



Munich Personal RePEc Archive

Bulgaria's Participation in Development Policy: Potential Foreign Economic Benefits

Marinov, Eduard

New Bulgarian University, Economic Research Institute at BAS

2018

Online at <https://mpra.ub.uni-muenchen.de/110927/>
MPRA Paper No. 110927, posted 03 Dec 2021 11:34 UTC



Bulgarian Platform for
International Development

European Development Policy - Challenges and Opportunities

Bulgarian Platform for
International Development
Sofia 2018



Produced under the project "Civil Dialogue for Development", which was implemented by BPID with regards to the Bulgarian Presidency of the Council of the EU and with the financial support of the European Union.

www.bpid.eu

This collection consists of the reports of young scientists, which were presented during the National scientific conference "European Development Policy – Challenges and Opportunities", held on 14 June 2018 as part of the activities under the Civil Dialogue for Development project, which was implemented by the Bulgarian Platform for International Development in relation to the Bulgarian Presidency of the Council of the European Union. The main objective of the project was to deepen the knowledge and understanding of civil society of Bulgarian and European development cooperation policies and the role of the EU in the implementation of the UN Program for Sustainable Development by 2030 as well as the Bulgarian participation in this process.

The project "Civil Dialogue for Development" was implemented with the financial support of the European Union under the Program "Civil Organizations and Local Authorities". Contract № CSO-LA / 20171389-142. The responsibility for the content of this document lies entirely with the Bulgarian Platform for International Development as a beneficiary of the project.

You can find more information about the project on BPID's website: <http://bpid.eu>

Compiled and edited by:

- © Petranka Fileva, Maria Neykova, Minka Zlateva
- © Boryana Stancheva, Vihren Mitev, Desislava Sotirova, Edward Marinov, Elitsa Dimova, Ivan Bozhikin, Ivan Byanov, Ivelina Vatova, Kremena Shoutilova-Yochkolovska, Mira Kaneva, Natalia Kiselova, Nevena Byanova, Plamen Ralchev, Sevdana Docheva, Teodora Delisivkova, 2018, Authors

Bulgarian Platform for International Development
ISBN 978-619-7484-04-5 pdf
Sofia, 2018

CONTENTS

Greeting words by Mr. Venzislav Kirkov, Bulgarian Platform for International Development	5
Greeting words by Mr. Jassen Georgiev, Economic Policy Institute.....	6
Foreword	7

I. CHALLENGES TO EUROPEAN DEVELOPMENT POLICY

THE CHALLENGES TO THE EU DEVELOPMENT POLICY AND BULGARIA'S PARTICIPATION IN ITS IMPLEMENTATION Teodora Delisivkova	17
THE "SOFT POWER" OF THE EUROPEAN UNION: THE ROLE OF THE EUROPEAN DEVELOPMENT POLICY IN OVERCOMING GLOBAL PROBLEMS OF DEMOCRACY AND HUMAN RIGHTS Borjana Stancheva.....	31
HUMAN SECURITY – REFORMULATING THE EUROPEAN UNION'S GLOBAL STRATEGIC THINKING AND COURSE OF ACTION Mira Kaneva	45
BULGARIA'S PARTICIPATION IN DEVELOPMENT POLICY: POTENTIAL FOREIGN ECONOMIC BENEFITS, Eduard Marinov	56
THE BULGARIAN DEVELOPMENT POLICY AND THE INITIATIVES OF BULGARIA FOR THE EUROPEAN PERSPECTIVE OF THE WESTERN BALKANS Desislava Sotirova.....	71

II. CAPACITY BUILDING FOR ACHIEVING THE SUSTAINABLE DEVELOPMENT GOALS

IS CAPACITY BUILDING ONLY MEANT FOR DEVELOPING COUNTRIES? DEFICITS IN IMPLEMENTING THE UN SDGs IN BULGARIA Aneliya Paneva	87
THE ROLE OF THE NATIONAL ASSEMBLY IN THE IMPLEMENTATION OF THE UN SUSTAINABLE DEVELOPMENT GOALS IN BULGARIA Natalia Kiselova	103

SOCIAL ENTREPRENEURSHIP AS AN INSTRUMENT FOR THE IMPLEMENTATION OF THE SUSTAINABLE DEVELOPMENT GOALS IN BULGARIA	
Ivan Bozhikin	115
IMPLEMENTATION OF SDG 2 AND COMMON AGRICULTURAL POLICY OF EU	
Ivan Byanov, Nevena Byanova	130
THE POTENTIAL OF THE INSURANCE SECTOR IN THE CONTEXT OF SUSTAINABLE DEVELOPMENT GOLS	
Kremena Choutilova-Yochkolovska	146
CHINA 2030 AND THE GLOBAL SUSTAINABLE DEVELOPMENT	
Ivelyna Vatova.....	156

