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# THE FUTURE OF REGIONAL DEVELOPMENT IN BULGARIA POST-2027: TOWARDS A NEW PLANNING PARADIGM AND THE GENUINE IMPLEMENTATION OF THE PLACE-BASED APPROACH

## ABSTRACT

This article examines the imperative for a fundamental paradigm and institutional shift in Bulgaria's regional policy ahead of the EU Multi-Annual Financial Framework for 2028–2034. The core thesis posits that the country requires a comprehensive transformation of its regional planning model - shifting from sectoral programming and absorption-oriented project execution to the genuine implementation of a place-based approach. Employing qualitative institutional, documentary, and comparative analysis, the paper identifies the primary limitations of the current model: project-financial dependency, weak regional

governance, formalistic tool integration, and fragmented planning links. The conclusion outlines a conceptual framework for reform aligned with the 4-region NUTS 2 re-demarcation from 2027. It advocates for fiscal decentralization via autonomous regional funds, strategic empowerment of Regional Development Councils, and the scaling of Community-Led Local Development (CLLD). Future regional policy effectiveness must be evaluated through qualitative service access metrics rather than quantitative funding absorption.

**KEYWORDS:** regional development; cohesion policy; place-based approach; territorial planning

**JEL:** R58; R11; O18

## INTRODUCTION

Regional development occupies a central position in contemporary European and national policies, as it links economic competitiveness, social cohesion, territorial justice, and quality of life. Within the European Union, this issue is traditionally addressed through cohesion policy instruments, which aim to reduce disparities between regions and support more balanced and sustainable development. For Bulgaria, as a member state with pronounced inter-regional and intra-regional imbalances, European funds and regional development programs hold particular significance both as a financial resource and as a framework for planning and managing territorial processes. Furthermore, regional development is a set of legislative and administrative actions by public authorities to overcome regional disparities in the country. It is also defined as an organized activity of society aimed at the development of the well-being of economic agents based on an increase in the efficiency of social production and as a process

of interaction between natural, geographical, economic, social, and historical values and resources available in a region (Tsonkov, N., Petrov, K.,2023).

Despite the experience accumulated across several programming periods, regional development in Bulgaria continues to be characterized by persistent structural challenges. Prominent among these are demographic polarization, the concentration of economic activity in a limited number of urban centers, uneven access to services, infrastructure, and employment, as well as varying institutional capacity at national and local levels. These processes call into question the effectiveness of the previous regional planning model, particularly when it is reduced primarily to the preparation of strategic documents, programming financial resources, and executing individual projects. In the context of dynamic global changes, the only persistent trend in the country remains the deepening of inequalities between regions in terms of their economic potential. As Petrov and Tsonkov (2024) argue, overcoming these deficits requires true good governance, which cannot be achieved without genuine decentralization – the transfer of power, resources, and autonomy from the central to the lower levels of government

Concurrently, the period post-2027 represents a critical milestone for rethinking the Bulgarian model of regional development. The expected new Multi-Annual Financial Framework of the European Union and the debate on the future of cohesion policy place an increasingly strong emphasis on results, territorial orientation, institutional efficiency, and adaptation to novel challenges, including demographic shifts, the climate transition, digitalization, economic transformation, and growing spatial inequalities. The adoption of the new National Concept for Regional and Spatial Development for the 2026–2040 period is also anticipated, while the new redrawing of NUTS 2 territorial units – establishing four planning regions – will take effect from the beginning of 2027.

In this context, Bulgaria faces a strategic choice: whether to continue reproducing an inertial model of programming and funding absorption, or to utilize the next programming period as an opportunity for a deeper transformation in how regional development is conceptualized and managed. Nationally, this issue is crucial because during the current 2021–2027 programming period, Bulgaria introduced a more explicit formal framework for an integrated territorial approach "on paper" through the "Development of Regions" Program 2021–2027, to be executed via Integrated Territorial Investments (ITI); however, their implementation is only just beginning. It can be summarized that while the formal prerequisites for a more integrated approach already exist, the question remains to what extent they lead to a real shift in governance practice regarding regional development.

