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STATE INTERVENTION IN THE REGULATION OF POVERTY IN THE NORTHWEST PLANNING REGION

Tanya Nikolova, Ph.D. student, Department of Strategic Planning D. A. Tsenov Academy of Economics – Svishtov e-mail: tanianikolova@mail.bg

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The Northwest Planning Region is characterized by extremely low socio-economic indicators of development and high vulnerability to national and global challenges. According to the official statistics of the NSI and EUROSTAT this region ranks first in terms of poverty not only within the country but also within the European Union. According to the ranking published in 2008, the Northwest Planning Region ranks first with a comprehensive vulnerability index 100 by its degree of vulnerability out of the 267 regions in the EU¹. The goals set in the “Regional Development Plan of the Northwest Region 2007-2013” were not achieved. At the beginning of the new programming period 2014-2020, there emerged the need for coordinated horizontal and vertical actions of all stakeholders (government, business, academia, NGOs, local community) according to competencies and capabilities to deal with the consequences of poverty that are emerging as a prerequisite for its reproduction more widely. This article supports the realization of the objectives for poverty reduction in the Northwest Planning Region set in all national planning documents.

1. Main characteristics of the Northwestern planning region

The Northwest Planning Region (NWR) covers the districts of Vidin, Montana, Vratsa, Pleven, Lovech (NUTS 3) and included 51 municipalities and 628 settlements, of which 45 cities. The region covers the western part of the Danube plain between Stara Planina and the Danube. It borders with Romania and Serbia. Its territory is 19 047 km² (17,26% of the country territory). The largest part of the arable land is in Pleven region (84.26%) and on its territory are the biggest watercourses and water areas (3.38%) and also territory for transport infrastructure (0.57%). The forest areas occupy the largest share in Lovech (43.37%). Territory of Vratsa has the largest share of land with settlements and other urban areas (5.29%) and areas for mining of minerals (0.06%).

Table 1

Main characteristics of the Northwestern planning region at 31.12.2014

Administrative territory	Number of municipalities	Places / of which cities (number)	Territory (km ²)	Structure of the territory (%)					
				Agricultural	Forest	settlements and other urban areas	watercourses and water areas	for mining of minerals	For transport and infrastructure
Vidin	11	140/73	3025	65.74	26.85	4.39	2.48	0.05	0.48
Vratsa	10	123/83	3602	76.62	15.97	5.29	1.53	0.06	0.52
Lovech	8	112/84	1411	54.27	40.37	3.79	1.00	0.05	0.52
Montana	11	130/83	3634	69.27	23.36	4.21	2.67	0.03	0.46
Pleven	11	123/144	4645	84.26	6.99	4.76	3.38	0.03	0.57
NWR	51	628/45	19047	70.50	22.22	4.49	2.23	0.04	0.51
Bulgaria	265	5266/257	110372	58.20	34.69	4.49	1.79	0.23	0.60
Share of NWR (%)	19.25	11.9/17.5	17.26	12.17	3.84	0.77	0.39	0.01	0.09

Composed according to NSI data

¹ Regions 2020. An Assessment of Future Challenges for EU Regions. Commission Staff Working Document, 2008

The population of the Northwestern planning region in 2015 is 715378 people and density of 41.9 persons / km², it is significantly lower than the national average - 65.3 persons/km². The area is low populated, with some parts having the character of depopulation. In the period 2001-2015, the population decreased by 23.5% total for the region by 21.2% in urban and 27.2% rural. The total decrease in population over the same period is with 9.3% (in cities with 4.5% and in the villages with 20.3%). Main characteristics of the population are presented in Table 2.

Table 2

Characteristics of the population of the Northwestern planning region

Administrative territory	Population						Population density (people / km ²)
	Total number	share of the population of Bulgaria (%)	share of urban population (%)	share of the population under working age	share of the working age population	share of the population over working age	
Vidin	91235	1.28	63.67	13.03	54.23	32.74	30.9
Vratsa	172007	2.40	57.81	14.41	58.52	27.07	48.6
Lovech	131493	1.84	62.52	14.25	55.81	29.94	32.2
Montana	137188	1.92	63.43	14.33	56.08	29.58	38.3
Pleven	251986	3.52	66.36	14.36	56.73	28.91	55.1
Northwestern planning region	783909		63.01	14.19	56.56	29.24	41.9
Bulgaria	7153784		73.07	14.78	61.14	24.08	65.3

The proportion of population under working age and in working age in NWR is lower than the national average where the highest figures in Vratsa District and lowest in Vidin. The majority of the population between 25 and 64 years of age in NWR has secondary education. Its highest share is in Vidin district (71.6%) and lowest in Pleven (57.6%) and Lovech (57.5%). The share of the population with higher education is between 17.1% (Montana) and 23.6% (Pleven). The age and educational structure strongly influence the labor market and the results of economic activity in the area.