III. COMMUNICATION FOR EUROPEAN DEVELOPMENT POLICY

CONSTRUCTING PUBLIC DISCOURSE ABOUT DEVELOPMENT POLICY	
Plamen Ralchev	169
EU INFORMATION POLICY AS A FACTOR OF SUSTAINABLE DEVELOPMENT	
Elitsa Dimova.....	180
USE OF INFORMATION AND COMMUNICATION TECHNOLOGIES FOR DEVELOPMENT PURPOSES – ACHIEVED RESULTS AND OPPORTUNITIES	
Sevdana Docheva, PhD.....	190
COMMUNICATION AND THE PARTICIPATION OF YOUTH IN THE DEVELOPMENT PROCESSES	
Vihren Mitev	200
THE AUTHORS	210

BULGARIA'S PARTICIPATION IN DEVELOPMENT POLICY: POTENTIAL FOREIGN ECONOMIC BENEFITS

Eduard Marinov

Summary: *Bulgaria could take advantage of its obligations within the EU Development Policy in pursuit of its foreign and economic policy objectives. The paper first discusses some insights from the economic theory related to development aid in terms of the motivation and potential economic benefits for donor countries. It then analyses the responsibilities, the implemented actions and the potential benefits of Bulgaria's participation in international development cooperation. To conclude the paper presents some directions for the necessary future research to assist in drawing up recommendations on the strategic priorities that the country should set in its participation in international development cooperation and in particular in providing development aid.*

Keywords: *development cooperation, Official development assistance, donor motivation, relation between international trade and development aid*

JEL code: O24, O24, F13

Introduction

The policy for cooperation with developing countries is new to Bulgaria as in the course of the transition over the past two decades assistance to these countries could not be a foreign policy priority for obvious reasons. On the other hand, relations between Bulgaria and many of these countries in the decades before left a lasting mark in many of them, contributing to their economic development. In recent years, serious efforts have been made in Bulgaria to restore good practices in this respect, to rebuild the Bulgarian presence in developing countries on the basis of the existing former experience and of the new aims and priorities of Bulgarian foreign policy.

After the end of the transition to a market economy and the accession to the European Union, Bulgaria has the task of restoring

its position as a donor of international aid under the new conditions. The implementation of Bulgaria's transition from the status of a recipient of international aid into a donor makes it necessary a special attention to be paid to the many issues in this regard because of the specific commitments arising from the country's new status.

Potential economic benefits for donor countries: literature review

In economic development literature on development aid there is a trend for studying both the effects of aid, as well as the rationale for its granting. These issues are interrelated as the reasons for granting aid are often affecting its allocation as well. Many studies show that both development aid and international trade have a positive impact on economic growth and development. This issue will not be discussed here as the study focuses on the economic gains of aid allocation.

Many studies try to identify whether donors tend to allow political and economic goals to influence their aid allocation decisions or whether they instead select recipients on the basis of their objective development needs.¹ While existing work suggests that the motives underlying aid decisions are mixed, these studies point to a range of donor interests, such as the maintenance of colonial ties, military alliances, the protection of spheres of influence, and trade and investment ties, as central determinants of patterns of aid flows.²

¹ Maizels, A., M. Nissanke. Motivations for Aid to Developing Countries. – *World Development*, 1984, 12 (9): 879–900; Neumayer, E. The Pattern of Aid Giving. London: Routledge, 2003; Lewis, T. L. Environmental Aid: Driven by Recipient Need or Donor Interests? – *Social Science Quarterly* 2003, 84 (1): 144–161; Berthélemy, J. C. Bilateral Donors' Interest v. Recipients' Development Motives in Aid Allocation: Do All Donors Behave the Same? – *Review of Development Economics* 2006, 10 (2): 179–194; Fleck, R. K., C. Kilby. How Do Political Changes Influence US Bilateral Aid Allocations? Evidence from Panel Data. – *Review of Development Economics* 2006, 10 (2): 210–223.

² Levitt, M.S. The Allocation of Economic Aid in Practice. – *The Manchester School of Economics and Social Studies*, 1968, 6 (2): 131–147; Burnside, C., D.

Most researchers regard the commercial dimension of national interest as a main part of the motivation of donors for aid distribution. National interest of donor countries, reflected in trade ties of the donors with the developing world, represents a consistent benchmark to evaluate the self-interested attributes of aid allocations because the meaning of the concept itself does not vary across donors or over time. In this regard there is strong empirical evidence that in the case of OECD donors the volumes of bilateral aid disbursements are significantly influenced by bilateral trade between donors.

