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# PUBLIC SECTOR REFORMS

## METHODOLOGY FOR ASSESSING THE ACTIVITIES OF LOCAL AUTHORITIES TO PROTECT THE PUBLIC INTEREST

Milena Stefanova<sup>1</sup>

### Abstract

*The article answers 5 questions about the contemporary understanding of the public interest and proposes a methodology for assessing the activities of the local authorities to protect the public interest in the management and disposal of municipal property.*

**Key words:** *Public interest, assessment of activities, local government*

This research seeks to address the question of whether and how public interest is being defended in local government. There is no doubt that local authorities must work to protect the public interest, but the answer to this is far from easy. The goal is to demonstrate that it is possible to assess the work of public authorities by using the concept of good governance. Although we are talking about a single concept, there are actually different understandings of good governance. Therefore, in order to achieve the goal, we analyze and evaluate existing views on the issue. The choice of principles of good governance that will be the basis of the methodology for assessing the activities of local authorities to protect the public interest is determined by the specifics of local government.

We initially focus on clarifying the possible approaches to defining the concept of "public interest". The review of the different definitions, the existing classifications, the comparison of the concepts of public interest, public good and public benefit, as well as the non-abating interest of social researchers in the subject matter, allowed a multifaceted and integrated approach to define the concept of "interest". We counter and defeat the arguments of various scientists and researchers for the methodological helplessness of the concept of "public interest"<sup>2</sup>. Critics of the classical theory of public interest point out that a unified definition of the concept cannot be achieved. If the goal is, however, not to achieve such a unified and commonly accepted definition, but to include different points of view in a theoretical scheme, the contradictions are overcome. They are transformed from contradictory to complementary, and the theoretical scheme shows the broad possibilities of applying the notion in research and analysis of political practice.

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<sup>2</sup> *McHarg, Aileen*, Reconciling Human Rights and the Public Interest: Conceptual Problems and Doctrinal Uncertainty in the Jurisprudence of the European Court of Human Rights. In: *The Modern Law* Vol.62, N 5 (Sept. 1999), *Benditt, Theodore M.*, The Public Interest, *Philosophy & Public Affairs*, Vol. 2, No 2, (Spring 1973), *Wolson, A*, Public Interest Lost? In: *Daedalus*, Vol. 136, No 4, In the Public Interest (Fall, 2007), *Sorauf, Frank J.*, The Public Interest Reconsidered, *The Journal of Politics*, Vol. 19, No 4 (Nov. 1957), *Held, Virginia*, *The Public Interest and Individual Interest* (New York: Basic Books, 1970), *Berry, B.* Political argument, New York (1967), *James, Michael*, Public Interest and Majority Rule in Bentham's Democratic Theory, *Political Theory* 1981; 9, *Munger, Michael C.*, Self-Interest and Public Interest: The Motivation of Political Actors, *Critical Review*, 2011, 23:3.

In today's research there is a tendency to look for much more pragmatic definitions of public interest. In 2007, Barry Bozeman<sup>3</sup> launched the statement that anyone interested in institutional reform or policy change should adhere to some theory or concept of public interest.

The term is traditionally used in both legislation and political campaigns. There is a need for certain requirements in relation to the implement differentiation of policies and actions in the name of public interest. The attention of the public is focused on the public interest. Moreover, criticisms of public interest theory are usually limited to lack of specificity, and any attempt to explain the public interest leads to an ideal rather than a scientific-instrumental construction. If the public interest and public values are compared, the difference is obvious - the former is an ideal and the second is something specific and easily identifiable. Bozeman accepts as a working concept the understanding of the public interest as directly related to the results of policies that lead to long-term survival and well-being of society<sup>4</sup>. According to him, the idea of an ideal to be followed is preserved. Although this concept cannot describe any policy, it can serve as a rationale and motivation for every policy.

The theoretical scheme we propose to define the concept of "public interest" is based on 5 pillars, which are in fact the answers to the following questions:

First, what is the public interest?

Second, what is in the public interest?

Third, who determines the public interest?

Fourth, how is the public interest achieved?

Fifth, how do administrators and politicians work to protect the public interest?

It is most difficult to answer the first question - what is the public interest? This is also the most abstract level of definition of the concept and it can only be in the sphere of philosophical understanding. Let us assume that public interest is all that affects every individual as a public subject and object, while at the same time affecting the audience as a community/ies based on shared values. In other words, public interest is what affects everyone as a whole and each one individually in extent manner and to an extent determined by citizens' actions and the responses of state institutions. This means that the subject and object of public interest are relational dimensions<sup>5</sup> that are subject to constant correction, in accordance with the spirit and the results of the interaction between the public and the institutions.

The so understood, notion of public interest does not exclude anyone and anything. This understanding enables the concept to be applied to every possible field of study of the "thing" that affects everyone in their public aspect. This makes it possible to explain the aspirations of different theories to explain public interest as a moral imperative, such as superior wisdom, as a compromise, such as imposing the will of the majority, and so on. Within such an understanding of public interest, it is also permissible that private and public interests exist as mutually conditioned, and that the motivation of behavior of individuals and groups can at the same time be driven by personal / specific interests and by the public interest.

The answer to the second question - what is in the public interest? - is of a lower degree of abstraction and has a connection with the notion of human action. Thus we can assume that an action in the public interest is any action that leads to the realization and protection of the public interest. The action has a subject and an object and its two characteristics are related to the creation of different social relations. The object of the action may be anything that is in the

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<sup>3</sup> Bozeman, Barry, *Public Values and Public Interest: Counterbalancing Economic Individualism*, 2007, Georgetown University Press.

<sup>4</sup> *Ibid.*, p. 11.

<sup>5</sup> Naydenov, Nikolay, *Public and Politics: An Introduction to Political Anthropology of Modernity*, University Publishing House "St. Kliment Ohridski", S., 2008, 75-87.

public interest, but the actors, their intentions, the tools and the means they use in the action are important. Therefore, the assessment of whether an action is in the public interest requires a correlation between objective and outcome to measure the effectiveness of the action. The next step would, of course, be to place certain requirements on the action pursuing the result and to identify the costs incurred to achieve a result or measure the effectiveness of the action. This is closely related to the answer to the fourth question, namely how to achieve the public interest, which confirms the assumption that a contemporary understanding of this concept is only possible in the overall clarification of the questions raised.

The answer to the third question - who determines the public interest? - leads us to the known maxims of "the will of the majority" and "consensus through compromise". In representative democracy, the need emerges for political actors to gain voters' confidence to a degree that allows them to form a majority in decision-making bodies. Party messages that match voters' expectations and are in the public interest can help raise support, but it is just as motivating to nominate candidates who appeal because they are part of the elite or are leaders. The role of leaders in formulating policy proposals, as well as that of representatives of the elite for leaders, are extremely interesting issues, but they do not give us reason to assert that it is the leaders or the elites who formulate the public interest. Defining the public interest is more about the mechanisms the community creates to make decisions about public interest, but not only. The classic version of democratic decision-making is based on the will of the majority, whether it is in the form of representative or direct democracy. The more difficult to achieve the majority is, the more the public interest is guaranteed. Majorities are different and apply to matters of varying importance. A simple majority (more than half of those present, subject to a quorum for voting) is the easiest and should be applied in decision-making on issues that do not affect community-relevant relations. A simple qualified majority (more than half of the community / decision-making group) already requires a higher degree of agreement, and essential issues can be dealt with through such a procedure. A complex qualified majority (usually requires the support of two-thirds or three-quarters of the decision-making community / group) implies an extremely high degree of agreement and should be applied in the decision-making process of public interest. Of course, if we extend the importance of public interest to very broad areas of competence, the implementation of a decision-making procedure with complex, qualified majority would greatly hamper the work of the community / decision-making group. For the simple reason that different parts of the community can express and support different ways of reaching the public interest and that, in addition to the public, other specific interests can be formed in the groups that can contradict and confront themselves. In a confrontational environment, some scientists say, it is best to implement consensus-building procedures. But other researchers are of the opinion that consensus can not exist. It helps to achieve a balance of interests, which in itself is also in the public interest, as it overcomes the confrontation and gives a chance for development. The balance of interests is based on the compromise achieved through negotiation. Many call this process to overcome differences or make a deal, while others tend to be skeptical at all about the possibility of balancing interests and consider it to be a form of a quid-pro-quo agreement. There is only a small step from this to an actual shadow government which puts private over public interests, and the borders can easily be crossed. To overcome such risks, rules are put in place to implement and ensure the publicity of the actions.

The answer to the fourth question - how is the public interest achieved? - involves reflections in several areas. First, researchers and policy analysts recognize that there is a close link between politics and public interest. "The political and public spheres, the private interests and the public interest, which are opposed in theory, are inseparably linked in the public facts. Politics "radiates" the public interest, creating the "public contract" that underpins its

interpretation. In turn, the public interest, turning it into concrete political measures and bringing them into society through legitimate institutions, changes and shapes politics.<sup>6</sup> " This understanding is undoubtedly related to the other issues we have asked, but it also shows the need for concrete actions to reach the public interest. Secondly, how to select the right tools - for policy formulation, the means by which policies are implemented, the mechanisms through which policy implementation is monitored, indicators that take account of achievement of objectives, cost of output, and the like is extremely important for the public interest.

The answer to the fifth question - how do administrators and politicians work to protect the public interest? - is among the most important and may be key to protecting and guaranteeing the public interest. With the vague possibility of reaching agreement and imposing the choice through the majority right, it is important that any management and administrative action is subject to clear and specific rules. Even more significant is the existence of rules in public governance, also called "responsive governance" as a modern form of organization of the work of the administration<sup>7</sup>. The requirement for professionalism in action needs a clear definition of professional conduct, but this by itself is not enough to convince citizens that the actions of politicians and administrators are in the public interest. And while the majority of decision makers in politics change, the administration is expected to be a more constant feature, and accordingly to work loyally on the preparation and implementation of decisions. In such a situation, naturally, the question arises how the administration works and not what the administration is doing. Firstly, there is the rules of action. These are rules for all action, and not action-specific rules. Is it possible, however, to have such general and universally applicable rules of action for the administration? Why then, for example, the job descriptions of administrators are different and include different requirements for occupying different positions, as well as different responsibilities for employees? In this case, we talk about the administration as a collective concept, as a structure whose work should be subject to common and universally applicable rules. In other words, these are the principles of the administration's work. In addition to providing for the administration to carry out its activities in the public interest and in accordance with the Constitution and the laws and other normative acts, the legislator has provided for its work to be subject to the principles of lawfulness; openness and accessibility; responsibility and accountability; efficiency; subordination and coordination; predictability; objectivity and impartiality; Continuous improvement of quality. These general and universally applied principles are directly related to the public interest as they seek to place the work of the administration at the service of the citizens. Each of the principles implies that it is specifically written down and protected by a series of rules and norms that employees must observe and apply in their practice. By monitoring the performance of administrators' work, compliance with the rules is monitored, and rules are provided to prevent violations of the principles, as well as sanctions for offenders. Performance monitoring should be based on specific indicators that track the implementation of the principles. Performance monitoring may be linked to the work of a particular employee, the work of a particular unit in an administrative structure, or the work of the entire administrative structure. In addition, it may be targeted to a specific area of competence or aim to monitor the overall performance of the tasks of a given structure.

The more we reduce the degree of abstraction in identifying the public interest and the related issues, the more the opportunity to create reliable methodologies for measuring and

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<sup>6</sup> Braykova, T. Public Policies, UPH "St. Kliment Ohridski", S., 2003, p.15.

<sup>7</sup> Alexander Marinov compares the three paradigms for public administration in his book "The Administrative Elite of the 21st Century", Ed. "Sibi" 2010, 69-70. It is about the public government that the work of the administration with the various stakeholders and the obligatory participation of the citizens in the management process is typical.

assessing processes, actions and results arises. This has the best applicability in measuring and evaluating the activity of administrators and politicians. In fact, this is also one of the most important things that ensure the achievement and protection of the public interest. Any good intention can be easily corrupted by selecting the wrong means, tools and people to do it.

The main conclusion of the first chapter is that a modern understanding of the notion of public interest is possible by applying a complex, integrated approach to its definition. This "opens the doors" to its use in both theoretical and practical research.

In order to establish a methodology for assessing the activities of local authorities to protect the public interest, it is necessary to see existing methodologies. The most widespread, of course, evaluate democracy as a whole. Since evaluation is important not only for researchers and managers, but above all for citizens, at least two things have heuristic value. First, the idea of analyzing management practices in the moral categories of "good" and "bad", insofar as ordinary people are the easiest to be involved in such an explanation. Secondly, the analysis of the quality of democracy should be organized in terms of procedures, content and outcome of the management bodies. Of course, precise operationalization of the indicators on which the assessment is made is necessary.

The different approaches to creating indexes that measure progress are critically evaluated. Special attention is paid to well-known local evaluation methodologies: "Local Democracy Assessment", "Local Integrity System", and the Council of Europe Local Label on Innovation and Good Governance. The conclusions of the analysis show that the three methods for assessing democracy and local activity have deficits that can hardly be overcome. The state-of-the-art Local Democracy Assessment Framework (SoLD) developed by IDEA is designed to facilitate and assist the citizens who are at the core of democracy. Through this framework they appreciate democracy as they have built it. This evaluation methodology is, at first glance, very useful because it has the citizens at its center. In principle, IDEA's framework for democracy assessment calls for universality, comprehensiveness and flexibility insofar as it builds on basic values and principles but allows national evaluators to set their own standards and benchmarks to report progress or regress in the development of democracy. This peculiarity of the methodology strongly impedes comparisons, unlike the democracy assessment indices. In some of the guidelines for the application of the methodology, examples are given for the application of rocks to the typical 5 degree assessment scales (eg "very high, high, incomplete or ambiguous, low, very low") without linking to specific indicators to form the appropriate assessment. Accordingly, when applying such a scale, we only take into account the opinion of respondents, whether they are ordinary citizens or experts. It is unclear what is behind the assessment as a requirement for it to be placed.

The Index of the Local Integrity System was developed by the Transparency International<sup>8</sup> methodology for assessing the anticorruption capacity of key institutions and social actors at the local level: municipal council, mayor, municipal administration, business, media, political parties, civil organizations, court and police. The index gives an insight into the state of the environment in which people work and live in terms of observing certain principles and norms of integrity. To some extent this is also related to the assessment of the work of local authorities with a view to protecting the public interest. The nine listed pillars are assessed in three dimensions: a common capacity for action, a role in strengthening the local integrity system, internal working rules in the categories of transparency, accountability and integrity. The

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<sup>8</sup> The methodology and results of the survey of 27 regional centers in Bulgaria for 2015, 2016 and 2017 are published at <http://lisi.transparency.bg/>.

rating scale is five-digits, with the lowest score 1 representing a poor performance and the highest score of 5 - a very good performance.

*The methodology of the Index of the local integrity system* undoubtedly provides opportunities to highlight the specifics of the environment in different municipalities. This index, however, is not enough to say whether local authorities work to the benefit of public interest or not. When the environment of the local system of integrity is not good, obviously there is growing suspicion of abuse, creating opportunities for realization of a private one that is contrary to the public interest. Conversely, when the local integrity system has a high index, doubts decrease. The main merits of reducing doubts come, of course, from publicity, transparency, legality and professionalism in governance.

*The principles of good governance.* The concept of good governance is almost as old as the concept of public interest, and the two concepts have no unambiguous definition. At the same time, they are closely related. Both are present in the aspirations of lawmakers, politicians and governors to create rules and order for their implementation in state governance. Both are used in the assessment of institutions' activities, and various national and international organizations use them to assess the development of democracies in countries around the world. Special attention is paid to the 12 principles of good governance of the Council of Europe, which underlie the assessment of local authorities in the process of awarding a label on innovation and good governance at local level. The critical analysis of the evaluation methodology in this procedure has shown that it has significant deficits, both in terms of the operationalization of the principles of good governance and the scale for measuring the application of the principle in municipal practice. There are at least three important conclusions. Firstly, if the Innovation and Good Governance Label with its tools is designed to track the implementation of the Innovation and Good Governance Strategy at local level, it can not fulfill this role. Secondly, the operationalization of the 12 principles of good governance is not brought to clearly understood indicators, and the assessment scale allows for a blending of understanding and application of the principle, which blurs the content assessment and allows subjectivism. Thirdly, the self-assessment benchmark, which can not be compensated by the opinion of the citizens' representatives in the power and the citizens themselves, nor by the evaluation of the independent experts, is too heavy. In general, the label can not take into account the specificities of the individual municipality. The transfer of good practices or the unification of local governance can only be achieved in part and depends on the will of local authorities and the legal possibilities for implementing good practices. Nevertheless, the idea of linking principles of good governance with an assessment of local government activities to protect the public interest is useful.

The methodology proposed in the present thesis to assess the activities of local authorities to protect the public interest is based on the premise that specific areas of competence and specific activities of the relevant bodies should be measured and evaluated. The second necessary condition is to create two matrices - one is within the sphere of competence of the body and its activities and the other is based on universal principles of good governance that are operationalized according to a specific sphere of competence and the activities that the body must do.

The next step in the evaluation algorithm is to identify facts that prove the presence or absence of the relevant activities. It is not enough, however, to stay at this level. It is also necessary to take into account the degree of dissemination of the relevant operational principles of good governance in practice. There we apply an assessment scale of 0 to 4 where:

"No data" - 0

"Applied once" - 1



"Applies to a minority of cases" - 2

"Applied in most cases" - 3

"Always apply" - 4.

Estimates of each indicator are summed up and divided by the number of indicators, which gives an average estimate for the application of the principle. If the average score is higher or equal to one, the principle is assumed to be applied; if the average is lower than one, the principle is not applied in practice. If one of the principles is lower than a one, we can generally claim that local government in the specific area of expertise is not in the public interest. Quite hypothetically, the maximum rating that a municipality can get for the work of the authorities and the administration to protect the public interest within a sphere of competence is 20 and the minimum where there is at least some work done to protect the public interest is 5.

The selection of principles of good governance is extremely important for the successful application of the evaluation methodology. It is important to select principles of good governance that are equally applicable to each sphere of competence and to each activity. They must be uniquely universal and subject to operationalization and concretisation. Their selection was made through a comparative analysis of the content adopted in the concepts of international organizations - the UN, the EU, the OECD and the CE. Four principles have been selected, and these are not only present in each of the methodologies but also have similar content. The fifth principle is coherence. Although it is proposed and implemented as such in view of the complex and ever-expanding EU activity, it can be applied in practice to the activities of each individual Member State, to any institution - supranational, national or sub-national - insofar as it implies policy coordination and actions for their implementation, thereby achieving goals. This is very close to having a strategic vision, reaching agreement on priorities, creating conditions for consistency or sustainability of governance, as well as comprehensibility and inclusion.

We propose unambiguous definitions of the five principles, tailored to the local level specifics of the management system that are guided by the operationalization:

**Openness** - The work of local authorities is open and transparent to the community. Public information on the activities of the authorities and the administration is publicly available, except for the limitations provided for by the law. The information is provided through a variety of sources and is comprehensible to the community. Information shall be made public in a timely manner, including where public consultations are required before decisions are taken;

**Participation** - opportunities are provided to involve citizens at all stages of the management cycle in the municipalities. Practices for active partnership with the civil sector apply. Local authorities regularly and appropriately consult citizens, including issues of strategic importance for community development;

**Responsibility and Accountability** - Local authorities are responsible for their actions before the community and the law. They regularly publish reports on their activities;

**Effectiveness and efficiency** - Local government policies must be timely, responsive and guided by clearly set goals. Local objectives are achieved with a reasonable use of available resources;

**Coherence** - Policies and actions of local authorities must be coordinated with each other and with the community. They must be understandable and applicable.

Two levels of operationalization of the principles of good governance are offered. The table shown in Table 1 is universally applicable to any area of competence of local authorities.

**Table 1. First degree of operationalization of the principles of good governance at local level**

	<i>Princip</i>	<i>Indicators</i>
1	Openness	Public registers Publicly available various legislative documents, strategies, programs, decisions, mayor's reports, operational program of the municipal council, budget and report on its implementation and others. Free access of citizens during discussion and decision-making Publishing the acts of local authorities Various sources of information on the work of local authorities and the administration Information is provided in a language that is understandable and comprehensible to the community
2	Participation	The municipality promotes various mechanisms and tools for citizen participation Involved partners in the preparation of strategies, plans and programs Established public authority to monitor the implementation of strategies, plans and programs Rules adopted for the work of the public authority Periodic public disclosure of the results of the work of the public authority Regular consultations with citizens through various tools on community-related issues Conducting public discussions
3	Responsibility and accountability	The law is followed and the relevant procedures adopted as part of decision-making The administration executes the decisions within the legal deadlines The administration does not allow a conflict of interest Regular public reports from local authorities and the administration Regular public reports on the funds acquired and spent Regular public reports on the achievement of the goals set
4	Efficiency and effectiveness	Goals are consistent with circumstances and needs Assessment of the feasibility of the goals set The goal is achieved with spending the least public funds.
5	Coherence	The coherence and interdependence between different strategies, programs and plans and the budget of the municipality is analyzed when drafting and adopting municipal development policies

The second level of operationalization is tailored to a specific area of competence of local authorities.

When applying the methodology for assessing the activities of local authorities to protect the public interest, documents and materials published on the website of the respective municipality are used as a source of information. It is the official website of an institution that is intended to provide the public with all the information available on the work of the authorities and the administration. None of the principles of good governance imply neglecting the website; it is fully in the expectations of citizens to find information about the rules and practices of the municipality. Every citizen must have access to the information, and any expert can analyze and summarize, if of course, she has the necessary information to do so.

The sphere of management and disposal of municipal property has been selected for the verification of the methodology for evaluation of the activities of the local authorities in defense of the public interest. The reasons for this are several. First of all, this is the only area in which the powers are granted entirely and exclusively to local authorities. Since the adoption of the Municipal Property Act (IPA) in 1996, there is no scope for administrative intervention by the central executive in the work of local authorities. The regulation of their actions is only legal and judicial. This fact greatly facilitates the evaluation of the local government's policy with respect to municipal property, insofar as the political and administrative responsibility lies entirely with the municipal councils and mayors.

Secondly, there is a high degree of security with statutory instruments laying down operating rules – Municipal Property Act (MPA), Law on Local Self-Government and Local

Administration, municipal ordinances stemming from MPA, requirement to develop and adopt a strategy for management and disposal of municipal property, including annual programs for its implementation, as well as Ordinance No. 8 of 2009 on the approval of the models of the municipal property acts, of a Property File - municipal property, and of the registers provided for in the Municipal Property Act, and for determining the order for the compilation, maintaining and storing them.

Thirdly, in the presence of information, it is easy to track both qualitative and quantitative indicators as far as concrete and material things are concerned. Through a market valuation of the price, each real estate property or other piece of municipal property can receive be attributed a price.

Fourthly, exactly in this area, it is a great challenge to seek answers to the question of how the management and management of municipal property guarantees the requirement for "local communities to regulate and manage a substantial part of public affairs within the law, within the boundaries of their responsibility and in the interest of their populations".

Fifth, municipal property is a resource of lasting importance for the development of the municipality. Apart from the fact that a significant part of it is intended to satisfy the public needs of the local community, it is also a source of direct revenue for the municipal budget. That is why the political and management actions of the local authorities regarding ownership are one of the most important indicators for the assessment of the policy and the management in the municipality. To a large extent this determines the constant relevance of the subject of this study. It is not a coincidence that there is always considerable sensitivity of public opinion to specific decisions of local authorities on municipal property issues.

Sixth, in public-private partnerships (PPPs), municipal property is the most commonly used resource on the part of municipalities. Typically, such a decision by local authorities disturbs citizens by the public significance of the venture and usually the prevailing public opinion is that these partnerships are more in the private than in the public interest.

Seven, different sources of information can be used: the municipal regulations deriving from the MPA, strategies and programs for management and disposal of municipal property, as well as reports on their implementation, public registers of the municipal property and the deals with municipal property, reports on the implementation of the budget of the municipalities, audit reports of the Bulgarian National Audit Office, information on any municipal council decisions (on municipal property issues and other issues) contested by the mayor or district governor.

Table 2 shows the second step of operationalising the principles of good governance. These indicators first assess the regulatory framework in Bulgaria. An evaluation of the activities of the local authorities in 19 Bulgarian municipalities (randomly selecting municipalities out of each of the 10 categories of municipalities) is estimated, according to the number of the population in them. The municipalities are 19, as Sofia Municipality is the one and only municipality in its category. One of the municipalities in each category has a vague majority and the other has a structured majority within the municipal council as a result of local elections in 2015.

**Tab. No. 2. Indicators for evaluation of the protection of the public interest in the management and disposal of municipal property - second degree operationalization.**

	<i>Princip</i>	<i>Indicators - first grade</i>	<i>Indicators - the second degree</i>
1	Openness	<p>Public registers</p> <p>Publicly available various legislative documents, strategies, programs, decisions, mayor's reports, operational program of the municipal council, budget and report on its implementation and others.</p> <p>Free access of citizens during discussion and decision-making</p> <p>Publishing the acts of local authorities</p> <p>Various sources of information on the work of local authorities and the administration</p> <p>Information is provided in a language that is understandable and comprehensible to the community</p>	<p>Public register of municipal property</p> <p>Public register of deals with municipal property</p> <p>Published Ordinance of the Municipal Assembly for management and disposal of municipal property</p> <p>Published Municipal property management strategy and programs</p> <p>Published Reports on the Implementation of the Strategy and the Programs</p> <p>Free access of citizens to discussing and deciding on ownership</p> <p>Regular reports on the implementation of decisions were published</p> <p>Publishing of acts by local authorities</p> <p>Diversified information sources - site of the municipality, media, information boards and others.</p> <p>Regulation on Citizens' Access to Discussion and Decision Making</p>
2	Participation	<p>The municipality promotes various mechanisms and tools for citizen participation</p> <p>Involved partners in the preparation of strategies, plans and programs</p> <p>Established public authority to monitor the implementation of strategies, plans and programs</p> <p>Rules adopted for the work of the public authority</p> <p>Periodic public disclosure of the results of the work of the public authority</p> <p>Regular consultations with citizens through various tools on community-related issues</p> <p>Conducting public discussions</p>	<p>Regulation / clarifications on possible mechanisms and instruments for citizen participation in the process of management and disposal of municipal property.</p> <p>Invitation from the municipality to the structures of the civil society and the business in the preparation of the strategy and the programs for management and disposal of the property</p> <p>Involvement of partners in the preparation of the strategy and programs</p> <p>Establishment of a public authority to monitor the implementation of the strategy and programs</p> <p>Rules adopted for the work of the public authority</p> <p>Developed indicators to assess the implementation of the strategy and programs</p> <p>Periodic public disclosure of the results of the work of the public authority</p> <p>Involvement of partners in the implementation of the strategy and programs for management and disposal of municipal property</p> <p>Practices for consulting citizens on property issues</p> <ul style="list-style-type: none"> <li>• Public discussions and hearings on property issues</li> </ul>
3	Responsibility and accountability	<p>The law is followed and the relevant procedures adopted as part of decision-making</p> <p>The administration executes the</p>	<p>The law is followed and the procedures adopted in the decision-making process</p> <p>The administration executes the decisions within the legal deadlines</p>

		<p>decisions within the legal deadlines</p> <p>The administration does not allow a conflict of interest</p> <p>Regular public reports from local authorities and the administration</p> <p>Regular public reports on the funds acquired and spent</p> <p>Regular public reports on the achievement of the goals set</p>	<p>The administration does not allow a conflict of interest</p> <p>Regular, public reports on municipal property</p> <p>Regular public reports on proprietary funds spent</p> <ul style="list-style-type: none"> <li>Regular public reports on the funds acquired through management and disposal of municipal property</li> </ul>
4	Efficiency and effectiveness	<p>Goals are consistent with circumstances and needs</p> <p>Assessment of the feasibility of the goals set</p> <p>The goal is achieved with spending the least public funds.</p>	<p>The goal is achieved with spending the least public funds.</p> <p>Requires a comparison of goals and results on the basis of a special methodology.</p> <p>It is possible to seek consistency between the objectives and results achieved in the Strategy and the Property Management Program, at the most advantageous price for the municipality and measuring the balance "given - acquired"</p>
5	Coherence	<p>The coherence and interdependence between different strategies, programs and plans and the budget of the municipality is analyzed when drafting and adopting municipal development policies</p>	<p>Linking the policy for management and disposal of municipal property to the Municipal Development Plan, the municipal budget and other planning documents at the municipal level</p>

The results of the regulatory analysis outlined significant deficiencies in the principles of participation, efficiency and effectiveness and coherence - Table 3.

The results of the evaluation of the activities of the local authorities for management and disposal of the municipal property in 19 Bulgarian municipalities are shown in Table 4.

**Tab. No 3. Correspondence of the normative basis with the second degree indicators for the assessment of the protection of the public interest in the management and disposal of municipal property**

	<i>Princip</i>	<i>Indicators - second degree</i>	<i>Legal regulation</i>
1	Openness	Public register of municipal property Public register of deals with municipal property Published Ordinance of the Municipal Assembly for management and disposal of municipal property Published Municipal property management strategy and programs Published Reports on the Implementation of the Strategy and the Programs Free access of citizens to discussing and deciding on ownership Regular reports on the implementation of decisions were published Publishing of acts by local authorities Diversified information sources - site of the municipality, media, information boards and others. Regulation on Citizens' Access to Discussion and Decision Making	YES YES YES YES UNCLEAR YES PARTIALLY <sup>9</sup> PARTIALLY <sup>10</sup> YES PARTIALLY <sup>11</sup>
2	Participation	Regulation / clarifications on possible mechanisms and instruments for citizen participation in the process of management and disposal of municipal property. Invitation from the municipality to the structures of the civil society and the business in the preparation of the strategy and the programs for management and disposal of the property. Involvement of partners in the preparation of the strategy and programs. Establishment of a public authority to monitor the implementation of the strategy and programs. Rules adopted for the work of the public authority. Developed indicators to assess the implementation of the strategy and programs. Periodic public disclosure of the results of the work of the public authority. Involvement of partners in the implementation of the strategy and programs for management and disposal of municipal property.	NO NO <sup>12</sup> NO NO NO NO NO NO
3	Responsibility and accountability	The law is followed and the procedures adopted in the decision-making process The administration executes the decisions within the legal deadlines The administration does not allow a conflict of interest Regular, public reports on municipal property Regular public reports on proprietary funds spent	YES YES YES YES YES

<sup>9</sup> The provision of Art. 44, para. 1, item 7 of the LGLAA for six-month reports of the mayor before the Municipal Council for execution of its decisions.

<sup>10</sup> The decisions of the Municipal Council are announced, but the acts of the mayor of the municipality are not.

<sup>11</sup> Upon request of the municipality, a procedure for participation of the citizens in the meetings of the municipal council can be written in the Regulations for the organization and activity of the municipal council and its interaction with the municipal administration.

<sup>12</sup> Only the obligation to announce the Strategy and the Program to the population and to publish them on the website of the municipality is introduced.