As a result of the adverse economic situation the migration of the population is high.

The economic activity of the population of Northwestern planning region is presented in Table 3.

Table 3

The economic activity of the population of Northwest Planning Region for 2014.

Administrative territory	Employed persons (thousands)*	Hired persons (thousands)*	Economic activity rate (%)	Employment rate (%)	Unemployment rate (%)	Registered in the labor offices unemployed persons
Vidin	31,48	19,77	72,3	58,8	18,8	8825
Vratsa	66,76	43,43	61,0	50,3	17,7	15654
Lovech	55,20	38,01	60,2	54,6	9,2	9059
Montana	49,85	31,71	58,5	53,7	8,2	12584
Pleven	101,32	68,81	67,2	61,2	9,2	17645
NWR	304,60	201,73	63,8	56,1	12,1	
Bulgaria	3434,18	2506,23	69,3	62,9	9,1	
Share of NWR(%)	8,9	8,0				

Composed according to NSI data

The employment rate for the region is moving in a range between 50.3% (Vratsa) and 61.2% (Pleven). The coefficient for the country is 62.9 percent, the maximum value was reached in Sofia (capital) 71.7%, minimum value in Vratsa.

In NWR the lowest value of the rate of unemployment is in Montana - 8.2% where the value for the country is 9.1%. The highest value is in Vidin district - 18.8 percent. In the country the maximum amount of the unemployment rate is in Silistra - 21.8%, and the minimum - Sofia (capital) 4.3%.

The change in the structure of employees by economic sectors in 2001-2014 can be followed in the Table 4.

Table 4.

Structure of employees in 2001 and 2014 (%)

Administrative territory	Agriculture, forestry and fishing		Industry		Construction works		Trade, transport, hotels and restaurants, production and distribution of information and creative products, telecommunications		Financial and insurance activities, real estate, professional, scientific and technical activities, administrative and support activities		Government, education, human health and social work, culture, entertainment and recreation, repair of household goods and other activities	
	2001	2014	2001	2014	2001	2014	2001	2014	2001	2014	2001	2014
Vidin	32.2	27.0	15.7	19.1	2.3	2.1	18.2	20.5	4.9	3.3	26.7	28.1
Vratsa	30.2	19.5	21.1	30.6	5.3	5.6	18.0	16.2	4.3	3.9	21.1	24.2
Lovech	26.8	29.0	31.2	30.8	1.6	2.2	18.5	16.0	3.0	2.6	18.9	19.3
Montana	30.7	23.3	22.6	25.9	3.0	3.5	18.1	18.2	4.2	3.8	21.5	25.3
Pleven	28.2	29.1	22.4	25.2	3.1	3.5	19.3	18.6	4.9	3.6	22.1	20.1
NWR	29.2	26.0	23.1	26.9	3.2	3.5	18.5	17.7	4.3	3.4	21.7	22.4
Bulgaria	19.4	23.9	19.9	23.2	5.2	4.1	27.4	23.0	9.4	5.6	18.8	20.1

Composed according to NSI data

If Bulgaria employment in the sector Agriculture, forestry and fishing increased from 19.4% to 23.9%, then in NWR it fell from 29.2% to 26%. The highest proportion of people employed in this sector in Pleven and Lovech, and the lowest in Vratsa. An increase was observed in employment in the sector industry, it is higher than the national average with the exception of Vidin. Employment in the Construction sector is below the average for the country, where in Vratsa is higher than average, and the districts of Vidin and Lovech are the lowest values for the area.

There are significantly lower figures in NWR from the the national average for the following sectors: Trade, transport, hotels and restaurants, production and distribution of information and creative products, telecommunications and financial and insurance activities, real estate, professional, scientific and technical activities, administrative and support service activities.

There are higher values than the national average in NWR in government, education, human health and social work, culture, entertainment and recreation, repair of household goods and other activities where in Vidin the value is 28.1% and for the country is 20.1%.

Overall employment in the country's services sector decreased from 55.6% to 48.7%. For NWR decrease was 1% (from 44.5% to 43.5%). In 2014, the highest value is for Vidin district (51.9%) and lowest is for Lovech district (37.9%).

On the territory of NWR are operating 28 352 non-financial companies (7.4% of non-financial companies in the country). Their structure are represented in Table 5 and substantially repeats the structure of enterprises in Bulgaria. There are prevailing micro companies (up to 9 employees) with share of 92.22% (92.47% in the country), followed by small companies (10-49 employees) with 6.38% (6.16% in the country).

