months after the Bulgarian strategic documents were negotiated with the European Commission, only two of the biggest Bulgarian cities and the National Association of Municipalities were represented in Brussels and a handful of others had some contacts with local authorities from EU15.

The smallest degree of change can be seen in the case of the non-state actors. In order to comply with the requirement for implementation of the partnership principle and in order to benefit from the specific knowledge of some non-state actors (e.g. business organizations, environmental organizations, regional development agencies), the central government has arranged their participation in the drafting of various strategic documents related to the implementation of the allowed them to take part in the monitoring committees of the operational programs. However, the decision making process in the monitoring committees and similar bodies remained under the control of the state (see Chapter 7). There were no specific pressures from the EU for a greater inclusion of the non-state actors, besides the occasional mentioning (in the Regular Reports on Bulgarian progress towards EU membership) of the need for a greater inclusion of the social and economic partners in the decision making process. Due to the lack of any conditionality on the greater participation of the non-state actors, it is highly likely that their participation in the decision making in EU regional policy implementation in Bulgaria is going to remain at best limited during the first structural funds cycle of the Bulgarian EU membership (2007-2013).

To summarise, Bulgarian involvement with the EU and the expectations for financial support from the EU (in the framework of the EU regional policy), during the membership period brought the biggest changes in the realm of the central government. The EU regional policy led to a rearrangement of the institutional framework of the central government and made the Ministry of Finance one of the most influential government departments in Bulgaria. The role of the central government, the local authorities and the non-state actors in the Bulgarian system for implementation of the EU regional policy in Bulgaria suggests that

the country's involvement with the EU led to the creation of a weak system of multi-level governance, that can be described as a mixture of Type I and Type II (Marks and Hooghe 2004). Pretty much like in the case of Britain (see Bache 2008, p. 28), general purpose jurisdictions (the central government) coexist with the task specific jurisdictions (e.g., the NSRF and various OP monitoring committees). However in the case of Bulgaria, the Type I part of the mixture is stronger and the central government dominates even the specially created task-specific jurisdictions.

Mediating factors

Chapter 1 described the three factors mediating the transformation of the EU adaptation pressures into domestic change (Cowles, Caporaso and Risse 2001). This section provides information on the role of these factors in the Europeanization of the Bulgarian regional development policy.

Mediating formal institutions

In the case of Bulgaria, there was a single group of interconnected formal institutions that were able to facilitate the transformation of the EU adaptation pressures into domestic change. This group was within the central government, which was the only institution that was able to receive the information about a particular misfit between the national and the EU level and carry out the domestic change required in order to improve the Bulgarian 'goodness to fit' within the requirements of a particular EU process. Although non-state actors were also able to adopt EU norms and rules, these remained for their own use. Governance arrangements in Bulgaria left them with no possibility to change the national system of policy formulation on the basis of the rules they adopted.

Multiple veto points

This study identified one potential veto point besides the Ministry of Finance point in the case of Bulgaria, which was the Parliament. The origin of veto powers of the Bulgarian parliament lies within its competences to adopt new legislation and control the central government. Since the changes in the national institutional framework and the procedures for the implementation of new policies (including the ones related to EU level policies) had to be governed by the appropriate legislation (especially during the pre-accession period when even the direct effect *acquis* had to be transposed), the Parliament had the possibility to

radically influence the implementation of a new policy or even block the introduction of such policy. However, since 1995, the Bulgarian central governments were backed by stable parliamentary majorities, with all the prime ministers besides four (out of ten) being the leaders of the political party with most seats in the Parliament. As a result of this, no policies were blocked from being introduced, even though some heated and lengthy debates frequently delayed reforms that were to be a response to the EU adaptation pressures (e.g. constitutional amendments related to the status of the MPs and the judicial system were adopted in the very last moment - 2006).

Political and organizational culture

Ever since 1878, the Bulgarian political and organizational culture had been built on the basis of centralism and the most important part of this culture was the dominating role of central government and the monarchs (prior to 1944). Even in the 1930s, when the country was practically ruled by the monarch, changes were always initiated and carried out by central government. The reasons for this were already mentioned in this study. To summarise these, the key issue for Bulgaria between 1878 and the late 1940s was national unification. In an attempt to achieve the unification of all lands populated by Bulgarians under the reign of the Bulgarian monarchs, the country fought three wars with its neighbours and took active part in the First World War. Successful completion of the national unification project required strong central government and left little room for the parliamentary opposition and the non-state actors to take any part in the national decision making process.

