

## Regional development policy and sustainable development goals

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**Abstract:** The paper discusses the connection between regional development policy priorities and sustainable development goals in contemporary world. Sustainable development is considered as an organizing principle in the efforts to sustain the ability of natural systems to provide resources and services for economy and society. The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, is analyzed in the context of the perspectives for regional development policy in next years in Europe. EU regional policy is presented as targeted to EU regions and cities for encouraging economic growth and enhancing life quality through strategic investments and as an active form of solidarity focused on the support of less developed regions. Conclusion and recommendations are provided regarding the priorities of EU regional policy funding: research and innovation, information and communication technology, competitiveness of small and medium-size enterprises and low-carbon economy.

**Keywords:** sustainable development, regional policy, funding.

### **The new sustainable development agenda in the context of regional development**

Sustainable development is a fundamental goal in the contemporary world and the main question is how to achieve it once the aims are set in a number of strategies on different levels, i.e. how to involve all the countries, all the regions, all the stakeholders and groups in society. Now 17 Sustainable Development Goals (SDGs) are in the “heart” of the 2030 Agenda for Sustainable Development targeted to a global partnership for peace and prosperity both for people and planet<sup>1</sup>:

- SDG 1 – No poverty: End poverty in all its forms everywhere
- SDG 2 – Zero hunger: End hunger, achieve food security and improved nutrition and promote sustainable agriculture
- SDG 3 – Good health and well-being: Ensure healthy lives and promote well-being for all at all ages
- SDG 4 – Quality education: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
- SDG 5 – Gender equality: Achieve gender equality and empower all women and girls
- SDG 6 – Clean water and sanitation: Ensure availability and sustainable management of water and sanitation for all
- SDG 7 – Affordable and clean energy: Ensure access to affordable, reliable, sustainable and modern energy for all
- SDG 8 – Decent work and economic growth: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
- SDG 9 – Industry, innovation and infrastructure: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation
- SDG 10 – Reduced inequalities: Reduce inequality within and among countries
- SDG 11 – Sustainable cities and communities: Make cities and human settlements inclusive, safe, resilient and sustainable

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<sup>1</sup> Sustainable development goals: <https://sustainabledevelopment.un.org/?menu=1300>

- SDG 12 – Responsible consumption and production: Ensure sustainable consumption and production patterns
- SDG 13 – Climate action: Take urgent action to combat climate change and its impacts
- SDG 14 – Life below water: Conserve and sustainably use the oceans, seas and marine resources for sustainable development
- SDG 15 – Life on land: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss
- SDG 16 – Peace, justice and strong institutions: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels
- SDG 17 – Partnerships for the goals: Strengthen the means of implementation and revitalize the global partnership for sustainable development

As such formulated the SDGs are clearly oriented to different kind of actions on various levels, incl. the regional one. The importance of regional development policies all over the world is woven in the targets and indicators concerning finance, technology, capacity building, trade and systemic issues in different countries underlining the goals of reducing inequalities not only between countries but also achieving a balanced and sustainable territorial development.

### **Regional development policies and the case of the EU**

Regional development is accepted as “a broad term” by OECD<sup>2</sup> and it is defined as “a general effort to reduce regional disparities by supporting (employment and wealth-generating) economic activities in regions”. As it was used to be this policy was oriented to the development of large-scale infrastructure and the attraction of inward investments. Despite the significant public funding such policy was not able to cope with regional disparities, to make an optimal use of the economic potential of the regions and to strengthen social cohesion. That’s why OECD believes that a new approach to regional development is the case in order to achieve more effective use of public resources and get significantly better outcomes. The alternative as pointed out is to avoid the redistribution and subsidies for lagging regions and to put the efforts to the measures for increasing the competitiveness of all regions. The key features of this new approach in regional development policies are connected to: a new development strategy, a focus on regional assets, an emphasis on the opportunities instead on the need of support; a broad participatory approach and the role of state<sup>3</sup> and the investment policy<sup>4</sup>. Thus, a wide range of factors affecting the performance of local businesses should be assessed; top-down investments and transfers should be decreased and the dominant role of central governments should be replaced by a “collective governance approach”<sup>5</sup>. In other words this means that regional competitive advantages should be sustained, stronger regional economies should be developed and innovative governance models should be adopted and implemented. Furthermore, it must be emphasized that the different dimensions of regional development should be explored in the specific national contexts in terms of statistics and indicators, e.g. regarding regional innovation, governance and public finance, urban policies, rural development, etc.

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<sup>2</sup> Regional Development Policy: <http://www.oecd.org/cfe/regional-policy/regionaldevelopment.htm>

<sup>3</sup> Stoichkova, O. (2017). Role of state in regulating competition on market. *New Knowledge Journal of Science* Vol. 6 N 5, 9-28.