So presented economic potential of the North-West region is the basis for forming the main macroeconomic indicators. The results for 2014 are presented in Table 6. The share of North-West region in the formation of macro indicators Gross value added and Gross domestic

product in 2014 is 7.1%, which areas are as follows: Vidin - 0.68%; Vratsa - 2.01%; Lovech - 1.23%; Montana - 1.11%; Pleven - 2.07%.

Table 5

The structure of non-financial corporations in NWR in 2014.

Companies	Total number	Share of total number of enterprises in NWR (%)	Share of total number of enterprises in Bulgaria (%)	Share of enterprises in the group in Bulgaria (%)
Micro Companies (up to 9 employees)	26146	92.22	6.81	7.37
Small companies (10 - 49 employees)	1809	6.38	0.47	7.65
Middle companies (50 - 249 employees)	353	1.25	0.09	7.83
Big companies (250+ employees)	44	0.16	0.01	5.85
Total for NWR	28352	100.00	7.38	

Table 6.

Gross domestic product and gross value added by economic sectors for 2014

Administrative territory	Gross value added (million Lev)	GVA by economic sectors (Mln. Levs)			Gross domestic product (mln. Levs)	Gross domestic product per capita (Mln. Levs)
		agriculture	industry	services		
Bulgaria	72 608	3 823	19 726	49 059	83 612	11 574
Northwest region	5 151	649	1 716	2 787	5 932	7 381
Vidin	495	89	77	329	570	6 034
Vratsa	1 457	152	715	590	1 678	9 494
Lovech	892	97	317	478	1 027	7 635
Montana	806	140	206	460	929	6 611
Pleven	1 501	171	400	929	1 728	6 710

Source: NSI, GDP_1.1.4.xls

The share of gross value added formed in the sector of agriculture and forestry in the Northwest region (12.6%) significantly exceeds the value for the country (5.27%). The highest value of the indicator is in Vidin (17.9 percent) and Montana (17.4%), while the lowest is in Vratsa (10.42%).

The industrial sector in Bulgaria formed 27.17% of GVA and in NWR's share is higher - 33.3%. The smallest contribution of the sector in forming of BDS observed in Vidin (15.66%) and highest in Vratsa (49.08%). In the other three areas share exceeds or is close to that in the country.

The services sector formed 67.57% of GVA in the country. The value for NWR is 54.1%. The highest share of services in the formation of gross value added is in Vidin - 66.44%, while the lowest is in Vratsa - 40.5%.

Gross domestic product per capita in NWR is 63.77% of that in the country. The highest value is in Vratsa - 82.03%, and the lowest in Vidin - 52.13%.

The dynamics of the main macroeconomic indicators BDS, GDP and GDP per capita in the period 2007-2014 is presented in Fig. 1.

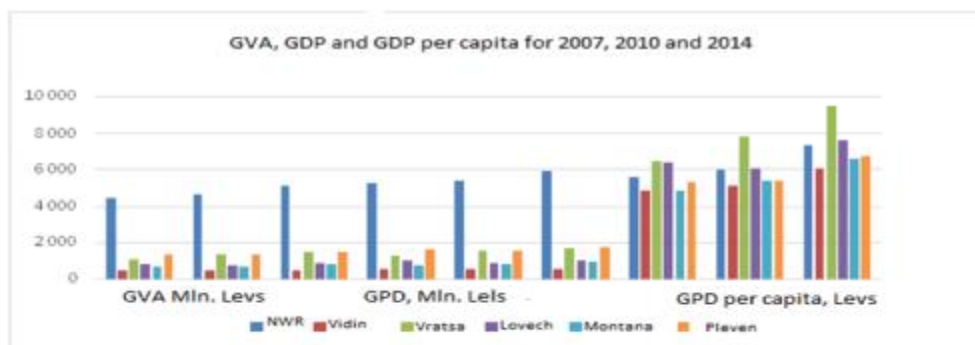


Fig. 1. Main macroeconomic indicators for Northwestern Region

The achievement of dynamic growth is the main challenge for the Bulgarian regions. The Northwest region has made limited progress in economic growth in the period before the economic crisis and its development is strongly influenced by its negative impact. The result is an economic downturn which in comparison with other regions from Level 2 is the highest.

1. Dimensions of Poverty in the Northwest Planning Region

Poverty has its cartography. Table 7 contains information about the the regional dimension of poverty in Bulgaria and Northwest region.

