

Policies and strategies in Sofia

How to enhance the city's competitiveness

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Policies and strategies in Sofia

How to enhance the city's competitiveness

ACRE report 10.10

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Accommodating Creative Knowledge – Competitiveness of European Metropolitan
Regions within the Enlarged Union

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ACRE

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EXECUTIVE SUMMARY

After almost two decades of unplanned development, over 2008-2009 Sofia suddenly found itself in the opposite extreme – of over-planning. A plethora of policy documents suddenly appeared, because of the coincidence of two key events: a/ Bulgaria's entry into the EU, which entails the appearance of policy documents at various levels; b/ the passage into law, after 6 years of delays, of the Territorial Development Plan (TDP) – the first such Plan since 1961. This has created a new situation as regards Sofia's development.

Finding itself from a situation of no planning to over-planning, Sofia is at present drowning in half-a-dozen major policy texts, which bear little or no relation to each other. Whatever overlap occurs – such as in the universally declared intention to profile Sofia's development to the environmentally sound, hi-tech and cutting-edge productions – it is by accident. This is because different institutions write different Sofia-related policy documents, while not being in contact with each other. They also follow different deadlines and legal procedures, which further hampers cooperation.

At the end of the day, the lack of coherence faces decision-makers with several bad choices: a/ to pick and choose, which policies to turn into activities, without a systemic policy framework; b/ to do nothing because of the lack of coherence between the various policy documents. The appearance of policy documents, by itself, does not yet signal the end of Sofia's "creation out of chaos" development path.

The planned activities, as seen in the budget, do however address specific discontents, expressed by the creative and knowledge sample of the ACRE project; and in this sense the activities planned fit in, tangentially, into the "creative" problematic. "Soft" factors – or thinking generally going in that direction – tend to appear in more force, the higher one goes the policy-document ladder (municipal budget – municipal management plan – municipal development plan – TDP – regional development plan – development plan for south-eastern planning region) – i.e. the further one is removed from the sphere of actual activities and budgets.

On the positive side, decision-makers today see clearly the "hard-factor" problems which enrage the citizenry: transport, infrastructure, chaotic construction activities of the private sector. This compatibility means that insofar as the Municipality is becoming involved in policy-based development activities, these are likely to target the felt needs of both the population and the creatives.

1 INTRODUCTION

After almost two decades of unplanned development, over 2008-2009 Sofia suddenly found itself in the opposite extreme – of over-planning. A plethora of policy documents suddenly appeared, because of the coincidence of two key events: a/ Bulgaria's entry into the EU, which entails the appearance of policy documents at various levels; b/ the passage into law, after 6 years of delays, of the Territorial Development Plan – the first such Plan since 1961. This has created a new situation as regards to Sofia's development.

Under socialism and up to 1989 local government was virtually invisible in Sofia, and certainly demonstrated no initiative worth noting. Central government funded Sofia and its doings to an extent that made it into something of a pampered city.

When the regime, together with its industry and institutions of power disintegrated in the late 1980s, Sofia was left to fend for itself, headed (rather than led) by a series of helpless and increasingly impecunious Municipal Councils and Mayors. Hampered by concentration on privatisation and conspicuous absence of administrative capacity, the Municipality let things slide, regulating new construction on a case-by-case basis. The recurrent economic crises – 1985-1991 and 1994-1998 – also left the city without sufficient funds to even upkeep existing infrastructure, let alone start new projects to tackle the heavy inflow of migrants into Sofia, which rapidly increased its size beyond anything previously envisaged.

Left to its own devices, and helped initially by the timely return of nationalised property and the start of market reforms, the city succeeded in re-invented itself again through the 1990s. One of the most obvious reasons for this success was the re-emergence, after two generations, of the autonomous and resourceful individual. Not only was there a critical mass of these in Sofia itself, but not long after 1989 the city had started to attract resourceful individuals from all corners of the country – people who found it stifling to continue vegetating in the non-reforming hinterland and wanted the opportunities for personal entrepreneurship and development that Bulgaria's only European-sized city afforded them.