Although widely proclaimed as ‘people’s democratic rule’, communism only contributed to the strengthening of centralism. As a result of this, the Bulgarian political and organizational culture after the end of communism was also dominated by centralism, even though there were many more channels of participation for the actors outside of central government than during the time of the Bulgarian kingdom or under communism. The donor-driven process of the creation of civil society organizations described in Chapter 9 made these organizations dependent on external aid. Consequently, a limited number of civil society organizations managed to assume a role different from the one of external funding beneficiaries and the political culture remained under the dominance of centralism.

As it can be seen, in the case of a country with a long tradition of centralized governance like Bulgaria, each of the mediating factors is related to various aspects of the

work of the central government and the parliament. While central government was the most important actor in the preparations for implementation of the EU regional policy in Bulgaria, it was not the only actor. Therefore, in order to overcome this deficiency of the mediating factors approach, this study adopted an approach based on the three main groups of actors that took part in the planning for implementation of the EU regional policy – the central government, the local authorities and the non-state actors (see Chapter 2).

WHAT ARE THE MECHANISMS OF CHANGE?

Identification of the misfits

At this stage of the communications with the central government, usually the European Commission identifies the misfit between the Bulgarian national level policies and practices related to the regional development and ‘points them out’ to the Bulgarian central government (its main partner in Bulgaria). The misfits were usually identified on the basis of the EU requirements for the implementation of regional policy and pointed out to the Bulgarian government either through formal or informal channels. The formal channels usually included the Regular Reports on Bulgarian progress towards EU membership, the common positions exchanged during the intergovernmental conferences between Bulgaria and the EU as well as the meetings of various joint sub-committees established under the Association Agreement of 1993. Informal channels usually included the personal contacts of high ranking Bulgarian public servants with officials of the EU institutions. It must be noted that according to several Bulgarian public servants (interviews, various central government services May-June 2008) the informal channels were as important as the formal ones. In fact in several cases (especially during the preparation of Monitoring Reports on Bulgarian readiness for EU membership in 2005-2006), communication through the informal channels (mostly via high ranking commission officials) helped the Bulgarian government to anticipate the adaptation pressures that the EU was about to exercise over the country and to prepare for them in advance.

Actual change

In the earlier candidacy years, the process of actual change usually began with the ‘harmonization’ of the respective legislation with the *acquis*. It must be noted that due to the characteristics of Bulgarian political life in 1997-2008 (the governments and the governing coalitions were backed by big and relatively stable parliamentary majorities) the number of

veto points for the adoption of new legislation was extremely small. If the newly adopted legislation required the setting of an institutional framework, it was usually established by the central government, using public servants and resources from the national budget. Procedures for inter-institutional coordination were usually decided on ad hoc basis and adopted by central government (see Chapter 7). During this stage, the decisions were usually taken by central government with a limited contribution from its partners (in very specific cases such as technical decisions of the monitoring committees and specialized contribution towards legislation and strategic documents).

Evaluation of changes and payment of rewards

The name of this phase to a significant extent speaks for itself. During this phase, central government services usually prepared various reporting documents that were submitted to the European Commission. If the Commission was satisfied with the changes, the candidate country received an external incentive such as praising of its achievements in the next Regular Report, the closing of the respective negotiation chapter, etc. until all negotiation chapters were closed and the candidate country was given the chance to sign an accession agreement. When it came to EU regional policy, at least in theory, the external incentives for central government also included some decentralization of the management of the EU financial instruments to the national level, although the Commission retained the overall control of the process.

In the case of the member states, the process of change was usually preceded by the uploading of the national policy preferences to the EU level. At least in theory, as a candidate country, Bulgaria should have had no chance to upload its preferences to the EU level. However, due to the concerns of the European Commission with the Bulgarian capacity for implementation of the EU regional policy, the solutions adopted during the accession negotiations under Chapter 21 in fact had the effect of limited uploading of the Bulgarian preferences to the EU level, before the country became an EU member. How was this possible? Chapters 6, 7 and 8 discussed the shift in approach of the European Commission from building of multi-level governance to preparations for efficient implementation of EU regional policy. Needless to say, such efficient implementation required certain degree of administrative and financial capacity, which was available to the central government. On the other hand, the Bulgarian central governments during the pre-accession period wanted to retain control over the absorption of the EU structural funds, in order to portray themselves as

governments that bring prosperity to the country. As a result of this, even though several interviewees mentioned that during the accession negotiations, the European Commission proposed a stronger involvement of the regions, it has finally accepted a centralized system for planning and implementation of EU regional policy in Bulgaria.

IS IT POSSIBLE TO CLASSIFY THE CHANGES AS MULTI-LEVEL GOVERNANCE?