As noted in many studies of development aid there are many reasons why one might expect to observe a correlation between aid and trade flows from a donor to a particular recipient:

- aid often is given to countries which have strong trading ties with the donor (e. g. ex-colonies);
- aid could create trade dependency, where recipients purchase imports from donors granting them large amounts of aid because the aid is considered contingent on the imports;³

Dollar. Aid, Policies, and Growth. – *American Economic Review*, 2000, 90 (4): 847–868; Dunning, T. Conditioning the Effects of Aid: Cold War Politics, Donor Credibility, and Democracy in Africa. – *International Organization* 2004, 58 (2): 409–423; Bueno de Mesquita, B., A. Smith..A Political Economy of Aid. – *International Organization*, 2009, 63 (2): 309–340; Lundsgaarde, E., C. Breunig, A. Prakash. Instrumental Philanthropy: Trade and the Allocation of Foreign Aid. – *Canadian Journal of Political Science* 2010, 43 (3): 733–761.

³ This is the case with „tied aid“, where the provision of aid is dependent upon the recipient purchasing goods from the donor – this usually means that aid is provided in the form of goods and services procured in the donor country, thus aid itself is trade. See: Jepma, C. EC-wide Untying. International Foundation for Development Economics and Department of Economics, University of Groningen, 1991. Even in the absence of tied aid there are ways in which aid can induce recipient dependence on donors for the supply of goods and services – for example, where equipment and machinery are involved, replacement parts are often only available in the original source country. See: Lloyd, T., M. McGillivray, O. Morrissey, R. Osei. Investigating the Relationship between Aid and Trade Flows. *CREDIT Research Paper 98/10*. Centre for Research in Economic Development and

- aid could be regarded also as trade creating – it contributes to economic growth in the recipient country that generates a subsequent increase in donor exports to the recipient;
- Aid is often linked to the implementation of structural economic reforms, especially the liberalization of foreign trade regimes.⁴

Moreover there are various other economic mechanisms through which development assistance could foster bilateral trade – mostly regarding the increase of the import capacity of the recipient country through supporting its economic development.⁵

The view that trade can lead to aid (i. e. there is a reverse relation) is generally attributed to effects of aid allocation policies of donors:

- donors give preference in the allocation of their aid to countries with which they have the greatest commercial links;⁶
- the donor is “rewarding” the recipient for purchasing its exports;⁷
- the donor is seeking to consolidate and/or expand its market in the country through the expectation that aid

International Trade, University of Nottingham.

⁴ Trade liberalization could affect donor's exports, as reduction of trade barriers increases the opportunities for market access in developing countries. See: Morrissey, O. The Mixing of Aid and Trade Policies. – *The World Economy*, 1993, 16(1): 69–84.

⁵ Nowak-Lehmann, F., I. Martínez-Zarzoso, A. Cardozo, D. Herzer, S. Klasen. Linking Foreign Aid and Recipient Countries' Exports: Are there Differences between Regions of the Developing World? *Discussion Paper No.206, Ibero-America Institute*, University of Göttingen. 2010; Lundsgaarde, E., C. Breunig, A. Prakash. Instrumental Philanthropy: Trade and the Allocation of Foreign Aid. – *Canadian Journal of Political Science* 2010, 43 (3): 733–761.

⁶ Morrissey, O. The Mixing of Aid and Trade Policies. – *The World Economy*, 1993, 16(1): 69–84.

⁷ McGillivray, M., E. Oczkowski. A two-part sample selection model of British bilateral foreign aid allocation. – *Applied Economics*, 1992, 24, 1311–1319.

will have a trade-inducing effect;⁸

- the donor is pursuing a more aggressive and indeed risky strategy; rather than focusing on established export markets, it could instead use aid to promote export ties in those countries which currently are lesser markets.⁹

Although aid allocation literature does not provide a consensus on the impact of trade on aid flows,¹⁰ they identify several general types of aid-trade links that may exist:

- first, no relationship exists at all;
- second, trade is a determinant of aid (donors grant more aid to those recipients that import more from them);
- third, aid impacts on trade ('aid causes trade');
- fourth, the link between trade and aid is bi-directional (aid and trade form parts of a mutually reinforcing cycle – the presence of one increases the likelihood of the other);
- last but not least, a third common factor is responsible for the observed temporal correlation between aid and trade.