The core thesis of this article is that Bulgaria requires a transition toward a new planning paradigm based on the genuine implementation of the place-based approach. This implies that regional policies should be formulated not merely on the basis of administrative boundaries and sectoral priorities, but through a deeper understanding of the specific potentials, limitations, trajectories, and institutional capacities of individual territories. Such a shift requires a stronger link between strategic and spatial planning, better coordination between national and local levels, and a clearer alignment between financial instruments and measurable outcomes for the territories. Particularly considering the escalating responsibilities placed on local authorities to absorb the continually rising expenses of local government expenditures in the function of environmental protection involve the allocation of financial resources to address environmental challenges, promote sustainability, and preserve natural resources within a specific jurisdiction. These expenditures reflect the commitment of local governments to mitigate environmental risks, conserve biodiversity, and ensure the well-being of their communities in an ecologically responsible manner. The analysis of local government expenditures on environmental protection provides insights into the priority placed on environmental sustainability and the allocation of resources for various environmental initiatives. It sheds light on the financial

commitment dedicated to activities such as waste management, pollution control, conservation of natural habitats, promotion of renewable energy sources, and implementation of environmental policies and regulations (Veleva, R., 2023).

## **1. LITERATURE REVIEW**

### **1.1. Cohesion Policy and the Changing Understanding of Regional Development**

Historically, regional development in the European Union has been strongly shaped by cohesion policy, which serves as one of the primary instruments for reducing economic, social, and territorial disparities among regions. Over time, however, the understanding of regional development has expanded significantly. It is no longer interpreted solely as a compensatory mechanism for supporting lagging regions through infrastructure investments and financial transfers; rather, it is viewed as a complex field of public policy linked to competitiveness, institutional capacity, innovation, social inclusion, demographic adaptation, the climate transition, and enhanced territorial governance. The need for such a broader understanding is also visible in studies addressing global challenges to regional policy. Regional development increasingly operates under conditions of non-linear dynamics, external dependencies, and unstable trends. Recent analysis points to the persistent deepening of inequalities between regions and districts in terms of economic potential, which requires methodological approaches capable of diagnosing variable and rarely stable territorial processes (Tsonkov, N., Petrov, K, 2024).

This broader understanding is particularly visible in the debate regarding the future of cohesion policy post-2027. The Ninth Report on Economic, Social and Territorial Cohesion highlights that while convergence progress has been achieved in several parts of the Union, regional disparities remain persistent and are likely to be further influenced by structural transformations such as demographic shifts, digitalization, the climate transition, and economic restructuring (European Commission, 2024). The report also reaffirms the importance of core cohesion policy principles, including the place-based approach and the principle of partnership. The work of the High-Level Group on the Future of Cohesion Policy further reinforces this direction. Its final report argues that future cohesion policy must retain its focus on economic, social, and territorial cohesion, while simultaneously becoming more effective, strategic, and better adapted to the diversity of regional contexts (High-Level Group on the Future of Cohesion Policy, 2024). This is especially vital for Bulgaria, where the post-2027 period should not be viewed merely as a new administrative cycle, but as an opportunity to rethink the national model of regional development and its capacity to generate genuine territorial change.

### **1.2. The Place-Based Approach as a Conceptual Framework**

The internal logic and efficacy of regional policy as an instrument for socio-economic cohesion have been the subject of a long-standing doctrinal clash in spatial economics. This debate centers on the dichotomy between the space-neutral (people-based) and the place-based approach. The space-neutral paradigm, rooted in neoclassical economic theory and New Economic Geography, postulates that public interventions should focus exclusively on individuals (people) rather than specific territories. The leading argument here is that economic growth is inherently spatially unequal and tends to naturally concentrate in areas with a high density of economic activity due to agglomeration effects. According to the landmark World Development Report by the World Bank (2009), the most effective way to combat spatial inequalities is not the artificial subsidization of lagging regions, but the promotion of market integration, geographical labor mobility, and investments in universal human systems such as education, healthcare, and social protection. Within this logic, it is assumed that the market will

self-correct disparities by drawing surplus labor from the periphery to advanced centers where productivity is higher.