All projections about the size of the city were breached by the mid-1990s. Heavy inflow, rapid economic growth and the visible prostration of local government led to a free-for-all, boomtown atmosphere of feverish housing and business construction, systemic corruption and normative chaos. Left without policy, Sofia became a typical post-socialist boomtown, sharing many characteristics with similar boomtowns situated in the developing countries. During the boom, the industrial structure of the city changed dramatically, from a heavy-industry base to over 77 % services (by 2009). Within this process hid a strong trend towards “creative city”, with creative and knowledge-intensive sectors covering up to a fifth of all registered companies and employed workforce.

Using the inherited framework of a highly educated workforce, as well as existing education and research institutions, the creative and knowledge intensive industries have concentrated in the capital, in some cases forming a full 100 % of the national pool of a particular industry. International migrants also flowed into the city, forming a multi-cultural mix, the proportions of which are similar to more established multi-cultural capitals, such as London and Paris.

The bulk of amenities required by creative individuals – such as ethnic mix, public interaction areas, highly profiled and segmented cultural life, and wide choice of lifestyles – is also concentrated in Sofia.

With hindsight, during the 1990s the city may have profited more than lost from the absence of policy and planning. The very absence of such straightjackets seems to have freed the kind of initiative that propels cities rapidly forward – the kind of theory of “structural instability” which encourages the emergence of a creative milieu that has been analysed by Törnqvist (1983) and Andersson (1985).

By the opening years of the 21st century it was becoming clear that unregulated explosive growth – “creation out of chaos” – could no longer continue, as infrastructures haphazardly built for less than one million inhabitants (and much fewer cars) were no longer able to handle the over 1.5 million people residing in the capital with their close to a million cars. Along with the process of integration into the European Union, policy and planning made a reappearance, resulting in the entry into legislation of a Territorial Development Plan in July 2009 – the first such Plan since 1961. Along with this Plan, there are national, regional and municipal Development Plans, focusing on the EU planning period of 2007-2013.

None of these plans have integrated any of the elements of the concept of “creative city”, or its basic sub-concepts, such as the “creative class”, the differentiation between “soft” and “hard” factors of development and so forth. There is a particularly visible absence of appreciation of any of the fundamental inter-human “soft” factors, such as cultural, ethnic and religious diversity and tolerance.

Planning has remained on the traditional (hard-factor) level of “policing, pipes and pavement”. Coming after decades of regulative and policy chaos, this is not necessarily a bad thing. The ACRE project's work has revealed that the “creative class” is quite capable of handling a variety of “soft” factors, such as leisure, cultural and sub-cultural milieu, public interaction spaces, ethnic tolerance and the “buzz” factor. What respondents of the ACRE project (workers in creative and knowledge-intensive industries, their managers, foreign migrants) want from the municipality is to take over the care of the “hard” factors – infrastructure, regulation, environmental preservation. Such intentions have been formulated in the existing tissue of policy documents, although – as most strategies developed by the Bulgarian administration since 2001 – these remain mostly at the level of vague plans for the future, with little in the way of concrete action plans, budgeting, work schedules and so forth.

There are several very fundamental problems remaining with all Sofia development plans:

- The “historic development path” shows that since the 1940s the city has not developed according to any of the existing plans. The Territorial Development Plans occasionally implemented have always been based on unrealistic assumptions, which have almost immediately made all such planning irrelevant.
- Development initiatives (to 2006-7) at all levels (city, municipality, region, planning region) are chaotic, piecemeal, and based on faulty and unrealistic statistical data and projections. Policy documents after 2007-8 have become more specific and clearer in terms of strategic aims and directions, but are still too heavily dependent on wishful thinking rather than stark realities – as seen in the current Territorial Development Plan’s (TDP) continued insistence that the population of Sofia is around 1.3 million, whereas all other evidence points to a figure in the region of 1.8 million and above. Official statistics are misleading or non-existent, independent sources as a rule do not go back more than a year or two.
- At the same time, there are positive trends – i.e. which fit both with the demands of the “creative class” in Sofia, and with the vision of a “creative city”. One such trend, as noted in the 2009 TDP is that, after 2003, Sofia has started behaving in the direction, desired by the planners – to decongest the centre, to move housing construction and business activities out of the centre, which is a precise fit with the TDP’s main intention of deconcentrating the city from the current one overflowing bulk into a six-component polycentric structure of multi-functional units, radically organised.

This means that policy work and spontaneous processes are moving in the same direction and Sofia has now acquired a (minimal) chance of emerging from the long period of failed attempts at policy implementation. It will evidently take a much longer time for this policy effort to become sensitised to and focused on the problematic of the “creative city”.

The work in this analysis (Work Package 10) is based on an analysis of the policy documents impacting Sofia and their correlation with the findings of the ACRE project in terms of the problematic of the “creative city”. Spot-interviews with local partners have been used to clarify some points of interest.

2 THEORETICAL BACKGROUND¹

The conceptual and theoretical framework underlying the ACRE programme has been presented in length in the WP1 (Musterd et al., 2007). It is based on a critical review of literature on the role of creativity and knowledge in present and future economic development and the conditions for a successful development as a ‘creative knowledge region’. This review of literature, which has also pointed at gaps in knowledge, has framed the analysis of each case study in the following WPs, and has been refined over the course of the work.

A number of key questions have been raised in relation with this conceptual and analytical framework. They are addressed throughout this report and will in particular guide the analysis of policies and strategies, which includes the analysis of policy documents and interviews with stakeholders.

Key questions to be taken into consideration in the analysis of policies and strategies include the following ones:

- What is the role of creativity, innovation and knowledge in the metropolitan economic development strategies and visions in each case study?
- To what extent do local and regional governments in the case study regions want to build on existing regional strengths, and to what extent do they look for new strengths with regard to economic specialisations?
- What are the different types of policy approach adopted in different cities (e.g. promoting cultural quarters/infrastructures in the physical sense; or promoting creative industries in their industrial sector sense)?
- What is the role of ‘soft’ location factors in metropolitan economic development strategies when compared to the more traditional, ‘hard’ location factors?
- Do the metropolitan economic development strategies specifically address the conditions for attracting an international skilled labour force?
- Which regional geographic and administrative scale is the most relevant for regional competitiveness when aiming for ‘creative knowledge regions’? Should there be a focus on core city development or on the metropolitan regional level?
- To what extent can we speak of an integrated regional strategy, and on what geographic and administrative scale level?
- To what extent are the economic development strategies and visions embedded in broader urban development strategies and visions? Are economic development policies connected to

¹ This section has been written by the ACRE Toulouse team (Hélène Martin-Brelot, Elisabeth Peyroux, Denis Eckert, University of Toulouse), with help from the Leipzig team (Bastian Lange, Leibniz Institute of Regional Geography). The section is common to all ACRE reports within Work Package 10.

regional spatial development policies, housing market policies and/or policies to attract and cater for the desired 'talent pool'?

- How and to what extent do existing policies and strategies take into consideration issues of social cohesion and social integration?

The answer to these questions is informed by the refinement of the ACRE theoretical framework.

2.1 Refinement of ACRE theoretical framework

The WP1 has acknowledged that many authors have come to the conclusion that 'creativity plays an outstanding role in urban and regional development' and recognised '*the increasing coming together and co-mingling of technological innovation, cultural creativity and governance as the driving force of urban development in the 21st century*' (Musterd et al., 2007: 6). In relation to urban competitiveness theories, at least two important interrelated ideas – mostly supported by Florida – have been explored. The first one suggests that policies should concentrate on the city's attractiveness towards individuals rather than towards companies. As a consequence, cities should strive to improve urban atmosphere – e.g. increase openness, tolerance – and pay much less attention to hard classical location factors.