Table 7

Indicators of poverty and social inclusion fields (OMC)

Indicators of poverty and social inclusion fields (OMC)	Year the survey was conducted (reference year of income)	Vidin	vratsa	Lovech	Montana	Pleven	NWR	Bulgaria	Difference between NWR and Bulgaria
[OV-1] Poverty line (Lev)	2008 (2007)	1477	2215	2581	2307	2322	2092	2548	-456
	2014 (2013)	2949	3263	2674	2861	4005	3328	3885	-557
[OV-2] Inequality of income distribution (Ratio between the incomes of the poorest and the richest 20% of households)	2008 (2007)	6,1*	7,2	6,5	16,7*	5,5	7,7	21,4	-13,7
	2014 (2013)	9,8*	8,6	4,9	7,1*	4,2	6,0	21,8	-15,8
[SI-C2] Inequality of income distribution (Gini coefficient)	2008 (2007)	29,3	36,2	35,1	48,2	33,6	38,3	35,9	2,4
	2014 (2013)	41,5	39,5	30,1	32,0	25,8	33,8	35,4	-1,6
[OV-C11] Share of the poor people before social transfers	2008 (2007)	40,0	53,2	41,9	38,7	47,5	44,4	42,4	2,0
	2014 (2013)	46,2	60,4	47,9	50,5	44,1	50,1	46,8	3,3
[SI-C6] Share of the poor people before social transfers (including pensions)	2008 (2007)	34,6	32,1	28,8	31,7	29,9	30,9	27,1	3,8
	2014 (2013)	33,8	26,6	25,0	25,3	22,6	27,3	27,3	0,0
[SI-P8] Percentage of population living in material deprivation	2008 (2007)	44,0	43,9	39,5	19,3	35,0	46,2	41,2	5,0
	2014 (2013)	38,4	42,7	55,3	19,8	29,3	36,0	33,1	2,9
[LVHL11] Persons living in households with low intensity of economic activity	2008 (2007)	15,4	17,6	10,2	19,4	7,8		7,7	-
	2014 (2013)	36,0	14,4	20,4	15,0	5,7		11,2	-
[PEPS01] Combined indicator ** Population at risk of poverty or social exclusion	2008 (2007)	46,9	47,2	45,1	35,3	41,0	50,5	44,8	5,7
	2014 (2013)	48,5	46,6	56,8	29,9	33,4	42,4	40,1	2,3

* Less stochastic accuracy due to insufficient number of cases

** The indicator includes three indicators: risk of poverty; low intensity of economic activity; material deprivation.

Source: NSI, SILC_2_raion.xls; SILC_3_obl.xls.

The dynamics of the poverty line in the period 2007-2013 is presented in Fig. 2.

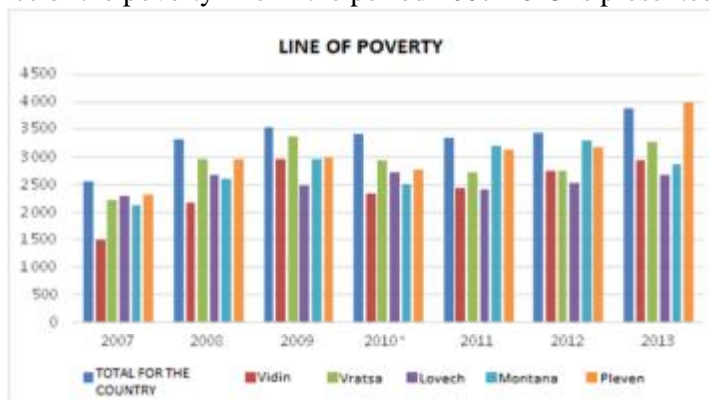


Fig. 2 Poverty line for the period of 2007-2013

Source: NSI

Table 8

Ranking of areas in the NWR compared to the size of the poverty line in the period 2008-2014

Districts	2008	2009	2010	2011	2012	2013	2014
Vidin	1	1	8	2	4	6	5
Vratsa	14	14	20	14	7	6	10
Lovech	15	6	4	8	3	3	3
Montana	9	4	9	4	18	17	4
Pleven	16	13	10	9	15	14	23

Dimensions of poverty can be found in the structure of total household income and per capita presented in Table. 9.

Table 9

Structure of total income per household and per person by sources in 2014 (%)

	Total income												Retrieved savings	Loans and credits
	total	Working salary	Out- working salary	from self- employment	From property	unemployment benefit	pensions	family allowances for children	Other social benefits	regular transfers from other households	Sales revenue	Other income		
Bulgaria	95.91	52.02	3.31	7.17	0.76	0.53	24.75	0.85	2.17	0.99	0.64	2.74	2.88	1.21
NWR	95.99	44.83	4.13	7.07	0.44	0.77	27.05	1.37	5.54	1.42	0.91	2.45	2.81	1.20
Vidin	99.61	46.87	0.13	4.67	0.05	1.31	32.88	0.82	9.26		1.12	2.51	0.37	
Vratsa	97.02	45.52	6.12	3.69	0.10	0.74	31.50	0.75	2.46	3.44	0.54	2.17	1.75	1.24
Lovech	97.99	55.08	3.77	6.24	0.14	0.04	28.17	1.51	0.57	0.09	0.70	1.67	1.79	0.22
Montana	98.06	36.60	3.67	11.49	0.09	0.71	24.38	2.07	16.80	0.05	0.82	1.38	1.10	0.84
Pleven	92.49	43.86	4.41	8.04	1.05	0.94	23.45	1.51	2.83	1.74	1.22	3.43	5.43	2.08