		Regular public reports on the funds acquired through management and disposal of municipal property	YES
4	Effectiveness and efficiency	The goal is achieved with spending the least public funds. Requires a comparison of goals and results on the basis of a special methodology. It is possible to seek consistency between the objectives and results achieved in the Strategy and the Property Management Program, at the most advantageous price for the municipality and measuring the balance "given - acquired"	NO NO NO
5	Coherence	Linking the policy for management and disposal of municipal property to the Municipal Development Plan, the municipal budget and other planning documents at the municipal level	NO <sup>13</sup>

<sup>13</sup> There is no explicit mention in the legal framework regulating municipal property in relation to this specific issue. We find a text in the Public Finance Act (Article 83, paragraph 1, item 3) through which the mayor of the municipality undertakes to prepare the draft budget in accordance with the " strategy, forecasts for the development of the municipality and the municipal plan for development adopted by the municipal council". As many different strategies are being developed and adopted as part of the municipalities course of work, it is not clear which one(s) this refers to.

#### 4. Average assessment for municipalities on the five principles of good governance

Majorities in the MC	Municipality	Openness	Participation	Responsibility and accountability	Effectiveness and efficiency	Coherence
Without structured majority	Koprivshitsa	1.5	0.0	1.5	0.3	1.0
	Gorna Malina	1.5	0.0	1.3	0.3	0.0
	Dve Mogili	2.8	0.0	2.0	0.3	0.3
	Levski	1.1	0.0	1.3	0.0	0.0
	Sandanski	1.8	0.0	2.0	0.0	0.3
	Petrich	2.1	0.0	1.8	0.3	0.3
	Vidin	2.8	0.0	1.5	0.0	0.0
	Dobrich	2.9	0.0	2.0	0.3	0.3
	Plovdiv	2.8	0.0	2.1	0.3	0.3
	Stolichna	2.6	0.0	1.8	0.3	0.3
With structured majorities	Kovachevci	1.3	0.0	1.8	0.3	0.3
	Srumyani	2.6	0.0	2.0	0.3	0.3
	Sozopol	2.2	0.0	2.0	0.0	0.0
	Kotel	1.7	0.0	2.0	0.0	0.0
	Nova Zagora	2.6	0.0	2.0	0.3	0.3
	Dimitrovgrad	2.6	0.0	2.0	0.3	0.3
	Kiustendil	2.0	0.0	1.5	0.0	0.0
	Kurdjali	2.9	0.0	2.5	0.3	0.3
Burgas	2.2	0.0	1.5	0.0	0.0	

It is possible to rank the average municipal scores according to each of the principles, but this is the weakest method of analysis, insofar as it shows only which of the principles applied in practice the most successful for each of the listed municipalities. The deviation from the maximum possible value of the assessment - 4, shows how far the practice of the respective municipality is distanced from the "ideal" for applying the relevant principle of good governance. The evaluation model proposed presents the opportunity to group municipalities into clusters or so as to uncover common cluster characteristics. These general characteristics can then be checked as to whether there are factors that influence the creation of practices for the application of the principles of good governance in municipalities in the management and disposal of municipal property.<sup>14</sup>

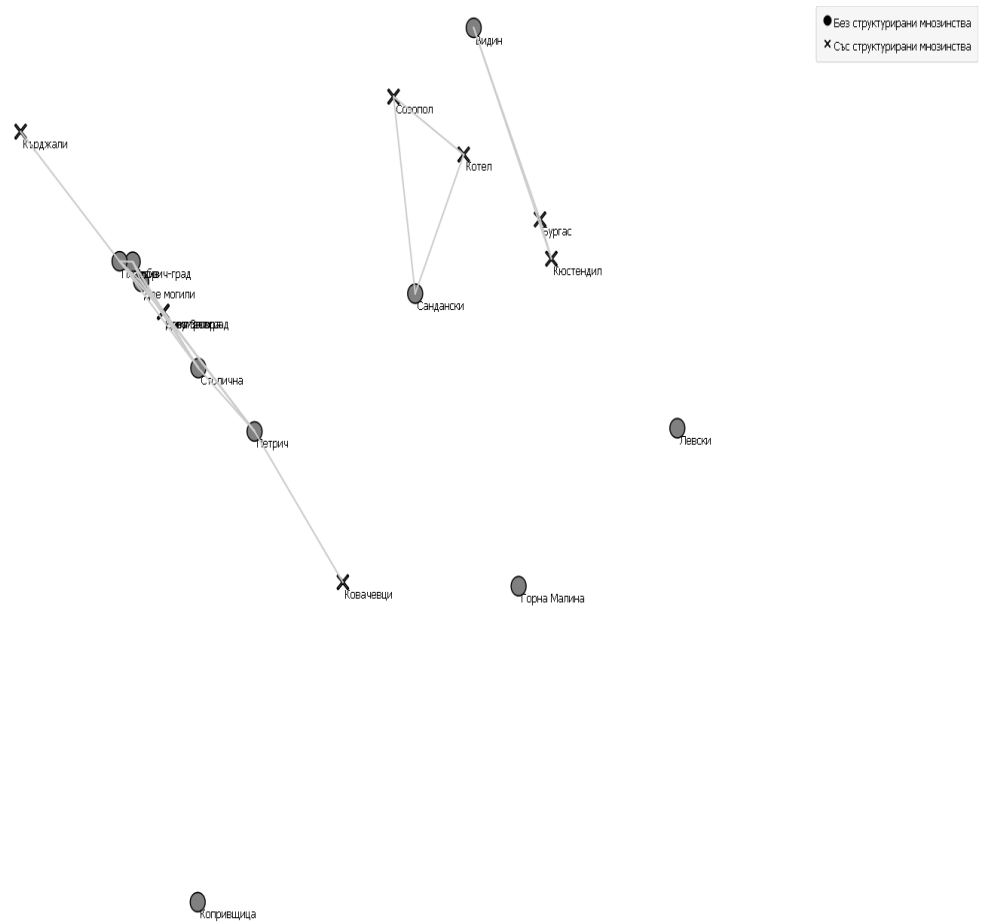
Because of all of the zero scores on the participation principle, the study is in four-dimensional rather than five-dimensional space. According to the rules, we should announce that the chosen "participation" principle does not work. Yes, it does not really work because it is not regulated in the sphere of management and disposal of municipal property. However, the lack of legal regulation in a specific area of competence does not automatically lead to a revision of the methodology. Creating mechanisms for involving citizens in governance is essential for the sustainable development of democracy, especially at the local level. The lack of tradition of conducting public consultations in the sphere of management and disposal of municipal property has to be overcome, which is why the principle of "participation" is kept in.

<sup>14</sup> I thank Assoc. Prof. Dr. Kaloyan Haralampiev for the ideas and assistance in choosing a method for analyzing the results of the evaluation of the municipalities for the application of the principles of good governance.



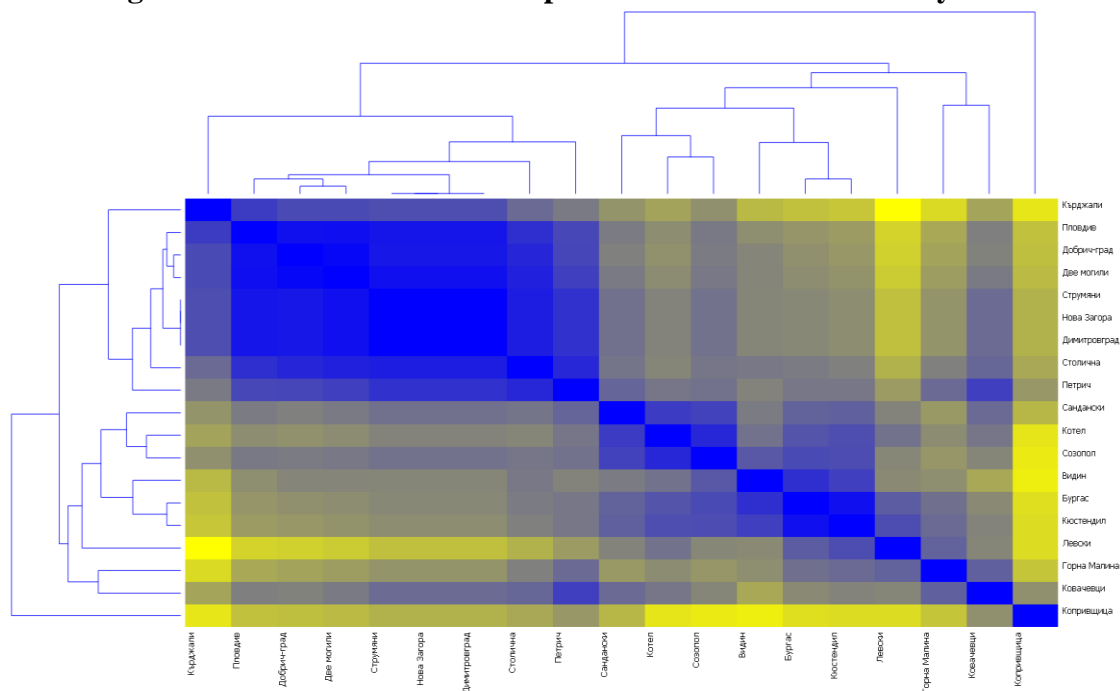
Using multidimensional scaling, the following result is obtained:

**Fig. No. 1. Clusters of the studied municipalities based on multidimensional scaling**



Three clusters are formed: a large one, which includes the municipalities of Kardzhali, Plovdiv, Dobrich-city, Dve Mogili, Strumyani, Nova Zagora, Dimitrovgrad, Stolichna, Petrich, Kovachevtsi, as well as two smaller clusters. The first cluster contains Sozopol, Kotel and Sandanski, and the second - Vidin, Burgas and Kyustendil. There are also three anomalies (non-clustered municipalities) - Levski, Gorna Malina and Koprivshtitsa.

The following graph shows the distances between municipalities based on cluster analysis.

**Fig. 2. Distances between municipalities based on cluster analysis<sup>15</sup>**

A big cluster is formed - the municipalities of Kardzhali, Plovdiv, Dobrich-city, Dve Mogili, Strumyani, Nova Zagora, Dimitrovgrad, Stolichna and Petrich. In general, the municipalities in this cluster are close to each other, with only Kardzhali a little farther away from the others. We observe two small clusters - the first one contains the municipalities of Sandanski, Kotel and Sozopol, and the second - Vidin, Burgas and Kyustendil. There are also four stand-alone municipalities - Levski, Gorna rasina, Kovachevtsi and Koprivshitsa. The results shown in the second graph differ in the fact that the municipalities are ranked here, with the Kardzhali municipality at the one extreme, and the Koprivshitsa municipality at the other. There is one further difference - an additional municipality comes up as a stand-alone (Kovachevtsi); still, in both charts this municipality is between Gorna Malina and Koprivshitsa. The fact that the Kardzhali Municipality is a kind of a leader is explained by the availability of publicly available reports on the implementation of the Strategy and the programs for management and disposal of municipal property through the website of the municipality.

Based on the results shown in both charts, the hypothesis that the existence of a structured majority in the municipal council is a factor that has a positive influence on the work of the municipal government and administration for the protection of the public interest is rejected. The largest cluster includes municipalities from both groups: Dve Mogili, Petrich, Dobrich - Sofia and Stolichna are from the group of municipalities without structured majorities in the municipal councils, while Strumyani, Dimitrovgrad, Nova Zagora and Kardjali - from the group of municipalities with structured majority.

The advantages of the proposed methodology lie in its universality. It is equally applicable to each area of competence by the work of local authorities, provided that measurable indicators for each of the principles of good governance, tailored to the specifics of the activity, are developed. This universality makes it possible: firstly, to assess the

<sup>15</sup> The blue (dark) color indicates proximity and the yellow (light) - difference.

application of each principle to an activity; secondly, to compare the application of the principles to an activity; third, to take into account the specificities of the various activities at local level; fourth, to compare the application of a principle to all activities; fifth, to compare the application of all principles to all activities. The last one can, of course, be achieved if the methodology is applied to all areas of competence of local authorities. Last but not least, if the methodology is applied to all municipalities (either in a given sphere of competence or in all areas of competence), clusters can be identified that show the degree of proximity of the municipalities so as to form a common picture of the implementation of good governance principles in practice as a guarantee of local authorities working to protect the public interest.

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# THE IMPACT OF ORGANIZATIONAL LEARNING AND PROCEDURES ON CITIZENS' SATISFACTION IN GREEK PUBLIC ADMINISTRATION

Maria Oikonomidou<sup>1</sup>, Ilias Konstantinidis<sup>2</sup>

## Abstract

*The quality, the effectiveness and the efficiency of the administrative action is crucial to the modern economic, social and administrative environment. Thus, they are the content of the Public Administration Reforms, according to the international trends on Public Management during the last two decades. Within this wider framework, Greece is expected to face the issue of reorganization of the administrative structures as soon as possible. The intent of the present research is to investigate the relationship between the basic organizational procedures based on strategy and their efficiency and effectiveness in citizen/customer services provided. We rely on primary data drawn by nursing staff's and the patients' perceptions of a Greek public Hospital. A printed questionnaire was distributed to the workforce of the nursing service and the patients of Serres Public Hospital. The public organization, in its effort for efficiency and effectiveness, identifies the basic procedures it performs to deliver its services (enablers) and impacts (results), taking into account organizations' mission and strategy. An effective and efficient organisation identifies its core processes, which it performs in order to deliver its services (outputs) and impact (outcomes), considering the expectations of the citizens/customers and other stakeholders, in line with its mission and strategy.*

**Key words:** *Public Strategic management, Organizational learning, core Procedures, Citizens services oriented, Citizens' satisfaction, Efficiency, Effectiveness*

This research seeks to identify the factors related to the procedures and citizens/patients needs and expectations in Serres General Hospital. The research questions are as follows:

- 1) The investigation of the basic procedures and their continuous improvement through continuous organizational learning aligning with organization's strategy and stakeholders' expectations.
- 2) The investigation of how organisations develop and deliver their services/products in order to satisfy the needs of the citizens/customers by involving them.
- 3) The investigation of the degree of citizens' satisfaction as users of the services provided.

The questions come from:

**A) The ENABLERS of the CAF Criterion 5** on the procedures, concerning:

5.1) Does it identify, plan, manage and introduce innovations in processes on a continuous basis, involving the stakeholders?

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5.2) Does it develop and provide services and products oriented towards the citizens / customers?

5.3) Does it coordinate procedures throughout the organization and other relevant partners?  
and

**B) The results of the CAF Criterion 6.1** on the Services provided to the patients by the public hospital, in order to measure citizens' perception about organization

Is there a link between the presence of innovations and the continuous improvement of procedures by the stakeholders, for citizen-oriented services and coordinated with cooperating partners in order to enhance citizens' satisfaction about services provided? In other words, are the questions (5.1.5.2.5.3) related to measurement of citizens / customers perceptions about the organization (6.1)?

The investigation of the presence, description and analysis of procedures followed by customers'/citizens' perception measurement about the organization helps to determine whether procedures can support the achievement of the strategic objectives. Efficiency or inefficiency of procedures is an important factor in improving the organizational performance under a framework of total quality management.

## 1. Introduction

Quality, effectiveness and efficiency of the administrative action are the content of the Public Administration Reforms and crucial to the modern economic and social environment, according to the international trends on Public Management during the last two decades. Within this wider framework, Greece is expected to face the issue of reorganization of the administrative structures as soon as possible.

Public administration and local government in Greece is almost on a daily basis, at the center of political, economic and social developments. The main problems of the Greek public administration are the low level of citizens' satisfaction by the provided public services, the complex institutional framework, the bureaucracy, the corruption and opacity of public mechanisms and the high administrative costs. The elimination of perennial problems requires the adoption and implementation of new organizational and operational methods and structures, as well as administrative practices of modern governance.

To improve efficiency and effectiveness, it is useful to introduce tools and management models used in private sector with appropriate customization. The implementation of modern information systems and processes of new management on resources and information are essential for the improvement of Public Administration functioning and customer-oriented services (Makridimitris, P.Liverakos, 1999). Redesign and simplification of processes combined with the introduction of information systems as well as the continuous training of staff are the main aspects of citizen-oriented services and efficient public management. Business Modeling is the process of schematically representing the processes of an organization so that they can be analyzed and improved. Quality improvement often requires the use of information technology.

In addition, Public administration reforms should focus on increasing the organizational learning and employees' competences (Karkatsoulis, 1997). Therefore, in order for a business or an organization to be able to provide effective and qualitative services, it should manage effective and efficient procedures.

The intent of the present research is to investigate the relationship between the basic organizational procedures based on strategy and their efficiency and effectiveness in

citizen/customer services provided. We rely on primary data drawn by nursing staff's and the patients' perceptions of a Greek public Hospital.

## **2. Theoretical Part**

### **2.1 Theoretical Framework**

The public organization, in its effort for efficiency and effectiveness, identifies the basic procedures it performs to deliver its services (enablers) and impacts (results), taking into account organizations' mission and strategy. An effective and efficient organisation identifies its core processes, which it performs in order to deliver its services (outputs) and impact (outcomes), considering the expectations of the citizens/customers and other stakeholders, in line with its mission and strategy. The role of strategy of the organizations is very important because it is the means of combining the vision with the actions it undertakes in order to make use of the resources it has, to realize its objectives and its mission, based on its perception of its future. Particularly today, in the era of globalization, rapid technological development and vast knowledge, the development of strategy by companies / organizations responds to how they will realize their mission or vision, that is, it shows them the ways that will lead them where they want to be in the future. Although we cannot claim that strategy it always ensures success, nevertheless it helps to achieve it. The difficulties faced by organizations in implementing the strategies they adopt are often due to the tools they use to create, implement and evaluate these strategies. Such tools are usually inappropriate.

In particular, an effective strategy should clearly state what the desired future situation (vision), what the business wants to serve (mission) and how to assess progress towards meeting the objectives, i.e. by what criteria (Gemmel, Van Looy & Dierdonck, 2013). According to Dess, Lumpkin and Eisner (2008), strategic management can be defined as analysis, decisions and actions undertaken by an organization in order to create a competitive advantage. The process of strategic management is divided into 3 stages (Johnson, Scholes & Whittington, 2008; David, 2012):

1. (Strategic) analysis, formulation and selection of the strategy,
2. Its implementation / materialization and
3. Its evaluation.

Total quality management is an anthropocentric (a human-oriented) management philosophy that aims to continuously increase customer satisfaction at ever lower cost levels. It is a holistic and systemic approach with a horizontal orientation that includes all employees. It focuses on learning and adapting to lasting change as key parameters for organizational success.

Practically the total organizational behavior is directly or indirectly influenced by learning. By applying the principles and learning processes, employee behavior can be guided and improved. The organizing of learning is also called a "new model" of organization, in contradiction to the "old" bureaucratic, vertically hierarchical, process-attached model that does not seek innovation or improvement. The new model is characterized by a more horizontal structure and operation of networks within the organization, by an effort to innovate in accordance with the needs of the customer, by the involvement of all employees, creativity and continuous learning, so that the internal needs of the members of the organization, by feeling that they are participating in the realization of a common vision, are satisfied. To implement this new model, a very different type of organization and very different behavior and thinking by all its members are required in relation to the old bureaucratic model. Learning, as a phenomenon embedded in an organization's business culture, can positively influence the four processes or consequences of learning: acquiring

information, disseminating of knowledge, interpreting information, and conserving knowledge (Huber, 1991; Hult et al., 2000; Sinkula, 1994; Slater and Narver, 1995). Tsagalidou, (2011) emphasizes that designing an effective and extensive - wide-ranging public sector knowledge management system requires the best combination of people, information, processes and technology. All researchers come to the common conclusion that there is a strong link between organizational learning and the future effectiveness. Therefore, in order for a business or an organization to be able to provide effective and qualitative services, it should manage effective and efficient procedures. Based on the projects of the quality pioneers (e.g. Deming, Juran, Ishikawa), process management is a key component of overall quality management but also a part of the improvement actions in organizations. Process planning ensures that the services can be produced / provided and actually meet the needs of the organisations customers.

Process Design includes 6 parts (Evans & Lindsay, 2007):

1. Recognition of customer requirements,
2. Identification of product / service characteristics (technical requirements) corresponding to customer requirements,
3. Assessing of the importance of customer requirements and of competing products / services in relation to them (requirements),
4. Correlation of the customer's requirements with the technical characteristics of the product / service,
5. Definition of technical requirements relationships for product / service design,
6. Technical priorities, data of comparative assessment and targets.

The best procedure is a small volume of services but with a wide variety / diversification which can meet customers' needs while satisfying the staff for providing real value service. To achieve the auspicious service it is necessary (Fitzsimmons et al., 2014):

1. Identify the main processes.
2. Select their most important and rank them accordingly.
3. Analyze how a process can be improved.
4. Identify the changes needed to support the improved process.
5. Apply changes to improve the process.
6. Determine the results from improving the process.
7. After improvement, restart the process.

For public entities the concept of business processes becomes particularly important as the public sector services provided to a large number of citizens - customers with special characteristics and multiple needs. Ould (2007) quotes a descriptive definition of the process rather than a verbal conclusion. According to Ould, each organization has a number of processes that it performs in order to achieve its objectives, such as offering its services to the public, recruiting staff, designing and offering products, developing investment policies, and so on. Each process separately is a type of activity within the organization where the employees work together to produce the desired result (output). Organizations have procedures that describe what needs to be done in each specific situation. According to Tonchia & Tramontano(2004), processes can be considered for an organization as the main factor determining client-citizen satisfaction. Proper process management helps the organization to solve problems that are related to its organizational structure. Redesigning and simplification organizational processes are a very difficult task because of the radical changes being caused. Reengineering happens as the business works, making it particularly difficult.

The authors liken the process of redesigning as "trying to change wheels in a car running on the road". Papadimitropoulos (2008) argues that simplification of procedures is "the continuous and systematic revision of the legislative and regulatory frameworks as well as of the administrative practices that define administrative procedures in order to be compatible with the principles of effective legislation and the efficient – effective operation of public agencies based on citizen - oriented services ". Rammata (2006) argues that the concept of simplifying procedures approaches the citizen as a taxpayer, as a consumer and as a voter. As a taxpayer, because simplified procedures ultimately reduce administrative costs and consequently the tax burden; as a consumer because the revised procedures put the client-citizen at the center; and finally as a voter because simplification ensures clarity, control, participation and ultimately democracy.

Simplification strategies, as the OECD characteristically states, are complex plans that have long-term goals and a comprehensive government policy. Simplification strategies usually include 5 successive phases:

**First phase. Programming:** This is the first phase of the process of establishing a strategy for administrative simplification. Planning requires a preliminary survey of governmental goals, economic resources, capabilities and tools to be used. At this stage, the government's staff should set out a clear path of how it means simplification policy, what tools it will use, how it will succeed it and at which cost.

**Phase 2. Consultation:** Prior to the implementation of the Strategic Simplification Plan, consultation with public sector participants (citizens, businesses, bodies, societies and corporations, parties, etc.) is necessary in order to achieve the necessary social and political consensus. The consultation makes the plan viable in the medium and long term period and leads to a fairer status, to which all the social partners have a say.

**Phase 3. Planning:** At this point, objectives, time schedule and resource allocation should be clearly recorded. The measurement policy of the results should be integrated by defining variables (indicators) that will clearly demonstrate the achievement of the objectives.

**Phase 4. Application:** At this stage, the attempt of simplifying processes begins according to the staff design. The tools are ready.

**Phase 5. Monitoring and evaluation:** It is a necessary step for project managers to determine whether the policies implemented have results according to the plan. At this stage the administration has in its hands reports, measurement tables, a list of problems related to the effort to implement the policy. The staff evaluates and delivers solutions in a systematic and unified manner.

According to Karkatsoulis (2004), the policy of simplifying procedures has been trapped in recent years in a legal formalism and focuses on the legal form that redrafting processes can take. The persistence of public services in processes that are de facto dysfunctional and incredibly bureaucratic creates an extraordinary problem in employee efficiency and leaves no room for improvement. The solution should focus on changing the legislative framework that allows changes in administrative procedures with emphasis on simplification and efficiency. Finally, the fragmentary use of information technology by the society is a barrier to the implementation of an overall policy. The negative point is that costly efforts are being made to adapt technology and information systems to the heavy, complicated bureaucratic public sector without redesigning of processes that would pave the way for an effective change in the form and operation of a public body. Managers are required to be informed about the requirements of society and the updated resources available in order to be able to increase their administrative capacity and meet even the most complex demands of citizens. But to do this, prerequisite is the proper training of employees. Through the right training, information



and acquisition of new knowledge, development of their abilities, change of attitudes and mentality (improvement of working culture), creation of a team spirit, satisfaction of the employees themselves (the administration cares for their progress) is favored and, of course, all of this comprehends total quality management, which leads to an improvement in efficiency and effectiveness of the public sector. Hospitals are complex fast-growing Organizations (Drucker, 2006). Strategic management is required with purpose:

- the development of economic efficiency (better management of resources),
- to develop the appropriate mission and culture (clarification of objectives and vision);
- to improve programming and organizational planning (provision of information strategy to senior management),
- to increase competitiveness (ability to develop innovative actions),
- to configure improved communication channels,
- to provide incentives for human resources and others.

Most of the employees, for example doctors, nurses and other human resources specialists, have to use their knowledge every day so that through the processes they can carry out their work with their own background, perspective, educational needs and certification procedures (Drucker, 2006). Leadership practices and behavior are important factors in the success of knowledge sharing (Liu et al., 2012). Leaders should encourage a culture that seeks to solve problems in a health service organization (Sanchez Polo and Cegarra-Navarro, 2008) and encourage the spirit of lifelong learning (Chang et al., 2009). Organizations must pay attention to workflow assessment and before any intervention (Ash et al., 2012), to create a smooth channel of communication with employees to share knowledge and experiences (Chang et al., 2009) and eliminate distrust (Kümpers et al., 2006). In the Sanchez Polo and Cegarra-Navarro (2008) study, participants suggested that sharing information to improve patient service should bring tangible benefits. Another incentive could be competition in the health care sector. (Ash et al., 2012) argues "There are employees in the health care area who want to share their knowledge with others. These are called mediators of knowledge". They provide the necessary human element of interaction, communication, mentoring, skills development and knowledge exchange required for effective knowledge transfer (Armstrong et al., 2007). In other words, they bridge the gap between theoretical and practical (Gerrish et al., 2011). Leaders should detect health mediators and support them in their endeavors.

Proper implementation of processes resulting from learning and knowledge can result to improvements in the health care organization, such as:

- Better decisions based on better information
- Uniformity of actions within the limits of the entire organization
- Better understanding of the organization and processes of the organization
- Common perspective of the organization's policy and objectives
- Improvement of quality of health care service
- Increase of the organization's efficiency
- Reduction the cost of operations
- Greater competitiveness of the organization
- Strengthening of patient-centered care service (Balis, 2007).

When health professionals become aware, through knowledge management, about the existence of available knowledge capital of the organization, they will be able to make more credible and informed decisions (Fennessy, 2002). Also, the dissemination of knowledge, even if it involves cases of medical errors, can contribute to the process of learning through omissions made in earlier cases of treatment of patients and lead to better health care (Balis,

2007). Knowledge Management is a philosophy of exploiting the power of knowledge in today's era of competition and lack of resources. Especially in the administration of health care units, the implementation of knowledge management strategies can help reduce mistakes, which are extremely important for improving the quality of health services provided (Karimitri, 2016). Health care professionals should actively cultivate knowledge and learning environment and leaders should reward people who promote knowledge. As a result, executives should also try to eliminate barriers by supporting electronic libraries and user-friendly information systems. Employees should understand that if they join forces and give their knowledge to the collective memory account, they will also benefit from the interest that their workplace has gained.

### **3. Research methodology**

#### **3.1 Research goals and Research field**

An effective and efficient organisation identifies its core processes, which it performs in order to deliver its services (outputs) and impact (outcomes), considering the expectations of the citizens/customers and other stakeholders, in line with its mission and strategy. The nature of these core processes in public service organisations may vary greatly, from relatively abstract activities, such as support for policy development, or regulation of economic activities, to very concrete activities of service provision. The need to generate increasing value for its citizens/customers and other stakeholders and to raise efficiency are two of the main drivers in process development and innovation. The increasing involvement of the citizen/customer in the public administration, stimulates organisations to continuously improve their processes, taking advantage of the changing environment in many areas such as technology, economy and population.

The field of this research is the nursing service due to the large number of the sample that consists of the patients of the hospital and their direct contact with the Nursing staff of the organization. Patients assess the services provided by the nursing staff. The selected sample ensures an objective and representative reflection of the patients, taking into account parameters such as age, gender, family status, educational level.

The main three objectives mentioned below are related to the Procedures used in the nursing service of the Public Hospital of Serres and the application of the results to the satisfaction of citizens / clients.

#### **Goal 1**

This research aims to describe improvement actions revealed by the assessment and investigate their effectiveness in achieving the desired organization's objectives and how can procedures contribute to achieving strategy. In today's external environment, with economic and social changes, rapidly changing needs of citizens / customers, globalization, new technologies and the chaotic flow of information, public hospitals are invited to adapt and serve public welfare in an environment of continuous learning. The questions set for the establishment of the existing operational level of the organization are as follows:

- Can it survive and adapt to the ever-changing scene?
- Can it overcome the established weaknesses such as: structural inefficiency, confusion of responsibilities, mistaken bureaucratic mentality, lack of trust, dissatisfaction of citizens, limited use of human resources, and lack of quality management, complexity and absence a unified coordination?
- Can it create an appropriate climate for the organization to bring about continuous internal improvement and integration for all its members based on organizational learning?

The questions set derive:

A) from the questionnaire of the ENABLERS of the CAF on the procedures, concerning the following:

5.1) Does the organization identify, plan, manage and introduce innovations in processes on a continuous basis, involving the stakeholders? This research investigates the presence of specific procedures and their continuous improvement through continuous organizational learning aligning with organization's strategy for all stakeholders.

5.2) Does the organization develop and provide services and products oriented towards the citizens / customers? This research investigates the procedures affect the organizational performance and the development of procedures that are citizen-oriented.

5.3) Does the organization coordinate procedures throughout the organization and other relevant partners?

The results of the study on the procedures and their relationship with citizens / customers satisfaction, including performance measurement of the organization, will highlight the strengths and weaknesses of the hospital and will form the basis for planning the mission and the strategic goals in order to be able to follow developments in response to the ongoing changes in the environment by exploiting its resources. The public organization, in its effort for efficiency and effectiveness, identifies the basic procedures it performs to deliver its services (outflows) and impacts (results), taking into account the expectations of citizens / customers and other stakeholders, in connection with its mission and strategy.

## **Goal 2**

B) from the questionnaires of the results of the CAF on the Services provided by the public hospital, concerning the following:

6.1) to measure citizens' perception about services provided by the organization. The investigation of the degree of citizens' satisfaction as users of the services provided.

The research seeks to identify the relationship between citizens' satisfaction measurement and the effectiveness of procedures.

## **3.2 Research approach**

The approach of the subject was carried out by empirical research and the quantitative and qualitative method will be used. For the collection of data and information, a closed-ended questionnaire was used.

Every public organization has procedures. Each procedure consists of a series of successive activities that convert resources or inputs into results or outflows and thus to added value. These procedures are divided into key and management procedures and support its strategy and planning. A public organization must identify, assess and control, if necessary, its administrative procedures, and encourage both employees and citizens/customers to participate in their design and improvement.

To achieve the purpose of the research, it was used the Implementation Guide of the Common Assessment Framework, issued in 2017, a tool of total quality management.

More specifically the following was used:

(A) the questionnaires of criterion 5 related to enablers of procedures, which refers to the way how the public organization identifies, manages, improves and develops its core procedures to support its strategy and planning. The tool of this research was the use of the questionnaire of CAF on processes/procedures (sub-Criteria 5.1, 5.2, 5.3). Interviews were conducted with the leader of the hospital, the special quality office of the hospital, all managers of every

department and the representatives from each professional field. The questionnaire CAF criterion 5 distributed to the mentioned above Quality Management Team (24 members).