The ACRE analytical framework has been refined over the course of the work. In light of the ACRE empirical results, we are now able to revisit Florida's thesis on the mobility of people composing the 'creative class' and on the drivers that lie behind their decision to live in a city (2.1.1). Statements about the difference between hard and soft factors, creative and knowledge workers and above all the relatively trivial expectations of the respondents are used as first elements to fulfil the debate about urban competitiveness and governance (2.1.2).

2.1.1 Revisiting Florida's thesis on the mobility of the creative class and the role of 'soft factors'

One objective of the ACRE programme was to test Florida's hypothesis on the mobility of highly skilled creative knowledge workers. According to the author of the '*Rise of the creative class*' (2001), these people would be increasingly attracted by places combining high levels of technology, talent and tolerance. In other words, the classical 'hard' location factors would lose importance compared to the increasingly prized 'soft' location factors. The latter relate to the global atmosphere of the city such as the openness, the cultural and ethnic diversity.

Each of the three surveys conducted from 2007 to 2009 among the target groups of employees, managers and transnational migrants aimed at answering the following questions:

- What are the main drivers behind their decision to locate in the city where they currently live?
- What is the relative weight of hard and soft location factors in their decision-making process?

It appeared quickly that reasons related to what we called the **'personal trajectory'** and reasons linked to classical factors such as **employment** or studies opportunities were highly significant to explain the surveyed people's choice to settle at a particular place. Soft factors seemed to weakly influence their decision.

By compiling the results of the first quantitative survey conducted among employees in the 13 participant cities, we indeed found out that 55 per cent of the respondents were born in the city or metropolitan region where they currently live. The place where higher education has been achieved seems to play an even more important role in their location choice, as 63.6 per cent of the sampled employees obtained their highest degree locally, ie. in the city or metropolitan region where they now reside.

Taking into account this 'personal trajectory factor' – measured by the places of birth and studies of the surveyed – allowed us to provide more insight to the issue of the attractiveness of a city. We could indeed differentiate the people who already had an anterior link with the city and those who had none. Considered as 'creative migrants', the latter only represent 25 per cent of the sample. For them as for the rest of the sample, **the job-related hard factors, play the most dominant role in the selection of a place of residence.**

Soft factors only play a very marginal role to attract creative knowledge workers to a city, as only nine per cent of the people coming from outside the region cite this type of reason in a first position. They seem however important to retain them on the long term. Indeed soft factors tend to have more importance if respondents are living in the city for more than one year. As an opposite the role of hard factors is continuously decreasing with the time spent in the city. This result implies that hard factors work more as a reason for mobility (why coming), whereas soft factors are more the reason to stay (why not leaving the city).

Qualitative surveys among managers and employers in creative and knowledge industries confirmed the major role of hard factors, especially the availability of a skilled labour pool, which is often correlated to the presence of higher education institutions in the region. Access to clients and supporting services is also crucial and depends on the size of the city as well as on an efficient transport system. Entrepreneurs also insisted on the quality of the working environment and their professional networks for succeeding in their business.

The presence of universities and higher education institutions constitutes the major attraction factor for transnational migrants. Employment opportunities come up as an important reason to settle in the city. The drivers behind the decision to stay also relate to personal links (friends, family). We could also notice the relative importance of a strong image of the city as a centre of creativity (Milan, Barcelona...) or a centre of technology (Toulouse, Helsinki...).

These first outcomes thus do not confirm Florida's hypothesis of a highly mobile 'creative class'. On the contrary, the highly skilled creative and knowledge workers surveyed within the ACRE programme tend to have a rather sedentary way of life. And, whenever they move, their mobility is rather driven by classical hard factor, most of the time related to employment. Our results therefore confirm those of Storper and Scott (2009: 161): *'most migrants – unless they enjoy a private income or are able to capitalise on some purely personal talent that can be practiced anywhere – are unlikely to be able to significant*

numbers from one location to another unless relevant employment opportunities are actually or potentially available.'