Source: NSI

The share of wages in total income in NWR varies between 36.6% (Montana) and 55.08% (Lovech), at an average rate for the country - 52.02%. The highest is the share of income beyond wages in Vratsa (6.12%), which is almost two times higher than the that one for the

country. The lowest value is in Vidin - only 0.13%. Income from self-employment are highest in Montana (11.49%) and Pleven (8.04%).

Highest income from property are obtained in Pleven and the lowest in Vidin. The share of unemployment is higher than the national average, with the exception of Lovech (only 0.04%). This share reached 1.32% in Vidin. Pensions are the second largest source, forming the total income. The proportion is higher or close to the national average (Vidin - 32.88%, Pleven, 23.45%, 24.75% - Bulgaria). Social benefits are the third element in their amount forming total income. The amount of other social benefits varies between 16.8% in Montana and 0.57 in Lovech). The highest share of withdrawn savings is in Pleven (5.43%), and taken loans (2.08%) values exceeding almost twice the national average.

2. Role of institutions in the fight against poverty - European dimension ²

Regard to the question „*What is your opinion about the statement that poverty in your country is a problem that requires immediate government intervention?*“ A total of 89% of the EU population said they agree (52% strongly agree and 36% tend to agree). The share of total consonants in Bulgaria are 97% (76% totally agree and 21% tend to agree). The highest share of those who agree in Greece - 98% of dissent in Denmark - 34%.

Those who agree that income differences between people nowadays are too large in the EU are 88%, 96% in Bulgaria, 97% in Latvia and Slovakia and 65% in Denmark.

Those who agree that the *government* should ensure that the country's wealth is fairly distributed between all citizens in the EU are 85%, in Bulgaria 84% and in Greece 96%. Denmark has the highest share of dissenters - 29%.

The assertion that the rich should pay higher taxes so that the *government* has more resources to fight poverty is supported in the EU by 79%, 89% in Bulgaria, 95% in Latvia, but at least - 67% in Denmark.

If there is economic growth in the country, poverty disappears automatically by itself - with this statement agree 34% in the EU, 62% in Bulgaria, 64% in Lithuania and only 14% in Sweden.

Agreement with the statement that there is no point in trying to fight poverty, because it is always there, speak 37% in the EU, 30% in Bulgaria, 56% Denmark and 19% in Sweden.

The assertion that income inequality is necessary for economic development, supported by 44% in the EU, 32% in Bulgaria (55% disagree), 70% in Denmark and 74% are dissenters in Greece.

In the EU tend to *trust the parliament* is 15%, not inclined to trust is 55%. For Bulgaria the values are 70% and 18%. In Lithuania, 82% tend not to trust parliament and 52% in Sweden tend to trust the parliament.

Tend to *distrust of the government* in the EU are 56%, 59% in Bulgaria, 81% in Romania and 21% in Luxemburg. Trust in the EU is 27%, in Bulgaria 22%, 37% in the Netherlands and 10% in Romania. In Sweden, 46% either trust or not trust the government.

Trust / distrust of institutions related to their activities in the fight against poverty is as follows:

² Poverty and Social Exclusion. Report. Special Eurobarometer 355. EC, Brussel, 2010.
http://ec.europa.eu/public_opinion/archives/ebs/ebs_355_en.pdf

Table 10

Institutions	Trust / distrust	EU	Bulgaria	min	max
EU	Tend to trust	42	60	26 Germany	67 Slovakia
	Not tend to trust	48	28	28 Bulgaria	67 Germany
Government	Tend to trust	32	42	11 Romania	66 Luxembourg
	Not tend to trust	63	51	28 Luxembourg	86 Romania
Regional or local administration	Tend to trust	50	35	30 Greece	70 Czech Republic
	Not tend to trust	44	53	24 Luxembourg	68 Greece
NGOs and charity organizations	Tend to trust	62	22	22 Bulgaria	81 Austria
	Not tend to trust	31	55	14 Austria	56 Greece
Religious institutions	Tend to trust	48	21	21 Bulgaria	66 Malta
	Not tend to trust	45	63	25 Malta	68 Greece
Private companies	Tend to trust	36	20	20 Bulgaria	52 Austria
	Not tend to trust	55	61	39 Malta	77 Greece
Citizens	Tend to trust	59	44	43 Romania	69 Ireland
	Not tend to trust	34	37	19 Ireland	50 Greece