B) the questionnaire of criterion 6 related to results on citizens' perception measurement about the services provided by the public organization. Results measured citizens' satisfaction and answered by telephone interviews with the users of the services. The quality management team reached consensus after discussions and the questionnaire (criterion 6.1) was adapted to the specific results of the services provided. Finally, the questionnaire was adapted in order to draw conclusions from this research and demographic characteristics related to the patients, as well as some questions refer to the specific provided services were added. Questions intended to capture patients' perception on undisputed medical or nursing procedures were excluded. Here we mean the medical and nursing services that follow specific medical and nursing protocols, and decision-making needs the scientific background of health care staff. Patients haven't got the knowledge and skills for assessing this kind of medical and nursing procedures.

The research was carried out at the General Hospital of Serres that has been operating since 2003. The General Hospital of Serres is a Legal Entity and be subjected to the control and supervision of the Administrator of the 4th Health Region of Macedonia and Thrace.

The hospital has four hundred and fifty (457) beds, of which fifty (50) belong to the Center for Physical Medicine and Rehabilitation. The hospital is classified in the category of large institutions (more than 400 beds).

The main objectives of the Hospital are:

- a. The provision of Primary and Secondary Health Care in the population of the responsibility of the 4th Health Region of Macedonia and Thrace, as well as in patients referred by other Health Regions. Health care is provided equally to every citizen, regardless of his or her economic, social and professional status, in accordance with the rules of the National Health and Social Security System.
- b. The specialization, ongoing education and training of doctors, nurses and other health professionals, by developing and implementing respective training programs.
- c. Developing and promoting of research in the health sector field. In this direction, it implements and develops research programs and cooperates with other relevant bodies as well as international organizations, universities and scientific research centers.
- d. Collaboration with hospitals and other health care units in order to develop and upgrade overall health care provision. In particular coordinates the implementation of educational programs, as well as specific health-related studies and assessment programs with other healthcare units located in the Management of the 4th Health Region of Macedonia and Thrace.

### **3.3 Research questions & hypothesis**

Analytically, this research seeks the issues below under the CAF framework:

- a. Investigation of the criterion 5 which refers to "r ON PROCEDURES". CAF criterion 5 distributed to the CAF Quality Management team (consists of 24 members who represent all the nursing staff from all sectors, departments and hierarchical levels). documentary evidence were collected on the main procedures implemented which support employees to contribute effectively and productively to the organisation's overall mission, vision and to the accomplishment of the organisation's objectives. The investigation of the presence, description and analysis of procedures followed customers'/citizens' opinions will help to determine whether procedures can support the achievement of the strategic objectives. This

research investigates the specific questions below reflecting the relevant factors. Therefore, Criterion 5 produces the following factors under investigation:

1a. ENABLER: EFFECTIVE SERVICES TO PATIENTS - question 5.3

2a. ENABLER: CITIZENS' INVOLVEMENT TO SERVICES - question 5.11 and 5.16

3a. ENABLER: RELIABLE INFORMATION BY THE NURSING STAFF TO PATIENTS - question 5.14

b. Investigation of the criterion 6.1 which refers to "RESULTS ON PATIENTS' PERCEPTIONS ABOUT SERVICES". CAF criteria 6 distributed to patients served by the nursing staff (141 completed questionnaires) in order to capture patients' perception concerning the services provided. This research investigates the specific questions below reflecting the relevant factors. Results deal with the satisfaction or positive perceptions of patients which should be maximized through effective procedures as well as quality management of the hospital.

Therefore, Criterion 6.1 produces the following factors under research:

1b. RESULT: EFFECTIVE SERVICES TO PATIENTS - patients' perception on question 6.3

2b. RESULT: CITIZENS' INVOLVEMENT TO SERVICES - patients' perception on question 6.4

3b. RESULT: RELIABLE INFORMATION BY THE NURSING STAFF TO PATIENTS - patients' perception on question 6.7

#### **a. RESEARCH QUESTION 1**

1a. FACTOR ASSESSMENT/EVALUATION - the self-assessment group assesses question 3.16

1b. FACTOR ASSESSMENT/EVALUATION - employees' perception on question 7.18

Is there a relation between the factor related to ENABLER: EFFECTIVE SERVICES TO PATIENTS - question 5.3 assessed by the Quality Management team and the relevant factor RESULT: EFFECTIVE SERVICES TO PATIENTS - patients' perception on question 6.3?

**HYPOTHESIS 1.** There is a relation between between the factor related to ENABLER: EFFECTIVE SERVICES TO PATIENTS - question 5.3 assessed by the Quality Management team and the relevant factor RESULT: EFFECTIVE SERVICES TO PATIENTS - patients' perception on question 6.3. The HR enabler can predict the patients' satisfaction by the effectiveness of services provided. Efficiency or inefficiency of procedures is an important factor in improving the organizational performance under a framework of total quality management.

#### **b. RESEARCH QUESTION 2**

Is there a relation between the factor related to ENABLER: CITIZENS' INVOLVEMENT TO SERVICES - question 5.11 and 5.16 assessed by the Quality Management team and the relevant factor RESULT: CITIZENS' INVOLVEMENT TO SERVICES - patients' perception on question 6.4?

**HYPOTHESIS 2.** There is a relation between between the factor related to ENABLER: CITIZENS' INVOLVEMENT TO SERVICES - question 5.11 and 5.16 assessed by the Quality Management team and the relevant factor RESULT: CITIZENS' INVOLVEMENT TO SERVICES - patients' perception on question 6.4. The HR enabler can predict the patients' satisfaction by the involvement of citizens to the development of the services provided.

### c. RESEARCH QUESTION 3

Is there a relation between the factor related to ENABLER: RELIABLE INFORMATION BY THE NURSING STAFF TO PATIENTS - question 5.14 assessed by the Quality Management team and the relevant factor RESULT: RELIABLE INFORMATION BY THE NURSING STAFF TO PATIENTS - patients' perception on question 6.7?

**HYPOTHESIS 3.** There is a relation between between the factor related to ENABLER: RELIABLE INFORMATION BY THE NURSING STAFF TO PATIENTS - question 5.14 assessed by the Quality Management team and the relevant factor RESULT: RELIABLE INFORMATION BY THE NURSING STAFF TO PATIENTS - patients'. The HR enabler can predict the patients' satisfaction by the performance and competences of the nursing staff.

### 3.4 Answer scale

The answers to each question are given on a six- grade scale (grading from the lowest to the highest level)

(0) NOT AT ALL	➤ reflects the lack of any satisfaction regarding an activity, its absolute insufficiency and ineffectiveness
(1) VERY SLIGHTLY	➤ reflects minimum satisfaction regarding an activity, low level of sufficiency and effectiveness
(2) SLIGHTLY	➤ reflects satisfaction regarding an activity, median level of sufficiency and effective
(3) MUCH	➤ reflects satisfaction regarding an activity, a good level of sufficiency and effectiveness
(4) VERY MUCH	➤ reflects a high level of satisfaction regarding an activity, a very good level of sufficiency and effectiveness
(5) ABSOLUTELY	➤ reflects excellent satisfaction regarding an activity, an excellent level of sufficiency and effectiveness

### 4. Conclusions

In these times of socio-economic crisis and austerity, the policy effectiveness, operational performance and quality of public services are crucial factors in responding to the changing needs and expectations of citizens and society. The main procedures of an organization aligned with the strategic objectives and their results could maximize citizens' satisfaction. There are cause-effect links of fundamental importance comparing a given result (or set of homogeneous results) on patients' satisfaction with the 'evidence' collected on the relevant factors on the enabler side – management on procedures. This research sheds light into enablers relevant to procedures and their impact on patients' perceptions about the services provided. The evidence of the analysis suggests that a significant number of the variables defining the so called enablers do not affect results on patients' satisfaction. The analysis of the data revealed that the self assessment team assessed relatively medium effectiveness of procedures in achieving the desired organization's objectives. The public organization, in its effort for efficiency and effectiveness, identifies the basic procedures implementation at medium scoring levels regarding the effectiveness of services to patients, citizens' involvement to the development of the services and the reliable informations given by the nursing staff to patients . On the other hand, taking into account the expectations of citizens / customers, the above factors were measured at high-very high scoring levels by the patients. Moreover, employees' demographical characteristics on their perception and attitudes are not significant. Furthermore, the analyzes showed that there is not a correlation between the factors under study, so that procedures cannot predict patients' satisfaction. Citizens / clients

satisfaction ratings were high. It is likely to be related to public health where citizens are more sensitive. Citizens' expectations are at a lower level than from that the staff think. Thus, patients have not have a clear image about the procedures and other factors affect their satisfaction by the services provided such as effective management which contributes effectively to the accomplishment of the organisation's objectives or employees performance and attitudes who contribute productively to the organisation's overall mission, vision and strategy. According to Quality Management team scoring, measurement through CAF brings about the necessary improvements as perceived by patients and top management in achieving organization's objectives and developing citizen-oriented services. The holistic approach of CAF simply mean that all the composition elements have a reciprocal impact on each other. The left part of the model (the enablers – causes) and the right part (the results – effects); and the holistic relationship between the causes.

According to CAF (2013) and Guide of CAF (2017), a typical assessment report can be drawn up describing the results of self-assessment and the following elements:

- The strengths and areas for improvement for each sub-criterion supported by relevant evidence.
- Ideas for improvement actions to fill any gaps between the current situation and the strategy objectives in order to achieve the desired results that are in line with the goals of each department and the entire organization.

The results of this study form the basis for the improvement action plan and the formulation of strategic objectives of the hospital so as to be able to follow developments, to respond to citizens' expectations as well as continual changes of the external environment by utilizing most of its resources.

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# REGIONAL POLICY AND REGIONAL GOVERNANCE - THE BULGARIAN INSTITUTIONAL REFORM THAT DID NOT TAKE PLACE

Elena Kalfova<sup>1</sup>

## Abstract

*Taking up the concept of the nexus between the development processes of regional governance and regional policy, this article analyses the development of regional institutions in Bulgaria, the change in the functions they perform, in parallel with a regional policy analysis. The role of regional governments in the public administration system and the processes of interaction between them and the central and local authorities in the regional governance process are discussed. The reasons for and the limitations to the reforms that have been carried out are identified, as well as whether and how institutional change at this level is or is not taking place. Transfer of practices and Europeanisation have been assessed as major factors for the adoption of a particular regional policy model in Bulgaria. The reverse process - the impact of EU's regional policy on regional governance – is also discussed in detail. It is suggested that this impact does not lead to a significant change in the institutional system of Bulgaria. The existence of a parallel administrative system for planning and implementation of EU's regional policy in Bulgaria has been identified, outlining the advantages and disadvantages of implementing such a governance approach.*

**Key words:** regional policy, regional government, institutional reform

The changes in the way public administration and public policies are implemented, the models of interaction between the public and the private sector, the active involvement of NGOs and the civil society, the introduction of a multi-level governance system significantly change the nature of regional governance. The involvement of multiple institutions at different levels in the process of regional governance justifies defining it as a decision space rather than a specific type/types of institutional structure (Sharpe, L.J., 1993, p. 37-40). The alternatives for the institutional development at the regional level are seen not so much as a change in the form of the institutions but as a change in the functions they perform. Therefore, the modern development of the regional level of government represents both a change in its institutional organization and a change in the functions it performs in the system of state governance. The development is mainly towards building the capacity for independent, targeted governance action at regional level. This process can be carried out on the basis of the existing institutions, but it can also give rise to new territorial organizations and institutions.

The past 30 years have also been a period of regional policy adaptation to the changing economic, political and social situation in many European countries. The economic system

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has become more globalized, more competitive, more intensive, less secure, and the intensity of economic, technological, social and political changes has increased. The development differences and prospects at national and regional level have enhanced. As a result, several general trends in the development of regional policy and its governance systems are observed. Existing institutions are being reorganised, new institutions and new relationships are emerging, often based on partnership, with the networking approach becoming increasingly important in governing regional development. Economic and governance change is driving new approaches through new public policy instruments. These changes focus the attention on the importance of the region for economic growth. There is a trend towards significant change in the overall paradigm of regional policy. The evolution of the conceptual framework is clear – from regional policy based primarily on approaches to encourage exogenous growth, to a policy based on stimulating the innovative environment, the quality of human capital, entrepreneurship, interregional networks, etc. The paradigm shift is largely due to the growing consensus that a region-specific combination of social, cultural, economic and political factors is essential for the regional policy outcomes. This requires that it be adapted to each region. Thus, it is becoming increasingly common to draw up and implement a regional policy based on a bottom-up approach. Rather than regional policy being an effort of the central government, the focus is on involving local and regional communities and decentralising governance.

There is a process of interaction between the institutional and administrative system and the policies implemented. Just as institutional systems are essential to the design of the implemented public policies, so is the change in public policies leading to a change in the institutions and the administrative structures that implement them. The development of regional governance and regional policy is truly symbolic of these processes. A thorough understanding of regional governance is impossible without an analysis of the processes of regional policy making and implementation. The adoption of a specific regional policy content and approach influences the role, institutional characteristics and functions of regional institutions. The system of regional governance largely determines the specific content of regional policy and the results of its implementation. Drawing on this conceptual basis, we aim to analyse here the change processes in Bulgarian regional governance, the adoption of and change in the specific content of regional policy, as well as the nexus of these two processes.

### **1. Development of regional governance.**

The regional level of governance, understood as the middle level of government – in between the national and the local level, has its long-standing traditions in Bulgaria. Governance and administration structures did exist at this level in all historical periods after the Liberation. Bulgaria applied mainly administrative regionalisation, but there were periods in which elected bodies operated at this level.

The Tarnovo Constitution regulated a three-tier model of administrative territorial division – districts, counties, and municipalities. Municipalities and districts had the right to self-government. Counties had only administrative functions. In this early period of establishment of modern statehood in Bulgaria, municipalities with self-government rights and relatively broad responsibilities were set up at the local level of government, whereas districts – deconcentrated structures of the central government – were introduced at the regional level. The few reforms of the territorial administration and institutional organization in the late 19th and early 20th centuries had a clear direction - centralization. As Bulgaria was a newly established modern state, the elements of statehood were imposed on a “top-down”

basis. “The building of a centralized administrative system was determined by the need to put order in the new state and to create conditions for its stabilisation” (Stefanova, M., 2003, p. 18). Furthermore, the presence of de-concentrated institutions is typical of almost every unitarian state. States thus ensure that the integrity of government is maintained. That was very important for a new state like Bulgaria, with a yet-to-be-established governance and administrative system and models of interaction between the levels of government. The Constitution of 1947 laid down a three-tier model of administrative territorial organization – districts, counties and municipalities governed by elected councils. In 1961, the districts of Plovdiv-city and Varna-city were closed and the number of districts was set at 28. Furthermore, the communist regime overturned the counties as administrative territorial units (Grigorova, Zl., E. Arabska, N. Mareva, 2018, pp. 339-340). From then onwards, a two-tier model of administrative territorial organisation was established in Bulgaria.

On the basis of this brief historical retrospective, we can draw several basic conclusions about the development of regional institutions in the period from the Liberation till 1989. First, as a unitarian state, Bulgaria adopted de-concentrated structures at the regional level to implement state policy on the ground, and in significant periods they also exercised control over the local authorities as to their legality and practicability. Second, following a series of reforms, the model of a two-tier organization of the sub-national levels of government was established. Regional governance was subject to frequent reforms. Administrative territorial reorganisation took place every 10 years on average (Botev, Y., Hr. Stanev, S. Kovachev, Sl., Gencheva, 2000, pp. 29-30). They dealt with the territorial scope of the individual administrative territorial units and/or the status and functional characteristics of the institutions at the level concerned. This made the model of administrative territorial organization relatively unstable. Third, self-governance failed to be established as a governance organisation principle at the regional level (region or district). Except for short historical periods, de-concentrated structures of central government operated at this level.

## **2. Regional government in the Bulgarian system of governance.**

The Constitution of Bulgaria sets the present role of the district governor in the governance system of the state and the basis of the administrative territorial organization of the country. The administrative territorial structure is also regulated in a specific structural law - the Administrative Territorial Structure of the Republic of Bulgaria Act (promulgated SG 63/1995) According to the current legal framework the country has two types of administrative territorial units – districts and municipalities.

Setting up counties as the second tier of self-government was laid down in the 1991 Local Self-Government and Local Administration Act. They were to be governed by county councils comprising two representatives each of all municipalities in the county and a county governor appointed by the Government. There were many political debates on the future of the county level of government between 1992 and 1995. In the end it was decided that he counties as a level of self-government are not necessary. The government adopted the strategy of first completing the reform at the local level and then proceeding to reforming the regional level. It was decided to focus on districts in an effort to build functional regional government (Gildjov, Al., 2006, pp. 27-28).

With the beginning of the transition period in Bulgaria a tendency towards governmental decentralisation emerged. Consistent with the European standards of governance democracy and subsidiarity, the right of self-government of municipalities, which has long historical traditions, has been restored. The Bulgarian Constitution (State Gazette, issue 56, 1991) defines the municipality as the main form of self-government. The Local Self-Government

and Local Administration Act was passed in 1991 (State Gazette, No. 77, 1991). This Act lays down quite broad responsibilities of municipalities in many areas. The Bulgarian municipality has shared responsibilities with the central government or autonomous responsibilities in almost all public spheres, with the exception of foreign policy and national security. The regulation of the bodies of self-government and their responsibilities developed during the period of reforms, but these bodies gained foot as one of the most stable institutions in the post-totalitarian period in Bulgaria (Stefanova, M., 1997, pp. 107-115).

The Constitution of the Republic of Bulgaria does not explicitly provide for the existence of a second level of self-government, it only lays down the option of creating such a level by law, while keeping the districts. The Bulgarian Constitution defines the district as the “administrative territorial unit for pursuit of regional policy, implementation of state governance on a local level and ensuring concurrence of national and local interests” (Constitution of R Bulgaria, Art. 142). The district is governed by a district governor appointed by the Council of Ministers. District governors may be dismissed from office by the Council of Ministers without notice, and there is no obligation to state the reasons for their dismissal (Administration Act, promulgated SG, No. 42). Therefore, any district governor may be removed from office at any time (the position is not mandated) at the sole discretion of the Council of Ministers. The district governor is an executive authority. This statutory status of district governments gives us reason to define them as de-concentrated central government structures at the regional level.

At the beginning of the transition period, the territorial coverage of the districts introduced in 1987 was maintained and they remained nine in number. In 1999, a new administrative territorial reform was carried out - the districts were increased from 9 to 28. The reform actually restored the pre-1987 administrative territorial division at this level. The new 28 districts fully corresponded, as administrative centres and in territorial scope, to the 28 districts that existed before 1987. This administrative-territorial division comes down to the present day. The reform did not change the status and responsibilities of district governors and the system of coordinating the activities of territorial units at the district level. The choice at that time was either to create regional self-government in the nine districts or to follow the established model of organization of the territorial structures of the ministries. In the general tendency towards centralization and increased financial control under the currency board, a decision in support of centralisation was adopted (Gildjov, Al., 2006, p. 30). The tangible result of the reform was strengthened control over the municipalities, without focusing on the role of the district as an institution having responsibilities to develop and implement regional policy.

The responsibilities of the district governor are set out basically in the Constitution of the Republic of Bulgaria and in the Administration Act. More than 80 other normative acts also lay down a number of functions and tasks of the district governor (Penchev, P., 2018, p. 79). According to the constitutional rules, district governors are responsible for the execution of two main areas of competence. On the one hand, the district administration must enable concurrence of national and local interests, and on the other hand, pursue the government policy on the ground, with special responsibilities for the implementation of regional policy. The district governor ensures the interaction between the local executive bodies and the local authorities. In addition, the district governor exercises control over the legality of the activities of local authorities. However, district governments are part of the state administration and it can be very difficult for them to carry out impartially their activity of mediators between the central and the local authorities (Stefanova, M., 2003, pp. 187-190). Due to their deconcentrated status, they could not independently create and implement their

own policies and uphold the interests of regional communities. Therefore, their role of “mediators” between the central and the local authorities resides mainly in the exercise of control over the local authorities by the central government.

One of the most important functions of the district, as defined in Art. 142 of the Constitution, is to implement the regional policy. On the other hand, districts have limited role in regional policy design and implementation. There are several reasons for this. First, as de-concentrated central government structures, district governments are unable to initiate their own public policies. They cannot independently initiate the development of and/or changes in regional policy, set the policy agenda, select the instruments for its implementation. The Constitution has prescribed a role for them to implement the regional policy of the central government on the ground. Regional policy based on goals and priorities set by regional actors in the process and reflecting the interests of the regional community cannot happen in Bulgaria right now. Second, the district governments do not have independent budgets – the district governor is a second-level spending unit under the budget of the Council of Ministers. This does not allow the districts to finance or even co-finance regional development programs on their own. Furthermore, districts do not have the independent resources to develop and implement programs in support of areas for targeted impact, although the scope of such areas is defined in the district development strategies. Third, the governance system of the EU-supported operational programs is also highly centralized. This approach limits the role of districts and municipalities in regional policy design and implementation.

The other responsibilities of the district governor cover a number of areas. District governors are responsible for the implementation of the government policy in the district, for coordinating the work of the executive bodies and their administrations on the territory of the district. They must ensure concurrence of national and local interests, notably when organising the development and implementation of regional strategies and regional development programs. They are responsible for safeguarding and protecting the state property in the area. They provide coordination between the different de-concentrated units of the central executive authority in the district, as well as coordination with other administrative structures that provide administrative services in the district. District governors have responsibilities for the organization and management of the activity for the protection of the population at times of crises and for managing and overcoming their consequences. They chair the district-level security and crisis management council. District governors are also responsible for safeguarding and protecting the cultural and material assets, the environment, etc. (Penchev, P., 2018, pp. 82-84). Furthermore, district governors have an obligation to develop regional strategic documents in a number of areas related to the implementation of various specific public policies. For example, they are responsible for developing regional strategies and plans for disaster and accident protection, for road safety, for employment, for the use of renewable energy sources, for Roma integration, for the development of social services, etc. In all these areas, the process of drafting strategic documents goes on the basis of a top-down approach. These therefore reflect the implementation of the policies formulated at the central level for a specific area.

The responsibilities of district governors have been expanded and detailed over the past 30 years. Those related to the control on the activity of the local authority are clearly defined, the rules and mechanisms for their implementation are legally regulated and the district governors have the capacity for their implementation. The responsibilities of district governors in the field of state property management on the territory of the district, for planning and implementing measures for the protection of the population in crises and accidents and for the administrative territorial structure, are more or less clearly defined. On

the other hand, the responsibilities related to the coordination and interaction between the de-concentrated units of the central administration in the district are rather declarative. They are not underpinned by specific, clearly stated mechanisms and procedures for their implementation laid down in the relevant laws, nor is there any regulation on the consequences of not implementing them (Penchev, P., 2018, p. 86).

The Bulgarian tradition of highly centralized governance finds its specific expression in the creation of many deconcentrated central administration structures at different administrative levels. In practice, there is no ministry without deconcentrated administrative structures, in addition, the state agencies, and most of the executive agencies also have ones. The territorial scope of these structures is extremely diverse. In some cases, the scope follows the administrative territorial structure (for example: 28 regional departments of education at the Ministry of Education, 28 regional health inspections at the Ministry of Health, etc.). In other cases, the coverage of the territorial divisions does not coincide with any administrative territorial division (for example: there are 16 Regional Inspectorates of Environment at MOEW, the National Revenue Agency has 5 territorial directorates and 1 territorial directorate "Large taxpayers and insurers", located in Sofia, the State Agency for Child Protection has 3 territorial directorates, etc.). The deconcentrated structures of the central administration differ significantly in their status, structure and organization. Some of them have the status of directorates, others are structured as departments, and others are simply offices or units. The vast majority of them, mainly those within a directorate-general, are structured as part of a specialized administrative structure. The deconcentrated structures which are created by law and are not organized within the structure of a directorate-general practically function as separate administrations (for example: regional departments of education, regional health inspections, etc.) (Givlev, K., Gildjov, A., Nodings, P., 2009, pp. 20-21). Notwithstanding their diversity in terms of status and organization, they are all characterised by strict linear subordination. Such an approach implies that any territorially de-concentrated structure is strictly subordinate to the higher level, and ultimately all are subordinate to the respective minister. No ministry avails itself of the opportunity provided by Art. 44 of the Law on Administration to organize its territorial units in the structure of the district administration. The organization of the central administration and its de-concentrated structures is thus governed by the general idea of centralised governance of the individual sectors, and the mechanisms of horizontal integration of governance do not work and are rather difficult to apply. The number of the territorial units of the central executive authority and their staff is at one of the highest levels in Europe. The established closed vertical model makes it difficult to coordinate between the structures of the state administration at the regional level, which leads to low efficiency in the implementation of the sectoral policies and high government expenditures. Against this background, it is not surprising that serious problems are observed in the interaction of district governors with the territorial units of the central executive authority. District governors do not have imperious authority over the other de-concentrated structures of the central government. Lacking those, the exercise of their responsibility to coordinate the territorial units depends entirely on the disposition of those units to participate in such a process. It is impossible for district governors to exercise their coordination responsibilities, because the territorial units are vertically tied and hierarchically subordinate to the ministries. District governors are excluded from the governance processes between the ministers and their territorial units and do not receive sufficient information. No piece of legislation regulates the mechanism and procedure of interaction between the district administration and the other de-concentrated structures of the central government. Therefore,

there is no synchronisation between the actions of the institutions at the regional level and the horizontal integration of governance is actually not happening at all.

The implementation of specific public policies requires coordinated and cooperative efforts by multiple institutions at different levels. This is even more true of regional policy because of its wide-ranging nature. The impossibility for district governors to actually coordinate between the various de-concentrated structures of the ministries significantly limits their constitutional responsibilities to implement regional policy. In practice, the district is not a leader and driver of development policy that can attract investment. In addition, it is not possible to undertake decentralization of the planning and programming of the process of governance of EU Structural and Investment Funds.

Change could and should be sought in several directions. These include both relatively simple measures to improve the administrative organization of the activity and an opportunity for overall reform. The adoption of clear mechanisms, as well as obligations, for coordination of the activities between district governors and the deconcentrated ministerial structures could significantly improve the coordination in the implementation of the different sectoral policies. It is absolutely necessary to change the model of how the activity of district governments is financed. This, in combination with boosted administrative capacity, can make district governors more active and meaningful players in regional governance. The change in the status of district governments, the introduction of regional self-government and its scope are widely debated issues. Given the Bulgarian tradition of highly centralised governance, at present the central government is reluctant to implement such a reform. In all strategic documents, including the existing Decentralisation Strategy 2016-2025, the introduction of regional self-government is only a matter of study and analysis and fails to be identified as a real goal of future reforms. There is certainly no other institution in Bulgaria that has been subject to more analysis, more proposals for reform than the district governor. However, institutional change has not occurred for the past 30 years since the start of Bulgaria's transition. The district has undergone a number of reforms in the last thirty years. The territorial scope was changed, the responsibilities of district governments in a number of areas are constantly being expanded. But the institutional status remains unchanged - the districts are de-concentrated structures of the central government. It is this deconcentrated status of the district governments that prevents them from formulating and pursuing their own policy for the development of the region in any aspect. Therefore, we can conclude that the main problem in the functioning of district governors - the impossibility for them to generate and implement autonomous policies at the regional level, persists. Thus, district governments often fail to fulfil their responsibilities. Their coordination **responsibilities** remain fully declaratory. No central government effort to actually change the situation is registered either - no ministry has seized the opportunity to organize its deconcentrated structures within the district administration. The problem of governance coordination at the regional level and the need for change have been highlighted as a strategic objective in both the Decentralization Strategy of Bulgaria (2006-2015) and in the current Decentralization Strategy (2016-2025). However, no real action has been taken to address it. The overall assessment of the implementation of the Decentralization Strategy (2006 - 2015) reports that only slightly more than 30% of the measures envisaged under Strategic Objective 2, "Optimize the functional competences of the district governor and the territorial units of the central executive bodies for coordination of the sectoral policies at regional level", have been implemented. Implementation actually involved development of different analytical reports, but no real governance action has been taken to improve the situation (our analysis). Similarly, no tangible steps have been taken under the current strategy to achieve the objective of

"Increasing the influence of regional institutions for the implementation of coordinated policy for regional development".

The central government maintains its approach of predominant sectoral governance and the pursuit of sector-oriented policies. This leads to disintegration of governance, which is particularly pronounced at the regional level. On the one hand, the district government does not have sufficient political and financial resources to pursue an independent policy. The central government, on the other hand, imposes a model of centralized governance that isolates districts and municipalities. Thus, the areas of governance with a regional scope that must be governed through the combined efforts of the central, the local government and the districts remain neglected and problems are mounting.

A number of issues remain, related to the implementation of the responsibilities, although limited, of district governments – opaque coordination mechanisms, serious imbalance of the existing responsibilities and the assigned regional policy implementation functions. The lack of autonomous governmental capacity in the district governments does not allow them to develop independent governance and, even less, cooperative governance strategies. The functioning of district governments as purely coordinating and controlling institutions is not enough to make them real regional governance authorities. This is one of the main factors behind the difficulties in addressing regional problems. District governments do not have the governance capacity allowing them to formulate and implement policies of the region, not for the region. The central government, on the other hand, is not sufficiently motivated to address specific regional problems taking into account the interests of the specific region. This becomes even more of a problem with the adoption of the principles of EU regional policy - partnership and political co-operation, both between different institutions at different levels of government and between different types of institutions at one level of government.

### **3. Regional policy for the regions or regional policy of the regions.**

In Bulgaria, regional policy does not have long-standing traditions of application. Sectoral planning and development were the governance practice during the communist period. At the start of transition to democracy, regional development problems were ranking behind. The first phase of the reforms aimed to guarantee the fundamental political rights and freedoms and to ensure democratic governance at the national level. The reform process started with efforts to introduce market economy principles. Between 1995 and 1998, Bulgaria was in a severe economic, financial and political crisis. The need to address the economic and financial problems, to politically stabilize governance overshadowed the problems of regional development and regional policy.

At the end of the 1990s, a number of governance steps were taken to implement regional policy in Bulgaria. The initiative for this came primarily from the EU integration process and, accordingly, the need to implement the Union's common policies. The problems of regional policy and regional development were set out in a separate negotiation chapter - Chapter 21, Regional Policy and Coordination of Structural Instruments. Within that process, the first Regional Development Act was adopted in 1999. **At the same time, Bulgaria registered an increasing trend of growing disparities in the development of the country's regions.** The processes of urban concentration of economic activity and population were a fact back in the late 1970s and so was the significant depopulation of some territories. After the economic downturn in the early and mid-1990s, this trend accelerated significantly. Despite the overall positive economic development of the country in the next decades, and especially after Bulgaria's accession to the EU, the problems of balancing regional development persisted. The concentration of the population and the economic activity in several urban centres has



reached practically critical levels in the past 30 years. Regional disparities in Bulgaria thus registered rates that challenged not only the sustainable development of the country, but also its successful development in general (Kalfova, E., 2019, pp. 216-218).

The negative regional development trends clearly indicate a need for a new governance approach. This type of problem requires a region-specific approach - application of specific, differentiated tools to individual problems and maximum involvement of the local and regional partners. In addition, this implies development of shared governance, enhancement of the governance potential at the sub-national levels of government and, thereby, broader involvement of the non-governmental sector. Against this background, Bulgaria adopted a highly centralized hierarchical structure of regional policy governance.