2.1.2 Some elements for the debate on urban competitiveness

According to our results, the size of the city, the quantity and quality of transport infrastructures, and above all the studies and job opportunities act as a significant driver behind the decision to settle in a certain region. The respondents are also heavily tied to their native and family environment or to the place where they have studied and built their social networks. On the other hand, soft factors are clearly not influential directly in attracting creative and knowledge individuals - employees, entrepreneurs and transnational migrants - in a city. However this does not mean that they have no importance at all for the surveyed, especially to retain them on the long term. Several observations related to the 'quality of life' can be drawn from the empirical results and put into relation with current debates on urban competitiveness.

- **Evaluating hard and soft factors...**

First attempts of comparison between the 13 cities show a strong heterogeneity of the results, which can be explained by the differences of local conditions. In general, dissatisfactions are clearly expressed on what refers to material aspects of the city such as dwelling, transports, cleanliness of the streets etc. This can be put into relation with the crucial issue of the development pathway of each city, which is one of the dimensions to be taken into account for a typology. Conditions for success seem different in cities with a strong or a discontinued path. We could indeed notice a lower satisfaction with facilities and urban infrastructures in general among people living in ex-socialist cities of Sofia, Riga, Budapest and Poznan. But the situation also differs according to the level of infrastructure and the position of the city as a national or regional capital. The size of the city also has to be thoroughly considered in the way that it might offer more potential personal relations. Along this line, the presence of strong universities well integrated into the city's life appear to play a major role as pre-condition to the formation of further social networks. Let's also mention that a positive evaluation on one or several aspect of the city's environment does not necessary mean that the surveyed are not worried about the evolution of the city. In Munich for instance, the transport system and a large number of urban facilities and services are judged very efficient but the surveyed tend to be pessimistic on the city's future in general (see Grossetti, 2009).

Soft factors seem to be much more difficult to evaluate than hard factors. Here it is important to distinguish between different types of soft factors. On the one hand there are conditions which policies cannot do anything, which relates to the natural assets of the city such as its location in a favourable natural environment or the sunny climate it enjoys or not. On the other hand, there are factors like openness and tolerance that can be more or less easily promoted or improved on the long term by the mean of political decision.

- **No specific expectations of the ‘creative class’?**

The fact that the respondents’ concerns do not differ much than those of the rest of the population is one important statement that we can draw from the empirical results. This contradicts again Florida on the idea of specific needs of a specific ‘creative class’. For instance, worries about the availability of jobs and affordable housing are prevalent in most of the surveyed cities. Concerns about the efficiency of the urban transport system and the related issues of traffic congestion and air pollution, but also safety issues are important for a large part of the respondents. Moreover the above underlined role of soft factors as *retention* factors tend to confirm that policies should not only focus on the attractiveness of the city for a ‘creative class’ coming from outside but should be oriented towards inhabitants who already live and work in the city.

This leads to consider the complex issue of urban governance and the integration of various, often contradictory objectives such as the need to increase competitiveness, tackle social exclusion and preserve environmental resources.

The risks associated to policies focusing on economic excellence relate to the growth of social and spatial disparities within urban areas. This is one of the critiques made to Florida’s theory (Malanga, 2004; Peck, 2005; Scott, 2006). The elitism associated with the concept of ‘creative class’ also tend to live down the debate about social polarisation associated with economic restructuring. For instance, Thanki and Jefferys (2007) describe the informalised labour market of the media industries in London and show how the need for personal contacts to find work and the precariousness of the workforce have reinforced the dominance of the industry by a white middle-class elite.