To the question "What are the main factors generating poverty in your country?" with the option to be mentioned two of these answers are as follows:

Table 11

factor	EU	Bulgaria	min	Max
Globalization	15	7	3 Latvia	29 Cyprus
Low economic growth	31	57	14 Luxembourg	60 Hungary
Striving for profit	29	21	3 Latvia	29 Cyprus
The global financial system	22	24	10 Romania	60 Hungary
Implementation of inadequate or poorly situated policies	37	45	23 Luxembourg	50 Denmark
Immigration	20	2	2 Bulgaria	33 Belgium
Inadequate national social security system	20	28	4 Luxembourg	39 Sweden

The notion of responsibility of the institutions in terms of reducing or preventing poverty in the country is following:

Table 12

Institution	EU	Bulgaria	min	max
EU	10	8	2 Sweden	18 Greece, Portugal
Government	53	80	26 France	80 Bulgaria
Regional or local administration	7	2	1	12 France, Poland
NGOs and charity organizations	6	0	0 Bulgaria, Cyprus	21 France
religious institutions	2	0	0	4 Italy
private companies	3	1	1	5 Germany
citizens themselves	13	2	3 Romania	27 Austria

The importance of the EU role in fighting poverty are given the following grades: EU - 74%; Bulgaria - 86%; France- 60%; Malta - 91%. In the EU, 20% believe that this role is not important in Bulgaria - 9% in Malta 6%, in France 33%.

To the question "of what areas *the government* should give priority to end the poverty?" Are given the following answers:

Table 13

EU actions	EU	Bulgaria	min	max
Ensuring economic growth in order to improve standards of living	38	68	23 Luxembourg	68 Bulgaria
Improving access to day care centers / pre-school (0-3 years)	17	15	7 Lithuania	30 Germany
Sufficiently and regularly increasing	29	45	12 UK	46 Cyprus

social benefits / pensions				
Providing training and qualification	38	25	21 Greece	56 Denmark
Offering job opportunities	60	71	43 Denmark	81 Hungary
Combat all forms of discrimination	20	11	10 Latvia	31 Sweden
Helping the poor for accessing to adequate affordable housing	38	29	16 Lithuania	54 France
Restoration of the poorest areas	27	33	11 Luxembourg	44 UK
Helping the poor to gain access to banking and financial services	10	11	5 Malta	18 Greece
Improving access to social services (long-term care services for children, health care, etc.).	27	35	17 Spain	38 Germany
Advising people on how to avoid the indebtedness	25	8	8 Bulgaria, Romania	40 Luxembourg
There are no effective ways to help to get out of poverty	1	1	0	1

3. Is it possible escape poverty in the North planning region without state intervention

„Is it possible escape poverty in the North planning region without state intervention?“ Because if this is possible, then who and how should take this responsibility? Poverty is a consequence of many intertwined factors and numerous institutions, including citizens themselves have the opportunity to contribute to escape poverty. The state - these are its citizens, and that means that it is not possible to deal with poverty without state intervention in the face of Parliament, government, regional and local authorities.

The problem of poverty in the Northwest Planning Region is aware of both the national and local fields, which is tracked in national planning documents (National Strategy for reducing poverty and promoting social inclusion in 2020; The Action Plan for the period 2015-2016 on the implementation of the national strategy for reducing poverty and promoting social inclusion 2020 was adopted by Decision № 655 of the Council of Ministers of August 31, 2015³) and from the many initiatives and projects related to this topic, which are the work of NGOs representing the citizenry as a whole („Active citizenship and good governance in the fight against poverty“⁴; project "Hot lunch"⁵; " Quality education for Roma children from Vidin district "⁶ etc.). Are not a few examples of partnership between the state and the various forms of administration and levels of existence and citizenship (“Together for better future”⁷ etc.). The effect of the actions is not satisfactory, as shown by deepening poverty. Poverty can not be overcome without state intervention and non-interference of the state leads to a deep and insurmountable poverty and its related consequences.

Poverty in the Northwest Planning Region and social exclusion, making it accompanies intensify its horizontal and vertical spread more noticeable after the global financial crisis. The consequences are mainly related to vulnerable groups:

- Persons not in the working age: children, elderly;
- Families with children: single parents, large families;
- Away from the labor market in the working-age population - economically inactive young people, long-term unemployed, people on social assistance, people with low or no education and qualification, persons with outdated knowledge and skills, illiterate or low-literate persons;
- Roma;

³ <http://www.strategy.bg/StrategicDocuments/View.aspx?lang=bg-BG&Id=790>

⁴ <http://www.bednostbg.info/>

⁵ <http://bnr.bg/vidin/post/100674978>

⁶ <http://drom-vidin.org/drom/?q=bg/node/22>

⁷ <http://umispublic.government.bg/srchProjectInfo.aspx?id=95926>

- People with disabilities;
- Women - unemployed, elderly women.