The Regional Development Act (promulgated, SG, No. 26, 1999) is the formal sign for the launch of a new approach to regional policy, or rather the introduction of regional policy into the Bulgarian practice. The Act defines an understanding of "regional policy" and lays down the main goals, objects and instruments of that policy. The responsibilities of the different administrative structures in the field of planning, implementation, monitoring and control of the measures for implementation of the objectives of regional policy are defined, as well as the ways in which they are to interact in a horizontal and in a vertical aspect. Specifying the different elements of a specific public policy in an act is an approach strange in itself. It is far from the ideas of strategic governance and strategic planning and of public policy design. We can assume that this is due to the fact that the Regional Development Act introduces certain models of institutional action in Bulgaria, and does not regulate already established relations. It is a direct result of the transfer of policies and practices in the process of Bulgaria's accession and integration into the EU.

### **3.1. Regional policy objectives and subjects.**

The main objectives of regional policy as laid down in the 1999 Regional Development Act are to enable the boosting of development in the regions, reduction of regional disparities, implementation of cross-border regional cooperation. The 2004 amendments to the Act did not significantly change the objectives defined. This regulation actually provides for implementing measures to boost the development of economically active regions, as well as to reduce regional disparities, that is, to support the regions that are lagging behind. This type of regional policy can be defined as "broad regional policy". It envisages both the coordination of sectoral policies and the implementation of specific regional development programs. This is an extremely ambitious task. The broad definition of regional policy objectives implies the existence of a clear system for planning and coordinating activities, for financing, for governance and control. This is also the most serious challenge to public governance in Bulgaria. The centralised linear governance model is fundamentally different from the need to "open" governance to multiple actors at different levels and from the non-governmental sector and from the absolute need for horizontal coordination at all levels to ensure coherence between the sectoral policies in support of regional development.

Bulgaria's accession to the EU as a full member called for the adoption of a new Regional Development Act in 2008. (Promulgated, SG, No. 50/08). It defined the main objectives of regional policy as follows: "State regional development policy shall create conditions for balanced and sustainable integrated development of regions and municipalities, comprising a system of legislation documents, resources and actions undertaken by the competent authorities, aiming at: reducing inter-regional and intra-regional disparities in the levels of economic, social and territorial development; providing conditions for accelerated economic growth and high employment rates; development of territorial cooperation" (Article 2,

Regional Development Act, promulgated SG, No. 50, 2008). The objectives set in this way are essentially in line with the objectives of EU regional policy and maintain the “broad regional policy” adopted by Bulgaria. This definition of objectives and approaches remains unchanged to date.

More interesting is the fact that regional policy is “linked to legislation documents, resources and actions undertaken by the competent authorities”. Such a viewpoint predetermines a centralised approach to regional policy design and implementation and its elaboration and implementation is exhausted by the actions of competent authorities. The participation of the sub-national levels of government is restricted, and the involvement of any civil society organizations, representatives of professional organizations and of other stakeholders is obviously excluded by definition. The short-term logic is clear - to ensure central-level capacity to implement a policy that is new to Bulgaria and to ensure the absorption of significant resources for regional policy from the EU Structural Funds. But such a model poses many risks even in a mid-term perspective. The implementation of a broad regional policy pursuing both economic and social goals cannot happen without the active involvement of the local authorities and of the district governors. The sub-national levels have the potential to mobilize and increase the involvement of civic organizations and of the business. Without their active participation, it is impossible to implement programs and measures tailored to the specifics of the region concerned. Similarly, the option of taking into account the preferences of local communities in policy making is obviously not supposed to be made use of. This approach even undermines the implementation of part of the EU regional policy priorities, such as local community-based development and integrated urban development. The most significant risk in terms of public governance is to fail to achieve the objectives of regional policy. It is regrettable that the risks are becoming a reality and regional policy in Bulgaria is failing to achieve its goals, given the sustained serious regional imbalances in the development of the regions.

The Regional Development Act introduces a territorial division of the country according to EU’s Nomenclature of Territorial Units for Statistical Purposes (NUTS). Planning regions have been created. They were reintroduced within the EU integration process and follow the need to implement Community policies in Bulgaria. The regions in the respective levels - NUTS 1, NUTS 2, NUTS 3 and Local Administrative Unit (LAU) - are the territorial basis for implementing regional policy. The planning regions are perceived as the major subjects of regional policy in Bulgaria. The planning regions are ring-fenced on the basis of optimal population and territorial coverage, natural and geographical factors and historical traditions, the presence of leading urban centres, etc. The criteria are fully in line with the EU requirements for the population at individual NUTS-unit levels. Planning regions have been created to align Bulgaria's regional policy with the European requirements in order to enable the planning and implementation of projects supported by EU Structural Funds.

The planning regions are organized at three levels. There are two Level 1 (NUTS 1) regions – North and South-East Bulgaria, comprising North-West Region, North-Central Region, North-East Region and South-East Region, and South-West and South-Central Bulgaria, comprising South-West Region and South-Central Region. They are not administrative territorial units. There are six Level 2 (NUTS 2) regions. They are not administrative territorial units either. Their current territorial coverage is: North-West Region covering the districts Vidin, Vratsa, Lovech, Montana and Pleven; North Central Region covering the districts Veliko Tarnovo, Gabrovo, Razgrad, Ruse and Silistra, North-East Region covering the districts Varna, Dobrich, Targovishte and Shumen; South-East Region covering the districts Burgas, Sliven, Stara Zagora and Yambol; South-West Region covering

the districts Blagoevgrad, Kyustendil, Pernik, Sofia and Sofia City; South Central Region covering the districts Kardzhali, Pazardzhik, Plovdiv, Smolyan and Haskovo. The territorial coverage of the Level 2 regions was changed once in 2008. Due to the strong demographic processes of permanent population decline and concentration of the population in a couple of urban centres, the North-West Region and the South-East Region failed to the minimum population standards by 2008. This necessitated a change in their coverage, transferring Plevan District the North Central Region to the North-West Region and Stara Zagora District from the South-Central Region to the South-East Region. Regional imbalances are far from being overcome and, at the moment, the North-West Planning Region again fails to meet the minimum population requirements. In the next few years, the North Central Region is also expected to fail to meet these criteria. Despite the development of several options for changing the territorial scope of the Level 2 regions, an agreement was reached between Bulgaria and the European institutions to maintain the current division until the end of the next programming period in 2027. The NUTS 3 regions are 28. They are administrative territorial units and cover the territory of the individual districts. There are two levels of local administrative units in Bulgaria - 265 LAU 1 units, which coincide with the municipalities and 5269 LAU 2 units, to which the settlements correspond.

On the other hand, in an attempt to address the specific problems of the individual districts and the centre-periphery problems, regions for targeted impact by the State have been introduced as subjects of regional policy (areas for targeted impact in the first draft of the 1999 Regional Development Act). They cover the territory of one or several municipalities within a district. After several changes in the types and designation criteria of the regions for targeted impact, a relatively integrated approach has been adopted - support is concentrated only in the most lagging regions. Their territorial scope is determined taking into account the categories of municipalities according to the Law on the Administrative Territorial Structure and the geographical characteristics of the regions. Defining one type of regions for targeted impact is a step towards concentrating the efforts on the most problematic municipalities.

The regions for targeted impact are designated at the beginning of the planning period, with the adoption of the regional development strategy. The transfer of the responsibility for designating the regions for targeted impact to the district level is one of the few steps towards some decentralisation of the regional policy planning process, but it is rather symbolic. The planning documents are drafted according to a clear top-down procedure, therefore, the possibilities to take into account the local specifics are limited. While regions for targeted impact have existed for 20 years, significant elimination of intra-regional disparities is not reported. Amendments to the Regional Development Act, which envisage their abolition, have been submitted for public consultation. This is probably logical given the overall centralised governance of regional policy. Concentration of effort may lead to accelerated development. On the other hand, this choice is about neglecting problems that are unlikely to find a solution without specific public governance support. The most lagging municipalities do not have their own development resources and have modest potential to attract external ones. Even the successful introduction of better synchronization of sectoral policies at the different levels of government will hardly solve the specific economic and social problems of those regions which are likely to remain unresolved.

### **3.2. Regional policy planning and governance.**

#### **3.2.1. Planning system.**

The Regional Development Act introduced the strategic planning of regional policy at all levels - municipal, district, at the level of planning regions and at national level, in the

Bulgarian practice. A bottom-up planning approach was initially adopted. Bulgaria quickly abandoned that approach and back in 2004 took up just the opposite one – a strict top-down linear programming model with direct subordination of the planning documents at the different levels. It implies that the strategic documents are first drafted at the national level, then at the regional, and then at the municipal level. Each lower planning level needs to take into account the statements made in the strategic documents at the upper levels. This approach continues to date. The reasons for adopting a centralized approach are obvious. Commission's assessment of Bulgaria's application for membership qualified regional policy as "missing" (European Commission, 1997, p. 70). This raises the question of whether the country could implement Community regional policy at all. The initial attempts at regional policy planning were also not particularly encouraging - planning was slow, municipalities failed to receive the required documents on time, the quality of strategic documents was extremely poor (Yanakiev, A., 2010, pp. 48-50). An approach was thus taken, which was to ensure that the minimum required documents of at least the minimum required quality were available with a view to ensuring Bulgaria's participation in Community policies. Centralised regional policy planning is a fact in most CEE countries (Poland and to some extent the Czech Republic being an exception). While adopting the principle of partnership and multilevel governance, the European Commission also supports some centralisation of the planning, programming and governance of regional policy in the CEE countries, including Bulgaria (Ferry, M., McMaster, I., 2013, 1524-1525). This is due to the huge concerns of the European institutions regarding the availability of sufficient administrative capacity at local and regional level, both for planning and implementation, and especially for monitoring and controlling complex, multi-purpose regional development programs. All this, combined with the principally centralised governance model in Bulgaria, also determines the adoption of a top-down planning approach.

The system of documents for strategic regional development planning and programming for the current programming period (2014-2020) includes: National Development Program Bulgaria 2020, National Regional Development Strategy, regional development plans, district development strategies, municipal development plans. The National Regional Development Strategy is the overarching regional policy framework. It should set the long-term goals and priorities. It is noteworthy that sectoral planning is given priority over regional, stating that "the national regional development strategy shall be developed in accordance with national sectoral priorities ... in order to achieve sustainable integrated regional and local development" (Art. 6, Implementing Regulations of the Regional Development Act, promulgated, SG, No. 80, 2008). This approach is the exact opposite of the classical view of regional policy. Here, by definition, it is again suggested that priority will be given to answering the question "how to synchronize the development of the sectors" rather than the question "how to ensure the development of the regions". Regional development plans are being developed for the six Level 2 regions. The Regional Development Plans set the medium-term goals and priorities for the development of the respective planning region, in accordance with the National Regional Development Strategy. The district development strategy is defined in exactly the same way - it defines the medium-term goals and priorities for the development of the district, in accordance with the regional development plan. The municipal development plan should set medium-term development goals and priorities, in line with the district development strategy. Regional development plans and district development strategies are adopted with a time span of 7 years, consistent with the EU programming periods. The municipal development plans are adopted by the municipal council. They set the

mid-term development goals of the municipality and have to be aligned with the district development strategy.

All planning documents at all levels have almost identical content, with few exceptions. Regional plans, district strategies and municipal plans contain: analysis of the economic, social and environmental situation; goals and priorities; a general assessment of the necessary resources for implementation; measures to limit climate change and adapt to changes that have already taken place; the necessary monitoring, evaluation and updating actions; monitoring and evaluation indicators; description of actions to implement the partnership principle; the ex-ante evaluation. The regional plans specifically set out a list of major projects and measures for urban regeneration and development. With the system and characteristics of the strategy papers thus created, it remains unclear why at different levels they are sometimes called “strategies” and in other cases “plans”. None of them contain the main features of a strategy – “a statement of the guiding principles, the strategic mission, the strategic vision, the objectives of securing a competitive advantage, a comprehensive analysis of the external and internal positive and negative factors ... the description contains the elements of a plan”. (Tanev, T., 2008, p. 6). In general, the whole process is much closer to centralised planning, where the policy reflects the central government's view of the development of the regions.

In the last two programming periods, European regional policy has prioritized the integration of spatial planning and regional policy planning in order to better account for the specificities of the regions, thus leading to the implementation of more effective programs and measures to boost regional development. The interest in spatial planning at the European level comes mainly from the adoption of the “new approach” to regional policy. In October 2008, in accordance with Art. 174 - 178 of the Treaty on the Functioning of the European Union (TFEU), the European Commission published the Green Paper on Territorial Cohesion, which raises questions regarding the current objectives and opportunities of territorial cooperation and development, the regional and territorial dimensions of sectoral policies, the link between cooperation and competitiveness, etc. Territorial cohesion, overcoming differences between Member States and the regions and ensuring balanced and harmonious development of the regions are set as the main objective. The paper supports the argument that policies should be more responsive to local preferences – cultural, social, economic, which should underpin the development policies. A subnational focus is encouraged, with an emphasis on “places-based” policies. It is believed that territorial cohesion should better enable public policies to respond to the different needs and different potential of the individual territories of Europe, so that policies can be adapted to the specificities of a region (Simeonova, V., 2017, pp. 67-68). The Territorial Agenda of the European Union 2020 was adopted in 2011. It adopts and builds on the territorial cohesion concept of the Green Paper on Territorial Cohesion. A focus on the polycentric development of the EU as a whole and the balanced and sustainable development of regions with different characteristics and specifics is claimed. Balanced regional development is again a priority, but a change of approach is advocated. The focus is on building quality urban environment offering opportunities for education, work, sports, entertainment. It is hoped that this will contribute to attracting and retaining highly educated and skilled people and that in turn would attract strategic investors.

Pursuant to the EU regional policy priorities, Bulgaria also places emphasis on the development of urban centres as centres of growth. It is therefore intended to design and implement urban development plans. The integrated urban rehabilitation and development plan shall provide spatial, time-related and actual coordination and integration of the different policies and scheduled resources for achievement of the established objectives for permanent

improvement of the economic, social and environmental condition of an urban territory (Regional Development Act, Article 13a). These shall be adopted by the municipal council on a proposal from the mayor of the municipality. Here again, we are literally following the priorities at European level. This is not necessarily a negative, but fulfilling the priorities by simply adding another strategic document is not the most effective approach.

While the EU has obviously adopted an approach of integrating policies, measures and programs, Bulgaria has taken a different approach. Implementing EU regional policy priorities at the national level literally and of not very good quality leads to the implementation of another, parallel system of planning documents directly relevant to regional policy in Bulgaria. These are the documents for strategic planning of spatial development. According to the 2012 amendments to the Regional Development Act, these include: National Spatial Development Concept, Level 2 regional spatial development scheme, Level 3 (district) regional spatial development scheme, municipal spatial development concept (Regional Development Act, Art. 7a). The National Spatial Development Concept shall lay down the development strategy for the national territory and its connections with neighbouring countries and regions, and the spatial development objectives. Similarly, the Level 2 regional spatial development scheme shall lay down the spatial development strategy and long-term goals for the region and its connections with other Level 2 regions in the country and in the neighbouring states and shall be designed in accordance with the existing National Spatial Development Concept. Likewise, the Level 3 (district) regional spatial development scheme shall lay down the spatial development strategy and long-term goals for the district and its connections with neighbouring districts in the country and in the neighbouring states and shall be developed in accordance with the existing Level 2 regional spatial development scheme. The National Spatial Development Concept and the Level 2 regional spatial development schemes shall be adopted by the Council of Ministers on a proposal from the minister of regional development and public works. The regional spatial development schemes for districts shall be adopted by the district development council on a proposal from the district governor (Regional Development Act, Articles 7b, 7c and 7d). This model of division of responsibilities fully duplicates the model of division of responsibilities for the adoption of strategic planning documents for regional policy. Again, the planning system is as centralised as possible and follows a “top-down” approach.

In terms of regional policy design, it is essential that the National Spatial Development Concept and its defined model of polycentric development and categorisation of urban centres serve as a basis for determining the territorial scope of some of the objectives of OP Regions in Growth. This model serves to designate the urban centres supported under priority axis 1 and the peripheral regions areas supported under priority axis 2. Priority axis 1 is the major axis of OP Regions in Growth – funding under this axis almost doubles the funding under all other priorities (EUR 840,4 million). Furthermore, centres of growth are also eligible for support from OP Human Resources Development – for projects in the social sphere, and from OP Innovation and Competitiveness – for enterprises in the areas with economic development potential. As the National Spatial Development Concept was designed and adopted relatively late (designed in 2011, adopted in 2012) coordination was only possible with the operational programs but not with the regional development plans at the national, regional and district level. The regional schemes at planning region level and district level were designed and approved in the next few years. Therefore, Bulgaria did not see any integration of the regional policy planning processes and the spatial development planning processes. The minimum

requirements for implementation of Community policies and development of the operational programs necessary to absorb the resources from the Structural Funds are being met.

Regional development strategies/plans may be financed from the state budget, the municipal budgets, funds of natural and legal persons, resources from the EU funds, international financial institutions, other sources laid down in legislation (Regional Development Act, Art. 26). This places high demands on coordination and control when planning and financing regional initiatives. Districts do not have own resources and cannot finance district development plans. They receive budgetary support only for their ongoing activities, not for investment under the district development strategies. Municipalities have own revenues, the level of which is different for the different municipalities and, on the whole, their investment resource is very limited. For example, the own revenues of municipalities which are also district centres varies between 30-40%, whereas in small municipalities they are within the 15-20% range. Sofia Municipality and Varna Municipality with own revenues at above 60%, Plovdiv and Burgas at above 50%, and some resort municipalities like Bansko are an exception to this rule<sup>2</sup>. In this case there is again a gap between the responsibilities of the different institutions in the regional initiatives planning process and the actual capacity of these institutions to implement the initiatives. The design of the regional development strategies/plans at the different levels is in no way linked to the budgetary procedure, whether central government or municipal. Each one of the above documents is designed without any idea of whether, how much, when and from what source the financing for the envisaged measures and programs will come. The EU funded operational programs are practically the only source of finance. Activities other than those financed with European funds are implemented in extremely rare cases.

The result of the multiple reforms is a factually parallel system of regional policy design and planning which covers the existing levels of governance and the NUTS 2-units level. It is highly centralised; the involvement of the sub-national levels and the other stakeholders is limited. The system is structured according to the requirements for absorption of the Structural Funds, but remains unrelated to the overall governance process. The condition is further complicated by the mechanical introduction of another system - that of spatial development planning. It realises the familiar centralised mechanism. The inadequate integration and coordination of multiple development documents does not ensure their optimal interaction and coherence and, as a result, the efforts of the financial and human resources used are disconcerted. These circumstances determine the poor quality of the strategic planning process. The documents literally reproduce the objectives of EU regional policy. With such a centralised system, implementation of flexible approaches, which take account of local specifics, and synchronisation of sectoral policies at the regional level fail to be achieved.

### **3.2.2. Regional policy governance system.**

Given the general logic of regional governance development and the factors behind the implementation of regional policy, it is no surprise that its governance system is also centralised. The Council of Ministers is the body which adopts the National Regional Development Strategy and the Regional Development Plans of Level 2 (NUTS II) regions on a proposal from the Minister of Regional Development and Public Works. It approves the measures and the funds for the implementation of activities in the areas for targeted impact

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<sup>2</sup> Ministry of Finance data on the financial position of municipalities in 2018 and on the municipalities subjected to the financial stabilisation process in 2018.

within the State Budget Act for the respective year. The Council of Ministers adopts the National Spatial Development Concept and the regional spatial development schemes for the Level 2 regions. It is responsible for the national monitoring and evaluation of the implementation of each one of the above documents. The ex-ante, interim and ex-post evaluation of each document, as well as the annual implementation reports thereon are approved by the Council of Ministers (Art. 16, Regional Development Act, promulgated, SG, No. 50, 2008).

The line minister of regional development and public works obviously plays a critical role in the implementation of regional policy in a centralised model. He is responsible for the pursuit of the regional policy, for aligning it with other policies in coordination with the relevant competent authorities, for defining the policy on integration of the sustainable urban development principles and strategies at the national, regional and local level, for organizing the drafting and for monitoring the implementation of the National Spatial Development Concept, for development of regional spatial development schemes for the Level 2 regions, of the national regional development strategy, of regional development plans, for making available and for the implementation of the programming documents for regional development and territorial cooperation, for organizing and monitoring the regional coordination in the implementation of the operational programs co-financed with EU funds, etc.

Regional development councils are established at planning region level. The regional development council is chaired by a district governor from the districts covered by the respective region. He is appointed by the council on a rotation basis. The rotation period is 6 months. The membership of the regional development council includes representatives of the Ministry of Regional Development and Public Works, the Ministry of Finance, the Ministry of Environment and Water, the Ministry of Agriculture, Food and Forestry, the Ministry of Economy, the Ministry of Energy, the Ministry of Tourism, the Ministry of Labour and Social Policy, the Ministry of Transport, Information Technologies and Communications, the Ministry of Interior, the Ministry of Education and Science, the Ministry of Culture, designated by the relevant minister, the district governors of the districts covered by the region and one representative each of the national representative employer and worker organisations. The number of municipal representatives in the regional development council is quota based depending on the population of the respective district. The municipal representatives in the regional development council are designated by the municipal representatives who are members of the respective district development council. Representatives of the non-governmental sector, of universities and scientific organisations, of municipalities, may attend the sessions in an advisory capacity at the invitation of the chair (Art. 18, Regional Development Act, promulgated, SG, No. 50, 2008). The involvement of municipal representatives and other stakeholders, although in an advisory capacity, aims to comply with the partnership principle in regional policy governance.

A tendency towards increased responsibilities of regional development councils is observed. The regional development councils are designated as the authorities for implementation of the government regional development policy at the planning region level. The regional council approves the regional spatial development scheme for the Level 2 regions and the regional development plan; it approves the draft regional spatial development schemes and the district development strategies for the districts covered by the respective Level 2 region, approves the implementation monitoring reports on the regional development plans, discusses and proposes resourcing initiatives and schemes for the implementation of the regional spatial development scheme of the Level 2 region, provides regional coordination in



the implementation of the operational programs co-financed from the EU Funds, takes part in the operational programmes monitoring process through its designated representatives in the committees established to oversee the implementation of the Partnership Agreement and the operational programmes co-financed from the EU Funds, makes proposals to the competent authorities for changes to the sector development strategies in relation to the development of the region, etc. (Art. 19, Regional Development Act, promulgated, SG, No. 50, 2008). The functions of the regional councils, expanded as they are, do not go beyond the coordination sphere. The councils do not have real responsibilities to plan and implement the regional development programs on their own. Therefore, they cannot play a significant role in the governance system responsible for the implementation of regional policies. Horizontal coordination, in particular of operational programs at the regional level, suffers from serious problems. Regional coordination committees have been established at the regional councils in an effort to address these shortcomings. Their purpose is to support the effective and efficient coordination for the implementation of the programs co-financed from the EU Funds on the territory of the respective Level 2 region. The committees meet twice a year. Regional coordination committees discuss program implementation results and prepare summary reports to inform the evaluation of the effect of the programs co-financed from the EU Funds on the development of the regions. The membership of the regional coordination council includes the representatives of the regional council in the committees established to oversee the implementation of the Partnership Agreement and the operational programmes co-financed from the EU Funds, one representative each of the governing authorities of the operational programs and of the central coordination unit within the administration of the Council of Ministers, the district governors of the districts covered by the respective Level 2 region. The regional coordination committee is chaired by the chairperson of the regional development council.

Early experience with the operation of the Regional Development Councils also shows serious problems, related to the administration of their activities. As the planning regions are not administrative territorial units at this level, there are no administrative structures that can discharge the duties of ensuring the implementation of the functions of those councils, limited as they are. The initial scenario in which the regional development councils were supported by the district administration at the district governor who chaired the council was not a success. The performance of even purely coordinating functions in the absence of an administrative structure responsible for the process proved impossible in the strictly subordinated system of the Bulgarian administration. Territorial units of the Ministry of Regional Development and Public have therefore been established to provide strategic planning and coordination of regional development in each one of the 6 planning regions. They are tasked inter alia with the design and monitoring of the regional development plans and the regional spatial development schemes and provide support and coordination to the district governments and the other units of the central administration in the course of execution of the different strategic documents for implementation of the operational programs on the territory of the respective planning region.

While the responsibilities of regional councils are relatively widely formulated, the councils remain advisory and consultative in nature. Their role in regional policy governance is very limited. The key responsibilities are invariably concentrated in the Council of Ministers. In addition, the membership of the regional council, dominated by representatives of the individual ministries, rather points to an effort to ensure the adequate and proper implementation of the national programs than to an effort to open the governance process and involve the sub-national levels of government and the other stakeholders. Governance

remains locked in central government. In addition, there is again the well-known problem of the horizontal integration of governance at any level in Bulgaria. In a highly centralized system, absent any imperious responsibilities, it is extremely difficult and even impossible for any institution or structure to put into practice any coordination process.

Whether a district can effectively develop and implement regional policy is a point at issue and yet the Regional Development Act has laid down important functions of the district governor. He makes arrangements for the design and public discussion of the district development plan and the regional spatial development scheme for the district and is responsible for their implementation. The district governor submits the district development plan and the annual report on the implementation thereof to the minister of regional development and public works. The main problems of regional development planning at the district level include limited district government resources and the impossibility for independent decision making and for designing own development plans at this level. This predetermines the behaviour of the district administration – implementation of tasks assigned by the central government. The district level is thus unable to develop an independent and comprehensive vision for the development of the district.

District regional development councils are established with the Regional Development Act. They are chaired by the respective district governors. The membership of these councils includes the mayors of the municipalities in the district, one representative each of the municipal councils and one representative each of the nationally represented employer and worker organisations. The heads of the territorial units of the central executive authority on the territory of the district attend the meetings of the council when business within their competence is transacted. The district governor may invite representatives of NGOs having to do with the debated topic to attend the meeting in an advisory capacity. The main function of the district development councils is to adopt the district development strategy and the regional spatial development scheme for the district. They discuss and approve the interim and the final report on the implementation of the district development strategy, approve the regional development initiatives of municipalities and the activities in the areas of targeted impact (Article 22, Regional Development Act, promulgated, SG, No. 50, 2008). As regards regional development councils, we can again observe trends towards increasing their functions. This is mainly about transfer of responsibilities for the adoption of the regional development strategy in 2004 and their responsibility for the adoption of the regional spatial development schemes of the districts.

The development of the system for planning and programming of regional policy gives a *prima facie* impression that there is a tendency towards decentralization of responsibilities for governing regional policy and encouraging interinstitutional partnership. The governance system seeks to meet the requirements for implementation of the partnership principle. The partnership principle has been codified as a regulatory requirement and implies the participation of regional and local authorities (1988), economic and social partners (1993), environmental and gender equality organizations (1999), and NGOs and civil society bodies (2006) in the regional policy design process. Its application in the Bulgarian practice has been strongly criticised. Representatives of local authorities and employers' and trade union organizations are included in the consultative bodies at the regional and the district level, but non-governmental organizations participate only in an advisory capacity. The mechanisms, as far as they exist, by which participants from the non-governmental sector are selected, are extremely unclear (Hristova Kurzydłowski, Desislava, 2013, pp. 34-35). As the different partners are involved in bodies having almost exclusively advisory functions, they cannot genuinely take part in the formation of regional policy.

### **3.3. Application of the EU regional policy.**

The implementation of regional development strategies and plans at all levels is directly dependent on the financing of EU operational programs. They are key to the implementation of any regional policy in Bulgaria. However, the institutional framework for the governance of the European Structural and Investment Funds in Bulgaria is also highly centralised. The Council of Ministers is the body that approves the draft operational programs before submitting them to the European Commission. It also appoints the bodies responsible for the drafting of operational programs and for the governance, control, coordination and audit of structural and investment funds, including the operational program that is critical to regional policy - Regions in Growth 2014-2020, and the Regional Development Operational Program for the previous planning period. The system for governing the resources from the Structural and Investment Instruments is regulated in the Governance of Resources from the European Structural and Investment Funds Act (promulgated, SG, No. 101, 2015). Each operational program has a governing authority responsible for its overall governance. This role is played by a directorate within the respective line ministry. Governing Authority of OP Regions in Growth is the Urban and Regional Development Directorate General of the Ministry of Regional Development and Public Works. The internal audit unit responsible for the internal audit of all activities and processes within the ministry, including the governance of resources from the EU. The Certifying Authority is the body which accepts and verifies the aggregated payment requests from the Governing Authority and sends a payment application to the European Commission for reimbursement of payments. It is the same for all operational programs. The functions of a Certifying Authority are performed by the National Fund Directorate at the Minister of Finance. The Audit Authority is also the same for all operational programmes. The functions are performed by the Audit of EU Funds Executive Agency at the Minister of Finance. It is responsible for the control of expenditure as to their legality, regularity and eligibility. The conformity assessment body is also the same for all operational programs and the functions are again performed by an executive agency at the minister of finance – Audit of EU Funds. It is responsible for the assessment of the financial management and control systems of the operational programs. The body responsible for receiving the payments from the Commission is also the same for all operational programs – the National Fund Directorate within the Ministry of Finance. The different partners are involved in the governance of the operational programs only through the Monitoring Committees. The Monitoring Committee of OPRD 2014-2020 is the supreme body monitoring the implementation of OPRD 2014-2020. Its membership includes representatives of the ministries of: regional development; transport; economy; tourism; environment and water; labour and social policy; finance; agriculture, food and forestry; education and science; health; culture; youth and sport, and the interior; representatives of the administration of the Council of Ministers, the Commission for Protection against Discrimination, the National Statistical Institute, the Bulgarian Academy of Science, the council of the rectors of the higher education schools in Bulgaria, the Agrarian Academy, all regional development councils, the non-government sector, the National Association of Municipalities in Bulgaria, representatives of employer organisations and trade unions.

Some decentralisation of the governance system may be recognised, as well as an effort to take account of regional specifics as shown by the establishment of 39 intermediate bodies in the municipalities of the towns eligible for support under Priority 1 of OP Regions in

Growth<sup>3</sup>. The intermediate bodies are part of the structure of the respective municipal administration, with specific requirements as to their place in the organizational structure of the municipal administration and to the qualification of their staff. The intermediate bodies' structure is approved by the Governing Authority of OP Regions in Growth. The main responsibilities of the intermediate bodies involve evaluation and selection of projects for implementation of the respective sustainable urban development strategy under Priority Axis 1 of OP Regions in Growth 2014-2020. The establishment of intermediate bodies at the local level is a step in the right direction. However, without any active and significant involvement in the regional policy planning process and in the operational programmes design process, the role of the local authorities remains linked to the implementation, not to the governance of regional policy. The minimum qualification requirements for the experts engaged in the governance of the EU-financed programs is a positive trend. Such practices could improve the administrative capacity. This would not be a fact if such requirements are not combined with measures for defining more clearly the coordination functions, responsibilities and mechanisms.

The planning and governance system for the resources from the EU Structural Funds is highly centralised, with significant responsibilities concentrated in the Ministry of Finance. The last programming period witnessed some efforts for wider involvement of the local authorities in the process but they do not cover all program planning and implementation phases. The local authorities are involved only in consultations when the programmes are being drawn up, together with the other partners, and in the ex-ante evaluation process.