However, the practical application of the space-neutral approach in catching-up countries with fragile institutional environments and deep centralization reveals severe flaws. In reality, policies directed solely at individuals without considering the geographical context become a mechanism for subsidizing further polar concentration. Allocating funds on a per capita basis (linked strictly to population numbers) naturally favors large urban agglomerations that already possess scale and market advantages. Concurrently, promoting passive spatial mobility without alternatives for local development deprives peripheral and shrinking regions of their most valuable capital - the young and educated population. This process locks in a vicious cycle of depopulation, loss of critical economic mass, and institutional degradation, wherein market self-regulation proves to be a theoretical chimera.

In reaction to these failures, the independent report by Fabrizio Barca, prepared at the request of the European Commission (Barca, 2009), executed a fundamental turn, establishing the place-based approach as the leading paradigm for EU Cohesion Policy. Today, the place-based approach occupies a central position in contemporary regional development debates. Its core premise is that territories are neither neutral spaces for the allocation of economic activity nor passive recipients of public policies. Instead, they represent complex socio-economic and institutional systems with specific development trajectories, resources, constraints, functional linkages, and governance capacities. Consequently, effective regional development policies cannot be constructed solely through universal sectoral measures or standardized instruments; they must be grounded in a deeper understanding of the specific territorial context.

The Barca report stands as one of the foundational contributions to this debate. Barca (2009) defines a place-based policy as a long-term strategy aimed at addressing persistent underutilization of potential and reducing social exclusion in specific places through integrated interventions and multi-level governance. The significance of this contribution lies in its rejection of both entirely place-neutral policies and fragmented localism. Instead, the place-based approach combines strategic direction from higher levels of governance with local knowledge, participation, and institutional mobilization.

Philip McCann (McCann, 2015) further develops this framework, linking it to the concept of smart specialization. He emphasizes that modern regional policy must be strictly oriented toward measurable territorial outcomes, which are achievable only if investments correspond to the unique technological, industrial, and social profile of the region. The place-based approach does not deny the necessity of spatial mobility or investments in human capital; it insists that these investments must be institutionally contextualized (Tomaney, 2010). Educational and infrastructure programs should be planned in a manner that strengthens local economic ecosystems, creating conditions to retain and attract value within the region itself, rather than facilitating its ultimate drainage.

Ignoring these principles leads to severe political and structural upheavals. In his study on "the revenge of the places that don't matter," Andrés Rodríguez-Pose (Rodríguez-Pose, 2018) demonstrates that decades of spatially blind planning and the concentration of public resources in global urban centers have birthed widespread economic stagnation in the geographical periphery. These left-behind territories lose their economic viability, transforming into zones of persistent functional deficits. The lack of a critical mass of human resources and business activity blocks market mechanisms, fostering a deep sense of institutional and social neglect among the local population. These economic deserts subsequently transform into hotbeds of populism and political instability, threatening the overall cohesion of states and the European Union itself.

In the contemporary international context, this theoretical consensus finds expression in the latest recommendations and strategic documents of the Organization for Economic Co-operation and Development (OECD, 2023, 2025). The OECD argues that building territorial resilience in the face of global megatrends requires a transition toward governance based on "functional regions." Functional spaces transcend narrow administrative boundaries and reflect real economic relationships, labor markets, and daily population commuting. Managing these spaces is possible only through genuine fiscal empowerment and the sharing of sovereignty across the governance vertical. Similarly, the European Territorial Reference Framework of ESPON (ESPON, 2019) emphasizes the need for integrated spatial strategies to counteract polar concentration. The theoretical review clearly demonstrates that the transition toward smart, sustainable, and balanced development in the new 2028–2034 programming period is conceptually conditional upon the capacity of states to shift from formal administration to genuine place-based planning supported by financial autonomy.