In sectoral policies almost always present issue of poverty and possible measures to overcome it. The disadvantage is the lack of regional focus of the measures the government proposes addressing poverty, which considerably reduces the effectiveness and the possibility of obtaining added value realization.

4. Existing levers of state intervention in escape poverty in North planning region

At present, the most common and widely available proved levers are related to European funds, which are not aimed solely at Northwest Planning Region, which makes the competition very strong and real-funded projects in poverty too small to have a noticeable effect. Both cross-border programs, which range goes in and part of the Northwest region includes measures related to reducing poverty and improving the economic attractiveness of the region (Cross Border Cooperation Programme INTERREG V-A Romania - Bulgaria 2014-2020⁸ and Program CBC IPA Bulgaria - Serbia 2014-2020⁹), but after the previous reference period 2007-2013, poverty is becoming more tangible, which means that even European funds may have contributed, they are rather slow than to have stopped the process of deepening poverty or are caused so desired by all economic stability of the region.

Regional development plans for level 2 regions are another mechanism that was adopted by Council of Ministers Decision № 459 / 08.01.2013¹⁰ and the state is expected to it use to improve the economic image of the region. 2010 was the European Year for Combating Poverty and review of the "National Programme for implementing the European Year for Combating Poverty and Social Exclusion 2010" reveals the inefficient way in which the State directs the majority of its mechanisms and levers. An example of inefficient decision is the allocation of a budget of approximately 1100000 lev presented in Table. 14. Over one million lev spent by not generated any workplace and none lev is not invested in activities that actually contribute to the budget of the poorest citizens in North Western region. This is just one of the many millions of levs, which the state directs inappropriate towards overcoming poverty and that civil society is not sought responsibility.

Table 14

Budget allocation by groups of activities

Group of activities	amount (Levs)
<u>First group of Activities</u> Conferences, seminars, round tables, debates and other initiatives at national and local level	Up to 310000
<u>Second group of Activities</u> Campaigns, commemorations and innovative initiatives	Up to 315000
<u>Tirth group of Activities</u> Development of local plans for combating poverty and social exclusion	Up to 250000
<u>Fourth group activities</u> Research and analysis on issues of poverty and social exclusion	Up to 150000
<u>Communication strategy</u>	Up to 200000
<u>Administrative costs</u>	Up to 100000

Social entrepreneurship is "a different way of economic activity (doing business) that combines business ingenuity with social mission successful combination and balance of social and economic goals"¹¹. This mechanism is presented in a number of national planning documents¹² or is mentioned as an opportunity for tackling poverty. Such documents are:

⁸ <http://www.cbcrromaniabulgaria.eu/>

⁹ <http://www.ipacbc-bgrs.eu/bg>

¹⁰ <http://www.mrrb.government.bg/?controller=articles&id=521>

¹¹ <https://sites.google.com/a/piamater.org/theinstitute/socialno-predpriemacestvo>

¹² <https://sites.google.com/a/piamater.org/theinstitute/strategii>

- * A national strategy to reduce poverty and promote social inclusion 2020;
- * Strategy to support the development of civil society organizations in the Republic of Bulgaria for the period 2012-2015 and Vision for funding;
- * National Concept for Promotion of Active Ageing 2012-2030;
- * A national program to provide opportunities for active aging, full participation of pensioners in society and prevent their social exclusion;
- * National Action Plan to promote equality between women and men for 2013;
- * National Plan for the prevention of violence against children 2012-2014;
- * National Strategy for Roma Integration 2012-2020;
- * National Strategy Vision for deinstitutionalization of children in Bulgaria;
- * Strategy for development of social services for the elderly in the city of Sofia 2010-2013;
- * Strategy for prevention of social exclusion in the city of Sofia 2011-2015;
- * Updated Employment Strategy of the Republic of Bulgaria 2008-2015;

To stimulate social entrepreneurship¹³ under the Operational Programme "Human Resources Development 2014-2020," are envisaged 15 million BGN. At the same time, there is imperfection in the system in which are allocated funds for the development of a mechanism which has no legal protection, and legislation is still in draft, though published for public consultation 'decision to adopt the Action Plan for Social Economy by 2016-2017 "¹⁴ at the beginning of 2016.

Public-private partnership (PPP), which is defined in the Law on Public-Private Partnership¹⁵, is still insufficiently widespread in Bulgaria. It is one of the possible levers for tackling poverty and in particular to carry out major infrastructure projects, including granting concessions for full engineering, maintenance and operation of very large thoroughfares and highways. This is good practice for sharing risks between public and private partners, which turns out to be a key factor when choosing a form of partnership.