As a result of the Bulgarian involvement with EU regional policy and related pre-accession instruments, one can observe an increased participation of the local authorities and some non-state actors in the national level policy formulation process (e.g. national level NGOs and business organizations). However, the overall control over the decision-making process remains within central government. Despite calls by European Commission for a greater involvement of the non-state actors and the local and regional authorities, the Commission actually contributed to the centralization in Bulgaria. For instance, the appointment in the summer of 2008 of a special Deputy Prime Minister for the EU funds and the concentration of the overall responsibilities for implementation of EU regional policy in the newly created office was acclaimed by the European Commission as ‘a step in the right direction’ in the July 2008 Report under the Joint Monitoring Mechanism (set up under the Treaty for Accession of Bulgaria and Romania to the EU, 25 April 2005). However, while central government has retained an overall control over the policy formulation process one might actually observe a step towards the creation of a multi-level governance system in Bulgaria.

The MLG that has appeared as a result of the Bulgarian involvement with EU regional policy has a vertical dimension consisting of two groups of actors – the central government and the local authorities. As already mentioned in Chapter 8, it is hard to describe the interactions in the vertical dimension as a real partnership since local government is a partner that has fewer resources than the central government and has often developed a culture of dependency on the central government assistance. When it comes to the horizontal dimension, the main players besides central government are the national level NGOs and the business organizations. The interactions at this level are frequently ad hoc, and usually take place when central government has to solve a particular issue on which the non-state actors have specific expert knowledge.

THE DEGREE OF CHANGE

Having described what was the mechanism of change and what has changed, it is now time to answer to the question, what was the degree of domestic change and to fit the Bulgarian response to the EU adaptation pressures into the classification of domestic responses provided by Börzel and Risse (2003) (Chapter 1).

The third Copenhagen criterion⁴, applied to the field of the regional policy meant that if Bulgaria wanted to join the EU, the country had to make significant national preparations (e.g. prepare the respective strategic planning documents and negotiate these with the European Commission) in order to be ready to implement the EU regional policy, once it joined the Union. In order to do this, Bulgarian central government had to transform the national development programming practices. Prior to the country's involvement with the EU, the Bulgarian development programs were made annually on a sectoral basis. Following the 1997 Opinion of the European Commission on the Bulgarian readiness for EU membership, the country had to draft a national regional policy. The first step that had to be made by the Bulgarian central government in order to formulate a national regional policy was to re-orient the national development programming efforts from a sectoral to a territorial approach and from annual to multi-annual programming documents.

Other important changes that the Bulgarian central government undertook were the regionalization of the country (see chapters 6 and 7 for details), realignment of the institutional framework, including the institutional framework of the central government (see Chapter 7), changes in the national legislative framework, opening of the policy making process (albeit to a very limited extent in order to retain the overall control) for the participation of actors outside the central government and the Bulgarian Parliament (chapters 7, 8 and 9) as well as the mobilization of the local authorities in order to increase their participation in the national regional policy formulation (Chapter 8).

All these look like a radical transformation of the Bulgarian development policy. However it must be noted that the transformation, whenever it took place was not as radical as it seems. Although new actors (such as the National Association of Municipalities and some NGOs) were admitted into the policymaking process, it remained under the control of the central government. Local government associations and other non-state actors that were to take part in the national regional policy planning were carefully selected by the cabinet

⁴ the ability to take on the obligations of membership including adherence to the aims of political, economic & monetary union

ministries and approved by the Ministry of Finance (see Chapter 7). Organizations that were allowed to take part in the policy planning were either too big, had a powerful supporter like the USAID (e.g. the Foundation for Local Government Reform and the National Association of Municipalities) or possessed specific knowledge that was not otherwise available to the central government. Another change that had not happened despite the attempts of the Commission to promote it in the beginning of the accession process was related to the regions. Even though the Commission and the local authorities (via the National Association of Municipalities) attempted to promote the introduction of a second level of local self-government (elected regional administrations), the regional administrations remained under the control of the central government (see chapters 5 and 7). The planning regions (NUTS 2 regions created for the first time in 1999) remained only statistical units governed by councils convening on a temporary basis in order to approve their contribution in the national planning documents (see chapter 6). All these show that although the changes that resulted from the Bulgarian preparations to implement the EU regional policy may look significant, they were entirely within the Bulgarian political tradition and apart from the formulation of a national regional policy, very little had changed.