- **The issue of scale**

The ‘competitiveness-cohesion’ binary, which is at the heart of the current debates about governance, has been scrutinised in a recent book in relation with a European research project running between 2004 and 2007 (COST Action A26). The authors insist on the rescaling process that has gone hand in hand with globalisation – characterised by open markets, removal of barriers for trade, investments and migration of labour. Cities have become ‘key territory for current capitalism’ and ‘place competition has become a key driver of spatial and urban policy’. At the same time, cities and regions are forced to redefine their objectives, their means, their institutions and their positions as socio-political units (Ache and *al.* 2008:7).

The new meanings of the local and regional systems have been pointed out in a context of globalisation and it has been concluded that this should not be regarded as separated from global processes (Musterd *et al.*, 2007). The analysis highlights the need to take into account the city, the city-region and the wider regional scale, both in geographic and in political-administrative terms, as well as the need to consider ‘*smaller areas (sometimes neighbourhoods with specific characteristics) which either do or do not fit the requirements of residents and firms and thus demonstrate dynamic economic transformation or fail to do so*’ (*ibid.*: 30).

The new importance of cities and regions in the global economy and the re-scaling process it entails let the neighbourhood appear as a new object of attention. One of our results relates to the idea that if soft factors do not influence people's choice to settle in a particular city, they might determine why they choose a certain district within an urban area (Martin-Brelot and *al.*, 2010). This idea could at last be put into relation with the differences we found between creative and knowledge workers. The first ones seem to be more demanding in terms of cultural offer and social environment and the second ones more sensitive to hard factors. This has probably implications for policy makers who wish to favour a certain type of industries or individuals. Particularly in terms of scale, interventions on neighbourhoods might be more adapted to the needs of creative people, whereas strategies at the metropolitan and / or regional level suits more a strategy targeting the development of knowledge intensive activities.

On the basis of the outcomes of this analysis and the surveys that have been carried out in the previous Work Packages, as well as on the basis of the synthesis reports which have been written, current policies and strategies will be confronted with actual dynamics in the regions involved. Attention will be paid in particular to the institutional dimension and the role of organisations (governments, trade associations, large companies, universities, citizen movements etc.) and the mode of governance in a comparative perspective.

2.2 Governance approaches and methodology

The purpose of this sub-section is not to review in details the different governance approaches and methods but to highlight key issues regarding comparative studies and identify a common ground for a comparative analysis of case studies.

The nature and scope of this research phase should be taken into consideration: it primarily involves a policy documents analysis, a study of governance arrangements in the field of economic development as well as interviews of stakeholders. The research mainly relies on existing knowledge and expertise of the topic under consideration and on previous research conducted by the researchers on every case study.

2.2.1 The diversity of governance concepts and theoretical approaches

Over the past decades a number of theories and approaches have been developed within what has been referred to as a shift of paradigm from government to governance. Prominent urban governance approaches include the American "growth-machine" and "urban regime" theories (and the related notion of "urban growth coalitions") (Stone, 1993; Stone, 1989; Elkin, 1987; Stoker 1995). Those approaches rely on the notion of "policy networks" which is based on the (contentious) assumption that political processes are not controlled by state actors alone and that governing increasingly depends on the interaction of public and private actors (Davies, 2002). Policy network analysis has been described as "attempts to explain policy development by examining networks of actors concerned with a given policy problem, across the public and private sectors and throughout different levels of governance" (Mikkelsen, 2006: 17-18).

Whilst all analyses use the network as unit of analysis several approaches have been developed (Ibid.). The term “policy network” can also be understood as “*as a generic label that embraces different forms of relations between state actors and private actors*” (Kriesi et al., 2006: 341).