There are many other levers, mechanisms, administrative units and institutions with which the state interacts to overcome poverty. In Table 15 are presented correlations between policy direction and actions that can be applied successfully in the North-West region.

Table 15¹⁶*Policies on poverty*

Policies	Direction	Actions
Policies on the labor market	Establishing and strengthening the attention to new jobs and increase employment in order to create opportunities for young and low-skilled in the labor market.	Formation of income policy with effect on employment and new jobs. levers: Linking the growth of the minimum wage with regional differences; Revision of the system of minimum insurance income.
	Changes in labor standards with the aim of provoking greater economic activity among young people.	Providing easy entry in the labor market and in more flexible forms of employment, including relieve temporary employment, non-recurring work and internships
	Create incentives for returning in the labor market and addressing the so-called. unemployment trap.	Changes in the system of benefits that reduce incentives for prolonged absence from work and limit the loss of work habits, including by shortening the period for receiving full compensation.

¹³ <http://www.investor.bg/evpropekti/264/a/proekti-za-socialno-predpriemachestvo-shte-poluchat-15-mln-leva-218814/>

¹⁴ <http://www.mlsp.government.bg/index.php?section=CONTENT&I=230>

¹⁵ <http://www.minfin.bg/bg/page/523>

¹⁶ Poverty in Bulgaria. Education and employment as factors of income and inequality. Institute for Market Economics, 2016. http://www.bednostbg.info/var/docs/reports/Bednost_bg_16_IME.pdf. The publication is the result of the project "Active citizenship and good governance in the fight against poverty", funded under the program to support NGOs in Bulgaria under the Financial Mechanism of the European Economic Area 2009-2014, in the table author adapts ideas from that publication.

	Focus on programs with structural impact on the workforce.	Targeting expenditure measures to ensure long-term employment and skills, including soft skills and work habits, in partnership with business.
Policies on education	Providing more choice and opportunity for flexible education and innovative solutions	Decentralization System; Improving the voucher funding model and its connection with private schools; Development of various forms of non-formal education.
	Greater autonomy for schools.	Optimizing the choice of teaching methods and curriculum. Improving the system external evaluation; Introducing a system for monitoring implementation and skills matching the labor market.
	Limit the number of dropouts from primary and secondary education.	Focusing on the family environment. Involvement of civil society; Using informal methods of dealing with the problem and dropouts.
	Focusing on professional education.	Entering the duality education; Closer interaction with business in developing curricula, organizing practices and modernize training facilities.
Policies on social assistance and pensions	Clearly define the criteria for the formation of the group "poor people."	Defining and establishing poverty line for social policy objectives and appropriate targeting of social transfers; Addressing the aid to the real poor.
	Focusing on deep poverty	Entering lucrative criterion related to the poverty line; Application of differentiating aid mechanism based on household income.
	Differentiation of welfare and social security policy.	Subtract the social pensions from the budget of the National Social Security Institute.
	Increasing opportunities for people with disabilities to obtain employment income.	Emphasis on performance of the person, not the disability; Viewing disability as a "social" and not as close medical phenomenon; Introducing relieved regulations when hiring people with disabilities.
	Addressing the factors of poverty among the elderly.	Stimulation of personal retirement savings; Longer participation in the labor market, including rise in retirement age; Unify the rules of participation in the labor market for men and women.
Regional policies	Support for decentralization. Restructuring of the tax system in order to increase their revenue in local budgets.	Linking economic activity in the regions with the formation and the state of municipal budgets; Creating real incentives to improve the investment climate in municipalities.
	Promotion of investment destinations and partnership between municipalities.	Transfer within the administrative-territorial division as limiting investment activity; Enhancing the attractiveness and joint actions to attract foreign investment; Giving priority to industrial parks; Reducing administrative and political risks to investors.

5. Conclusions

1. Major differences in cartography of poverty in Bulgaria and the identification of the Northwest region as the poorest region in the country and the EU, requires the active intervention of the state in the implementation of policies on poverty and social inclusion.
2. The generalization of the problems associated with poverty at regional level most often leads to inefficiencies and weak results.
3. Developed and implement programs and measures which will comply with the horizontal principles: "Gender equality and non-discrimination"; "Partnership and Empowerment" and "Sustainable Development", can be effective in combating poverty, if

resources in the form of direct grants are targeted at the poorest and least developed regions and vulnerable groups.

4. Improvement of the legislative framework with a focus on regional regulations aimed at combating poverty (PPA, Taxation, etc.).

5. Joining forces in the actions of the main actors in the fight against poverty - state, civil society and business.

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