The centralised governance model is not unknown in the practice of the European countries. On the contrary, in most states the main responsibilities for the planning and governance of the resources from the EU Structural and Investment Funds lie with the central governance level. But the centralised model does not in itself preclude the involvement of the sub-national governance levels and the other partners, as well as a need to synchronise the system for governance of the programs financed from the Structural Funds and the other part of the governance and administration system. The main types of governance systems for the programs supported from the EU Structural and Investment Funds can be classified on the basis of two main criteria. First, they are classified into decentralised, centralised and mixed according to the level of decentralisation of the governance responsibilities. Second, they are classified into integrated, parallel and mixed according to the level of integration of the governance system in the existing administrative and institutional structure (Wostner, P., 2008, pp. 10-11).

In centralised systems, the institutions established at the central level, which determine each relevant planning and implementation element, play a major role in decision making and implementation. These are usually the ministries. This system leads to limited decentralization and sometimes limited application of the partnership principle. In decentralised systems, the responsibilities are allocated at different levels, with decentralisation and partnership receiving greater attention. In such systems the objectives, programs and measures are often formulated more adequately, ensuring trust, support and active involvement at the local and the regional level. On the other hand, the coordination between the government levels could generate additional administrative expenses. There are also mixed systems in which

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<sup>3</sup> The intermediate bodies are in the administrations of the municipalities of Sofia, Plovdiv, Varna, Burgas, Ruse, Stara Zagora, Pleven, Veliko Tarnovo, Blagoevgrad, Vidin, Montana, Vratsa, Lovech, Gabrovo, Targovishte, Razgrad, Shumen, Silistra, Dobrich, Sliven, Yambol, Haskovo, Kardzhali, Smolyan, Pazardzhik, Pernik, Kyustendil, Svishetov, Gorna Oryahovitsa, Kazanlak, Dimitrovgrad, Asenovgrad, Karlovo, Dupnitsa, Petrich, Lom, Gotse Delchev, Panagyurishte, Velingrad.

implementation is mainly based on the national institutions but through their regional deconcentrated systems (Nyikos, G., R. Talaga, 2014, c. 120-121).

Integrated are the systems in which the programs financed from the Structural Funds are governed by the existing administrative systems. The integrated systems seek to make best use of the (sectoral) expertise and know-how available in the administration. They use the existing interinstitutional decision-making, implementation and coordination mechanisms. It is thus unnecessary to develop special procedures, except for some minor adaptations of the administrative and governance model required to meet the minimum standards of the EU regional policy (for example, the publicity requirements). The advantage of integrated systems is that they can guarantee the effective and targeted use of the resources (Nyikos, G., R. Talaga, 2014, c. 122). On the other hand, integrated systems are often less transparent as regards the publicity of the objectives for which the available EU resources can be used and that impedes the involvement of potential beneficiaries and partners. Integrated systems can also be classified according to whether the EU resources or the national resources are dominating. In the first case, the whole national regional policy is adapted to the European approach. The main defect here is that only eligible activities are implemented with a view to maximum absorption of EU funds. This guides the whole regional policy to measures and instruments that ensure easy absorption of funds, not to measures guaranteeing achievement of the targets.

In the differentiated systems, separate institutional structures and administrative systems are put in place to govern the resources from the Structural Funds. This facilitates program's implementation and results are more visible. By definition, the adoption of a differential system also means higher expenditure and potential duplication of functions problems (Nyikos, G., R. Talaga, 2014, c. 122-123). With such an approach, a particular problem is the coordination with other policies and/or the national programs within the same specific public policy.

In the mixed model an integrated model of governance of the resources from the Structural Funds is the most common, but additional mechanisms for coordination and involvement of different types of partners are also designed. There is also the reverse type of "mixing" – the existing coordination and partnership mechanisms are used, creating a specific governance and administration system for governance of EU resources. The risk of lack of coordination of activities is highest in mixed models and so are administrative expenditures.

The Bulgarian practice presented above is a good reason to classify the existing system of governance of the programs supported from the EU Structural and Investment Funds as a centralized, differentiated governance model. Unfortunately, it suffers from all expected defects – poor coordination of the system for governance of the resources from the Structural Funds and the other administrative structures, high administrative expenditures, closed nature – with limited involvement of all types of partners, hence regional policy is relatively non-transparent. Furthermore, the overall policy design and the actions implemented are fully concentrated on implementing the EU-supported measures. Regional policy programs, measures and instruments other than those under the EU operational programs are actually not implemented in Bulgaria. Four programs beyond the scope of the programs financed from the EU Structural and Investment Funds and, at an earlier stage – from the pre-accession instruments, have been designed in the past 30 years with a view to address the lagging of peripheral regions: Program for Developing Alternative Agriculture in the Rhodopi (2003); Program for Agricultural and Rural Development in Strandzha-Sakar Areas (2005) designed on an agreement between the Ministry of Agriculture and Food and UNDP; Program for Implementation of Activities in Areas for Targeted Impact 2010 – 2013; Targeted investment

programme to support the development of Northwestern Bulgaria, the areas of the Rhodope Mountains, Mt Strandzha and Mt Sakar and other underdeveloped places in mountainous, semi-mountainous and border areas (2015). All these programs remain unimplemented. The reason for the failure is the lack of sustainable political support for the implementation of such a policy and, accordingly, the failure to procure the necessary financial resources. Furthermore, the programs are complex and require a high degree of horizontal integration of governance at all levels. This calls for even higher level of political and administrative support and administrative capacity for governance. Those prerequisites were never fulfilled. It can therefore be concluded that Bulgaria is moving towards implementation of the EU regional policy and nothing beyond that.

Despite the 12 years of implementation of the EU regional policy in Bulgaria and the overall positive economic development of the country in the last 10 years, disparities in regions' development are not overcome but are rather deepening. Disparities are significant between the Level 2 (NUTS II) regions as well as between districts. There is a huge difference in socio-economic development between the South-West Region and all other regions. The South-Central Region registers some catching up with the South-West Region but the disparity remains huge. The North-Central Region and the North-West Region are consistently lagging behind the other Level 2 regions of the country. Disparities in districts' development also deepen. The tendency of over-concentration of economic activity and population in the capital remains irresistible, as no significant catching up by other regions is observed. In addition to the capital, high rate of development is registered by four other districts – Plovdiv, Varna, Burgas and Stara Zagora. However, the disparities between them and the other districts increase and no significant catching up with the capital is observed. A couple of districts are dramatically lagging behind in their development – Shumen, Silistra and Vidin (Kalfova, E., 2019 pp. 217-218). This is invariably an evidence of failure to achieve the objectives of regional policy and calls for radical change in the approach and measures this policy makes use of. A more appropriate approach tailored to the specifics of the individual regions must be taken.

In conclusion, we can infer a few key features of the processes of changing regional governance and adopting and changing regional policy in Bulgaria. The overall process of regional policy design and implementation is highly centralised in Bulgaria. Despite the significant changes in the system of state governance related to the processes of decentralisation, regionalisation, multi-level governance and the EU integration processes, a centralised, strictly subordinated system, a differentiated system of regional policy design and implementation has been established in Bulgaria. The role of the regional-level institutions is highly limited. The main reason for that is that regional policy is an almost unknown phenomenon for the Bulgarian practice. Regional policy implementation is exclusively the result of the EU integration process and the need to apply the adopted Community policies, including regional policy. Centralisation is the first obvious response which ensures central-level capacity for regional policy planning and implementation. This allows for participation in Community policies. Such approaches are adopted by most CEE countries, however without the support of the European Commission. The planning and strategic documents' design process is fully centralised and organised on a "top-down" basis. This severely limits the possibility for local and regional institutions to design their own priorities for development of the respective territory. They have to comply with those set by the central level of governance. However, the main risk involved in such an approach is that it limits the possibility for building administrative capacity in the sub-national levels of governance for participation in regional policy design and implementation. The main result is visible even

now – regional plans and district strategies are of extremely poor quality – they contain samey analyses, uniform objectives and priorities often limited to a sum of sectoral measures not linked to the specific features of a region (Decentralisation Strategy 2016-2025, 2015, pp. 97-98).

The practice of the last two programming periods shows that Bulgaria adopts national goals that almost literally replicate the objectives of EU regional policy. However, the mechanical transfer of EU goals and priorities leads to an extremely difficult and complicated system of planning documents in the field of regional policy and to the introduction of two parallel planning systems - regional policy and territorial development. Instead of introducing integrated approaches to guarantee that the regions' full potential is utilized to ensure sustainable development, there is an extremely complex and difficult planning system. The draft amendments to the Regional Development Act subjected to public discussion at the end of 2018, provide for integrating the two systems into a single set of planning documents. This is a step in the right direction which we hope will be made true. The regional policy planning system has other defects as well – low level of consistency of documents, lack of connection between the regional policy planning process and the budget process, leaving planning documents without a clear funding system and quite often - without implementation, extremely limited involvement of local and social partners, etc.

The established administrative system does not encourage municipal initiative or the establishment of district-level structures and organisations able to initiate targeted regional action. Culture of dependency is encouraged rather than the capacity to independently govern regional development. Efforts by municipalities, non-governmental organizations and other stakeholders involved in regional policy programming and implementation are not inspired. The system of regional policy thus established has no strong decentralisation effect and administrative regionalisation is maintained in Bulgaria.

The inability of the existing administrative system to carry out the planning and programming of regional policy in line with EU requirements gave rise to a parallel administrative system responsible for that. The system thus established is also highly centralized and the existence of two parallel systems makes decision-making and implementation difficult. Furthermore, it requires very good coordination between the different levels of government and between the different institutions at each level. The centralization of the governance system for measures related to regional policy and development aims at making this policy more effective. However, short-term effectiveness could be replaced by mid-term and long-term ineffectiveness. The capacity for independent action of the subnational levels in the field of regional policy is necessary in order to ensure the sustainable development of the regions. The Regional Development Act sets the general framework for the process. But it is not aimed at decentralizing the governance of regional policy and the decentralisation did not happen. Due to the obvious failure to achieve the objectives of regional policy, a number of proposals for changing the governance model are currently under public debate. They focus on enhancing the functions of the Regional Development Councils. No matter how their role changes, this can only solve part of the problems. The implementation and administration of operational programs, i.e. of EU regional policy, may improve. But the governance of regional problems and spheres with a supra-municipal scope, overcoming the deficiencies in the functioning of the districts - the lack of correspondence between the volume of responsibilities and the real responsibilities to fulfil them, as well as the lack of resources, financial and administrative, for the exercise of these responsibilities remain unresolved. Building self-sustainable governance capacity at the regional level, whatever the specific institutional form, is a key factor for achieving

sustainable, relatively balanced development. The governance approach relying on policies governed at the regional level has the chance to encourage growth and sometimes even the establishment of own economic and governance capacity. This could generate specific social and economic links to underpin effective regional development and the emergence of dynamic regions. Furthermore, such a reform could make possible regional governance by regional actors engaging directly with the region and motivated to ensure its development involving the local communities and developing the region's own potential, designing and implementing a policy "of the region".

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# IMPORTANCE OF CHANGING MOTIVATION IN PUBLIC SECTOR REFORMS (THE GREEK CASE)

Aristea Brazioti<sup>1</sup>

## Abstract

*The article elaborates on the role of human resources in the process of public sector reforms in Greece, focusing on changing motivation. The importance of positive motivation as a prerequisite of successful reforms is analyzed. More specific, the incentives of civil servants, which form the backbone of the public administration, are examined in detail. Then is being considered how the multilevel crisis and the prolonged period of recession in Greece have undoubtedly served as a catalyst for structural reforms to modernize the Greek Public Administration, as well as the important role of motivation of workers to the specific procedure. With regard to methodology, a key role in this report is the presentation of innovative motivation practices applied to the Public Administration of European countries.*

**Keywords:** *motivation, Public Administration, Human Resources Management*

## Introduction

The multilevel crisis and the prolonged period of recession in Greece have undoubtedly served as a catalyst for the design of structural reforms aimed at modernizing the Greek state in order to deal with the impact of this crisis on the one hand and to improve the standard of living and maximize prosperity of Greek citizens. A key prerequisite for the sustainability of these structural reforms is the effective and operationally well-functioning Greek Public Administration (Karagiannis, 2012).

Given that the most decisive factor of production in any organization to operate and to achieve its objectives is the human resources (Chitiris, 2001), it is easily understood that the efficient and orderly operation of Public Administration depends largely on the loyalty and engagement of civil servants in their work. Employee engagement and loyalty can be enhanced through specific Human Resource Management practices that focus on incentives to drive employee behavior towards specific goals and results.

Regarding the case of the Greek Public Administration, the efficiency and the effectiveness of which are often questioned, any efforts to strengthen individual incentives for public servants were incomplete (Organisation for Economic Co-operation and Development, 2011). However, the criticism of the commitment of all civil servants to their work and their "investment" in the general objectives of the consolidation of the Public Administration and by extension of the modernization of the Greek State requires the search for appropriate practices to motivate them. Making use of the know-how of the other European states in this field can prove to be extremely useful. The purpose of this paper is to investigate innovative practices in the field of Human Resource Management which are motivated by public officials and are successfully applied in specific countries of the European Union (EU).

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### **Work Objectives**

In particular, the primary objective of the work is to study incentives for civil servants in some European countries. Then, the innovative practices identified in this policy area will be critically reviewed and the added value of this work will be to see if some of these practices can be translated into Greek administrative reality. Therefore, the ultimate aim of the work is to put forward proposals on the transferability of know-how regarding the motivation of civil servants in the Greek Public Administration.

The reduced effectiveness and efficiency of public services has already led to a strong questioning of practices and methods of traditional public management (Organisation for Economic Co-operation and Development, 2011) in the early 1980s. In many states, the public sector is accused of being wasteful, indifferent to the demands and needs of citizens, and generally incapable of responding to the upcoming changes and addressing the new challenges (Kufidu et al., 1997). Globalization, demographic changes and the budgetary difficulties of the States highlight a widely-recognized need for public sector reform, particularly in industrialized countries (Termini, 2008).

Most EU countries are in a phase of sustained administrative reforms and seeking quality upgrading of services. The Organization for Economic Cooperation and Development (OECD) and the European Commission are encouraging this process (Termini, 2008), signaling a new concept for the Public Administration, which has been influenced by both the Anglo-Saxon and Central European traditions.

Undoubtedly, the new and existing human resources, which will have to constantly develop new knowledge, skills and attitudes, are a decisive factor in the evolution and successful adaptation of the Human Resources Management (HRM) to contemporary pressures (Voutsinos, 2008). It is therefore necessary for the public sector to ensure the development of a HRM system, which will respond to and adapt to prevailing conditions and challenges (Chitiri, 2001). Moreover, it is necessary for the Governments to put more emphasis on a comprehensive policy of HRM, given the criticality of the willingness and commitment of civil servants as prerequisites for the successful implementation of any state modernization program (Organisation for Economic Co-operation and Development, 2011). The Greek State has always been characterized by rigid structures and an extremely extensive bureaucracy, surrounded by a network of clientele relationships between citizens, civil servants and political parties. The result was the provision of moderate quality public services, the lack of motivation of civil servants and, above all, the inability to meet the expectations of citizens (Kufidu, et al., 1997).

The awareness of pathogens of the Greek Public Administration, in view of the need to successfully adapt the country to the EU's institutional environment, contributed, as early as 1986 (Kufid, et al., 1997), and recently in the proclamation of administrative reform programs. The common concern is the treatment of chronic problems, based on the new concept of the Public Administration, based on the mobilization and active participation of human resources in the implementation of the reform goals (Voutsinos, 2008).

The Greek Public Administration, however, is still largely inefficient and counterproductive, with a HRM that has neither vision nor strategy. The problem also focuses on the almost complete lack of HRM design, coupled with focusing on short-term and substantive snap reforms, while the lack of consistency of HRM with other areas of public management (Organisation for Economic Co-operation and Development, 2011) is noticeable.

It is requested that the HRM of the Greek Public Administration, be more strategic (Rammata, 2011), because only through a HRM strategy can the expected change in the

administrative culture of the Greek public sector and the orderly functioning of the Public Administration will be based on staff who will work with dedication and capacity to achieve the wider objectives of the Greek State.

Regarding the specific characteristics of the HRM of the Greek Public Administration, it is distinguished by the high level of direct, centralized management of staff, the minimal ability of senior management to participate in policy-making and its formal and bureaucratic approach (Organisation for Economic Co-operation and Development, 2011), to the extent that the powers of its staff departments are mainly exhausted in the granting of authorizations to officials, in the observance of absences, in the handling of issues relating to postings and transfers, recently conducting disciplinary controls.

In this context, its modernization is necessary and a prerequisite for the promotion of all the structural reforms aimed at modernizing the Greek State. Public administrations responsible for personnel management issues should gradually acquire a more senior role by applying modern HRM practices, focusing on staff skills, implementing performance monitoring and evaluation systems, promoting modern flexible forms of work and the management of certain important horizontal issues relating to gender equality, non-discrimination, diversity, positive discrimination and active aging (European Commission, 2015).

Finally, in the belief that the successful implementation of structural reforms and the smooth functioning of the Greek Public Administration presuppose a public-law body with strong motivations to devote itself to its work and to be productive and efficient, it was considered appropriate in this article to study the particular important area of HRM for positive public-servants as a pre-requisite of successful reforms.

### **Motivation of Human Resources: Theoretical Background**

"Motivation" is the process that seeks to stimulate and support individuals to produce better results (Martin, 2005). The main components of motivation are energy, direction and perseverance. In practice, this translates into enthusiastic, motivated, enthusiastic employees who work hard to achieve specific organizational goals without abandoning this effort until they have achieved the desired outcome (Xerotiri-Koufidou, S.1997).

The importance of motivating employees to the success of the organizations has attracted the interest not only of managers but also of academics (Xerotiri-Koufidou, S.1997). The more substantial the human factor in the workplace is, the greater the interest in studying the motivation (Markovic, 2002). The motives of a person change indefinitely, depending on the circumstances, and one can certainly not claim the universality of an incentive (Martin, 2005).

### **Motivation in Public Administration**

The more specific study of civil servants' motivation has taken place, unlike to private sector employees' motivation. Therefore, it is not surprising that most motivation theories are based on studies in the private sector and that due to the particularities of the public sector over the private one, their successful transfer to the public sector is questioned (Carole L, et al., 1998).

The appreciable diversification of the functioning of the Public Administration and the working patterns developed within it from those found in the private sector (Markovich, 2002), combined with the awareness of the importance of motivating civil servants for the efficient and orderly its operation has led to an increase in relative academic research (Institute of Public Administration An Foras Riara chain Ireland, 2013) for the last two decades.

It has been found that motivation theories of private sector employees are largely applicable to the public sector (Carole L, et al., 1998), but there are some additional elements that can be used to motivate civil servants. These are the values that civil servants call for public interest and their will to serve the common good (Sotirakou T. and Zeppou M. 2005). The peculiarities of the motivation model of civil servants should be taken seriously when addressing this issue.

### **Main Motivation Factors in Public Administration**

#### *Characteristics of the work and organizational structure*

The characteristics of the work and the organizational structure are considered very important motivation factors in the Public Administration. Characteristics, such as meaningful work, responsibility for the derivatives of work, and knowledge of the results of work have a strong incentive for civil servants (Carole L, et al., 1998). On the contrary, the formal, bureaucratic structure and strict control, which are mostly found in the Public Administration, act as a disincentive. For this reason, it is necessary to aim at the Public Administration, on the one hand, to reinforce the above characteristics of the work, on the other, to minimize the need for official controls (Organisation for Economic Co-operation and Development, 2011).

#### *Career opportunities*

Career is a very important concept of the HRM in the public sector, as an integral part of most of the Public Administration. There are two distinct career systems:

1) The seniority career system, which is characterized by the association of intake and the start of the civil service career, the senior management positions are only open to civil servants.

2) Career based on positioning and positioning requirements, whereby candidates for a senior management post in the Public Administration need not come from within

In most countries, a hybrid model is in place that maintains data from both of these systems in order for the advantages of one to mitigate the disadvantages of the other. The system based on seniority creates the conditions for a dedicated, dedicated and experienced human resource. On the other hand, the position-based and position-based promotion system permits a better adaptation of recruitment to specific skills, which may require a particular job, while at the same time acting as a motivator for civil servants, as competition for the occupation of senior management positions and the renewal of the administrative culture (European Commission, 2015).

In any case, it should be stressed that the possibility of promotion, if it is desirable and feasible, works motivationally for the civil servant, provided it is directly related to his performance (Carole L, et al., 1998).

#### *Safety and social bonding conditions*

Ensuring appropriate security conditions and creating social ties in the workplace are also factors that have a stimulating effect. Appropriate security conditions mean workplace-adapted workspace, well-equipped workplace, social security provision, and appropriate social bonding conditions mean good workplace psychology, appropriate leadership style, managers' interest in the workplace their leisure time, leisure activities, teamwork, and citizenship (Holloway, et al., 1999).

*Wage*

Wage is the most common external incentive used to increase employee performance, since wages are inextricably linked to their standard of living. However, in the case of civil servants, it is not the most effective means of motivation. Special conditions are required under which remuneration acts as an incentive in the public sector (Holloway, et al.,1999).

*Leadership*

This is another long-lasting and very important factor of motivation. In particular, at present, when the Governments of different States adopt performance-based management systems, the leadership of incentives for employees is more entrenched, as performance-based management presupposes that executives:

- take decisions and administer the resources at their disposal if they so wish;
- are focused on the performance of their employees,
- set clear organizational objectives and, above all,
- motivate their subordinates to achieve these goals (Organisation for Economic Co-operation and Development, 2011).

*The incentive to provide public service*

It is the motivation of individuals to contribute with the effort they make to society and to the wider public interest and good, regardless of their personal interests (Holloway, et al.,1999). It is undoubtedly an important and distinct element of the behavior of civil servants, which is reflected in their individual effort and commitment to the mission and objectives of public organizations (Philip Keefer and Stuti Khemani, 2005).

**Incentives in Greek Public Administration**

At this point, it is appropriate to summarize some of the institutionalized incentives for civil servants.

Motives deriving from the Staff Regulations :

Permanence

Occupational Safety

Payment of Salary

Ensuring Health and Safety at Work

Protection of Fundamental Rights, such as Freedom of Expression

Freedom of Association

Incentives that have been enacted by a variety of legislative provisions:

Fixed working hours

Possibility of choosing working hours

Facilitating employees to monitor their children's school performance

Granting parental leave to a father civil servant

Ability to pay and gradual development

Training and development

**Comparison: motivation in the United Kingdom Public Sector**

A new major program for public sector reform was launched in June 2012 by the UK Conservative and Liberal Democratic Government (2010-2015) , with a more flexible and

result-oriented Public Administration focused on delivering results in the best possible way to the needs of citizens (Cameron, 2012).

Aware of the administrative reform is the creation of a modern job offer in the public sector, which encourages and rewards productive, professional and committed human resources. It is about adopting a modern employment philosophy that was thought to mobilize civil servants significantly, as employment is now intended not only to be related to the pay and pensions system but also to include other aspects such as interest and the importance of work, the values and morals of the public sector, the conditions and working conditions, the system of management based on performance and reward, the training and development of employees, the working environment, administrative culture, professional development (Conservative and Liberal Democrat Coalition Government 2010 to 2015, 2012).

### **Comparison: motivation in the German Public Sector**

It is common ground that the adaptation of the German Public Administration to the new challenges posed by social, technological and demographic changes, the difficult budgetary state of the State and globalization, and in particular Europeanization, are not only a question of structures but, to a large extent, is a matter of administrative culture. In any case, it is the responsibility of the State to perform effectively, on a citizen-oriented basis and to provide high-quality services (Wouter Vandenebee, et al., 2006). Staffing in Germany is closely linked to the suitability, skills and performance of each candidate. Additionally, a prerequisite for occupying a managerial position is that a trial period has been passed. The above practice results in an overall improvement in the staffing of administrative positions of responsibility, the intensification of competition for their occupation and the enhancement of the mobility of the public servants. Finally, it has a positive effect on the reinforcement of the incentives of German civil servants. The motivating force of the close link between the selection of superiors and their suitability, skills and performance, as well as the pre-post test condition before their final placement characterize the German managerial staffing system, raise some concerns about possible improvements in the Greek system.

### **Conclusions**

The Greek Public Administration shows low performance and satisfaction indicators for citizens from the quality of public service provision compared to the average of European countries. The low quality of service combined with high public spending demonstrates the urgent need to reform the Greek public sector to better meet the needs of citizens (Organisation for Economic Co-operation and Development, 2011).

Although in recent years an important administrative reform effort has begun in Greece, however, the observed low levels of incentives for civil servants undermine the modernization of the Public Administration and pose risks for the successful implementation of all the country's structural reforms.

As globalization progresses, the variety of international principles and approaches to issues related to the Public Administration is growing. The adoption of best practice, ie improvement by imitation of successful techniques from other Public Administration, is a very attractive idea, which, as revealed by this paper, can greatly contribute to the reform of the system of motivation of Greek civil servants. However, it may be misleading if an in-depth analysis of possible problems is first undertaken, an assessment of the impact of past reform initiatives and results and a full and profound knowledge of the national framework. It is therefore necessary, before attempting to transfer the know-how proposed in this paper, to

explore extensively geographic, historical and cultural factors that affect national policies and regulations in a variety of ways.

What should be emphasized is that the long-term problems of the Greek Public Administration are a serious disincentive for Greek civil servants, and therefore need to be addressed immediately if the ultimate objective is to create a modern and effective Public Administration with deeply satisfied and dedicated work employees. Some of the timeless problems are:

- the strong political and party element,
- the deviation from objective Public Administration procedures and the resulting ineffectiveness,
- legal formalism,
- maintaining anachronistic methods of administration,
- sloppiness,
- fragmentation and incompatibility of most of the adopted public policy actions,
- the lack of strategic planning, planning, monitoring and evaluation of the implemented actions.

Furthermore, a very important condition for improving the motivation and generally the efficiency and effectiveness of Greek civil servants, which is the transformation of the HRM model of the Public Administration from a functional and bureaucratic approach into a more strategic and professional approach. This is an important trend of reformation that characterizes the national Public Administration of many European countries and it will undoubtedly have to happen in Greece (European Commission, 2015).

In conclusion, it should be noted that economic incentives are not the primary drivers of motivation. The incentive to be given greater emphasis by the Greek Public Administration is the incentive to provide public service, since the reinforcement of this incentive strengthens the morale of civil servants, oriented towards serving the public interest and good, and maximize performance and efficiency.

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# IMPACT ASSESSMENT OF REGULATION: THE CASE OF MILK FARMS IN BULGARIA

Maria Kotseva-Tikova<sup>1</sup>

## Abstract

*In 2007 Bulgaria became a member of the EU and the milk processing companies were allowed to use raw milk, which does not meet the European standards in respect to quality, and to produce only for the Bulgarian market. After an extension of one year of the transition period from 2015 till the end of 2016 the sector is subject to new requirements and procedures for control and licensing. For several years an approach for regulation has been looked for, that could transform the cow farms into ones that meet the criteria for safety production and to develop the national milk processing industry. The aim of the paper is to analyze the results from the regulations that have been applied in the country since the beginning of 2017 in the milk industry and the executed impact assessment. It studies the impact assessment significance and the presence of information asymmetry, paternalism and regulation capture in the sector.*

**Key words:** Regulation, impact evaluation, milk industry, milk production, regulation capture

## INTRODUCTION

Food, water, and air are important factors for healthy human living. The European Union (EU) raises food safety as a priority and obliges member states to implement measures to control it during the whole production cycle - from the farm to the end user. With the accession of Bulgaria to the EU, milk processing companies are given the right to process raw milk which does not comply with the EU standards and the production is destined only for the Bulgarian market. After a one-year extension of the transition period from the end of 2015 to the end of 2016, a process of implementation of new requirements and procedures for supervision and authorization has begun in the sector.

The problems of the dairy sector in Bulgaria are not from now. For years, an approach and a regulatory regime have been sought to transform the milk farms in the country into ones that meet the criteria of safety production. For that purpose financing from EU funds was provided to stimulate the modernization.

The main objective of the survey is to analyze the effect of the regulatory regime in the sector of milk production in the country since the beginning of 2017 in terms of overcoming the information problems of this market, paternalism and captivity of the regulation (regulation capture). The method used is a case study. On the base of milk production regulation and its impact assessment the weaknesses are identified as well as the prerequisites for regulation capture and derived economic benefits from its existence.

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## 1. REGULATION OF MILKPRODUCTION IN BULGARIA

The existence of asymmetry of information between sellers and consumers requires regulation provision by the state. The industrialization and intensification of food production has led to the need of strengthening the regulation in the sector. The requirements for each stage of production, processing and sale have increased - from permits to carry out inspections, implement systems for critical point management, self-control through laboratory tests, labeling requirements and nutrition information presentation, and other rules specific for different food products. The complicated production chains and the new technological solutions, on one hand, allow for greater and cheaper production and, on the other, create products with unclear nutritional benefit and unnecessary caloric value to humans. The state control is being strengthened in terms of food production safety, as well as in terms of food quality with a view to offering healthy products on the market and enough information for consumers.

The EU considers food safety and control as very important in order to ensure that plants and animals are healthy and that food and animal feed are safe and of high quality. The significance of the sector is increasing because it has influence upon the health of the EU citizens, as well as it brings economic benefits. The food industry is the second largest industry, which provides employment to 48 million people in the EU. The need to feed the world's population, which will exceed 8 billion people, implies intensification to tackle the problem of food shortages and the quality of nutrition.

In this regard, the EU has adopted a number of regulations that set requirements for the chain “production - processing – sale” of foods. In Bulgaria, these documents have been transposed into the national legislation, and where no regulation exists, the European norm applies directly. The Food Act (FA) is the basic law introducing requirements for the sector and measures for control. It was published in the State Newspaper (SN) issues 90 of 15 October 1999. Every year, from 2003 till 2017, several amendments were made. The most significant ones are:

- In 2006: Significant amendments aimed at creating a legal framework that is equivalent to the legal framework for ensuring food safety in the Member States of the European Union - transposition into the national legislation of provisions that are directly applicable (regulations and decisions) in the food sector.
- In 2009: The changes are aimed at solving several major problems (Preliminary Impact Assessment of the Law on Amendment and Supplement to the Food Law, 2009), such as:
  - Obsolescence of the current Food Act;
  - Weaknesses (imperfections) in the horizontal regulation of public relations in the field of food safety;
  - Lack of a unified national food safety system.

These changes are indicated as necessary after a preliminary impact assessment under the project "Towards Better Public Management: Institutionalizing the Impact Assessment Process in the State Administration". The aim is to improve the quality of public policies by doing impact assessments of regulatory documents. The project was funded by the European

Social Fund through the Operative Program "Administrative Capacity" and included development of impact assessments of regulatory documents and policies. In 2009 the process of assessing changes in legislation and policies from different aspects has been started to motivate the necessity and usefulness of the initiatives proposed. In fact, the evaluation process has been developing since the end of 2016 when a number of regulatory documents setting requirements for the impact assessment process (IA) have been developed. Assessment approaches are different. Kalfova (2016) says: "To a large extent, the adoption of one or another methodological approach depends on the reasons that motivate the impact assessment application". This, on the other hand, may give rise to differences, such as for example Mochurova (Mochurova, 2018) notices that often regional assessments for a component are generally lower than those carried out at national level.