Most studies limit attention to one (or a sub-set) of these possible cases, one cannot draw general conclusions. This results in the relatively low relevance of the estimations of these studies. Although most researchers agree that there is a link, so far literature cannot provide a unanimous answer to the question of its specific features. Therefore, the study of this link suggested in this study would allow for the formulation of reasoned recommendations regarding our country's strategy and policy in its participation in international development cooperation. These can be done on the

⁸ Lloyd, T., M. McGillivray, O. Morrissey, R. Osei. Investigating the Relationship between Aid and Trade Flows. – *CREDIT Research Paper 98/10*. Centre for Research in Economic Development and International Trade, University of Nottingham.

⁹ McGillivray, M. op.cit.

¹⁰ For a more thorough review of empirical research on the links between development aid and foreign trade, see Marinov, E. The Link between Official Development Assistance and International Trade Flows – Insights from Economic Theory. – *Journal of Financial and Monetary Economics*, 2017, 4, 239–247.

basis of a study of the links between the flows of foreign trade and development aid in EU Member States similar to Bulgaria as size and openness of the economy, volume of foreign trade and development assistance commitments.

Bulgaria's participation in international development cooperation

With European Union accession in 2007, the status of Bulgaria has changed. The country takes significant financial and institutional commitments within the framework of the Union's Development Policy and from a recipient of international development assistance becomes a member of one of the most active organizations in international development policy and the largest donor in the world. However, as the preparation for membership did not include the elaboration of a development policy, Bulgaria is faced with the challenge, on the left, of formulating and implementing a national development policy that complements and strengthens the EU Development Policy on and, on the right – from a country that until recently received official assistance to start allocating resources to provide such assistance in line with its commitments as an EU Member State.

Although because of the low standard of living, public attitudes in Bulgaria are still related to the perception that receiving aid is a norm¹¹, the commitments stemming from our EU membership are unambiguous – in the years and decades to come, development policy must be supported with more and more resources, which will also reflect on its place in the country's foreign relations. From the point of view of Bulgaria's participation in the development financing process, its membership in the European Union clearly outlines its donor position. Development policy requires the annual investment of substantial funds from the national budget, and the country's development finance commitments are long-term and will become bigger and bigger.

¹¹ By 2004, as a transition country, Bulgaria received official assistance (€ 1.5 billion for 2004), with a significant part of it has been ODA – 637 million or up to 2.5% of the country's GNI.(OECD data).

Participation in International Development Cooperation is an integral part of the Bulgarian foreign policy and is carried out in accordance with the common EU policy in this field. In national law, however, this issue was settled only in 2011 by Council of Ministers Decree 234, although the existing before 1989 relations between Bulgaria and a number of developing countries.

Since 2007, Bulgaria as a Member State of the EU, starts to provide ODA,¹² and based on the volume of aid provided, the period up to 2017 could be divided into several stages – in 2007-2009 the aid provided is minimal – its value is 12-17 mln euro (0,04-0,06% of GNI), after which it increases for the period 2010-2015 to 31-37 mln euro (0,08-0,1% of GNI), while in 2016 it almost doubles (61 mln euro, 0,13% of GNI). In the last year a decrease to 55 mln euro is observed, which although small in value, is substantial as a share of GNI (with 2 promile points to 0,11% of GNI). The commitment of 0.33% of GNI in 2017 (or EUR 140 million) is difficult to achieve, but this is characteristic for all new EU member states – none of them is even close to implementing its ODA commitments under the EU Development Cooperation Policy. The best performers are Malta (0,22%), Estonia (0,17%) and Slovenia (0,16%), while in Cyprus, Croatia, Hungary and Latvia aid provided as a share of GNI is lower than in Bulgaria (0,09-0,1%). The only countries that keep their obligations in 2017 in this regard are Sweden, Luxembourg, Denmark and the United Kingdom (for the Member States of before 2004 the target is 0.7% of GNI).

According to the Medium-term programme for development assistance and the provision of humanitarian aid 2013-2015 Bulgaria participates at multilateral and bilateral level, directing its development assistance to countries and regions of priority for the country's foreign policy.¹³ In their determination, one takes into account the traditional historical, economic and cultural ties, geographical proximity and political will for cooperation, as well as the

¹²Complete data on the volume and share of aid provided by all EU Member States are presented in Annex 1.

