

A portrait of Lilyana Pavlova, Minister of Regional Development and Public Works of Bulgaria, against a blue background. A dark horizontal bar is overlaid on the image, containing the title text. A magnifying glass icon is visible in the bottom left corner of the image area.

## Regional stability in South East Europe

On the sidelines of the Crans Montana forum in Brussels last week entitled ‘living with crises – who will be the winners’, New Europe sat down with Lilyana Pavlova, Minister of Regional Development and Public Works of Bulgaria. Pavlova participated on a panel focusing on regional stability in south eastern Europe, and the Balkans, and was also awarded a ‘new leader of tomorrow’ award.

### **What is your view on the regional stability in South-East Europe?**

South-East Europe has often been defined as a region, consisting of many various countries. If that is so, and if our countries are that different, is there something that can bind us and give us economic advantage as a region. Each country of the regions has an advantage of its own, but only together South-East Europe can be competitive on the world market. To reach that goal a regional stability is required in order to achieve strong economic relations and better trans-border cooperation and transport networks. As a EU member state Bulgaria takes part in 5 cross-border cooperation programmes, three of which involve countries in process of EU negotiations – Former Yugoslav Republic of Macedonia, Serbia and Turkey. The governance of this cross-border cooperation process has a key role for the improvement of connectivity and the establishment of good neighbour relations. In the new programming period we expect the EU funding for territorial cooperation to be more concentrated, simplified and tailored to needs of the region.

Bulgaria will be the rotating president of the South-East Europe cooperation process, for the period 1st of July 2015 to 30th of June 2016. Under the motto “The South-East Europe cooperation process- 20 years key to regional cooperation” the Bulgarian presidency will actively work for strengthening the role of the cooperation process as leading political framework of cooperation in the region.

Bulgaria actively and consistently supports the process of EU enlargement. We have an interest in building a region of stability, security and prosperity and all the states in the region to follow the common values, principles and standards of the EU. Fundamental principle of enlargement should be “own merits” principle: enlargement process depends on the individual progress of each country in meeting the necessary criteria.

## **Looking the EU Urban Agenda, how do we move from paper to action?**

Bulgaria has actively joined the European debate on a future EU Urban Agenda lead by the European Commission and the Latvian Presidency of the Council. Only a few days ago we gathered for a ministerial meeting in Riga to express our political commitment for consistent action in support of a common agenda for the cities. One of our key messages was to put special attention to small and medium-sized urban areas as a key to polycentric urban development in Europe. They are very often deprived of the EU funding that is focused mainly in big metropolitan centers and rural areas. We therefore need a targeted support from the ESIF to unlock the potential of small and medium-sized cities and to address the negative migration processes and urban poverty in those areas. We believe that we can find challenges but also opportunities in those cities and this is the right time for action. We hope that the development of the EU Urban Agenda will steer the process and will put the needs and strengths of the cities in the spotlight.

## **What is the effect of EU funding on Bulgarian cities and regions?**

The Cohesion policy is one of the oldest and still one of the major investment policies on EU level with a great effect for revitalizing and enhancing the competitiveness of Bulgarian regions. Through our Regional Development Programme we have invested approximately EUR 1.6 billion in the period 2007-2013 to improve the urban environment, educational, social, health, cultural and road infrastructure, as well touristic infrastructure and promotion of tourism – these are all areas essential for the Bulgarian citizens and economy. I believe that the added value of the investments is mostly in minimizing the negative effects of the global economic crisis and in creating jobs in important sectors such as construction, tourism, transport and energy efficiency. By the end of 2014 the accumulated effect of the Regional Development Program on the real GDP of the country amounted to 1.1% and by the end of 2015 it is expected to reach 1.2%. The Programme has demonstrated some positive impact on private investments (higher with 2,5%), government investments (higher with 15,6%), private consumption (higher with 0,3%), government consumption (higher with 0,2%), exports, imports and number of employees (higher with 0,1%).

## **Looking ahead: what are your key priorities?**

Energy efficiency is the first step towards achieving sustainability of multifamily buildings. It helps control rising energy costs, reduce ecological footprint and increase the value of buildings. In this context energy efficiency is a key priority of the Bulgarian government. The housing stock in Bulgaria is very outdated and needs urgent measures and major investment for its renovation. More than 70 000 residential buildings built in the last century are in a really bad condition and more than 1.2 million apartments need renovation. Our government has addressed this challenge and for the first time has developed a large-scale program for housing renovation in Bulgaria.

In February we launched the National energy efficiency programme for multi-family residential buildings aiming at improving the living standard, reducing the heating costs, providing safer homes and modernizing the urban environment. This initiative provides an opportunity for more than 3 million people to benefit from the programme to renovate their buildings. We have started with a budget of EUR 500 million, establishing such a financial mechanism providing good grounds for multiplying the effect and the resources of the programme by attracting external funding, such as the Juncker plan. The programme has gained great interest among the population and we are delighted having found “the pulse of

the society". Within 4 months we have registered more than 2,000 homeowner associations and more than 1000 applications for funding are already approved.

Another very important priority for the Bulgarian government and respectively of the Ministry of Regional Development and Public Works is to continue our efforts in the completion and construction of strategic transport infrastructure, namely the so called Motorway ring of Bulgaria. Our long term objective is to develop major motorway network in all directions, linking the big cities, the two major ports on the Black sea, the Danube river ports and the strategic transit corridors such as Corridor IV – linking the Danube River with Thessaloniki port via Struma Motorway, Corridor XI and others. Bulgaria has the unique chance of being the only country in Europe that has five of the Pan European transport corridors passing through its territory.

Being a country on a crossroad we have a great potential of being a transport hub providing a link between Europe, the Middle East and Turkey. We thus have the opportunity to develop a comprehensive transport network that will help us set the course of the transit traffic, passing through our territory.

By the end of 2015 the sections of some of our motorways will be finalized – a section of Struma motorway and the completion of Maritsa motorway, proving the link to the border with Turkey.

By finalizing the motorway ring of Bulgaria we will significantly improve the traffic thus contributing to cost savings for the business and environment protection.

The Bulgarian Government has been actively working on ensuring necessary funding for the completion of major motorways – "Hemus" motorway providing the link between the capital and the biggest Black sea port in Varna; the section from Sofia to the city of Vidin on the Danube River and the motorway providing the link from Sofia to the border with Serbia. For all those major projects we are working on a mechanism – establishing Public-Private Partnership funding schemes, as well as using the opportunities given by the Juncker Plan.