

Results Profile: Bulgaria



FREE MARKET GAINS

Making A Difference In An European Union Member State

Overview

Bulgaria's efforts to transition to a market economy were rewarded by membership in the European Union (EU) in 2007. Partnering with the International Bank for Reconstruction and Development (IBRD), Bulgaria continues to make great strides in improving financial management and channeling increased revenue to programs that are delivering new or improved water connections, better schools, and renovated homes for the elderly.

Full Brief—8 Pages

[Bulgaria Case: Making a Difference in an EU Member State](#)—PDF, Sept 2010

Challenge

Bulgaria has come a long way from its difficult early years of transition to a market economy. At the time Bulgaria joined the EU, per capita income stood at only 37 percent of the EU average. In 2008, this figure increased marginally to 41.8 percent. Bulgarians are eager to reap the benefit of EU membership and aspire to equal living standards; however raising the productivity of Bulgaria's economy remains a major challenge - especially against the background of a declining and ageing population. Today, Bulgaria's main challenges are to mitigate the negative impact of the global economic crisis, to enhance productivity, and to strengthen public institutions and governance to accelerate convergence of living standards to average EU countries.

Approach

The International Bank for Reconstruction and Development (IBRD) work in Bulgaria is an example of how a global knowledge and finance institution can make a difference in a middle-income country. During the past decade, the World Bank Group has been a trusted partner, supporting Bulgaria as it emerged from economic crisis and triple-digit inflation to join the EU. IBRD's contributions, through three projects over a decade, have provided tangible results.

The total IBRD contribution for the three projects totaled US\$133.45 million equivalent. The overall World Bank lending program for the 2007-09 fiscal years amounts to

MULTIMEDIA

More Results



700,000

Bulgarians have benefited from small social infrastructure improvements and services since 2002

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US\$754 million equivalent. During the same period, the World Bank also delivered about 30 pieces of analytical and advisory work.

Results

[The Revenue Administration and Reform Project](#) supported integration of tax and social contribution revenue (pension, health and other contributions) collection to improve the effectiveness and efficiency of the public revenue collection system in Bulgaria and facilitate private sector development. Improvements in revenue administration and strong economic growth contributed to an increase in tax and social contribution revenues by 4.6 percentage points of gross domestic product (GDP) between 2002 and 2008, the highest revenue gain among new EU member states.

[The Registration and Cadastre Project](#) contributed to a secure and efficient real estate market – the number of real estate transactions rose by 27 percent per year in the past three years – and hence increased investments and economic growth. Turnaround times for registering a real estate transaction and mortgage, and for cadastre map services, were reduced to a single day from seven days.

[The Social Investment and Employment Promotion Project](#) brought school improvements, energy efficiency, water supply and sewerage to small villages, and enabled rehabilitation of homes for the elderly and for children without parental care. Under the project's labor market component, 21,000 people received employment-related services or were placed into jobs through small contracts for employment services and support to unemployed and more than 700,000 people benefited from small social infrastructure improvements and services on the municipal and community levels.

Bank Contribution

Total IDA support to the city of Taiz under the flood protection project is US\$ 81 million, which includes US\$10 million under the Taiz Pilot Emergency Water Supply Project and US\$40 million through the Urban Water Supply and Sanitation Project. The total cost of the three phases, including government's contribution, is about US\$97 million, provided between 1991 and 2010 to finance a number of activities, including civil works representing 83 percent of the total project cost. After securing Taiz from destructive seasonal flooding, the Board approved in May 2010 and additional IDA support to Taiz to help upgrade a number of informal settlements at a total cost of US\$ 22 million.

Partners

World Bank engagement in key sectors, including education, health, social protection, labor and product markets, is greatly appreciated by the European Commission, a key stakeholder that has channeled EUR1.3 billion in pre-accession-related aid to Bulgaria. In the context of the new intergovernmental means of governance in the European Union, Bulgaria conducts close dialogue and shares experiences with other EU member states. It has consistently invited the World Bank to contribute to this dialogue. In the past, the Japanese government, through the Japan Policy and Human Resources Development Fund technical assistance program and Japan Social Development Fund grants, has provided critical and timely support for capacity building and technical assistance for project preparation and implementation. The Netherlands government's support was focused on implementation of the common EU legislature and building administrative and institutional capacity.

- » Video: Registration and Cadastre Project
- » Video: Social Investment and Employment Promotion Project
- » Slideshow: Registration and Cadastre Project
- » Slideshow: Social Investment and Employment Promotion Project

PARTNERS

- » European Commission
- » Japan Policy and Human Resources Development Fund
- » Japan Social Development Fund
- » Government of the Netherlands

Toward the Future

The World Bank is currently engaging with the government, which took office in July 2009, on a new Country Partnership Strategy for the 2011-14 fiscal years. A recently signed Memorandum of Understanding envisions a stronger World Bank role in helping Bulgaria tap European Union funds for infrastructure investments, in partnership and closest collaboration with European institutions.

Last updated: 2010-09-21