¹³Multilaterally Bulgaria participates in EDF, has financial contribution in EU foreign aid instruments as well as in international financial institutions (the Black Sea Trade and Development Bank, the International Bank for Reconstruction and Development, the International Finance Corporation).

existence of specific aid capacities and the EU Enlargement and Neighborhood Policies. In this regard, as priorities for Bulgaria the Program identifies the Western Balkans, the Black Sea region, the Middle East and North Africa as well as the post-conflict reconstruction countries and Sub-Saharan African countries.¹⁴ So far, Bulgaria's ODA is mainly directed to meeting the country's commitments at a multilateral level, while a minimum resource is spent on bilateral aid.¹⁵

Bulgaria does not have the potential to seriously impact the results of development funding. It is clear, however, that our country will provide resources as an EU member for assisting in the realization of the Sustainable Development Goals. The effect of spending these resources on recipient countries as well as on Bulgaria itself as a donor will be as substantial as behind them stands a realistic and logically substantiated specific policy line that does not pursue short-term political ambitions but long-term goals related to the improvement of the international environment, the eradication of the pressing problems of humanity as a whole, the provision of opportunities for a decent life and work for all people on the planet.¹⁶ To this end, it is necessary both to develop a national de-

¹⁴For more information on the aims, principles and priorities of Bulgarian development policy, see Филева, П., А.Вълканова, П. Бучков. Политика за развитие: От помощ за развитие към глобално партньорство за развитие. [Fileva, P., A. Valkanova, P. Buchkov. Development Policy: From Development Aid towards Global Development Partnership.] София: БМПР, 2018, 94-96.

¹⁵For some positive results regarding mostly capacity building see Костова, А. Политиката за развитие като възможност за българската външна политика. [Kostova, A. Development Policy as an Opportunity for Bulgarian Foreign Trade] – *Дипломация*, 12/2014, (юли-декември), 65-72. ДИМВНР.

¹⁶Миланов, М. Финансиране на развитието като процес в международното сътрудничество за развитие и мястото на България в него. В: Международното сътрудничество за развитие и участието на България в него, публикация по проект "Българската политика за развитие: прозрачност при създаването на нормативна уредба и програмна рамка", финансиран по ОПАК и съфинансиран от ЕСФ. [Milanov, M. 2009. Financing development as a process in International Development Cooperation and Bulgaria's place in it. In: International Development Cooperation and

velopment policy and to establish institutional capacity to provide assistance, as well as to provide the necessary support of the Bulgarian public for the country's full participation in international development cooperation.

As an external border of the EU, Bulgaria is surrounded by developing countries while others are in its immediate vicinity. Investments in the stability and prosperity of neighbors are directly related to security (in terms of immigration, terrorism, etc.) and to economic development (potential markets, establishment of lasting trade relations, mutual investment, etc.) of our own country. If used strategically, development policy can also be seen as an investment in national human and administrative capital – the provision of technical assistance or participation in international projects has a positive effect on the relevant Bulgarian experts, organizations, practitioners, etc. in the form of additional financial incentives, greater professional opportunities, extended partnerships and strengthened institutional capacity.

Some directions for future research

To support strategic decision making on the mid-term and long-term priorities in Bulgaria's participation in international cooperation development and in EU Development policy, due to the established in theoretical and empirical research relation and in order to draw own results on the link between development aid and international trade here are proposed directions, scope and methodology for future research.¹⁷

Through statistical approaches measuring dependencies, the

Bulgarian Participation in It]. ДИМВНР. 2009, с.31. [cited 15.07.2018] Available from: http://bdi.mfa.government.bg/data/projects/opac/7-fin_razv.pdf].

¹⁷ Some results of a pilot study (of the relation between aid flows – ODA and TOF, and trade flows – total, imports and exports, of EU and China with Sub-Saharan Africa for the period 2000-2012, using Engle-Granger cointegration) could be found in Nestorov, N., E. Marinov. Development Aid and International Trade in Sub-Saharan Africa: EU vs. China. In: Foreign Capital Flows and Economic Development in Africa: The Impact of BRICS versus OECD, Palgrave Macmillan, New York, USA, 2017, 271–297.

link between the volume and dynamics of Official Development Assistance and foreign trade flows will be tested for a set of selected EU countries, Members of the Development Assistance Committee of the Organization for Economic Cooperation and Development and a set of selected Least Developed Sub-Saharan African countries.

The time-frame of the study is 2003-2015, encompassing the new trade relations framework between the EU and African countries. Study of development aid will be limited to ODA flows only. Within them it will analyze the volume of gross and net disbursements,¹⁸ not taking into account the relieving and postponing of external debt and the capital investments in public enterprises.

The member-states of DAC by the OECD are chosen as subject of the econometric analysis as on one hand as members of the OECD they have the obligation to report strictly and uniformly the data on granted by them ODA, while on the other they are the most active ODA donors. Five countries which are similar to Bulgaria in terms of size and openness of the economy, volume of trade flows and commitments to granting development assistance will be selected among DAC members which are also members of the DAC depending on data availability.