### **1.3. Integrated Territorial Development and Multi-Level Governance**

The place-based approach implies a shift not only in policy content but also in the mode of governance. Integrated territorial development requires coordination across sectoral interventions, alignment between strategic and spatial planning, and interaction among national, regional, and local actors. Therefore, multi-level governance is not an additional administrative element but a fundamental prerequisite for an effective regional policy. In this sense, territorial instruments such as Integrated Territorial Investments (ITI), Community-Led Local Development (CLLD), functional area approaches, and territorial strategies can be viewed as practical manifestations of place-based logic. Their objective is not merely to allocate funding across territories, but to create coherence between needs, potentials, actors, and interventions. When applied effectively, these instruments can help overcome the fragmentation of sectoral policies and strengthen the link between strategic objectives and territorial impact. This approach corresponds with the new trends in OECD regional policy, which emphasize the need for differentiated responses depending on the specific territorial scale, distinguishing between metropolitan areas, rural regions close to cities, and remote rural regions. As Garcilazo and Oliveira Martins (2021) argue, designing place-based policies is too complex task to be fully centralized, making decentralization and multi-level governance essential components for success.

However, the literature indicates that integrated territorial instruments do not automatically produce integrated development. Their effectiveness depends on institutional capacity, the quality of partnerships, clarity of responsibilities, the ability to coordinate financial sources, and the availability of reliable monitoring and evaluation mechanisms. Without these conditions, integration may remain formal and procedural, while actual execution continues to follow a project-based and absorption-oriented logic. This distinction is crucial for the Bulgarian case. The adoption of territorial instruments does not automatically mean that a genuine place-based model has been established. The fundamental question is whether these instruments alter the logic of planning and execution, or whether they simply fit into the existing administrative and project-financial model without changing its core characteristics.

### **2.4. The Bulgarian Context: Formal Instruments and Implementation Deficits**

In Bulgaria, the challenge does not lie in a lack of strategic documents or public policy instruments. On the contrary, the country possesses a relatively dense formal framework for regional and local planning. It includes national strategic documents, integrated territorial strategies for the development of NUTS 2 planning regions, plans for the integrated

development of municipalities (PIRO), various sectoral programs, Integrated Territorial Investments (ITI) via the “Development of Regions” Program 2021–2027, and Community-Led Local Development (CLLD) strategies funded by European funds.

This indicates that at the level of strategic documents, the connection between regional and spatial development is recognized, although its practical application remains a challenge. Numerous Bulgarian publications focus precisely on the missing link between socio-economic and spatial planning (Ivanov & Naydenov, 2017, 2019) and the challenges facing regional development in Bulgaria (Naydenov et al., 2021) since the previous programming period. A significant portion of them can be summarized by the conclusion that the issue in regional development is not the absence of formal instruments, but rather their limited capacity to function as an integrated system for managing territorial change.

These limitations of a purely sectoral approach are well-documented internationally. Research by Awotwe (2026) indicates that rural policies focused solely on individual sectors, such as agriculture and resource industries, have proven ineffective at sustaining rural economies in the long term. True place-based economic development requires moving beyond this sectoral focus, as it limits the effective implementation of strategies needed to build competitive and sustainable regional economies. This argument is further supported by Borisov, Petrov and Tsonkov (2024), who emphasize that regional development policy should not be reduced to the direct distribution of resources, but should function primarily as a mechanism for coordinating sectoral policies and directing them toward regional problems. They also identify the lack of own financial resources at the level of planning regions and the strong centralization of municipal revenues as significant constraints on effective regional development.

The limitation manifests across several dimensions, such as: a weak link between strategic planning and actual investment programming; limited capacity and functions of the regional level to act as a strategic space between national policies and local needs; the risk of territorial instruments being utilized as mere procedures for selecting project ideas rather than mechanisms for building territorial synergy; and an underdeveloped toolkit for evaluating the real territorial impact of European funding. In this sense, the Bulgarian model reflects the divergence between the formal adoption of European concepts and their substantive application within national institutional and governance practices. Place-based development requires more than the existence of strategic documents and financial instruments. It presupposes the ability to differentiate between types of territories, comprehend their specific trajectories, coordinate interventions across sectors and levels, and evaluate whether public policies generate actual territorial change. The place-based approach should not be viewed merely as a European buzzword, but as a viable foundation for a new planning paradigm. Such a paradigm would shift the emphasis from formal programming and fund absorption toward territorial differentiation, integrated interventions, institutional coordination, and measurable impact.