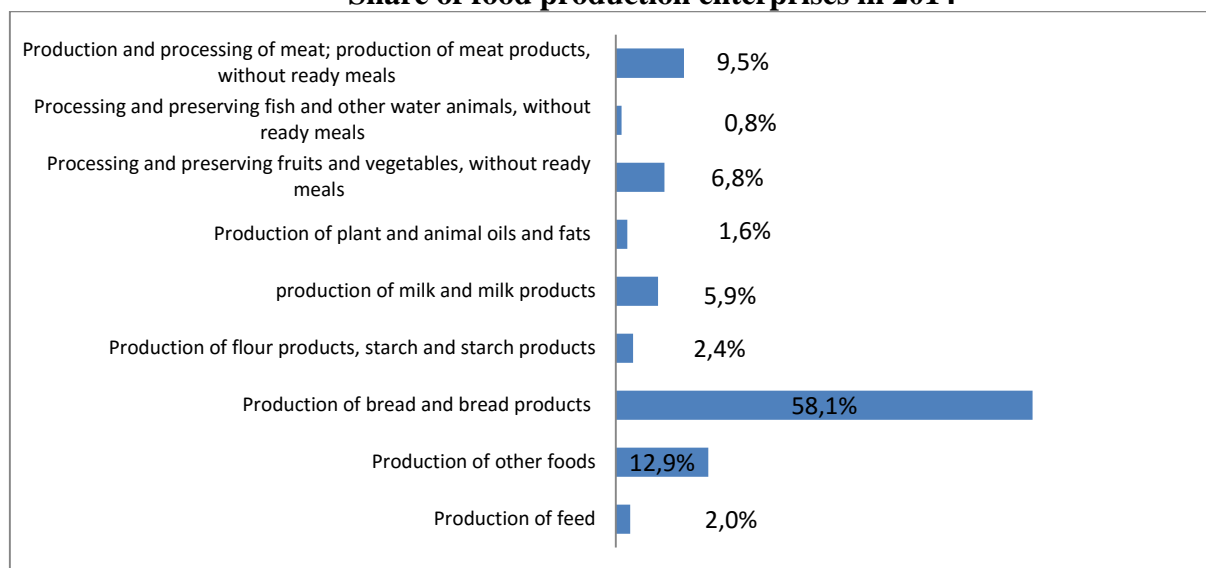
Because of the fact that the Food Act shows still inconsistencies with the changing regulation in the EU, an entirely new FA was offered in 2015. In 2016 impact assessment of the draft of the newly proposed FA was implemented but this draft has not yet been adopted and the existing law has been changed constantly. Such a situation does not create a favorable environment for the regulated as well as for the regulatory bodies. The fragmentation of the improvements creates a field for rulemaking by the different units of the governmental bodies, which are related to the processes of regulation of the food-processing industry and agriculture in the country.

In practice there are two important problems in the process of regulation establishment: firstly, lack of control over the synchronization of the documents, issued by different public authorities as legal documents, internal rules and guidelines, and secondly, lack of impact assessment of the probability of obeying the regulation to political or economic objectives of different interested parties. These two main problems create additional costs to the regulated entities: through new fees, permissions, registration taxes, etc., and as a result of the monopolisation of the market through internal rules of the institutions favourable for certain interested parties. The realization of assessments that pay attention to these points would reveal potential sources of inefficiency, artificial market access restrictions and introduction of monopolistic practices through state regulation. The milk production industry in Bulgaria has been working and faces such regulation patterns and monopolistic burden since 2017 when a new regulation came in force. It was not introduced through a new law but with a new Ordinance, which arranged the technical methods that are envisaged to control the milk farms.

## **2. STATE OF THE MILK SECTOR IN BULGARIA**

The food production in Bulgaria is carried out by over 5,1 thousand enterprises, which turnover is over BGN 7,8 mlrd. The employment is over 81,1 thousand people in 2014 according to Eurostat (Fig. 1).

**Figure 1**  
**Share of food production enterprises in 2014**



Source: Preliminary impact assessment of the Food Law, 2016. Industry Watch group Ltd.

The enterprises producing milk and dairy products occupy the fifth position according to their number, which represents 5.9% of all food producing enterprises. In 2015 there are 215 milk processing factories, which represent only 48% of their number in 2000. This sector shows a significant decrease in respect of the number of producers, but still is very important because provides employment for 6,792 persons and produces output of BGN 701.3 million. This output is highly dependent on the production of raw milk. Milk processing plants use raw milk of over half a million tones/year (Table 1).

**Table 1**  
**Declared Quantities of Processed Milk (tons)**

	2013	2014	2015
Cows' milk	496 111	480 131	493 236
Sheep milk	24 218	25 180	18 866
Goat milk	7 037	7 926	8 035
Buffalo Milk and Mixture	2 534	2 830	3 052

Source: MAFF, State and Trends in the Production of Milk and Dairy Products in Bulgaria, 2017

For the period 2013-2015 there is a decrease in the processed milk of sheeps and a growth of the buffalo. This is the result of the change in the number of live animals in the country, bred for milk (Table 2) and the milk used for own consumption.

**Table 2**  
**Number of the cattle and the sheep (thousand)**

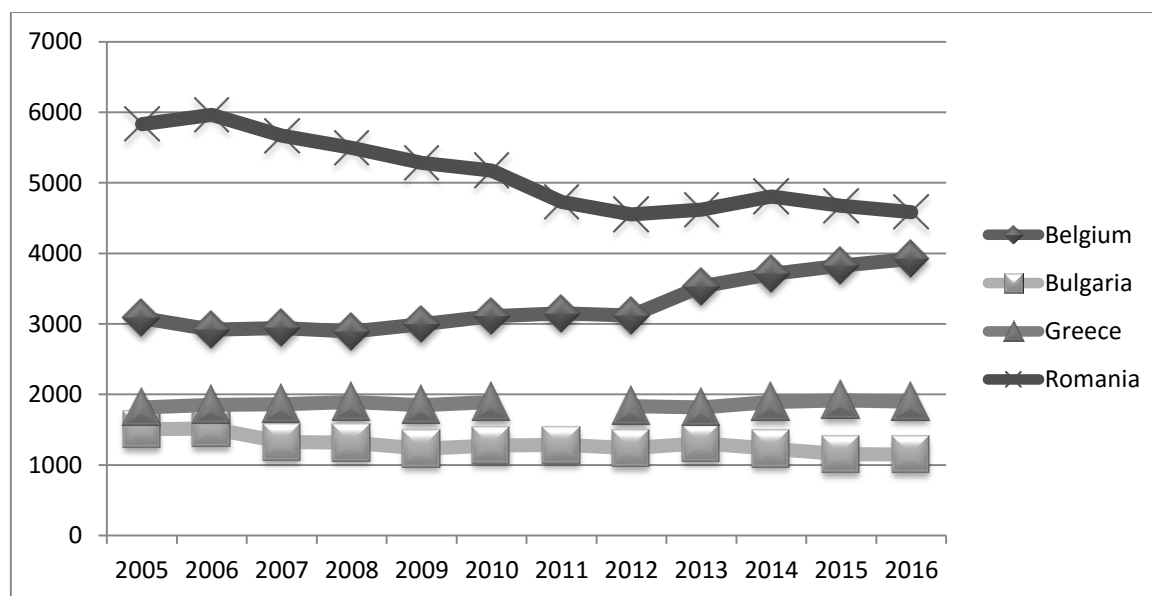
Animal	2012	2013	2014	2015	2016*
Cattle	526,0	575,0	552,0	554,0	558,0
Incl. Cows	317,0	346,0	344,0	352,0	357,0
Buffalo	5,7	10,0	9,6	10,0	13,0
Sheep	1 361,0	1 369,0	1 335,0	1 331,0	1 358,0
Goats	293,0	289,3	292,0	277,0	237,0

Source: MAFF, State and Trends in the Production of Milk and Dairy Products in Bulgaria, 2017.

\* The data for 2016 are preliminary.

There is an increase in the number of buffaloes and a decrease in the number of goats, which explains the trends in the quantities of the processed milk. Comparing the results in Bulgaria in dynamics with other EU Member States, some peculiarities may be found in the production of raw milk (Figure 2).

**Figure 2**  
**Production of Raw Milk in Farms (thousand tons)**



Source: data from Eurostat.

For the EU as a whole, the milk production has been increasing for the period 2005-2016. For the examined 12 years in Bulgaria the production has decreased by nearly  $\frac{1}{4}$  and the country is in the 20<sup>th</sup> position in the EU. Despite the favourable national environmental and climatic conditions this type of farming does not grow. The contraction of milk production is a trend that also characterizes the period 1990-2001. According to Ruscheva (Avramov P., Todorov, P., Ruscheva, D., 2014), which studies the state of the industry since 1968, there are two sub-periods: the first – 1968 - 1986/1989, during which the production of meat, milk and eggs have been constantly increased, and the second – 1990 - 2001 during which the trend shows a strong production decrease especially strong till 1994. The data for the milk

production sector are alarming for Bulgaria, but they are not atypical when comparing them with socio-economic trends and disproportions. Decreasing and aging population due to emigration, concentration of labor resources mainly in Sofia and several larger settlements, reorientation of the economy from industry to the services sector, under-funded education and health sectors are factors that have a negative impact upon the agriculture and food processing industries leading to their production contraction.

Nineteen EU countries have higher milk yields than Bulgaria. Only 6 of them have decreased their production - Lithuania, Hungary, Portugal, Romania, Finland and Sweden, with Greece keeping its levels almost unchanged. In Bulgaria, the milk production declines, as over 50% of the raw milk is used by the milk processing factories. The rest is for personal consumption and direct sales by farms. According to this indicator, our country lags behind - it is ranked 24<sup>th</sup> among the 28 EU member states after Luxembourg, Cyprus, Malta and Croatia. A big share of the milk is not processed by factories but the farmers use or sell these quantities, which describes the underdeveloped milk market and low prices making farmers search other opportunities for their production. These data raise the question of the effectiveness of the financial incentives that farmers are given and how much these grants support the maintenance of the milk production, especially in the former socialist countries, or they are merely a mean of avoiding a sharp downturn in order to ensure a smooth exit from the milk production market. This will release a market for increased production by the developed EU member states.

The difficulties in the dairy sector in Bulgaria are serious. Researchers from the Center for Economic Research in Agriculture (Ivanov, B., Stoychev, V., 2018) highlight the following problems:

- Structural fragmentation, low productivity, lack of vertical and horizontal integration, as the most dangerous is the position of small and medium farms breeding between 20-150 milk cows and those between 100-300 sheep;
- The number of the milk herds of cows and sheep will continue to decrease, but without drastic downturns, as a result of the tied support that helps to keep the number of animals but which has little contribution to improving productivity and competitiveness of production;
- Significant differences in purchase prices of raw milk between farms with different size and location.

These considerations underlie the forecast for the development of the sector by 2022, when the milk cows are expected to be reduced by 36,000, with a slight improvement in the productivity and quantities of milk processed by the dairies. A similar trend is also expected in the number of sheep and milk produced by them. A serious problem is the impossibility of the small milk farms to meet the regulations that the EU introduces into the sector. It often leads to their reorientation from milk to meat production, which further narrows the milk production base. In addition to the requirements imposed externally, the national authorities introduce additional measures for the sector.

### **3. REGULATION CAPTURE**

The conditions for production of cows' milk in the EU are defined in Regulation (EC) No 853/2004 laying down specific hygiene rules for on the hygiene of foodstuffs. The European Commission Decision of November 2013 provided derogation for Bulgaria to meet the hygiene requirements for raw cows' milk. From 2017 the farms must fully comply with the Regulation 853, as well as with the national requirements laid down in Ordinance No 2 of 23 February 2017 on the specific requirements for the production, collection, transport and processing of raw cows' milk, the marketing of milk and milk products and their official control. In relation to the control of cows' milk the Bulgarian Food Safety Agency (BFSA) maintains a register of farms producing raw cows' milk (BASF, 2018 a, b), as currently there are about 4 thousand farms possessing over 10 cows each and 12% of them do not meet the requirements for milk farms.

In 2017 with a view to introduce the new regulation on the milk market the Ministry of Agriculture, Food and Forestry (MAFF) formally organized public discussion, as the final effect is a document in which uncertainties exists, as well as unjustified increased regulation in the sector. In Regulation 853/2014, the criteria for raw cows' milk are in relation to three indicators:

- Plate count at 30 °C (per ml)  $\leq$  100 000;
- Somatic cell count (per ml)  $\leq$  400 000;
- Definition of reglamented antibiotic residues.

Ordinance 2 sets 5 indicators to be controlled by each milk producer, i.e. the indicators are increased by including one special - freezing point. This regulation aggravates milk producers, creates additional costs, while limiting the range of laboratories in which these indicators can be tested.

2 gives contradictory definitions of raw milk testing laboratories, which are obliged to test the quality of milk:

- Art. (4) The milk samples shall be submitted for testing in independent accredited laboratories, entered in the public register under Art. 11e of the Livestock Act.
- Art. 7. (1) The accredited veterinary laboratories for testing of raw milk shall be subject to control by BFSA in accordance with Art. 37 of the Law on Veterinary Activities.

The laboratories in which raw milk should be tested for the purposes of self-control of the farmers need to be accredited, as well as the next article requires that they should be also veterinarian. They must meet not only the requirements for accreditation but be approved and included in a list envisaged in the Livestock Act, and the definition "veterinarian" somehow imperceptibly implies a second approval - according to the Act on Veterinary Activities. In fact, the accreditation itself is only one of the conditions for servicing the raw milk testing market. The other requirements are an approval by MAFF under the Animal Breeding Act and by BFSA under the Act on Veterinary Activities. In addition to aggravating regulation and adding additional barriers in the form of permits, registration costs, time, but also specialized staff is required. By introducing the term "veterinarian laboratory", it is necessary to employ a veterinarian who is registered under a specific procedure. All these barriers that are established on the milk market do not protect the public interest but monopolize and



artificially restrict the right to provide laboratory services and thereby maintain artificially inflated prices.

In the whole process of normative provision the supervising authority – BFSА intervene, as its Director issues Guidelines (No. 2743-3 ЖКОФ / 09/05/2017) and clarifies the procedure of control, introducing the concept of "indivisibility" of milk samples. By introducing this concept, in practice, the barriers on the milk market are strengthened – the milk can only be tested in a laboratory that offers all five indicators within the scope of its accreditation. It turns out that it is impossible for several laboratories to test the same milk on different indicators. The Guidelines illegally rewrite a normative document and the Director of BFSА goes beyond his legally defined competences. The issue, respectively the amendment, of Ordinance 2 is within the competence of the Minister of Agriculture and Forestry and not of the Director of the BFSА.

Neither the ex-ante impact assessments of the main law - the Food Act, nor the public discussions of Ordinance 2 reflect the additional costs and difficulties that arise through the introduction of the complicated procedure for the control of raw milk. The financial burden that this new regime creates is in several directions:

- for farmers and manufactories: they need to control more indicators and pay for them;
- for samplers - a new participant in the control process is created who has to undergo training and get a tablet to carry out this activity, as well as be paid for doing the sampling;
- for the laboratories - they should be not only accredited by the National Accreditation Agency – Executive Agency “Bulgarian Accreditation Service” but included in a register of MAFF and in a register of BFSА for veterinarian laboratories. All these entries require time, recruitment of appropriate staff and payment of fees;
- for the administration - registers are kept at MAFF and at BFSА, teams of experts are established to check laboratories in addition to their farm control.

The collision in Ordinance 2 is in respect to the uncertainty whether the laboratories for raw milk testing are needed to become veterinarian. The issue is exacerbated by the fact that there is a national accreditation body. There is no practical justification for re-approving the accredited laboratories and turning them into veterinarian for the purpose of testing milk. The very essence of accreditation is to approve test methods for different types of products, personnel and equipment. It remains unclear the added value of this process by turning the laboratory into veterinarian. The theoretical difference is only in the presence of a veterinarian but this is contrary to accreditation procedures where there is no requirement for a particular profession that can perform tests but only for competence. Equating a profession and competence once again distorts the market and creates a monopoly of veterinary specialists.

The confusion in the legislation can be attacked through the Commission for the Protection of Competition (CPC). In the specific case, it came out with Decision No 962 of 10.08.2017, in which it found out that:

- "It is possible that the regulatory framework, regulating the activity of accredited laboratories for testing raw cows' milk, restricts and/or distorts competition by limiting the number or circles of market participants in the form of granting exclusive rights to one of the market participants; introduces additional conditions for the exercise of the activity;

introduces additional control regimes when performing the activity; limits the ability of certain market participants to provide the service concerned;

- Establishes "controversial interpretation of the legal framework", which in itself may create "legal uncertainty among laboratories".

This decision launches a process of comprehensive assessment of the legislation in order to assess in full the deficiencies and contradictions of the implemented normative documents and established practices. On 17 May 2018, the CPC finalized the market investigation and concluded in Decision 562 that "the regulatory framework, regulating the work of accredited laboratories for testing raw milk restricts competition by creating legal uncertainty in respect to the requirements the laboratories must meet. Its proposal is Ordinance No. 2 of 23.02.2017 "to be amended in order to avoid ambiguities and contradictions in the regulations", as "changes in the legal framework related to new requirements should be done smoothly so as to allow market participants to adapt to these new requirements."

The decision confirms the existence of a wide range of contradictory practices and breaches of important principles in the creation and implementation of new rules, which results in market chaos, confusion amongst stakeholders, use of regulation to derive economic benefits. Attacking the regulations requires time and efforts (12 months), and the result is a recommendation to the institution that have issued the normative document to change it. It, in turn, is not obliged to do it. The costs of the thoughtless regulation at the end are ultimately borne by the regulated, as well as by all citizens. They will not receive the necessary guarantee of quality and safety of the milk produced, while at the same time the cost of public administration services will increase due to the duplication and lack of synchronization of the activities of the various actors involved in the process of control and management of the milk industry.

## CONCLUSIONS

Led by the obligation to introduce the EU legislation requirements, as well as for paternalistic motives to overcome information asymmetry in the milk production industry, the state develops practices that are contradictory and in favour of private entities. Artificial barriers are established that create favourable conditions for business of certain laboratories without the existence of public need for such a mechanism. Introduction of new regulatory procedures generates additional costs that are unjustified. New competences are imposed upon the administration, extending the circle of the controlled persons. Parallel to that, the controlling functions of different institutions are duplicated, which creates contradictory interpretations of the ability to perform a particular activity.

A possible approach to partially address the problem areas can be the conduction of a broad impact assessment of the legislation through inclusion of different categories of stakeholders with a focus on those who will be directly affected by the regulation. The type of invited participants in the assessment describes, in fact, the public authorities' understanding of the process of regulation and guarantees the lack of monopolization of the market. A strong incentive to improve the quality of the legislative initiative and prevent attempts to manipulate the market will be:

- Inclusion of a requirement to assess the relationship of the proposed legislation in connection to other legal acts in order to avoid any contradictions;

- Compulsory assessment of the costs arising from the new regimes, especially for small and medium-sized enterprises, as well as a subsequent assessment of the results of the functioning of the normative document in a short period of time in order to correct any gaps;
- Taking responsibility by the administration in case of introduction of practices that restrict the market and create conditions to capture the regulation.

Ensuring access to the results of the public consultations and discussions on the website of MAFF will be a guarantee of the transparency of the process and will prevent attempts to disguise regimes, that are established and introduced in a hurry, as the price of this is paid by many market participants.

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# MODERN APPROACHES TO SOLVE THE PROBLEMS IN PERFORMANCE APPRAISAL OF EMPLOYEES - NATIONAL AND EUROPEAN CONTEXT

Adelina Borisova<sup>1</sup>

## Abstract

*The performance appraisal systems of employees are of crucial importance for modern human resources management systems. In this article, the emphasis is placed on key assessment challenges which are typical for both traditional and modern management culture. Special attention is paid to issues such as how to overcome the subjective biases by the supervisor during the assessment, how to avoid the static nature of the job description, where is the place of the competence frameworks within this process, in which cases the involvement of colleagues from the team can help to solve the challenges in the assessment process.*

**Key words:** Performance appraisal systems, 360-degree feedback, peer appraisal, job description, competences

## 1. Introduction

The main issues accompanying the implementation of performance appraisal systems of employees are presented in the current article.

For this purpose, we are going to draw reader's attention only to these challenges which we define as key characteristics of both traditional and modern management culture: disadvantages, which are classical by their nature, defined on scientific level and disadvantages, related with the effective functionality of appraisal practices with the involvement of colleagues from the team.

### 1. Main problematic aspects

In other words - we will review referred problematic aspects in the form of *questions*, divided in three groups:

- *First*, which are the classical disadvantages of appraisal systems and what is the role of the managerial competencies for their overcoming;
- *Second*, how to overcome the static nature of the job description and be able to focus on the shown competences and achieved results;
- *Third*, how effectively to apply the appraisal tools, based on the 360-degree feedback.

We are focusing on this range of questions, because they are directly related to the trends in the process of performance appraisal and reflections on them will be useful in practice.

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Let's pay attention to the first question „*which are the classical disadvantages of appraisal systems and what is the role of the managerial competencies for their overcoming*“.

The indication of the classical disadvantages is related with allowing the so-called appraisal prejudice. The most common<sup>2</sup> are: halo effect - a tendency in which the employee is rated more positively in all areas, although he/she has many good qualities or abilities in one or two areas; recency effect – an effect in which the appraising is based on recent events, not on the basis of his/her performance through the whole considered period; central effect – an effect, in which the employee is given average values in all areas, even if he/she has shown high results only in one area.

All from the above kinds of prejudice can be defined as managerial mistakes which require specialized training for the managers.

The role of the manager is key in the process of performance appraisal and for this reason high demands are placed on him about forming skills for: setting a clear goal in the beginning of the period that will be appraising; effective appraising of the employee; appraising the performance rather than the personality, appropriate duration of the appraising; objective and clear language in the written appraising; direct discussion about the existing performance issues; giving a feedback; coaching after the appraising<sup>3</sup>.

The second question is “*how to overcome the static nature of the job description and be able to focus on the shown competences and achieved results*”.

Harry Levinson define the job description as “static value” which includes a series of statements. The more complex a task is and requires creativity from the employees, the less likely it is to meet the job description. (Levinson 2005: 10)

According to the author, it's more effective to use a different approach for developing job descriptions, which to focus on their dynamic nature in terms of demonstrated behaviors in the work environment – for example whether the employee should solve all problems with equal attention or he/she should approach more delicately in some of them; whether he/she should be a leader to some of his/her colleagues; whether he/she should work with his/her subordinate colleagues side by side ;whether he/she will satisfy himself/herself with the sense of accomplishment or he/she will require public recognition, too; whether he/she should work on the assigned tasks or he/she can rely on others, that have the required competences; how much he/she have to be independent and what support should be given from the higher ones; what reward hi will receive – remuneration, power, promotion, public recognition, good reputation, etc.<sup>4</sup>

Let's summarize: the idea of Levinson somewhat can made it difficult for public organizations to develop such type of job description, because there the approach, design and structure of the job description are defined at the normative level and applied by all administrative structures (following the example of Bulgaria). On other hand, the current competence frameworks which are based on the two-pole model (describing effective and ineffective behavior) have dynamic nature and they could complete a static job description. A possible application of a dynamic job description is the descriptive indication/definition of the necessary for the job general and specific competences with a focus on the quality aspects in the work and the expected/desired behavior; pointing possible encouragement; greater focus on the specificity of the job (whether the nature of the job is more individualistic or more

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<sup>2</sup> Kirkpatrick, (2006). cit. Bogdanova, 2013, p. 430 - 431.

<sup>3</sup> See in more detail Bogdanova, 2013, p. 430.

<sup>4</sup> See more at Levinson, 2008, pp. 145 - 146.

teamwork); what approaches for development are suitable for the employee (is he/she a subject of mentoring, coaching, supervision, possible training, etc.).

Other interesting question that deserves attention is whether the job description should include both common work activity for all the employees and specific ones for each employee, according to his professional competence or the job description should be universal for all the employees. Can it be said that the universal job description is an effective model, if in unit of the state administration the job descriptions are unified and define an area of job responsibilities which are the same for all of the employees? Is it possible every employee to be put in a “model” and to possess a set of professional knowledge, skills and competences which are the same by their nature and without considering his/her personal qualities? Job description is a “series of statements” but can it capture the competitive advantages of every employee if it is developed universal? The answer to these questions is definitely not positive.

Let's clarify that the developed competency frameworks in the Bulgarian civil service create a “framework”, but this is a general framework which cannot reflect the specific needs of the organization. The specific needs of knowledge and skills find their appearance in the content of the professional competence. For example: an administrative unit has various functions, therefore needs unique combination of various knowledge and skills of individual employees, who together in a team to complete each other and to accomplish common goals and objectives. Most effective are these teams, in which the individual goals and preferences complete that aspect of the organization goals, with which they most fully recognize.

In Ordinance on the job descriptions of civil servants it is pointed that “analyze of the unit functions provides properly and effective distribution/redistribution of duties and responsibilities between the different positions to fulfill the objectives of the unit and the administration in its entirety. In development of job description, the level of each position is accounted – requirements, complexity of functions and responsibilities”. It is clear from this categorical text of the Ordinance that job descriptions can be used to “redistribute” functions and tasks according to the specific needs of the administration and to the individual professional qualities of the employees. It is entirely possible that employees on the same position may have both overlapping and unique to each employee job responsibilities.

The unified understanding of the job description as a document that describes same duties and responsibilities for each employee in the same structural unit is also in conflict with one of the aspects of the approved “Competences Frameworks” in the state administration of senior civil servants in Bulgaria, when it comes to teamwork. There is an example of effective behavior that states that a senior civil servant “distribute the responsibilities according to the skills and knowledge of individual team members”. In this sense, the perception of job descriptions as a unified portrait of the job position contrasts Lawler's statement: “instead of thinking of people as busy with a job that involves a set of activities and they can be caught in a relatively permanent and fixed job description, it is far more appropriate and effective to think of them as human resources rather than as people working for an organization... Competence based organizations are like organizational systems where the abilities of the individuals are the main focus and they should be managed in a way that provides competitive advantage”.

The third area of questions is focused on that “*how effectively to apply the appraisal tools, based on the 360-degree feedback*”.

We set this question, because the 360-degree feedback is a modern appraisal practice which has a great potential for continuous improvement of the working process. The intention of limiting the subjectivity leads to more participants that are involved in the appraisal. That practice also finds implementation in the public administration, so let's focus on some serious

problematic areas that are directly involved with its introduction and implementation. These issues are related with the appraisal from the equal in status colleagues (peer appraisal) or with other words “how the colleagues from the team can maintain good relations and at the same time to be appraisers to each other”<sup>5</sup>.

Morry Pepperle examines in detail this problem of peer appraisal. The author identifies some paradoxes that are related with the implementation of that appraisal tool: *paradox of roles* (how to be colleagues and appraisers at the same time); *paradox of teamwork* (how the team works and how to appraise the teamwork when the focus is on the individual work); *paradox of measurement* (by what criteria should the performance be measured); *paradox of the remuneration* (whether the colleagues appraisal should affect the remuneration).

Pepperle underlines that the managers have a key role in the successful peer appraisal and they and their organizations should pay more attention and spend more time for clarifying the purpose of this kind of appraisal, which intention is to deliver timely and useful feedback that can help employees improve their work. Detailed and quality feedback by the equal by status, combined with mentoring and supportive consulting by the manager, are exceptionally important tools for professional development.

When the manager is choosing criteria, he should remember that the employees perform different work activities. Inappropriate and narrowly defined criteria will difficult appraisers and would be more difficult for performing by the appraised employees.

The paradox of teamwork is not always a substantial issue when the balance of estimating individual performance and interdependence between them is proper.

## **2. Basic conditions for an effectively working appraisal**

It should be noticed that the basic conditions for an effectively working appraisal by the equal of status employees includes some recommendations to the managers:

- First, acquiring skills for dealing with the mentioned paradoxes because they could block any peer appraisal program;
- Second, stating a support and clarifying the benefits of this kind of appraising to the employees;
- Third, advising the subordinated employees, asking for their opinion and creating conditions for discussion and self-improvement;
- Forth, conducting training in small groups for forming skills for appraising and giving feedback.

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<sup>5</sup> We choose the question about peer appraisal, because there is a direct link with the received legal opportunity to “ask for the opinion of the colleagues from the team” which is included in the regulatory, related with the performance appraisal of employees in the Bulgarian state administration. Art. 18 para. 2 reads that “prior to determining the annual performance appraisal, the evaluating manager may request an opinion on the performance of the appraised from employees who often work with the him/her”. In that we see that the peer appraising is not introduced in the true sense of this appraising tool but rather as a tool for feedback and expanded participation of the colleagues in the appraising (by manager decision). (Lyubomirova. A. (2015) The Bulgarian model for performance appraisal of civil servants in the period 2002-2012, Dissertation defended in public on 19<sup>th</sup> of March 2015, Sofia University

Their opinion will not affect the remuneration. There is not such a regulation in the Ordinance that intend to bind their opinion with the training plan. We see that there are not pointed any possible situations for asking for the opinion of colleagues (only in critical cases of difficult behavior).



### 3. European dimension of performance appraisal systems

In the perspective of the problematic aspects outlined that are related with the implementation of individual appraisal tools and differed on theoretical level, next we are going to present the most common difficulties in the context of public administration at European level.

The potential negative aspects of implementing various tools for appraising the performance of civil servants at European level are summarized in an empirical study by Christoph Demke, Hammerschmidt and Meyer. They are:

- Lack of a management culture of performance appraisal - limiting it to a formal procedure;
- Increasing the bureaucracy in relation with the too complex appraisal systems;
- Limited financial resources;
- Appraising is considered as additional activity to the daily work tasks but not as a part of them;
- Limited opportunities to sanction poor job performance;
- The “excellence” appraisal is set too often which demotivate employees who really show high results;
- Appraising has a negative effect on team performance;
- Lack of various appraisal criteria for the different job positions and work tasks;
- The positive appraisal is used mostly for promotion instead of for personal development;
- Shifting the focus of the goals – employees focus more on tasks that will be appraised and rewarded than on achieving effective results;
- In organizations with high levels of control and lack of mid-level management, the effort to conduct the appraising is too high;
- Subjectivity in appraising;
- The formal appraisal system is lagging behind the dynamics of the environment.

The comparison between the management approach in European public administrations and Bulgarian model for the appraisal of civil servants would lead to more in-depth analysis and improvement of the methods for appraising.

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## EUROPEAN REGULATIONS ON ENERGY GOVERNANCE IN BULGARIA – IMPACT ASSESSMENT

Lyubimka Andreeva<sup>1</sup>

### Abstract

*The aim of the research is to present the impact assessment of the European regulatory framework related to the energy governance at national level. In recent years, impact assessments have become key public governance instruments that aim at developing and evaluating policies and laws in such a way that their goals are attained in most efficient path. At the same time, however, impact assessments should cover the specific national aspects of the transposed European legislation, with which all must comply. From this point of view, the study is focuses on two parts: 1) clarifying the European energy regulatory regime and 2) its effect on the national level. The results of the transfer of the European energy model at national level, its potential and risks are also presented.*

**Key words:** Regulations, Impact Assessment, Energy, Energy Sector

### Introduction

In the 80s of the last century, the classic model of governance in the delivery of services, including energy services, based on government control is replaced by a new model of government - the regulatory state<sup>2</sup>. Its purpose is to protect and guarantee the fundamental rights of consumers in the context of market competition when it comes to private offering of public goods. This concept is at the heart of the European understanding of a common internal market for services and is fundamental to the perception of the country's regulatory model. Although the regulatory model at European level is still not a fully completed model and subject to continuous development and improvement, it is essential to understand the approach and effects of managing services of general economic interest (energy services), with individual countries of the EU as well as in Bulgaria.