Least developed countries are selected as they receive over 50% of all ODA. The region of Sub-Saharan Africa is selected as on one hand the countries there are among the recipients of the highest volumes of ODA in the world, while on the other hand it is included as a priority region both in the Bulgarian Midterm Programme for Development Assistance as well as in the European Development Cooperation Policy. Up to 10 countries which are among Bulgaria's main trade partners in the region will be selected depending on data availability.

The specific statistical tools (e. g. cross-correlation, Granger causality, Engle-Granger cointegration, Johansen cointegration) to assess the relation between development aid and foreign trade depend on their results, thus they will be identified in the course of the

¹⁸OECD. Development finance data. [cited 15.07.2018] Available from:<http://www.oecd.org/dac/financing-sustainable-development/development-finance-data/>.

research work according to their applicability to the available data.

The implementation of such research will assess the existence, direction and strength of the link between the dynamics and volume of development aid and international trade flows between the EU member-states which are also members of DAC on one hand, and the LDCs in Sub-Saharan Africa – on the other which will support the drawing of recommendations on the strategic priorities which Bulgaria has to set in its participation in the International Development Cooperation, and more specifically – in granting and allocating Official Development Assistance.

Conclusion

International trade and development aid are two of the main tools for generating and redistributing wealth in the global economy and provide opportunities for developed industrialized economies to contribute to the development of poorer developing and least developed countries.

Economic literature and empirical research relate the volumes of assistance provided and the trade flows from a donor to a particular recipient as a key part of donor motivation in the provision and distribution of development aid from which donors can derive political and economic benefits.

Participation in international development cooperation is an integral part of Bulgarian foreign policy and is carried out in accordance with the common EU policy in this field. From the point of view of Bulgaria's participation in the development finance process, its membership in the European Union clearly outlines its donor position.

Development policy requires an annual investment of substantial funds from the national budget, and the country's development finance responsibilities are long-term and will become bigger. With the correct formulation of the strategic priorities in the provision of official development assistance, Bulgaria could derive significant economic benefits from its participation in international development cooperation.

BIBLIOGRAPHY

Костова, А. Политиката за развитие като възможност за българската външна политика. [Kostova, A. Development Policy as an Opportunity for Bulgarian Foreign Trade] – *Дипломация*, 12/2014 (юли-декември), ДИМВНР, 65–72, Available from: http://bdi.mfa.government.bg/data/DJ/DJ_12_2014.pdf.

Миланов, М. Финансиране на развитието като процес в международното сътрудничество за развитие и мястото на България в него. В: Международното сътрудничество за развитие и участието на България в него, публикация по проект “Българската политика за развитие: прозрачност при създаването на нормативна уредба и програмна рамка”, финансиран по ОПАК и съфинансиран от ЕСФ. [Milanov, M. Financing development as a process in International Development Cooperation and Bulgaria's place in it. In: International Development Cooperation and Bulgarian Participation in It] ДИМВНР, 2009. 1–36. Available from: http://bdi.mfa.government.bg/data/projects/opac/7-fin_razv.pdf.

Филева, П., Вълканова, А. и П. Бучков. Политика за развитие: От помощ за развитие към глобално партньорство за развитие. [Fileva, P. Valkanova, A and P. Buchkov. Development Policy: From Development Aid towards Global Development Partnership] София: БПМР, 2018.

Berthélemy, J.-C. Bilateral Donors' Interest v. Recipients' Development Motives in Aid Allocation: Do All Donors Behave the Same? – *Review of Development Economics* 2006, 10 (2): 179–194.

Bueno de Mesquita, B., A. Smith. A Political Economy of Aid. – *International Organization*, 2009, 63 (2): 309–340.

Burnside, C., D. Dollar. Aid, Policies, and Growth. – *American Economic Review*, 2000, 90 (4): 847–68.

Dunning, T. Conditioning the Effects of Aid: Cold War Politics, Donor Credibility, and Democracy in Africa. – *International Organization* 2004, 58 (2): 409–23.

European Commission. Investing in Sustainable Development. The EU at the forefront in implementing the Addis Ababa Action Agenda. European Commission Staff Working Document. Brussels, 23.04.2018.

Fleck, R. K., C. Kilby. How Do Political Changes Influence US Bilateral Aid Allocations? Evidence from Panel Data. – *Review of Development Economics* 2006, 10 (2): 210–223.

Jepma, C. EC-wide Untying. International Foundation for Development Economics and Department of Economics, University of Groningen, 1991.

Levitt, M. S. The Allocation of Economic Aid in Practice. – *The Manchester*

School of Economics and Social Studies, 1968,6, 2, 131–147.

Lewis, T. L. Environmental Aid: Driven by Recipient Need or Donor Interests? – *Social Science Quarterly* 2003, 84 (1): 144–161.