## **2. METHODOLOGY**

The purpose of the article is to reveal the main limitations of the current regional development model in Bulgaria and to formulate conceptual guidelines for its reassessment post-2027. The primary questions raised are: what are the main limitations of the current regional development model in Bulgaria, and what changes are necessary after 2027 to transition toward a more effective, territorially sensitive, and place-based oriented planning paradigm?

The conclusions and theses articulated in the text are based on a qualitative methodological approach encompassing a literature review, documentary analysis of European and national strategic documents, critical institutional analysis, and conceptual synthesis, alongside the author's extensive experience in regional development and participation in drafting numerous

strategic documents related to socio-economic development and spatial planning. The scope of the analysis is confined to the programming and institutional framework of regional development in Bulgaria within the context of the future cohesion policy of the European Union. The expected contribution of the article lies in deriving key principles for a new regional planning paradigm in Bulgaria post-2027. These principles include territorial differentiation, integration of interventions, institutional coordination, enhanced local and regional capacity, and a transition from formal strategic planning to policies oriented toward real territorial impact.

### **3. THE BULGARIAN MODEL OF REGIONAL DEVELOPMENT: LIMITATIONS AND CONTRADICTIONS**

The current model of regional development in Bulgaria demonstrates that the country possesses a relatively developed formal framework for strategic planning, programming, and the implementation of regional and local development policies. This includes regulatory provisions in the field of regional development, national strategic documents, integrated territorial strategies for the development of NUTS 2 planning regions, municipal integrated development plans (PIRO), sectoral programs, as well as instruments for Integrated Territorial Investments (ITI) and Community-Led Local Development (CLLD) funded by European Union funds. Notably, during the 2021–2027 programming period, the "Development of Regions" Program introduces a more visible territorial logic through the application of integrated territorial development instruments. The program directs investments toward integrated urban and regional development, linking funding to territorial strategies and enhancing the role of Regional Development Councils (RDCs) in the preliminary selection of project ideas. This represents a significant formal change compared to more sector-oriented intervention models.

Nevertheless, the core issue is not the availability of instruments, but rather the manner in which they function as a system. The first key finding is that the Bulgarian model of regional development remains heavily dependent on a project-financial logic. In practice, regional development is frequently conceptualized through the prism of accessing funding rather than the long-term transformation of territories. This leads to a situation where strategic documents are often perceived merely as a prerequisite for application rather than as a genuine tool for development management. Consequently, the link between identified territorial problems, strategic goals, financial resources, and real effects on the regions remains insufficiently strong.

The second finding relates to the weak institutionalization of the regional level. In the Bulgarian model, the region exists as a statistical, planning, and administrative-functional category, yet it struggles to become a real subject of policy. Integrated territorial strategies for the development of NUTS 2 regions and Regional Development Councils create opportunities for clearer territorial coordination. Under the framework of the "Development of Regions" Program (PRR) 2021–2027, Regional Development Councils hold functions related to the preliminary selection of project ideas, which formally strengthens the role of the regional level. However, the effectiveness of this model depends on institutional capacity, a clear distribution of responsibilities, stable partnership mechanisms, and the active participation of local and regional actors. When these conditions are underdeveloped, the regional level remains intermediary and procedural rather than strategic and managerial.

The third finding is that integrated territorial instruments are at risk of being applied in a rather formalistic manner, rather than bringing about a real shift in the approach to planning and policy execution. The integrated approach implies combining different sectoral interventions within a shared territorial logic. In Bulgarian practice, Integrated Territorial Investment (ITI) concepts are supposed to unite project ideas which, in combination with each other or with other investments in a given territory, lead to the achievement of a specific objective corresponding to the integrated territorial strategies. Nonetheless, a risk is already manifesting that ITIs are

turning into a mechanism for aggregating separate project ideas, lacking a sufficiently strong link between them and without a clearly measurable impact on a specific territory.