An obvious question related to the changes described is how much these are a result of the country's involvement with the EU or how much these changes were about to take place as the process of transition from communism to market economy and democratic governance? Answering to this question is a major methodological challenge, because most of the interviewees (especially those from the central government) did not talk about the possibility of changes without the Bulgarian involvement with the EU. Same can be said about the document adopted in the 1997 – 2007 period. Therefore an answer to this question can only be given if the period November 1989 - December 1999 is compared with the period 2000-2008, when the country's involvement with the EU gradually deepened and led to a full membership. Even without going into greater detail, it would be very easy to see that most of these changes happened during the 2000-2008 period; furthermore some of the changes happened after changes at the EU level (e.g. the planning regions were redesigned in 2004 following the adoption of a specialized NUTS system regulation in 2003) or following specific requirements made by the European Commission in the Regular Reports on the Bulgarian progress towards EU membership. Such an assumption can be strengthened by a look at the Bulgarian pre-communist history. Even though the regional disparities and the need for good governance were extremely strong in the late 1920s and 1930s, no changes

similar to the ones described in this study took place. Therefore one can assume that the changes described in this study are primarily an effect of the country's involvement with the EU.

Another important question related to the changes resulting from Bulgarian involvement with the EU is how the adaptation pressures are about to change and what changes might be expected during the EU membership? In order to answer this question, it must be noted that the situation during the first two years of EU membership was not very different from the final years of the pre-accession period. In fact, due to the provisions of the Accession Treaty (the Partnership and Monitoring Mechanism), the European Commission continued to monitor the Bulgarian progress (at least for the first three years of the EU membership) and retained possibilities to control the implementation of the Common policies, including the EU regional policy (e.g. by withholding of payments under the Transitional Facility/ex-PHARE or by blocking the access to the structural funds). All of these facts suggest that the changes that can be expected during the first three years of the EU membership are to be similar to the ones from the later years of the pre-accession period.

However, there were two reasons that resulted in the changes in the first two years of the pre-accession period. First of all, Bulgaria was a member of the EU and thus had the right to take part in the decision-making process at the EU level. Second, the EU regional policy itself moved from the planning to the implementation phase and the Bulgarian strategic documents (the National Strategic Reference Framework and the Operational Programmes) were already negotiated with the Commission (the process finished in late 2007), which left minimal room for change if the implementation process was to continue without major problems. This is why the only major change that happened in the first two membership years was the appointment of a special deputy prime-minister in charge of the EU structural funds and the Community support (see Chapter 7 for details).

THE CONTRIBUTION OF THIS STUDY AND FURTHER AREAS OF RESEARCH

This section is dedicated to the contribution of this study to the related bodies of literature and to the possibilities for a further research on the role of EU regional policy in the member states from the Fifth Enlargement..

EU enlargement and the accession conditionality

Most of the EU enlargement literature (e.g. Jacoby 2004, Schimmelfennig and Sedelmeier 2005, Hughes, Sasse and Gordon 2004, Grabbe 2006, etc.) is dedicated to the countries from the first wave of the fifth EU enlargement and represents a general overview of selected policy areas (e.g. the Common Agricultural Policy, Justice and Home Affairs, administrative reform, etc). This study is among the few attempts to explain the impact of the EU enlargement over one of the countries from the second wave of the Fifth Enlargement - Bulgaria. The study confirmed the finding made by Schimmelfennig and Sedelmeier (2005, p. 221) that the EU enlargement became the main driving force behind the export of the EU rules and practices in this part of South-eastern Europe.

One of the obvious questions when it came to the export of the EU rules is whether the attempts of the former communist countries to access the Common market and internal problems (e.g. the need to reform national governance and to address the growing regional disparities after the fall of communism), would have led to the adoption of EU rules in the respective policy fields. Even though a transfer of EU rules without the perspectives for EU membership was possible, it was about to take place in a limited number of policy areas (e.g. type approval of goods, road transport, banking regulations, etc.) which had to be harmonized if the former communist countries were looking for access to the common market, similar to the one that Switzerland and Norway had. Furthermore, this study showed that when it came to regionalization and the transformation of the national development programming in order to address the existing regional disparities, the transfer of EU rules to countries like Bulgaria was not going to take place at all if it was not for the perspectives for EU membership.

Europeanization and multi-level governance

Schimmelfennig and Sedelmeier (2005) asked if the Europeanization of Central and Eastern Europe differs from the Europeanization of the EU15 member states and if a study of the Europeanization of the region could shed new light on the transformation of adaptation pressures originating at the EU level into domestic change. This study confirmed that the adoption of the EU rules in the context of accession conditionality (under high adaptation pressures) largely confirms the rationalist perceptions, that the power is a zero sum and that the Europeanization involves a result of redistribution of resources between domestic actors (see Chapter 1).