Lloyd, T., M. McGillivray, O. Morrissey, R. Osei. Investigating the Relationship between Aid and Trade Flows. *CREDIT Research Paper* 98/10. Centre for Research in Economic Development and International Trade, University of Nottingham.

Lundsgaarde, E., C. Breunig, A. Prakash. Instrumental Philanthropy: Trade and the Allocation of Foreign Aid. – *Canadian Journal of Political Science* 2010,43 (3): 733–761.

Maizels, A., M. Nissanke. Motivations for Aid to Developing Countries. – *World Development*, 1984,12 (9): 879–900.

Marinov, E. The Link between Official Development Assistance and International Trade Flows – Insights from Economic Theory. – *Journal of Financial and Monetary Economics* 2017, 4, 239–247.

McGillivray, M., E. Oczkowski. A two-part sample selection model of British bilateral foreign aid allocation. – *Applied Economics*, 1992, 24, 1311–1319.

McGillivray, M., H. White. Explanatory Studies of Aid Allocation among Developing Countries. The Hague: *ISS Working Paper* 1993, No. 148.

Midterm Programme for Development Aid of the Republic of Bulgaria for the Period 2016–2019. Available from: [http://www.strategy.bg/Strategic Documents/View.aspx?lang=bg-BG&Id=1139](http://www.strategy.bg/StrategicDocuments/View.aspx?lang=bg-BG&Id=1139) (*in Bulgarian*)

Morrissey, O. The Mixing of Aid and Trade Policies. – *The World Economy*, 1993, 16 (1): 69–84.

Nestorov, N., E. Marinov. Development Aid and International Trade in Sub-Saharan Africa: EU vs. China. In: *Foreign Capital Flows and Economic Development in Africa: The Impact of BRICS versus OECD*, Palgrave Macmillan, New York, USA, 2017, 271–297.

Neumayer, E. *The Pattern of Aid Giving*. London: Routledge, 2003.

Nowak-Lehmann, F., I. Martínez-Zarzoso, A. Cardozo, D. Herzer, S. Klasen. Linking Foreign Aid and Recipient Countries' Exports: Are there Differences Between Regions of the Developing World? *Discussion Paper No.206*, Ibero-America Institute, University of Göttingen. 2010.

Annex 1. Development assistance of EU Member States

Million Euro												
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	
Bulgaria	17	13	12	31	35	31	37	37	37	61	55	
Estonia	12	15	13	14	17	18	23	28	31	39	38	
Cyprus	25	26	33	39	27	20	15	15	16	16	16	
Latvia	12	15	15	12	14	16	18	19	21	27	29	
Lithuania	35	33	26	28	37	40	38	34	43	52	52	
Malta	8	11	10	10	14	14	14	15	15	19	23	
Poland	265	258	269	285	300	328	355	341	397	600	598	
Romania	84	85	110	86	118	111	101	162	143	243	250	
Slovakia	49	64	54	56	62	62	65	63	77	96	100	
Slovenia	40	47	51	44	45	45	46	46	57	74	68	
Hungary	76	74	84	86	100	92	97	109	140	180	132	
Croatia	-	-	-	-	15	15	32	54	46	37	44	
Czech Republic	131	173	154	172	180	171	159	160	179	235	242	
Austria	1,321	1,188	820	912	799	860	882	930	1,193	1,479	1,091	
Belgium	1,425	1,654	1,874	2,268	2,019	1,801	1,732	1,845	1,717	2,080	1,955	
United Kingdom	7,194	7,973	8,102	9,855	9,948	10,808	13,498	14,551	16,718	16,325	15,915	
Germany	8,978	9,693	8,674	9,804	10,136	10,067	10,717	12,486	16,173	22,368	21,895	
Greece	366	488	436	383	305	255	180	186	215	333	281	
Denmark	1,872	1,944	2,018	2,168	2,108	2,095	2,205	2,264	2,313	2,142	2,130	
Ireland	871	921	722	676	657	629	637	615	648	726	717	
Spain	3,755	4,761	4,728	4,492	3,001	1,585	1,789	1,415	1,259	3,868	2,142	
Italy	2,901	3,370	2,368	2,262	3,111	2,129	2,566	3,022	3,610	4,601	5,086	
Luxembourg	274	288	298	304	294	310	323	319	327	354	377	
Netherlands	4,547	4,848	4,615	4,800	4,563	4,297	4,094	4,200	5,162	4,491	4,395	
Portugal	344	430	368	490	509	452	368	324	278	310	336	
Finland	717	808	926	1,006	1,011	1,027	1,081	1,232	1,161	958	935	
France	7,220	7,562	9,049	9,751	9,348	9,358	8,543	8,005	8,149	8,701	10,080	
Sweden	3,170	3,281	3,266	3,423	4,030	4,077	4,389	4,698	6,391	4,425	4,889	
Total EU-28	45,706	50,021	49,096	53,457	52,805	50,713	54,004	57,174	66,516	74,841	73,870	