The Bulgarian energy sector, and in particular the production and trade of electricity, including renewable energy, is still a white spot in research on the emergence of a Pan-European regulatory model at national level. Therefore, our focus is on researching the regulation of energy services - the electricity market and the production of RES energy. The study focuses on two parts: 1) Clarification of the European Energy Regulatory Regime and 2) Its effect on the national level. The results of the transfer of the European energy model regarding the governance of the energy sector in Bulgaria are presented.

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### ***European regulations governing the change in the model of energy services governance in Bulgaria***

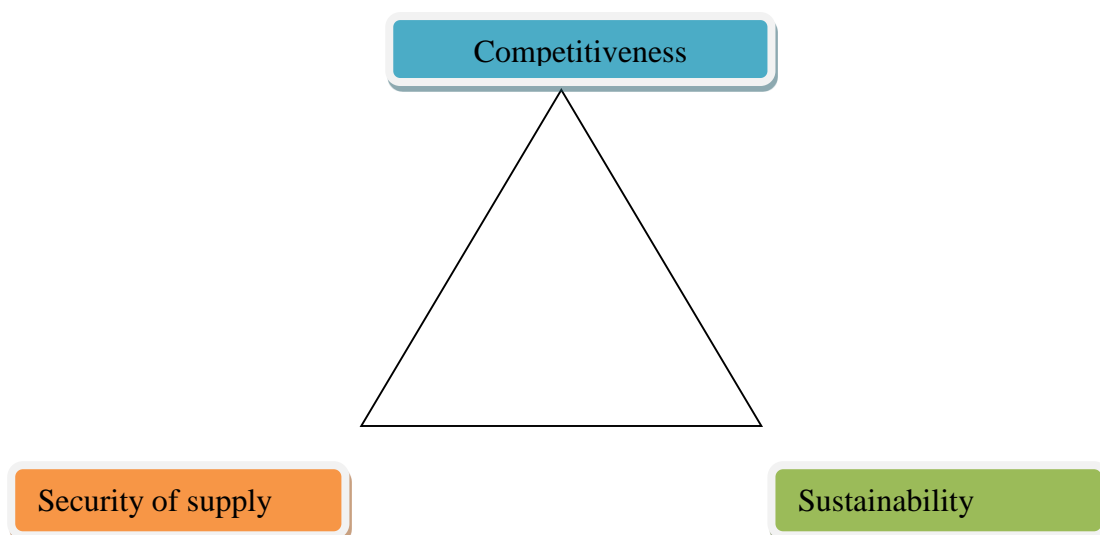
European energy policy is based on the principle that an independent regulated and competitive energy market is the most effective and efficient way to achieve a common energy market and long-term competitiveness of the economy. For this reason, the beginning of European integration started with cooperation in the field of energy markets. Initially, due to governments' unwillingness to abandon their national independence in this strategically important segment of the economy, EU integration does not lead to an integrated energy policy. Even in 1973 (during the so-called "Oil shock") Member States took a significant number of measures to formulate and achieve a common energy policy. However, the first long-term European targets in this direction were formulated in 1995 in the White Paper on Energy Policy, followed by the Green Paper "Towards a European Strategy for the Security of Energy Supply". They underline that EU energy policy "must be part of the general objectives of economic policy based on market integration and deregulation, limiting state intervention that must be reduced to what is necessary to protect the public interest and prosperity, sustainable development and economic and social cohesion"<sup>3</sup>. The instruments through which these objectives are to be achieved are liberalization of the electricity and gas market, price transparency, energy efficiency, internal interaction between the parties, protection of the common interest. In order to harmonize and liberalize the internal EU energy market in the period 1996 - 2009, the European Parliament and the Council adopted three consecutive legislative packages. They are used to regulate access to markets, consumer protection, interconnection and security of supply of electricity, natural gas and oil and the development of trans-European networks for the transmission of electricity and natural gas. These packages are known as first, *second and third liberalization packages*. In addition, in 2017, given the developments in the energy sector and especially in the renewable energy sector, the European Commission (EC) also offers the latest energy regulatory package known as the *Clean Energy package or EU Winter package*, which has not yet entered into force. They prescribed "the electricity market to be fully open to competition by 2007 by creation of effective rules, equal treatment and transparency of all participants in the energy markets, open access to energy infrastructure and the existence of independent regulatory authorities. The main reason for this was the ineffective operation of the electricity markets, mainly the fact that many European countries kept following the model of vertically integrated undertaking. The vertically integrated energy companies refer to companies which perform at least two of the following: production, transmission, distribution and/or storage in electricity, when one entity can control the other"<sup>4</sup>. At the heart of all these packages are the requirements of competitiveness, security of supply and sustainability of energy production and supply. In schematic form, these priorities are shown in the figure below<sup>5</sup>:

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<sup>3</sup> Green Paper "Towards a European Strategy for the Security of Energy Supply", 2000, presented by European Commission

<sup>4</sup> Andreeva, L.M. "The Regulatory Model of Energy Services' Governance in the EU". Public Administration Issue, ISSN 1999-5431, E-ISSN 2409-5095, Scopus/2018 g. p. 35

<sup>5</sup> Figure 1: Main priorities in the field of European regulation regarding the establishment of an internal electricity market.



*Figure 1: Main priorities of European energy regulations*

### ***First package of EU legislative changes***

The first legislative package of the European Union, the main documents of which are Directive 1996/92 / EC concerning common rules for the internal market in electricity and Directive 1998/30 / EC concerning common rules for the internal market in natural gas, was adopted in the 1990s of the last century. It attempts to introduce measures to ensure that energy markets are opened up to competition by providing each Member State with an Independent state institution to regulate monopoly activities in the energy sector. In particular, the aim of the first energy package is to open energy networks to competition through mandatory access to an undiscriminated third party. The Internal Electricity Market Directive contains the presumption of contractual access. For the first time, EU Member States are required to designate their system operators (Article 7.1 and Article 10.2) and to define their specific functions (Articles 7, 8 and 11). However, the organizational separation is limited only to the level of transmission systems. Briefly:

► *The basic rules for the organization and operation of the electricity and gas sectors are introduced, including:*

- *establishing common rules on the generation, transmission and distribution of electricity and natural gas;*
- *rules for the management of energy systems;*
- *rules for determining access to the market (criteria and procedures applicable to the organization of tenders and the granting of permits for the construction of production facilities).*

Overall, the legislative package of the 1990s emphasizes the importance of Member States, on the basis of their institutional organization, to organize the management of energy and gas undertakings in accordance with the competition rules. This means that "an approach based on the equality of individual actors"<sup>6</sup> should be imposed. Among the basic requirements

<sup>6</sup> Andreeva, Lyubimka. (2016). "Uslugi ot obsht iconomicheski interes. Regulacii na elektroenergiinia Pazar I na proizvodstoto na electriceska energiq ot vuzobnovqemi iztocnici" / "Services of General Economic Interest. The

for this is in Member States where the *Single Buyer*<sup>7</sup> model is preserved to operate under a division of production and distribution activities. The essence of such a measure lies in trying to avoid the risk of maintaining monopoly positions and restricting competition in the energy services market. The establishment of independent regulatory bodies is envisaged.

### ***Second package of legislative changes to the EU***

Although the regulatory framework of the 1990s prescribes measures to achieve liberalization of the electricity market, it is insufficient to achieve the pan-European goal of building internal energy market. The reasons for this are: the expected large enlargement of the EU with ten new countries in 2004, the inherited national differences in the sector's governance model to the early 1980s and the varying degree of ongoing reforms in the countries that have just passed from a centralized management to a market economy. It is therefore decided at European level that the legislative requirements for the organization of the energy markets of the 1990s should be replaced and supplemented by new ones. It is considered that they will have a greater impact on achieving the overall goal. This was done in 2003, when the so-called "a second liberalization package was adopted. The main acts of the 2003 regulatory package are - Directive 2003/54 / EC and Directive 2003/55 / EC on the internal market in electricity and natural gas. Through the new directives adopted allow new electricity and natural gas suppliers to be included in the markets of the Member States and for industrial consumers (as of 01.07.2004) and household consumers (as of 01.07.2007) freely choose their energy supplier. The main focus is on *increasing economic efficiency, reducing prices as a result of effective competition, increasing competitiveness and protecting the common interest*. Based on the analysis of the rules of the 1990s, the 2003 regulatory rules focus on "the possibility of improving market performance by ensuring a level playing field through non-discriminatory transmission and distribution tariffs guaranteeing the protection of rights to small and vulnerable customers"<sup>8</sup>. In short, the basic requirements of the second regulatory regime are:

- ▶ *Reduction of prices as a result of effective competition;*
- ▶ *enhancing competitiveness and protecting the common interest;*
- ▶ *increasing economic efficiency.*

Due to a non-sufficiently impact assessment covering the specificities of individual Member States (notably the retention of the Single Buyer and / or Vertically Integrated Enterprise model), the European authorities in 2009 have imposed new regulatory rules, called third liberalization package.

### ***Third package of EU legislative changes***

The third legislative package includes - Regulation 713/2009 establishing the Agency for the Cooperation of Energy Regulators; Regulation 714/2009 on conditions for access to the network for cross-border exchanges in electricity; Regulation 715/2009 on conditions for access to the gas transmission networks, Directive 2009/73 / EC concerning common rules for the internal market in natural gas, Directive 2009 / 72 / EU concerning common rules for the internal market in electricity. *This package is based on the idea that secure supply of*

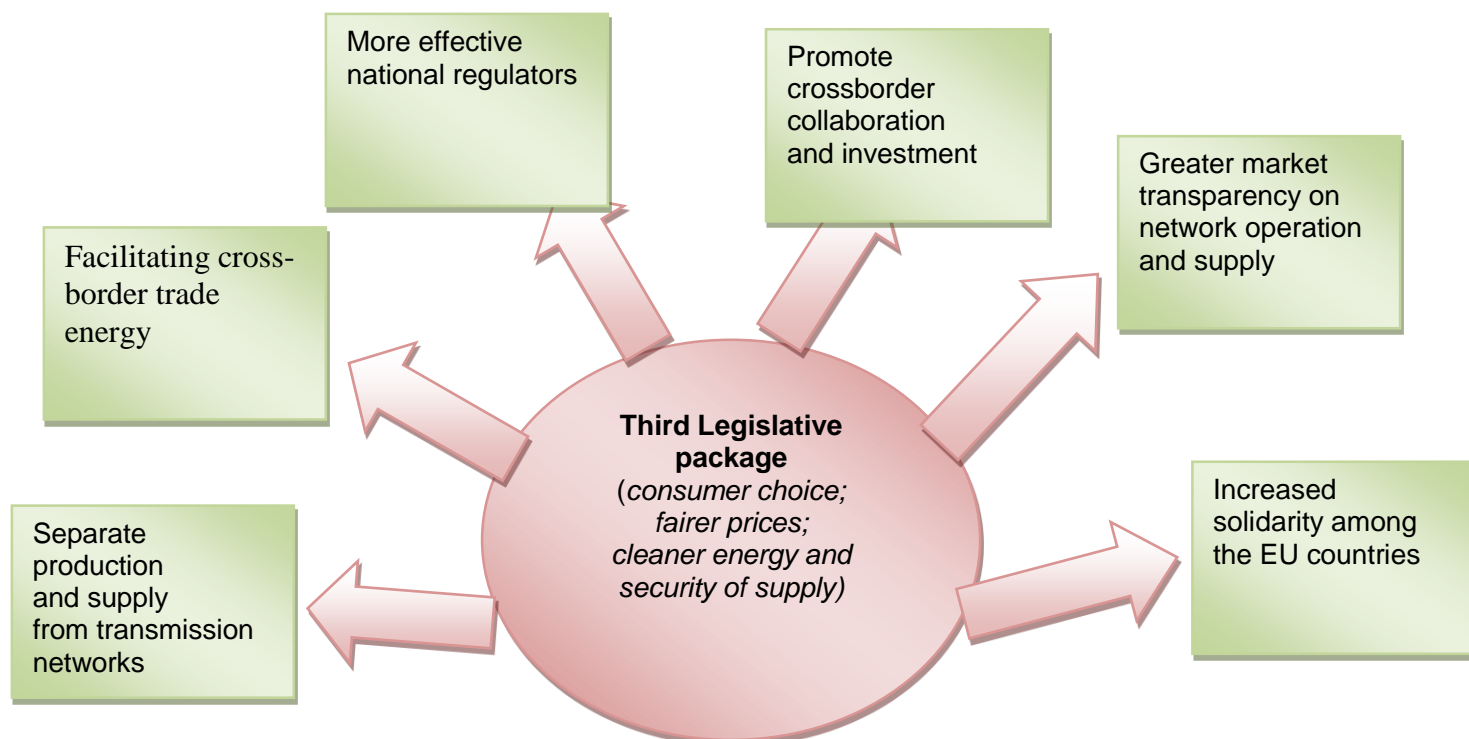
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Bulgarian Regulation of Electricity Market and Production from Renewable Energy”, University Press "St. Kliment Ohridski", ISBN 978-954-07-4089-8, p. 140.

<sup>7</sup> Single Buyer "is a model in the power system of countries where a single company is both a public utility and energy infrastructure owner.

<sup>8</sup> Directive 2003/54 / EC of the European Parliament and of the Council of 26 June 2003 concerning common rules for the internal market in electricity and repealing Directive 96/92 / EC.

electricity and natural gas is essential for the development of European society, the implementation of a sustainable policy on climate change and to promote competitiveness within the internal market. In a schematic view, the priorities of the third liberalization package are outlined in the figure below<sup>9</sup>:



**Figure 2: Priorities of the Third Energy Package**

Overall, the EU's third package of legislative changes provides for a significant number of measures to achieve competition in the energy sector and, therefore, to achieve the pan-European goal of a single European energy market. However, its implementation faces a variety of difficulties, depending on the specific features of the country in which it is to be implemented. This, in turn, calls for new efforts to reform the energy sector in the Community, based on a detailed impact assessment to ensure that the rules introduced will be implemented alongside national specificities. That is why, since 2016, the most recent regulatory package called the *Clean Energy for All European Citizens Package/Winter Package*, aims, on the basis of a detailed analysis, to redefine European energy policy in the direction of the above, which is why it is still a project document.

#### ***Clean Energy Package for All European Citizens – new moments***

The "Clean Energy for All European Citizens" package is grouped into three categories:

- ▶ "proposals for amending the existing legislation in the field of the energy market;
- ▶ proposals to amend existing legislation on climate change and
- ▶ proposals for new measures, for all European citizens<sup>10</sup>,

<sup>9</sup> Figure 2: Priorities of the Third Energy Package, Source: Center for the Study of Democracy

<sup>10</sup> Prof. L. Hancher and Mr. B.M. Winters „The EU Winter Package“, Feb. 2017

And some measures being foreseen to enter into force and to apply from 1 January 2020 and 2021, while for others, a timetable for action is not yet set.

The first category of measures aims to create a new market design, also known as a market design initiative, which includes a new directive amending and repealing Directive 2009/72<sup>11</sup>, a new Internal Market Regulation amending and repealing Regulation 714/2009<sup>12</sup>, as well and a new regulation repealing Regulation 713/2009 on ACER<sup>13</sup>, commonly referred to as the third package of liberalization measures in the EU electricity market.

The second category of measures aims to better align and integrate climate change objectives into the new market design. This category includes a fully redesigned 2009/28<sup>14</sup> Renewable Energy Directive and a fully revised Energy Efficiency Directive 2012/27<sup>15</sup> to enter into force on 1 January 2021. Finally, the proposal for a new Risk Regulation (the risk)<sup>16</sup> and the proposed regulation on the management of the energy union (the Governance Regulation)<sup>17</sup>, which will enter into force on 1 January 2021, and which are entirely new management measures.

The new mechanisms for governance European energy policy, proposed by the European Commission in the Clean Energy package redefine European electricity and climate change towards more free market but also protect consumer rights. The envisaged new market design is based on more renewable energy production and fully competitive prices. The very idea of changing energy rules is based on the idea of a cleaner Europe and the security of energy supply. This, in turn, requires a long-term compromise by member states so as not to undermine national interests but at the same time to achieve the common goal.

### ***Impact Assessment of European regulations on Energy governance at national level (Bulgarian experience)***

The process of establishment competitive electricity market in Bulgaria, begin in the 90s of the last century, in accordance with EU competition rules stated above. From practical point of view the European Energy Target Model is present on figure 3:<sup>18</sup>

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<sup>11</sup> [http://ec.europa.eu/energy/sites/ener/files/documents/1\\_en\\_act\\_part1\\_v9.pdf](http://ec.europa.eu/energy/sites/ener/files/documents/1_en_act_part1_v9.pdf)

<sup>12</sup> [http://ec.europa.eu/energy/sites/ener/files/documents/1\\_en\\_act\\_part1\\_v7.pdf](http://ec.europa.eu/energy/sites/ener/files/documents/1_en_act_part1_v7.pdf)

<sup>13</sup> ACER – Agency for the Cooperation of Energy Regulators

[http://ec.europa.eu/energy/sites/ener/files/documents/1\\_en\\_act\\_part1\\_v8\\_0.pdf](http://ec.europa.eu/energy/sites/ener/files/documents/1_en_act_part1_v8_0.pdf)

<sup>14</sup> [http://ec.europa.eu/energy/sites/ener/files/documents/1\\_en\\_act\\_part1\\_v7\\_1.pdf](http://ec.europa.eu/energy/sites/ener/files/documents/1_en_act_part1_v7_1.pdf)

<sup>15</sup> [http://ec.europa.eu/energy/sites/ener/files/documents/1\\_en\\_act\\_part1\\_v16.pdf](http://ec.europa.eu/energy/sites/ener/files/documents/1_en_act_part1_v16.pdf)

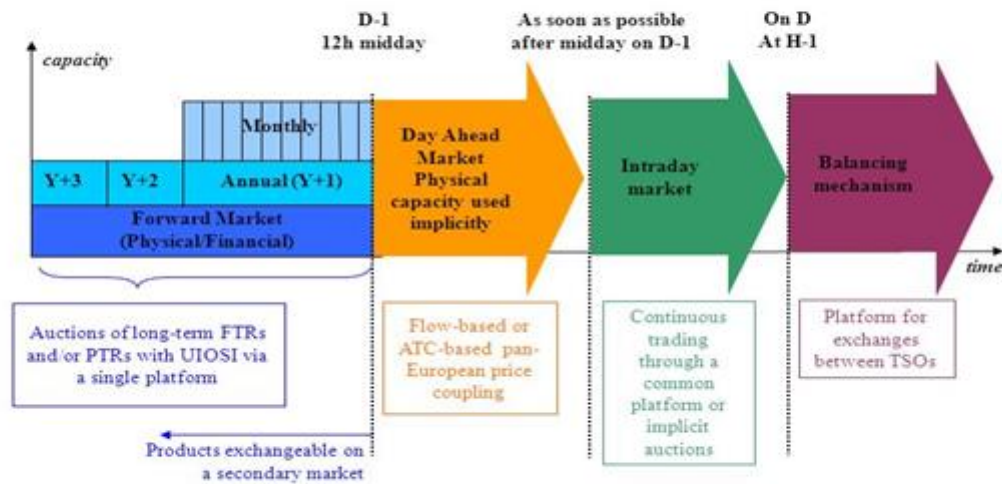
<sup>16</sup> [http://ec.europa.eu/energy/sites/ener/files/documents/1\\_en\\_act\\_part1\\_v7.pdf](http://ec.europa.eu/energy/sites/ener/files/documents/1_en_act_part1_v7.pdf)

<sup>17</sup> [http://ec.europa.eu/energy/sites/ener/files/documents/1\\_en\\_act\\_part1\\_v9\\_759.pdf](http://ec.europa.eu/energy/sites/ener/files/documents/1_en_act_part1_v9_759.pdf)

<sup>18</sup> Data by Commission of Energy Regulation “4 European Integration: Electricity Target Model”, 2014



## European Integration: Electricity Target Model



However, given the extent of the changes at the national level, the majority of European regulations remain formally implemented. For example, the requirement to remove the "single buyer" model of the electricity market in Bulgaria still exists, although the basic laws - the Energy and Energy Efficiency Act, later - the Energy Act and related strategies required its removal.

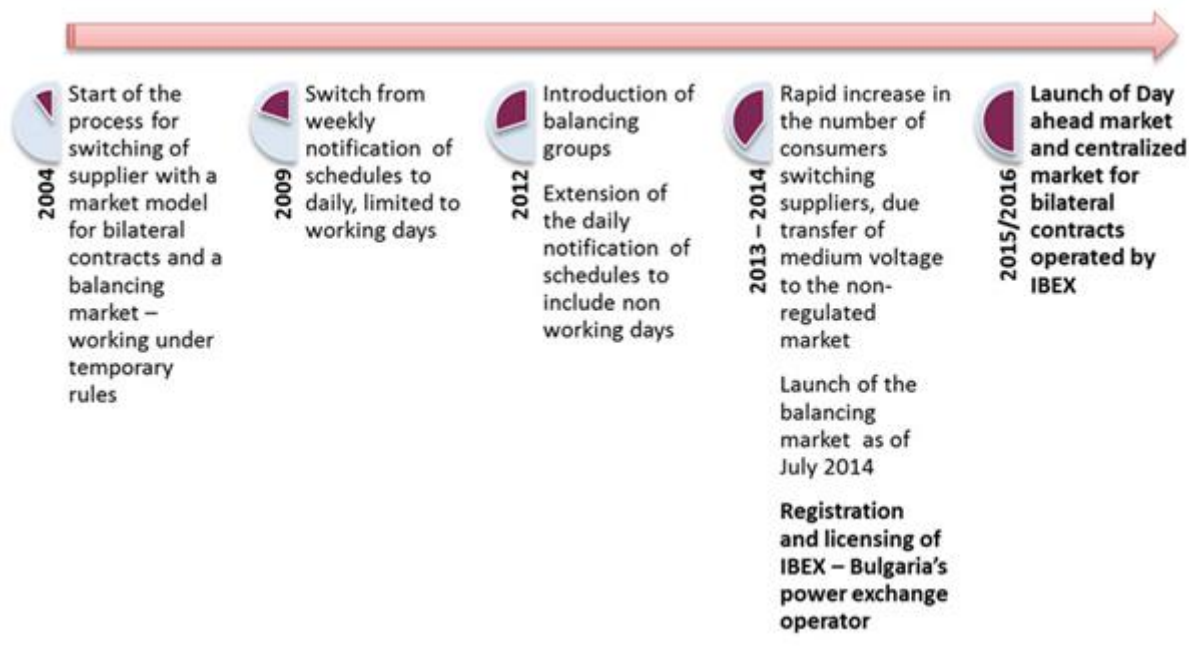
At present, the electricity market in Bulgaria is based on two parallel functioning segments. These are: the market of regulated prices and the market of freely negotiated prices.

The market of regulatory prices is characterized by the prices, approved by the Energy and Water Regulatory Commission (The Bulgarian regulator); the parties of the transactions are determined by legislation (The Law of Energy); relations are regulated on the basis of measured quantities of energy; participants do not balance; the price of access and transfer is paid to the existing supplier.

The market of freely negotiated prices is characterized by regulated part and unregulated part. The regulated part of the market is organized through contracts with the National Electricity Company (NEK EAD) at prices regulated by the Regulatory Commission. The unregulated part works through freely negotiated prices between the participants.

The final prices of electricity for the regulated market are formed in the chain production - transmission - distribution - supplying and are determined by the Bulgarian Regulatory Commission. Generation/production, transmission, distribution and supplying are key elements of the power system in Bulgaria. However, the idea of liberalization has been electricity trading to be separated from distribution. In fact, this model marked the beginning to liberalization of the Bulgarian electricity market by starting Energy Stock Exchange/ Power Exchange.

The establishment of Bulgarian stock market of electricity is a basic prerequisite for liberalization of the energy market. The aim of it is to create conditions for operating the electricity market in a competitive, transparent and non-discriminatory environment; to determine reference electricity prices according to supply and demand needs and to ensure optimum use of the transmission capacity of interconnections with neighboring countries. The Bulgarian stock exchange market is organized on a daily base for single hour and starts its work at the end of 2016, continue with its development. See figure 4. Transactions concluded on the stock market, represent a strong commitment for electricity traders to supply electricity. Each transaction is linked to one day, one interval and one market area of delivering electricity.



*Figure 4: Building a stock market for electricity in Bulgaria<sup>19</sup>*

The introduction of the new trading platform "within the day", which was done through amendments to the Electricity Trading Rules, is an important step towards the Europeanization of the Bulgarian energy sector. The Energy Exchange is the face of the liberalization of the Bulgarian electricity market and the start of the new market segment opens the way for the gradual establishment of a regional electricity market and, in the future, for the integration into the combined European electricity market.

However, in practice, the liberalization of the electricity market in Bulgaria is severely delayed precisely because of the lack of consideration of national specifics. The long-term operating of the market under the "single buyer" model, in which there is no regulated access of third parties to the transmission network, and at the same time the so-called 'Cross-subsidization' leads to a lack of progress - one that the Community aims at. At the same time, it should be noted that the existence of a single buyer model and the organization of energy based on vertically integrated companies is not only a problem for the Bulgarian reality. In most of the Member States, transmission infrastructure is the property of vertically integrated companies, which have a significant share in both energy production and sales.

<sup>19</sup> Independent Bulgarian Energy Exchange - <http://www.ibex.bg/en>

### **Conclusions**

The findings of the review highlight the following issues and results at European and national level:

1) Regarding European regulations:

1.1 European regulations are well-formulated, but without taking into account the specifics of individual Member States;

1.2. There is a lack of determination regarding the elimination of vertically organized companies in the Energy sector (example: different options for unbundling transmission and distribution networks are proposed);

1.3 Lack of transparency on setting European energy policy goals in the field of renewable energy also exist (why, for example, is the 16% target for renewable energy production and consumption by 2020 set for Bulgaria and why are the new climate targets are different?).

2) Regarding the effect of European regulations at national level:

2. 1. There is still no fully liberalized electricity market, although Bulgarian legislation copies the European legislation in this direction;

2.2. There is existence of dependence of the energy companies on each other / preservation of the vertical structure;

2.3. Lack of public discussion on planned changes to the legislative framework in Bulgaria (if any, it is not taken into account).

In general, the combined challenges of stimulating competition in the EU electricity markets in the short term, as well as promoting and coordinating investment in generating capacity, systems and network infrastructure in the long term, require a new market design and, with it, a redesign of existing EU legislation. The mere introduction of a new electricity market design in 27 nation-states is a purely legal issue, on the one hand, but a shared responsibility between the Community and the Member States, on the other. Switching to such a model, in turn, requires a long-term compromise on the part of the Member States, so as not to undermine national interests but at the same time achieve the common goal. In this way, a compromise is sought in the interaction between different stakeholders - market, state and civil society. An important moment in reaching this compromise is precisely the new mechanisms, which undoubtedly represents the beginning of a long and complex negotiation process concerning the future of European energy policy, taking into account both the general objective and the national specificities for achieving it. Ex-ante impact assessment in this direction becomes mandatory not only as a theoretical issue, but also as a practical application.

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## EUROPEAN UNION: THE CHALLENGE TO AGREE ON REFUGEES

Petko Choevski<sup>1</sup>

### Abstract

*In the last decade, the European Union (EU) faces a number of important challenges related to economic, political and social issues. The current refugee crisis, triggered by the breaking out of the Syrian civil war in 2011 illustrates that in the EU might exist considerably different opinions about the resolutions to take and the solutions to bring to these problems. Today's massive population flows from Syria, but also from Afghanistan, Iraq and other countries from the Middle East and North Africa to the EU give the perception that the unity of the Member States is fragile. Today we witness collective action problems at the EU level, which suggest that the Member States put national interests before the collective ones. The purpose of this paper is to answer the question "What explains the change in EU's behaviour during the Syrian refugee crisis between 2011 and 2015 compared to the Yugoslav crisis in the 1990s?". It will establish a comparison between two cases – on the one hand, the refugee crisis that Europe is facing since 2011, and on the other hand, the refugee crisis in the EU that resulted from the ethnic cleansing and the subsequent wars in former Yugoslavia between 1992 and 1995. During the 1990s EU's reaction has been slower but more efficient compared to its behaviour since 2011. In this paper will be analysed the context and background of the two phenomena, the decisions and actions of the EU, and their results.*

**Key words:** *refugees, refugee crisis, EU policies on migrants and refugees*

### Introduction

The civil war in Syria that began in May 2011 and the subsequent population displacements turned into the most dramatic humanitarian event after the end of World War II. The instability in Iraq, Afghanistan and North Africa also contributes to the increase of the number of people fleeing their countries to avoid bombings and human rights violations. While many refugees from Syria have fled to Jordan and Lebanon, these countries cannot accommodate more people. In consequence, the population flows to Europe increased dramatically since the beginning of 2013. Most of them cross Turkey and then undertake dangerous trips across the Mediterranean Sea and arrive in Greece or Italy while others decide to reach the European Union (EU) and more precisely Western Europe by passing through Greece or Bulgaria. In 2014 and 2015 thousands of people arrived in the EU and asked for refuge (MercyCorps, 2015). During the Syrian crisis, the distribution of the refugees takes longer than it should and the so called 'hot spots' in Greece and Italy, where thousands of refugees and asylum seekers arrive every day, are overflowing (Riegert, 2015). The Syrian refugee population displacement is comparable to the population flows from former Yugoslavia in the mid-1990s. During the Bosnian war (1992 – 1995) the Serb population undertook an ethnic cleansing undertaken in the country which resulted in more than two million displaced people – of which more than 1.2 million went to Western and Northern EU

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Member States. During the 1990s the major population displacements were mainly identified with the forced migration that resulted from the Bosnian conflict (Bonifazi, Conti, Mamolo, 2006).

The refugee crisis faced by the EU since 2011, along with the economic recession and the Greek debt crisis, is a pressuring issue for Member States and institutions. The way the EU deals with these situations demonstrates its ability to react in emergency circumstances. It is, consequently, important to study in depth the refugee crisis and analyse the EU reaction to such challenges. To cope with these circumstances, the European Commission proposed in 2015 the relocation of 160,000 refugees in total from Greece and Italy to other Member States (European Commission, 2015a). Moreover, the refugee crisis involves concerns such as the security of Member States. The two terrorist attacks in France in 2015, in the public opinion's perception, but also in many politicians' views, are closely related to the refugee movements and the infiltrations of terrorists in Europe using these flows to penetrate the continent. In addition, the economic costs to register and house asylum seekers are significant. Countries such as Greece and Hungary face difficulties to manage the situation by themselves and are in an urgent need for economic support from the EU. Taking into account the slow economic growth in the EU since the financial crisis, this is a supplementary burden that Member States have to support. Last, but not least, the cleavages among countries in the EU demonstrate that unity between them is fragile and a solution which will benefit to the EU as a whole, but also to Member States individually and to the asylum seekers, needs to be found.

The unprecedented refugee flows that the EU is facing have created tensions within and between Member States, but also between Member States and European institutions. Moreover, when the EU realised the gravity of the situation, most Member States decided to act following their own interest without acting as a union which solves its problems collectively (Riegert, 2015). The latter is visible with the construction of walls in Hungary or the decision of Croatia to close its borders and not allow more migrants to cross the country, as well as with the decisions of some Eastern Member States to refuse more refugees on their soil. This paper seeks to answer the question: "What explains the change in EU's behaviour during the Syrian refugee crisis between 2011 and 2015 compared to the Yugoslav crisis in the 1990s?". For this purpose, it will establish a comparison between the current case and the above-mentioned population displacements during the conflicts in former Yugoslavia. In both cases, the EU did not manage to find a common approach regarding conflict prevention. However, when obliged to deal with the long-term problem related to the population displacements following the failure to prevent the conflicts, in the 1990s, the EU managed to be more efficient than in 2015 even though its reaction was slower and not necessarily coordinated.