The fourth finding is associated with the insufficient connection between strategic, spatial, and financial planning. Regional development cannot be effective if strategic documents, spatial planning, investment programming, and sectoral policies operate in parallel rather than in an integrated fashion. In Bulgaria, a mismatch is frequently observed between formulated goals for territorial development and the actual mechanisms for financing and execution. This weakens the ability of public policies to influence the spatial organization of economic activities, access to services, mobility, infrastructure, and the quality of life in different types of territories.

The fifth finding is that the current model struggles to account for the diverse development trajectories of territories. Bulgarian regions and municipalities differ substantially in terms of demographic dynamics, economic structure, accessibility, institutional capacity, social capital, and opportunities for adaptation to external changes. Despite this, policies and funding requirements utilize similar criteria without a sufficiently robust territorial differentiation. This limits their capacity to address both the problems of peripheral and depopulating areas and the challenges facing growing urban centers and their functional zones.

**Table 1.** Main limitations of the current regional development model in Bulgaria

Limitation	Manifestation	Implication for the post-2027 period
Project-financial logic	Strategic documents are often linked primarily to access to funding	Risk of reproducing the absorption-oriented model
Weak regional level	Limited capacity for coordination and strategic decision-making	Difficulty in implementing genuine territorial approaches
Formal integration	Integrated tools may aggregate projects without territorial synergy	Limited transformative impact
Fragmented planning	Weak connection between strategic, spatial and financial planning	Reduced policy effectiveness
Insufficient territorial differentiation	Similar instruments are applied to different types of territories	Limited relevance of interventions to local needs

*Source: Own elaboration*

In summary, Bulgaria faces the risk of entering the post-2027 period with updated programming documents but without any substantial change in its regional development model. The fundamental challenge is not merely technical or financial, but paradigmatic. It lies in the necessity to rethink regional development as a process of managing territorial change, rather than just a system for programming, applying for, and executing projects. From this perspective, the genuine implementation of the place-based approach implies four key changes:

1. Strategic planning must be grounded in a better understanding of specific territorial contexts.
2. The regional level must be granted a clearer analytical, coordinating, and managerial role.
3. Financial instruments must be more closely aligned with territorial strategies rather than solely with administratively defined priorities.
4. Monitoring and evaluation must shift their focus from the mere fulfilment of indicators and fund absorption to the real impact exerted on territories.

#### 4 DISCUSSION. TOWARDS A NEW PARADIGM OF PLACE-BASED REGIONAL PLANNING AFTER 2027

The principles proposed in this section should not be interpreted as isolated normative recommendations, but as an attempt to adapt and operationalize key debates in contemporary regional policy literature to the Bulgarian post-2027 context. The emphasis on territorial differentiation corresponds to the place-based policy literature and to the typology of metropolitan, intermediate, and remote rural regions proposed by Garcilazo and Oliveira Martins. The focus on institutional coordination and decentralization is consistent with studies on multi-level governance and administrative capacity in EU Cohesion Policy. At the same time, the Bulgarian case also serves as a counterpoint to these debates, since the country has formally introduced integrated territorial instruments but has not yet developed sufficiently strong regional governance structures, autonomous regional resources, or impact-oriented evaluation mechanisms.

The results of the literature review and the diagnostic assessment of the current situation indicate that the primary challenge facing regional development in Bulgaria post-2027 cannot be reduced solely to the preparation of new programming documents or to adaptation to the future regulations of the European Union's cohesion policy. The more fundamental question relates to the necessity for a shift in the manner in which regional development is conceptualized, planned, managed, and evaluated. In this sense, the next programming period should be viewed not merely as an administrative and financial cycle, but as an opportunity to transition toward a new paradigm of territorially sensitive planning.

