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Republic of Bulgaria
ECONOMIC
AND SOCIAL COUNCIL

OPINION

THE PLANNING AREAS IN THE REPUBLIC OF BULGARIA AT NUTS 2 LEVEL

(own-initiative opinion)

**Sofia
December 2024**

The Action Plan 2024 of the Economic and Social Council (ESC) includes an own-initiative opinion on “The planning areas in the Republic of Bulgaria at NUTS 2 level”.

The opinion was allocated to the Committee for Macroeconomics, Budget and Finance (CMBF).

The rapporteurs were appointed – Milena Angelova (Group I), Alexander Zagorov (Group II) and Lalko Dulevski (Group III). The work of the rapporteurs was supported by the external experts Ivelina Evgenieva, Mario Ninov and Kamen Petrov.

The draft opinion was adopted at two Committee meetings on 25 October 2024 and 15 November 2024.

At the ESC’s plenary session on 13 December 2024 the opinion was adopted.

1. Conclusions and Recommendations

- 1.1. The Economic and Social Council (ESC) considers that there is an urgent need to change the regionalization of Bulgaria at NUTS 2 level and insists on the formation of a consensual national position no later than March 2025, expressing its willingness and readiness to actively participate in the process. The current situation has proven to cause a serious imbalance in the economic development of the South-West region, including by lowering the intensity of grants, due to the disproportionately high relative to the national average wealth of Sofia-city, which artificially increases the wealth of the whole region. This causes the districts in this area, outside Sofia City, to be seriously lagging behind economically and places them in one of the lowest places in terms of GDP per capita measured in purchasing power standards (PPS) – even behind the notoriously underdeveloped North-West region. Any other region that would be combined with Sofia-city would be in a similar disadvantage.
- 1.2. In 2025, the European Commission (EC) will present its proposals for the Multiannual Financial Framework for the period 2028-2034. The ESC urges Bulgaria to make the most of this opportunity and to propose the best possible regional development policies for the next period. The EC (Eurostat) has published Guidelines for the revision of the NUTS classification (NUTS 2028)¹, according to which the next round of revision of NUTS will be launched by an official letter in September 2025, negotiations on changes should start no later than March 2025, so that **formal proposals by Member States for amendments to NUTS must be sent by 1 February 2026**. The ESC calls on all actors involved in the process of taking such a decision to commit immediately to finding an optimal option to be the basis for the negotiation process. It insists for the inclusion of Sofia-city in the zoning to be decided in a way that enables enterprises and their workers from all areas in need of economic development promotion to have access to fair financing according to their real needs and access to grants of appropriate intensity, so as to contribute to a balanced targeting of investment support. Future change must be evidence-based, consensual, underpinned by policy action at all levels and based on an objective impact assessment demonstrating positive effects in promoting competitiveness and innovation, green transition, digitalisation, quality employment and demographic trends.
- 1.3. The deformation resulting from the aggregated statistics for the districts of Pernik, Kyustendil, Sofia-district and Blagoevgrad, combined with Sofia-city in the current zoning, deprives enterprises and their workers of the funding received by enterprises from municipalities with completely similar indicators but located in other planning regions (at

¹ Guidelines for the revision of the NUTS classification (NUTS 2028).

NUTS 2 level). The ESC calls on the state institutions to initiate the relevant changes in the legislation and the regulatory framework to create and ensure access to grants of appropriate intensity for the spatial development of the districts of Pernik, Kyustendil, Blagoevgrad, as well as other districts (such as Vidin, Vratsa, Silistra, Targovishte and Smolyan) that need targeted support and leverage funding to overcome the depressive state and promote their socio-economic development. It insists that this should not be allowed to happen in other areas, recalling that the goal is upward development to achieve convergence. For these reasons, the ESC considers it necessary to proceed with the formation of a separate planning area at NUTS 2 level, in which the district of Sofia-city should be separated, with a clear commitment of the government for additional investments and targeted financial support to promote the socio-economic and infrastructure development of Sofia-city and reflect this change in the relevant Integrated Territorial Development Strategies for Level 2 Planning Regions.

- 1.3.1. The ESC notes with concern that, due to inadequate zoning, the initiatives of civil society organisations in the current South-West region cannot be supported by European funds. If this trend continues in the next period, trust in European values will be destroyed.
- 1.3.2. In order to carry out the much-needed transformation of the coal regions of Pernik and Kyustendil located in the South-West region, they should receive financial support of an appropriate intensity for a just and smooth transition. The ESC fears that if the flaws of the current zoning continue to limit access to funding from European shared management funds, the only support for these areas for all necessary activities and projects will come from the Just Transition Fund. This could jeopardise national and European efforts for a successful transformation.
- 1.3.3. The ESC hopes that the national and European authorities will take into account in the forthcoming zoning the fact that the affected areas are the closest European territory for the Western Balkan countries and this also places restrictions on cross-border cooperation. Also, the backlog in the economic development of the South-West region districts, with the exception of Sofia-city, will be an anti-advertising for European integration.
- 1.4. The ESC points out that the formation of statistical regions should also be linked to a package of legislative decisions defining the role of planning regions in the next programming period in achieving the goal of creating conditions for promoting the regional development of the country and ensuring effective access to European funds for all citizens, business and non-profit organizations. EU funds have the potential to help improve economic and social conditions in settlements where they are currently among the worst in the European Union.

- 1.5. After careful study of the possible options, the ESC proposes to hold a broad national discussion on the territorial division at NUTS 2 level, advocating that the Sofia-city region should be separated into a separate area at level 2, with a commitment to additional investments and targeted financial support to promote the socio-economic and infrastructure development of the city. All developed and discussed options for the formation of new planning areas at NUTS 2 level are presented in an annex.

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Zornitsa Roussinova

PRESIDENT OF THE ECONOMIC AND SOCIAL COUNCIL