Stoichkova, O. (2013). Nature and content of public administration and control of the economy. *UARD Yearbook*, Volume 1, 43-102.

<sup>4</sup> Stoichkova, O., Zhelyazkova, V., Kitanov Y. (2017). Principles of sustainable investing. *Regional economy and sustainable development* 2017, 30-41.

<sup>5</sup> Regional Development Policy: <http://www.oecd.org/cfe/regional-policy/regionaldevelopment.htm>

In the special report “Rethinking Regional Development Policy-making”<sup>6</sup> it is stated that the success of regional development efforts is influenced on the multiple levels of governance – local, regional, national and supranational, as well as the involvement of some intermediary organizations as banks and non-profits, and the main challenge is to unite the various incentives of all actors in order to provide the best support for the economic, social and environmental development of the regions in the countries, i.e. the link to the aspects of sustainable development is underlined.

A discussion on the World Bank’s World Development Report of 2009 concludes that policymakers should focus on economic integration rather than the economic development<sup>7</sup>. The economic integration is considered as “a way to get both the benefits of uneven growth and inclusive development”. The report is regarded as calling for rebalancing policy discussions to “include all the instruments of integration – institutions that unify, infrastructure that connects, and interventions that target”.

Looking at the regional policy in the EU<sup>8</sup> it is clear that it targets the regions and cities posing objectives of encouraging economic growth and improving life quality through strategic investments. This policy is considered as “an active form of solidarity which focuses support on the less developed regions”. EU regional policy is expressed in the four priorities: research and innovation, information and communication technologies, competitiveness of small and medium-size businesses, and the low-carbon economy. According to the published results for the period 2007-2012: 769 000 jobs were created, investments in 225 000 small businesses were made, 72 000 research projects were funded, broadband coverage to 5 million more EU citizens was provided, and 11 000 projects were implemented to improve the life quality in cities. The serving local needs project-oriented approach is the main one, delivering and allocating the funds through the European Regional Development Fund (ERDF) and the Cohesion Fund.

The regional policy of the EU is the main investment arm of the EU budget for 2014-2020 - (€351.8 billion out of a total €1 082 billion. The resources are targeted to finance “strategic transport and communication infrastructures, to favour a transition to a more environmentally friendly economy, to support small and medium-sized enterprises (SMEs) in becoming more innovative and more competitive, to create new and lasting job opportunities, to reinforce and modernise education systems and to build a more inclusive society”<sup>9</sup>. Therefore, it contributes to the delivering of the goals of the Europe 2020 strategy for smart, sustainable and inclusive growth.

In broader terms the EU regional policy is also defined as a cohesion policy aiming to strengthen the economic and social cohesion in regions - competitiveness and green economic growth in regional economies, better services, more job opportunities and a better quality of life, as well as territorial cohesion in regions – working together in an innovative way to tackle the challenges, incl. those defined in the new sustainable development agenda, for the benefit of the EU as a whole.

## **Conclusion**

Regional policy accounts for over 1/3 of the EU budget and it is the main investment policy for regional and urban development and growth which are benefiting business and citizens from each EU country through a constellation of projects all over many years. Undoubtedly, regional policy supported projects have led to the creation of millions of new jobs, a broad and novel infrastructure of strategic transport, energy and broadband, huge investments in research and innovation, renewable energy and energy efficiency, small businesses and entrepreneurs, protection of nature and cultural

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<sup>6</sup> Rethinking Regional Development Policy-making. In series: OECD Multi-level Governance Studies view more titles. Published on April 06, 2018. <http://www.oecd.org/governance/rethinking-regional-development-policy-making-9789264293014-en.htm>

<sup>7</sup> Regional development policies: Place-based or people-centred? 09 October 2010. <https://voxeu.org/article/regional-development-policies-place-based-or-people-centred>.

<sup>8</sup> Europa. Topics of the European Union. Regional policy: [https://europa.eu/european-union/topics/regional-policy\\_en](https://europa.eu/european-union/topics/regional-policy_en)

<sup>9</sup> The European Union explained: Regional policy. Making Europe’s regions and cities more competitive, fostering growth and creating jobs. Luxembourg: Publications Office of the European Union, 2014.

heritage, etc. However, there are still targets and challenges to overcome and the future of the policy should be carefully discussed and based on profound analyses of the current outcomes in terms of qualitative and quantitative aspects, regional peculiarities and development. The priorities, as set regarding research and innovation, information and communication technology, competitiveness of small and medium-size enterprises and low-carbon economy, could be further elaborated and aligned to the sustainable development goals considering their targets and indicators and the contribution of the policies, governance and development on the regional level to the achievement of a sustainable world.

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