The concept of a “new paradigm” within the context of this publication signifies a transition from a model dominated by sectoral programming, project logic, and formal strategic planning, to a model based on territorial differentiation, integration, institutional coordination, and an orientation toward real impact. This does not imply the rejection of existing instruments, but rather their reassessment and enhanced linkage within a system capable of managing the diverse development trajectories of territories.

The place-based approach provides the conceptual foundation for such a shift. Its value lies not merely in recognizing the differences between territories, but in requiring that policies be constructed upon a sophisticated understanding of these disparities. This encompasses not only socio-economic indicators, but also institutional capacity, the quality of partnerships, spatial dependencies, access to services, mobility, demographic trends, and the potential for local initiative. In this sense, the place-based approach is not simply the “localization” of national policies, but a fundamentally different logic of public management.

For Bulgaria, this holds particular significance due to the acute territorial polarization and the distinct nature of regional challenges. Some territories are faced with complex processes of demographic shrinkage, economic peripheralization, and restricted access to services. Others are part of expanding urban and functional zones where the primary issues relate to pressure on infrastructure, the housing market, mobility, public spaces, and the quality of the environment. A third group of territories possesses potential for development through specific natural, cultural, economic, or logistical resources but requires better connectivity, capacity, and institutional support. Treating these distinct territorial types uniformly results in policies with severely limited effectiveness.

Hence, the new paradigm of regional development must be constructed around five leading principles:

- **Principle of Territorial Differentiation:** This presupposes that policies are adapted to different types of territories rather than being applied through universal instruments and

criteria. This requires a finer typology of regional and local problems, superior territorial data, and a clearer link between analysis and the choice of interventions.

- **Integration:** Regional development cannot be the result of artificially isolated sectoral projects when the problems of territories are interconnected. Demographic decline, access to services, economic activity, transport connectivity, the housing environment, education, and the quality of public management cannot be considered separately. Therefore, regional development instruments should encourage combinations of interventions that generate territorial synergy rather than a mere aggregation of eligible projects.
- **Institutional Coordination:** A genuine place-based approach requires interaction among national, regional, and local levels. In Bulgaria, this means overcoming the weak link between national programs, regional priorities, and municipal strategies. The regional level, through Regional Development Councils, must be strengthened not merely procedurally, but analytically and managerially as a space for coordination, negotiation of priorities, and tracking territorial outcomes. Such coordination is conceptually supported by the principle that modern economic and territorial systems naturally function beyond narrow political-administrative boundaries, necessitating integrated sub-national management frameworks (Mazur & Kubai, 2019).

In this regard, institutional coordination also necessitates a critical evaluation of the country's current administrative-territorial division. The modern fragmentation into 28 districts (NUTS 3 level) shows signs of exhaustion, with numerous territories facing severe demographic collapses and lacking the necessary critical mass of resources to generate endogenous growth. As a strategic alternative for the future model, the conceptual consolidation of the intermediate governance level into a smaller number of functional macro-regions, finding conceptual support in the historical administrative model of 1987, can be considered. Such a macro-regional level would respond more adequately to the requirements for managing "functional regions," uniting real economic linkages and labor markets.

However, the strategic empowerment of Regional Development Councils remains conceptually incomplete without ensuring real fiscal sovereignty. To transform the regional level from a formal coordinator into an autonomous subject of governance, the new paradigm requires functioning mechanisms for financial decentralization. A viable practical instrument in this direction is the reallocation of a fixed share of direct taxes (e.g., 2% of the Personal Income Tax), to be accumulated in targeted Regional Development Funds. This autonomous fiscal resource would enable the backing of independent regional programs and investments of shared interest among municipalities, aligning fully with the debates on the future of cohesion policy.