Thus, this paper will examine what led the EU to shift from more liberal policies in the 1990s to less accommodating approaches since 2011. In the 1990s, on average in the EU, around 15% of the asylum seekers were granted a refugee status but, most importantly, more than 75% obtained a Temporary Protection (Barutciski, 1994, p. 4). In 2015, Germany has the highest recognition rate where 71% of asylum seekers were granted refuge. However, other Member States such as Sweden (23%), France (22%) and Italy (4%) have significantly lower recognition rates (Eurostat, 2016, p.11). Moreover, in both cases security issues were raised as a concern, but they were of different kind – during the 1990s the public opinion was mainly preoccupied with the protection of the labour market while during the Syrian conflict there is a *perceived* threat of terrorism related to the refugee crisis. Finally, between the two cases the EU undertook massive successive enlargements with the accession of countries from Central and Eastern Europe which created a cultural, economic and social gap between Western and

Eastern Europe. All these reasons make the comparison of the two cases an interesting opportunity to explain the different outcomes of EU's reaction. Therefore, this paper will use primary sources from the European Commission, European Parliament or the Council, and secondary sources – mainly academic articles. For this comparative analysis will also be used some selected news articles.

### **Literature review**

During the 1990s, the major population moves in Europe were associated with the forced migrations which resulted after the conflicts in former Yugoslavia when more than a million people had to seek refuge in other countries.. In the beginning expectations showed that the EU had to deal with a short-term problem but the population flows were continuous and western and northern countries were obliged to adopt new migration policies (Bonifazi, Conti, Mamolo, 2006). An important part of the Bosnian people decided to build temporary or permanent new home and life and, as a result, many European governments decided to provide 'Temporary Protection' to refugees from Bosnia-Herzegovina (Munro, 2015). Temporary protection was developed in Europe for dealing with a specific situation, at a specific time. It was an acceptable option because of the specificity of the circumstances. It was a compromise for Member States between their willingness to reduce the refugee numbers and the pressure to protect Yugoslav people (Joly, 1998; Koser & Black 1999). The Bosnian experience illustrates that managing such situations is possible and the integration of refugees could be successful (Blitz, 2015). With the Syrian refugee crisis becoming more severe, politicians talk about 'temporary refuge' until the end of the civil war in Syria, but there is still no consensus on how to ensure the return to these people when the conflict ends.

Caelin Briggs, in *Mass evacuations: learning from the past* (2015), raises another important question which is the failure of the politicians in the EU act in the zone of the conflict. The United Nations (UN) and the EU proved to be incapable of intervening and helping for the resolution of the crisis in former Yugoslavia. They were obliged to deal with the subsequent population displacement which, according to Briggs, is not a solution to the problem but a temporary answer to the situation. Therefore, it is possible to establish a parallel with the refugee flow from Syria and the incapacity of the EU to intervene in the resolution of the conflict. Other authors have also focused on the failure of the EU and the other international players to solve the conflict (Jones, 2016). Some scholars suggest that the EU did not manage to export part of its responsibility to candidate Member States such as Serbia and Macedonia. In fact, the latter two countries are part of the so-called 'Balkan Route' but did not receive enough support by the EU and, thus, did not manage to cut off the refugee and migrant flows. It is suggested that the EU could make better use of its position vis-à-vis candidate countries and support them in order to keep part of the asylum seekers on their territory (Maric, 2015).

Tensions among EU countries seem to grow because the issue in every country is different. The Dublin Convention, which established that an asylum seeker should be registered in the country of first entry and should remain there in order to avoid multiple asylum requests, does not distribute the weight equally between Member States and frontier countries cannot manage the situation by themselves. States such as Greece and Hungary do not have the means to register and accommodate hundreds of thousands of incoming persons. The situation is further complicated because many arrivals are economic migrants and not refugees, who are not eligible for protection (Gros, 2015). On paper, all the developments in the EU's asylum and migration policies since the late 1980s, should lead to a more

comfortable management of such crises. The recent developments in the EU asylum system fail to share the responsibility and the burden between Member States (Tsourdi & De Bruycker, 2015). Some authors paid attention to this failure of the Dublin Regulation and call for new measures and policies at the EU level because the Member States at the frontline such as Greece are unable to cope with the crisis (Hercigonja, 2015). One of the key questions is how to efficiently register and accommodate refugees, and deal with burden-sharing, while respecting the existing regulations.

Before the eruption of the Yugoslav wars in the 1990s, the EU had already made advancements in terms of immigration policy. In the 1960s and 1970s, migration in the EU became increasingly controlled since the *laissez-faire* was becoming more and more a public concern (Fielding, 1993; Hollifield, 1992). This control resulted mainly from a security point of view since domestic workers felt threatened and had to compete with economic migrants on the labour market (Blotevogel, Muller-ter Jung & Wood, 1993). In addition to the public opinion's concerns, politicians contributed to the fears, often emphasising that migrants could destabilise internal economic, political and societal order (Doty, 1996; Ugur, 1995). However, in the 1980s, the focus of migration policy changed somewhat. The distinction between asylum seekers and migrants was increasingly blurred because of the politicisation of the topic. Often, no difference was made between asylum seekers and illegal migrants (den Boer, 1995). Moreover, in the 1980s, efforts towards the Europeanisation of the migration policy began. Migration was increasingly seen as an intergovernmental issue (Bigo, 1994; Collinson, 1993).

In the current political agenda of the EU immigration and foreigners' rights are among the priorities. The tendency is to harmonise the immigration policies of Member States and to achieve a regulated and controlled migration. Migration is not only analysed individually by each country, but also collectively. The only possible way to facilitate the freedom of travel and, in the meantime, control the migration is to have a united European policy. Member States should give up part of their sovereignty in order to achieve a common frame and deal with migration. The EU does not only need to integrate the refugees, but also to decide which of the asylum seekers will be qualified as refugees (Stamatova, 2013). In this sense, EU countries have opened their borders selectively for some economic migrants from outside the Union who will have an economic value and rejected other that were perceived as a threat to national security as well as to economic and cultural security (Huysmans, 2000). Even though migration was seen as a security issue, the economic situation, and more precisely, the lack of permanent and temporary workers in the Member States was one of the main incentives to accept some migrants and reject others (van Houton & Pijpers, 2007). To achieve this goal and in the meantime ensure the freedom of movement, EU Member States had to harmonise their policies for the external borders of the EU. Nevertheless, harmonisation in the immigration policy of Member States did not occur or, at least, is often blocked or restricted by Member States (Givens & Luedtke, 2004).

The existing literature on both cases is abundant and the situations have been analysed from many different points of view. Few authors have established a parallel between the two cases by comparing the entry routes and the countries of origin of the migrants and asylum seekers (Tissier-Rafin, 2015) that arrive in the EU, the scale of the population displacements (Poitevin, 2015) or by briefly comparing the policies adopted by the EU during the Yugoslav crisis and the Syrian crisis (Balibar, 2015). Other scholars have paid attention to the historical development in EU's policies and regulations on migration (Carlier, 2005) or to the differences in between states in asylum granting rates, even though there has been a harmonisation between EU countries (Barou, 2002). However, a direct link between the



Bosnian conflict and the Syrian civil war, and the resulting population flows, is missing. As the Syrian crisis is a recent event, scholars have not paid attention to the reasons why Europe faces such difficulties currently, neither have they analysed whether the successive enlargements to the east of the EU have an impact on the decisions and solutions in such circumstances. This paper will fill this gap in the existing literature. It will examine why the recent changes in the asylum policy in the EU are (or are not) effective during the refugee crisis that started in 2011. Another possible factor influencing the resolution of the crisis might be the difference in the security concerns of Member States during the periods studied. Some authors argue that the Syrian refugee crisis is not a security threat because terrorists can already access Europe without using the lengthy refugee flows (Bonsall, 2015). This paper builds on this argument because the refugees might not be a security threat, but far more important is the perception of the politicians and citizens that determines their actions.

The issue of migration, including asylum and refugees, has been studied through the prism of different theories of International Relations. The Securitisation theory, developed by the Copenhagen School, focuses on the importance of regions in security and defines various sectors which are subject to the study of security – military, political, societal, economic and environmental (Buzan, Waever, de Wilde, 1998). Securitisation takes places also in the field of migration and the strict border control is seen as a means to limit the terrorist infiltrations in a region (Buzan, Waever, de Wilde, 1998; Faist, 2006). The regional security, according to Securitisation theorists, examines how security is constructed in a region. They argue that security interdependence happens within a region and not between regions (Buzan & Waever, 2003). According to this theory, security is a result of one's rhetoric – threats are socially constructed – and the idea is to justify special measures against this threat. However, this theory narrows its focus on regions and omits the interdependence between different regions. Moreover, it neglects the importance of domestic factors in international relations. In addition, the securitisation theory is founded on the notions of power and capabilities. Even though it is a relatively wide theory, its limitations are related to 'who' can securitise, that is, create a socially constructed threat. In other words, securitisation is a political act (Rita, 2006) while recent events and the public opinion's perceptions in the EU illustrate that 'everyone' can construct a threat.

Other authors have resorted to venue-shopping framework to explain migration and asylum. This theoretical perspective focuses on the strategies of different actors and considers the context in which they are required to operate. They look for new venues when the context changes and they are obliged to adapt. To achieve this, "they must resort to framing process or policy images" (Guiraudon, 2000, p. 258). In other words, on the international stage, actors do not negotiate with their counterparts by taking into account domestic preferences. In fact, they omit the domestic interests and looking for international venues that fit their preferences. This, according to such theorists, would increase their bargaining power and credibility. At the national level, the asylum seekers and refugees could, thus, benefit from better protection. At the international level, domestic actors do not play a significant role and this is why the bargaining on the two levels is different in independent. However, security is taken into account on both levels. (Guiraudon, 2000). It follows that in the case of the EU, Member States seek to establish more restrictive migration and asylum policies at the EU level rather than implementing restrictive national policies (Kaunert & Leonard, 2010). Even though it is arguable whether migration and asylum policies in the EU have become more liberal or restrictive, the concept of policy venues could not explain the recent developments and the reaction of several EU Member States after the escalation of the refugee crisis since 2011. The events in Europe after the beginning of the Syrian conflict illustrate that the concept of

policy venue might not be able to explain the unilateral actions by Member States and that, as the second hypothesis states, security concerns might play a major role in this case.

### **Developments and legal bases of the EU's migration and asylum policies**

In the late 1990s, the EU began the development of a Common European Asylum System (CEAS) in order to achieve a harmonisation in the asylum policies of Member States and improve cooperation. In 1999, the European Council meeting at Tampere arranged plans to build a CEAS. Moreover, in 2000, the European Refugee Fund was established to finance integration projects and provide support for emergency Temporary Protection measures in case of massive population displacements. Since 2004, the CEAS undertook its second stage of development to make the cooperation even deeper (Hatton, 2015).

The asylum and migration policies in the EU have been created on the basis of the 1951 Geneva Convention Relating to the Status of Refugees. The latter defines the criteria to recognise someone as a refugee, but also establishes the rights and duties of asylum seekers recognised as persons in need for protection (Convention Relating to the Status of Refugees, 1951). Migration policy at the EU level was first introduced with the entry into force of the Treaty of Maastricht in 1993. This was a first step towards the harmonisation of migration policies in the Union. The Treaty of Maastricht contained an article on visa legislation and covered the questions of which third nationals must acquire a visa to enter the EU and the format of visas (Official Journal of the European Communities, 1999). Other questions regarding migration policy were incorporated into the third pillar of the EU. Member States were responsible to act in accordance with the Community's interests and control the external borders of the Union. (Groeben, Thiesing & Ehlermann, 1997). Nevertheless, migration policy remained intergovernmental and, under the third pillar, little advancement was made (Azoulai & De Vries, 2014).

Another major development corresponds with the signing in June 1985 of the Schengen Agreement which envisaged the removal of controls at the internal borders of Member States participating in the Schengen Agreement. The free trade area became operational in March 1995 with the Schengen Convention signed in June 1990. The harmonisation of migration policies was of primary importance as well as the securitisation of the external borders of the Schengen area and the fight against illegal migration. Even though the Schengen Agreement made attempts to address the visa policies in the EU, it made little progress on the question of long-term migration (Azoulai & De Vries, 2014).

The Schengen cooperation was an intergovernmental one and, thus, did not transfer more power to the Community level. In order to transfer more powers to the Union, was signed the Schengen protocol which integrated the Schengen Agreement into the EU. This 'communitarisation' of the Schengen *acquis* could have as an impact that Member States transfer some of their competences to the Union level. As a result, the Member States signed a Protocol annexed to the Treaty of Amsterdam which entered into force in the 1999, stating that the regulations of external borders control should remain a national matter (European Communities, 1997). The 1999 Treaty became the legal basis for border controls and visas.

The main advancements until the end of the 1990s in the harmonisation of migration policies between EU Member States were related to the visa criteria and formats. However, the more sensitive topics such as border controls remained an intergovernmental issue. Member States clearly illustrated their reluctance, mainly with the Protocol annexed to the Amsterdam Treaty, to transfer more power to the Community level (Azoulai & De Vries, 2014). The massive population displacements from the Middle East since 2011 also illustrate

the difficulty to adopt global measures regarding the fight against (illegal) migration and the securitisation of the external borders.

In 2004, the EU created the European Agency for the Management of Operational Cooperation at the External Borders of the Member States of the European Union (Frontex), an agency whose main responsibility is to ensure the securitisation of the external borders of the EU. It has to ensure the more efficient cooperation between national border agencies and fight illegal migration, human trafficking and terrorist infiltrations. The control of countries' border remains a national task, but Frontex has to ensure the quality of control and assist Member States in their tasks (Council of the European Union, 2004). However, Frontex was not able to limit the number of incoming asylum seekers and migrants because of the intensity of the flows and insufficient financial support from the EU, the latter resulting from disagreements between Member States on the budget to be granted to Frontex.

In 2007, the Treaty of Lisbon was signed and the Treaty on the Functioning of the European Union (TFEU) brought the legal bases for the fight against illegal migration. The new treaty includes combating trafficking of persons which was a new development. The Syrian refugee crisis illustrates that trafficking is indeed a major issue that must be addressed in order to prevent illegal migration. Another novelty of the TFEU is the possibility for the Union to sign readmission agreements with third countries. Prior to 2007 the EU had already signed such agreements and, thus, the new treaty does not bring any significant change. The Treaty of Lisbon contains measures facilitating the return of illegal migrants to their country of origin (Azoulai & De Vries, 2014).

Despite numerous attempts to harmonise Member States' policies vis-à-vis migration and asylum, the homogeneity of different policies is considerably higher in asylum. This could be explained mainly by the legal EU requirements (European Migration Network, 2010). However, important differences persist regarding who could be granted the status of refugee; how much time can a person recognised as a refugee stay in the country; the possibility to work if someone is granted protection as a refugee. At the time of the creation of the European Migration Network report, the rates of recognition of refugees in different Member States vary considerably. Another major persisting divergence between EU countries is the return of refugees to their home countries. This aspect of the asylum policies remains a national decision (*ibid.*). Last but not least, the report argues that a relation between the historical migration traditions of each country and the current asylum and migration policies exists.

Although divergences between Member States still persist, the EU has made some advancements in the asylum policy. Firstly, with the Treaty of Amsterdam the EU institutions obtained new powers to create legislation in the asylum field. Then, in 2001, the Treaty of Nice stated that within five years, the Council should adopt measures on questions such as which Member State is responsible for the application of a third country national and on the creation of minimum standards related to the living conditions of asylum seekers and refugees, who can be granted the status of refugee and the procedures related to the examination of the applications. The decisions of the Council, in this case, are taken with unanimity, after consultations with the Parliament. The Treaty of Lisbon made an important step forward and finally transformed the measures on asylum into a common policy. Consequently, the objectives with the Treaty of Lisbon are higher – the creation of an EU system with harmonised status and procedures (European Parliament, 2016a).

Regarding migration, the EU aims at establishing a comprehensive policy based on solidarity. An important distinction is the one between legal and illegal migration. In relation with the former, the EU specifies the conditions of entry and stay for third country nationals

entering one of the Member States. Individual countries can still decide for the admission rates for third country workers. At the time of writing, the national laws are not harmonised regarding the integration and incentives provided. Regarding illegal migration, the EU and its Member States must reduce irregular migration, mainly through an operational return policy. With the entry into force of the Treaty of Lisbon, on legal migration, co-decision and qualified majority voting were introduced. The Parliament and the Council, consequently, have the same powers in the decision-making process. It is important to note that, in the case of a massive population influx in the EU, the Council alone, after consultations with the Parliament, adopts measures. As such a case could be examined the population displacements from the Middle East since 2011 (European Parliament, 2016b).

With the escalation of the refugee crisis in the beginning of the 2015, the European Commission proposed a ten-point action plan on 23 April 2015 which was adopted on 29 April. On 13 May, the European Commission presented the European Agenda on Migration aiming at positioning migration at the top of the agenda in the EU. The Agenda proposed actions to be taken in order to deal more efficiently with the refugee crisis as well as a five-year vision on how to deal with migration. The Commission's proposal touched upon four topics: reduction of the incentive for illegal migration, border management, development of a common asylum policy and revision of the Dublin Regulation, and the establishment of a new policy in the area of legal migration (European Parliament, 2016b).

Another achievement of the EU with regards to migration is the 'Global Approach to Migration and Mobility' adopted in 2011. It governs the EU's relations with third countries in the area of migration and is based on four pillars: legal immigration and mobility, illegal immigration and trafficking, asylum policy, and fight against illegal migration. The Global Approach supports dialogue with third countries and facilitates the conclusion of 'mobility partnerships' that include provisions on fights against illegal migration and temporary visa facilitations. Moreover, in 2014, the Stockholm Programme adopted in 2009 – which was the successor of the Tampere and The Hague multiannual programmes adopted in 1999 and 2004 respectively – expired and was replaced by the 'strategic guidelines' of June 2014. The latter focus on strengthening the existing measures and instruments, and highlight the need to create a EU-wide approach to migration (European Parliament, 2016b). It is worth mentioning that in the academic debate, the effectiveness of these developments and achievements is challenged and disagreements among scholars exist on whether the EU is moving in the right direction regarding migration and asylum.

### **Security concerns in the EU**

The Syrian conflict is highly complex and involves many regional and international, but also domestic players. In this section will be analysed the impact of domestic Syrian actors on the EU's reaction towards the asylum seekers influx. The Syrian conflict is not only between the government of Bashar Assad and its supporters, and the opposition. It also involves the terrorist organisation Daesh, also known as the Islamic State of Iraq and the Levant (ISIL) or Islamic State of Iraq and Syria (ISIS). Daesh controls large parts of Iraq, Syria, but also of Afghanistan and Libya since it rapidly became powerful in 2013 and 2014. Apart from the war between Assad and the opposition, the atrocities committed by Daesh are among the main sources of emigration from the Middle East (Adams, 2015). Moreover, in 2015 Daesh was responsible for several terrorist attacks, including those in Paris in November (Almasy, Castillo, Haddad & Martinez, 2015). This resulted as a turning point for people's and politicians' perceptions in several Member States – they began associating the asylum seekers massive flows with the possibility of infiltration of terrorists in the EU.

During the Yugoslav wars, Member States were not confronted to a direct threat of terrorism. Actors involved in the conflicts were mainly different ethnic groups that were not qualified as terrorists by the Western world. In the EU, migrants and asylum seekers were mainly associated as a threat since they could compete with local workers on the labour market (Blotevogel, Muller-ter Jung & Wood, 1993). However, this is not a threat to national security and it is not expected to have the same impact on the decisions of Member States. In this section, the paper will test the second hypothesis, that is, whether security concerns hinder the implementation of common policies in the EU.

*Yugoslav migrants and asylum seekers – a security issue?*

In the 1990s the international fear of terrorism, at least in Europe, was not at the levels it is in 2015. Although the majority of the refugees from former Yugoslavia were Muslims from Kosovo and Bosnia, fleeing the ethnic cleansing in their country, the broad society did not fear terrorist infiltrations in the EU (Salmon, 1992). In this case, the geographic proximity of the conflict and the country of origin of the migrants certainly are important factors. Politicians, like the broad public opinion, did not perceive any visible threat to the EU's security (Bonifazi & Mamolo, 2004; Salmon, 1992). The reluctance to accept refugees in the EU from former Yugoslavia was more related to their impact on the labour market such as lowering the wages and occupying jobs at the expense of EU workers (Blotevogel, Muller-ter Jung & Wood, 1993), rather than to security concerns.

Many of the Yugoslav displaced people had expressed the will to return to their countries after the end of the conflicts (Koser & Black, 1999). Moreover, an important part of the asylum seekers was not considered as refugees, but was granted a 'Temporary Protection' in the EU. After the end of the wars, around 40% of Bosnian asylum seekers returned to their countries (Kacapor-Dzihic & Oruc, 2012). Accordingly, they were not potential participants in the EU labour market and it was not justified to perceive them as competitors of EU workers. However, those who were granted a refugee status and were allowed to stay in the host country progressively started searching for jobs and wanted to build their lives there. Nevertheless, a Danish study on the population influxes in the 1990s from former Yugoslavia and their impact on the labour market in the EU actually shows a positive effect. Most of the asylum-seekers were not highly qualified. Consequently, the most vulnerable people in the EU Member States were the low-skilled workers. With the arrivals of refugees and asylum-seekers, local workers increased their mobility across different sectors of the economy as well as their specialisation into complex jobs (Foged & Perri, 2015).

Another threat, mostly perceived by the political elites in the EU, was related to the geographic proximity of the conflict (Kirk, 1999). The conflicts in former Yugoslavia were the most important ones since the end of the Second World War. They took place on European soil which created a sense of insecurity among politicians. However, this concern was not the cause for the reluctance to accept asylum seekers – on the contrary, it was one of the reasons leading to the acceptance of asylum seekers since Member States felt responsible to protect other European citizens, victims of the wars (Legge, 2003). The geographic proximity, additionally, created an imperative to intervene in the conflict, but the EU proved to be unable to prevent the mass killings and atrocities.

Finally, the third concern related somewhat to security in the EU was with regards to the establishment of the Schengen Area. The Schengen Agreement signed in 1985 and the Schengen Convention of 1990 led to the creation of the Schengen Area in 1995 (Baltic Legal, n.d.; European Commission, 2008). With the abolition of internal border controls, one of the main provisions of the Schengen was the free movement of people in the Area. Even though

the Schengen Agreement was established outside the EU structures, a concern for EU Member States was the securitisation of the external borders of the Area and the fact that asylum seekers could freely travel between different countries (Huysmans, 2000).

To sum up, in this sub-section the paper combines three different dimensions of security – the *perceived* risk with regards to the labour market competition, the geographic proximity of the conflict and the securitisation of the Schengen Area – that led the political elites in the EU to the decision to establish the temporary protection. These three dimensions are distinct but also importantly interconnected and, combined together, explain EU Member States' concerns related to the population displacement from former Yugoslavia. The labour market competition and the Schengen Area have been the factors pushing to be vigilant with the reception of foreigners in the EU, while the geographic proximity of the conflict had a double effect – on the one hand, it created a sense of insecurity and, on the other hand, it raised responsibility concerns to protect the victims from the war.

#### *Population displacements from the Middle East – the fear of terrorism*

Until the end of 2014, the asylum seekers reaching the EU from Syria and the Middle East were associated mainly with people suffering violence and human rights violations in their countries, who need assistance in order to preserve their lives and freedom. In January 2015, Paris was attacked by Daesh activists, also known as the Charlie Hebdo shooting, and this was a beginning of the change in perceptions (BBC, 2015). However, people and politicians kept on avoiding the topic of terrorism until November 2015 when Paris was again hit by terrorist attacks and more than 130 people were killed. Few days after the November attacks, in the media appeared the information that one of the terrorists had penetrated the EU through Greece, using the asylum seekers flows. This information was renounced by some and confirmed by others but, most importantly, it created a sense of insecurity among EU citizens (Bednarova et al., 2015). Thus, the broad societal opinion progressively began to express security concerns that the political elites could not ignore. Additionally, in the scholarly debates migration is also seen as a security concern since the Arab Spring events and the massive population displacements (Seeberg, 2013).

Related to this, a paper by the European Union Institute for Security Studies (EUISS) published in January 2016, acknowledges the possibility of terrorist penetrations using the refugee groups. The paper confirms that two of the attackers in November 2015 in Paris have been registered in Greece in October. Moreover, one of the passports found in the terrorists was falsified and, at a reception centre in Serbia, one refugee has been identified with the same falsified passport (Funk & Parkes, 2016). In Germany, Hans-Georg Maasen, the President of the Federal Office for Protection of the Constitution also recognised the risk of terrorist using the refugee flows. This led to a mounting pressure on Angela Merkel from the broad society, but also from the opposition parties (Bednarova et al., 2015). As the EUISS paper put it, “the refugee flows present foreign terrorists with a potential new mode of entry to the European Union from ISIL-controlled areas in the Middle East” (Funk & Parkes, 2016, p.1).

Even though it is against EU values to associate massive Muslim population displacements with terrorism, the sense of insecurity among some Member States created additional tensions between them. German ruling elites, except the opposition, continued to refuse to establish any link between asylum seekers and the risk of terrorism. However, politicians in other Member States had to find a solution to act in accordance with EU values and simultaneously satisfy the domestic pressure to increase national security. The public opinion's perception changed dramatically after several sexual assaults against women,

committed by men of 'Arab or North African' look in Cologne, Germany on the 31 December 2015 (BBC, 2016b). Consequently, debates on the asylum policies in Germany, and the EU as a whole, emerged (BBC, 2016c). German chancellor Angela Merkel has to deal with mounting internal pressure after these events, both from the public opinion and from political parties in opposition, and external pressure from other Member States. For instance, after the terrorist attacks in Paris, Poland affirmed that its borders were closed for refugees (EurActiv, 2015c).

One could argue that some politicians might use the rhetoric linking refugees and terrorists to gain political dividends and it is not obvious that they actually believe in this link. However, in some countries' public opinions concerns are also present. For instance, in Bulgaria, 60% of the population argues that the asylum seekers (and refugees) represent a threat to the national security of the country. Additionally, 34% of people perceive the refugees as a direct threat to themselves (Kyuchukov, 2016, p.1). Moreover, after immigration, terrorism has been identified in the EU as the second most important threat with 25% of questioned people responding that this fear increased since 2013 (Eurobarometer, 2015, p. 13). In 15 Member States this issue occupied the second place on the list of threats, but in countries such as Romania, Slovakia and Latvia it is the main concern, according to the public opinion polls, with 43%, 39% and 39% of people respectively in these countries stating that terrorism is the main issue (Eurobarometer, 2015, p.14).

### **Conclusion**

The developments in EU's asylum and migration policies progressively led the Member States towards the harmonisation of these policies at the supranational level, strongly influenced by major events such as the creation of the Schengen Area. On paper, the EU seems to be well equipped to deal with massive population influxes, especially after the entry into force of the Treaty of Lisbon. In most of the migration and asylum policies' fields the EU has achieved a higher level of harmonisation compared to the late 1990s, but since the Syrian refugee crisis escalated in 2014 and 2015 disagreements between Member States persist. Thus, the harmonisation achieved in the official documents is not being implemented in practice in the 2010s. In the 2000s, the EU undertook successive enlargements, mainly towards Eastern Europe and the Balkans. The new Member States comprise countries with less developed economies, but most importantly with different cultural perceptions and historical experiences compared to the old Member States. The analysis shows that during the 1990s EU Members were more homogeneous regarding these issues and the smaller number of countries facilitated the decision-making process. During the Yugoslav refugee crisis, even though not all countries acted in a coordinated manner, they all shared the perception that war refugees should be protected. Thus, Member States, led by Germany and Sweden, developed the initiative to provide a Temporary Protection to people in need. It could be qualified as a successful solution firstly because Yugoslav people had already expressed the will to return to their homes after the wars and, secondly, because in this way EU countries did not have to worry about the long-term integration of refugees from the Western Balkans.

During the Syrian refugee crisis, Eastern European countries are faced for the first time with such massive flows of refugees and migrants. Greece and, to a certain extent Italy, are overflowing and proved to be incapable to cope with the registration and accommodation of refugees alone. Consequently, the Dublin Convention which turned to be ineffective was suspended and the European Commission proposed in 2015 the relocation of 160,000 refugees in total. This initiative was strongly opposed by Member States that joined the EU in the 1990s. Different public opinion polls in the EU confirm this division between Eastern and

Western countries. People in Bulgaria, Slovakia and Hungary, for instance, have more negative attitudes towards the refugees and migrants and this, in turn, has repercussions on politicians' behaviour at the EU level.

Even though the population displacements from former Yugoslavia and from Syria share a similar background, they largely differ by the fact that the Yugoslav people had expressed the wish to return to their home country after the end of the conflict. Consequently, EU Member States had to find a temporary solution to the issue and these refugees were potential participants on EU's labour market. However, in the public opinion, there has been a perception that people coming from the Balkans could steal EU workers' jobs. The creation of the Schengen Area also played a major role in EU's reaction towards the migrants and asylum seekers from Yugoslavia. It was a major mission of the Member States to secure their external borders because the abolition of the internal border controls. To a certain extent, the geographic proximity of the conflict also created a sense of insecurity among politicians, but also a sense of need to provide support to people in need. Conversely, a series of events such as the terrorist attacks in Paris in 2015 created sense of fear in the broad public opinion. This led to massive anti-refugees and anti-asylum seekers movements in different Member States which, in turn, increased the pressure on politicians to end the Germany-led liberal policies. Consequently, there was, in 2015, a strong opposition between, on the one hand, those who defend EU's values and norms and wish to help all the people recognised as refugees and, on the other hand, those who associated them with a threat to the security in EU Members. In fact, public opinion polls show that the two biggest fears in the EU are immigration and terrorism, the latter rising exponentially in people's perception.

To conclude, the EU, even though not completely united and tensions among Member States existed, has managed to find a solution to the Yugoslav refugee crisis in the 1990s by adapting its policies to current situation. Conversely, the EU, in 2015, looks like an aggregation of countries fighting and competing with each other (Durankev, 2015) instead of acting like a Union and solve their problems by coordinating their policies and respecting EU regulations. The central question seeks to explain this shift in EU's behaviour and the theoretical framework used in this paper is the two-level bargaining model developed by Putnam and complemented by the importance of state preferences in international relations. The analysis confirms that the public opinion in EU Member States has played a major role in national political elites' decisions and, in turn, hindered EU's capacity to solve the crisis. This paper argues that both the EU's enlargements since 2004, especially the cultural gap created between the Eastern and Western Members, and the security concerns (and the perceptions of threats to national security) are the main reasons leading to different the behaviour of the Union in 2015 compared to the 1990s. However, there might exist other factors, not analysed in this paper, that influence the EU's reactions during the Syrian refugee crisis such as the involvement of other international and regional powers in the conflict. Another unexploited field for further studies is the issue of lessons-learning by the EU. One major difference between the two cases is that during the Syrian crisis the EU has already been faced with the Yugoslav one and there are lessons that it could have learned that could have helped it to be more efficient since 2011.



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