Two of the most obvious questions when it comes to rational choice approaches towards Europeanization research are ‘Who won?’ and ‘Who lost?’ from the domestic change. While the answer to the first question is relatively straightforward (e.g. the EU, Bulgaria, the central government, etc.), the question concerning who lost is much harder to answer. It would be very hard to point several actors who lost something in the process. However one can say that the local authorities and the non-state actors lost the possibility for a greater involvement in the Bulgarian regional policy implementation, due to the change of the Commission’s approach described in Chapter 5, the lack of administrative capacity, dependence on the central government help, etc. Such actors were the local authorities; the non-state actors (especially small regional and local NGOs) and the Bulgarian business (see chapters 8 and 9 for details).

The study has also showed that the EU timescale plays important role in the enlargement process. This research also showed how the need to fit the completion of the Fifth Enlargement into the EU timescale effectively modified the informal accession conditionality in the field of the EU regional policy. It also showed how the EU began to take a place in the logic of the domestic debate about the territorial governance in Bulgaria and the role of the local authorities in the policy formulation process (chapters 7 and 8).

When it comes to multi-level governance, this study interconnected the requirement for institutional capacity at regional level with the emergence of multi-level governance and confirmed the finding of Bailey and De Propis (2002, p. 307) that the weak regions were not able to benefit from the possibilities for wider participation in the decision making process and from possibilities for contact with the institutions of the EU after Bulgaria joined the Union (chapters 6 and 8). The study also distinguished between the type of institutional capacity needed for successful participation of the local authorities and the non-state actors in the policy formulation process and the type of capacity needed for successful absorption of the EU structural funds, in order to show what is needed for the strengthening of the weak multi-level governance that emerged in some of the former communist countries following their involvement with the EU during the candidacy period.

CONCLUSION

As with other former communist countries, at the end of 1989 when the communist rule in Bulgaria ended, the country began to look for a way to ‘return to the European family’. Like in the other former communist countries, in order to do this, from 1993 onwards the

Bulgarian political elite slowly began to understand that this 'return' might mean potential membership of the EU. Even though the Bulgarian membership application was submitted in 1995, because of the internal political debate and the 1995-1997 economic crisis, the actual involvement of Bulgaria with the EU did not begin until 1997, when the European Commission published its Opinion on the Bulgarian readiness for EU membership. In order to prepare for the EU membership and for the implementation of Community policies, the country had to undergo a significant transformation of its legal and institutional framework. Different Community level policies exercised different adaptation pressures over the country's institutions and policies. One of the biggest changes related to the Bulgarian involvement with the EU was related to the regionalization of the country and the preparation for implementation of the EU regional policy in Bulgaria. The accession conditionality connected with EU regional policy applied significant adaptation pressures in Bulgaria in order for the country to formulate its own regional policy and make it a 'good fit' to allow the country to get the ultimate reward described by the external incentives model – the EU membership (see Schimmelfennig and Sedelmeier 2005 and Chapter 1).

In order to overcome the misfit described in the beginning of this chapter (lack of national regional policy and a framework for its implementation) the country had to formulate radically a new policy, perform the planning process connected with its implementation, create the required institutional framework and negotiate the results of these processes with the European Commission. Even though the country in theory should not have been able to upload its preferences to the EU level, because of the political priorities of the European Commission (completion of the Fifth Enlargement of the EU and establishment of a system for efficient implementation of the EU regional policy in the new member states), the Bulgarian central government managed to negotiate a system for a centralized implementation of the EU regional policy, which allowed mostly vertical partnerships (between the central government and the local authorities) with the limited participation of some national level non-state actors possessing specialized knowledge that was vital for the programming process (e.g. environmental organizations). The result has been the development of a weak form of multi-level governance for regional policy in Bulgaria, dominated by central government.

Bulgaria already received its ultimate reward and became a member of the EU, but it must be noted that the process of adaptation of the Bulgarian system of governance following pressures coming from Brussels is far from over, despite the fact that the programming

documents for the current structural funds cycle were already agreed with the European Commission and the implementation process of the EU regional policy has begun. Even though the country is already a member state and has the formal possibility to upload its policy preferences to the EU level, the European Commission retained a channel (pretty similar to the channels that existed in the pre-accession period) for control over the implementation of the Community policies in Bulgaria. This channel was the Joint Monitoring Mechanism introduced by the Accession Treaty. It is highly likely that the Commission will continue to use this and other tools at its disposal (e.g. the treat of infringement procedures is one such tool the Commission has already been used in other policy sectors in Bulgaria) in order to make the Bulgarian government initiate changes aimed at the liquidation of misfits identified by the Commission.

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