- **Orientation toward Impact:** Previous practice has frequently placed a heavy emphasis on financial execution, the number of projects, and the formal achievement of indicators. The new model must place a stronger emphasis on how interventions alter the real situation within territories: do they improve access to services, create conditions for economic activity, restrict spatial isolation, enhance the quality of life, and strengthen local capacity?
- **Integration between Strategic and Spatial Planning:** Regional development has spatial consequences and cannot be effective if planned solely through programming documents detached from the physical and functional organization of the territory. The Bulgarian framework already contains documents that formally link regional and spatial development, including the National Concept for Regional and Spatial Development 2026–2040 and the integrated territorial strategies for regional development. The challenge is to prevent this connection from remaining merely at the level of strategic

text and to transform it into a practical mechanism for the selection, coordination, financing, and evaluation of interventions. The future model should combine socio-economic analysis, spatial structure, functional relationships, investment priorities, and mechanisms for execution. In this context, transport connectivity plays a fundamental role in the physical and economic integration of these new functional macro-regions. As Tsonkov and Dimitrov (2024) highlight, building adequate transport infrastructure is an essential prerequisite for the success of the new planning regionalization in Bulgaria and for generating real territorial synergy.

**Table 2.** From absorption-oriented to place-based regional development model

Current dominant logic	New place-based logic
Focus on funding absorption	Focus on territorial impact
Sectoral programming	Integrated territorial interventions
Formal strategic documents	Strategies as tools for managing change
Administrative regions	Functional and context-sensitive territories
Standardized instruments	Differentiated territorial responses
Output indicators	Outcome and impact-oriented evaluation
Procedural coordination	Real multilevel governance

*Source: Own elaboration*

The opportunity for such a shift post-2027 depends not only on the European framework but also on the national institutional choice. If Bulgaria continues to perceive cohesion policy primarily as a source of funding, the risk is the reproduction of the current model under new programming titles and adapted procedures. If, however, the next period is utilized for a deeper rethinking of the relationship between territory, institutions, and development, cohesion policy can be transformed into an instrument for the real transformation of regional planning.

Consequently, the fundamental question is not whether Bulgaria will possess regional development programs post-2027, but whether these programs will be part of a new logic of governance. A real place-based approach requires a shift in mindset: from "what funds can be absorbed" to "what change must be achieved in a specific territory." This presupposes a re-evaluation of the role of PIRO, ITI, and Regional Development Councils: moving from formal or procedural elements in the system to instruments for the selection, coordination, and tracking of real territorial results.

To ensure that these instruments do not replicate the model of top-down administrative programming, the methodological integration of the Community-Led Local Development (CLLD) approach at the regional level is required. The successful experience of applying CLLD on a micro-scale (via Local Action Groups - LAGs) can be scaled up in the drafting and execution of regional strategies. Such a sharing of managerial powers will guarantee the mandatory and authentic inclusion of local stakeholders: business, the civil sector, and the academic community, linking public investments to specific territorial capital and the actual needs of the regional labor market. This mechanism is of paramount importance for Bulgaria's rural territories, where overcoming demographic shrinkage and fragmented structural funding requires comprehensive integration perspectives capable of blending local community initiatives with wider agricultural and regional funds (Borisov et al., 2024).

## CONCLUSIONS

This article argues that Bulgaria's post-2027 regional development model requires a transition from absorption-oriented programming toward a genuine place-based planning paradigm. The analysis shows that the main weakness of the current system lies not in the absence of strategic documents or territorial instruments, but in their limited ability to generate integrated, territorially differentiated, and impact-oriented development outcomes.

A new planning paradigm should therefore be based on territorial differentiation, stronger institutional coordination, decentralization, integration between strategic and spatial planning, and evaluation focused on real territorial change. Instruments such as PIRO, ITI, CLLD, and Regional Development Councils should be transformed from procedural elements into mechanisms for diagnosing territorial problems, coordinating interventions, and monitoring outcomes in terms of accessibility, service provision, local capacity, demographic resilience, and quality of life.

The post-2027 period represents a critical opportunity for such a shift. If Bulgaria continues to treat cohesion policy primarily as a source of funding, the existing model is likely to be reproduced under new programming terminology. If, however, the country uses the next period to reform the relationship between territory, institutions, and development, cohesion policy can become a real instrument for the transformation of regional planning.

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