		% of GNI												
		2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017		
Bulgaria		0,06	0,04	0,04	0,09	0,09	0,08	0,1	0,09	0,09	0,13	0,11	Target: 0.33% of GNI	
Estonia		0,08	0,1	0,1	0,1	0,11	0,11	0,13	0,14	0,15	0,19	0,17		
Cyprus		0,17	0,17	0,2	0,23	0,16	0,12	0,1	0,1	0,09	0,09	0,09		
Latvia		0,06	0,07	0,07	0,06	0,07	0,08	0,08	0,08	0,09	0,11	0,11		
Lithuania		0,11	0,11	0,11	0,1	0,13	0,13	0,11	0,1	0,14	0,14	0,13		
Malta		0,15	0,2	0,18	0,18	0,25	0,23	0,2	0,2	0,17	0,2	0,22		
Poland		0,1	0,08	0,09	0,08	0,08	0,09	0,1	0,09	0,1	0,15	0,13		
Romania		0,07	0,09	0,08	0,07	0,09	0,08	0,07	0,11	0,09	0,15	0,15		
Slovakia		0,09	0,1	0,09	0,09	0,09	0,09	0,09	0,09	0,1	0,12	0,12		
Slovenia		0,12	0,13	0,15	0,13	0,13	0,13	0,13	0,12	0,15	0,19	0,16		
Hungary		0,08	0,08	0,1	0,09	0,11	0,1	0,1	0,11	0,13	0,17	0,11	Target: 0.7% of GNI	
Croatia		-	-	-	-	0,03	0,03	0,07	0,12	0,09	0,07	0,09		
Czech Republic		0,11	0,12	0,12	0,13	0,12	0,12	0,11	0,11	0,12	0,14	0,13		
Austria		0,5	0,43	0,3	0,32	0,27	0,28	0,27	0,28	0,35	0,42	0,3		
Belgium		0,43	0,48	0,55	0,64	0,54	0,47	0,45	0,46	0,42	0,55	0,45		
United Kingdom		0,36	0,43	0,51	0,57	0,56	0,56	0,71	0,7	0,7	0,7	0,7		
Germany		0,37	0,38	0,35	0,39	0,39	0,37	0,38	0,42	0,52	0,7	0,66		
Greece		0,16	0,21	0,19	0,17	0,15	0,13	0,1	0,11	0,12	0,19	0,16		
Denmark		0,81	0,82	0,88	0,91	0,85	0,83	0,85	0,86	0,85	0,75	0,72		
Ireland		0,55	0,59	0,54	0,52	0,51	0,47	0,46	0,38	0,32	0,32	0,3		
Spain		0,37	0,45	0,46	0,43	0,29	0,16	0,17	0,13	0,12	0,35	0,19		
Italy		0,19	0,22	0,16	0,15	0,2	0,14	0,17	0,19	0,22	0,27	0,29		
Luxembourg		0,92	0,97	1,04	1,05	0,97	1	1	1,06	0,95	1	1		
Netherlands		0,81	0,8	0,82	0,81	0,75	0,71	0,67	0,64	0,75	0,65	0,6		
Portugal		0,22	0,27	0,23	0,29	0,31	0,28	0,23	0,19	0,16	0,17	0,18		
Finland		0,39	0,44	0,54	0,55	0,53	0,53	0,54	0,59	0,55	0,44	0,41		

Source:European Commission. *Investing in Sustainable Development. The EU at the forefront in implementing the Addis Ababa Action Agenda.* European Commission Staff Working Document. Brussels, 23.04.2018, p. 106.

Boryana Stancheva, Vihren Mitev, Desislava Sotirova
Edward Marinov, Elitsa Dimova, Ivan Bozhikin
Ivan Byanov, Ivelina Vatova, Kremena Shoutilova-Yochkolovska
Mira Kaneva, Natalia Kiselova, Nevena Byanova, Plamen Ralchev
Sevdana Docheva, Teodora Delisivkova

**European Development Policy –
Challenges and Opportunities**

Bulgarian
First Edition

Compiled and edited by:

Petranka Fileva
Maria Neykova
Minka Zlateva

Printing Size 70/100/16
Printing Sheets 14
Printed by BPS

Sofia, 2018

Bulgarian Platform for International Development
ISBN 978-619-7484-04-5 pdf