2.2.2 *Governance in creative and knowledge industries*

Despite their very different production conditions and marketing structures, the cultural and creative industries display characteristics that are reflected in specific forms of governance. Micro-companies and/or project-based structures with a large portion of freelancers dominate. Some rare sub-areas are heavily dependent on state funds (theatres, even film industry). As a whole, the cultural economy is a high-risk area with extreme fluctuations in market success. Besides, creative industries lack organisational basis and industry associations that could serve as negotiation partners. In these particular conditions, traditional “top-down” governance approaches seem hardly adequate. Establishing leadership in structurally unstable situations require a more flexible, less hierarchical approach. Attention should be paid to intermediaries such as “culturepreneurs” (Lange, 2007) or “creativity brokers” (Bilton and Leary, 2002) that can mediate between agencies and creative industries.

The knowledge industries are far more institutionalised and rely on growth coalitions that often associate public agencies, big businesses and industry associations. Furthermore, long established policies and structures are critical (Hall, 2004). These sectors are less flexible, characterised by a strong inertia. Emerging spin-off companies and spillover effects are far from exceptional. The importance of educational assets in a given city for the progressive development of knowledge-intensive industries make them more dependent on the support of public structures; top-down governance approaches are much more frequent (and might be more relevant) in that area than in that of the creative and cultural industries.

2.2.3 *The difficulty of conducting comparative studies*

The comparative study of policies and strategies raises a number of theoretical and methodological issues that have been summarised as follow within the context of a study of two German and two U.S. cities²: “*an over-dominance of deductive approaches, the lack of explicit methodological guidelines and the less than rigorous application of what has become a multitude of overlapping theoretical concepts*” (Gissendanner, 2003:3).

Whereas it is acknowledged that deductive studies make a valuable contribution to theory building, it is also pointed out that the use of different concepts for qualitative descriptions inhibits case comparisons. In addition, prominent urban governance approaches such as the “growth-machine” and “urban regime” theories in particular are said to provide few explicit methodological guidelines and the authors that apply them do not usually specify the

² This study aimed at analysing the different ways in which cities responded to de-industrialisation and at exploring why some would respond in a relatively more strategic fashion.

methodology they use, which also makes the comparison difficult³. Finally, the concepts used by the researchers may differ from the one originally defined in the source texts (Ibid.).

According to some scholars the dominant urban governance approaches present some shortcomings as well. The urban regime theory has been criticised in a number of aspects: its focus on political management and arrangements of internal governance coalitions and its failure to move beyond 'middle-level abstractions'; its tendency to overlook the role of higher level governments; a rigid and static conceptualisation of the division of labour between state and the market and the subsequent underestimation of the potential role played by the local state and community-based organisation in capital accumulation; as well as a narrow vision of the private sector that does not take into consideration small businesses as increasingly vital actors in the post-industrial era (Imbroscio, 1998; Gissendanner, 2003). Other criticisms of the urban regime theory underline the fact that it does not take into consideration the discursive dimension of partnerships and the power relationships (this is particularly relevant in urban regeneration policies, see Atkinson, 1999). The "growth machine" approach has been criticised for its emphasis on the business communities and land use decision-making. Scholars also argue that the efficacy of local political structures and formal politics is not adequately considered and that the connections between the local state and the national state are neglected (Fox Gotham, 2000). Both approaches have been criticised for their underestimation of local political conflicts.

The relevance of approaches in term of "policy networks" in the context of European cities has also been critically explored (see Davies 2002, for an analysis of the inadequacy of the term "governing by networks" to describe the politics of urban regeneration in the UK). The debates revolve around the role and influence of public actors, in particular the national state, in sub-national affairs. The relative prevalence and power of "autonomous governing networks" in different political systems is also put into question (Davies, 2002).

Following these shortcomings some authors have called for a more inductive approach that requires qualitative methods "that better uncover structural details of governance networks in ways that are less dependent on particular general concepts or on a logic of data selection that is independent from particular cases. Case study data must also be presented in ways that ease comparison" (Gissendanner, 2003:6).

We propose to adopt such an inductive approach in order to describe and analyse simple structural aspects of networks through a set of common questions.

³ In addition to the fact that these theories are based on the U.S experience and context and do not necessarily fit the European ones.

2.2.4 *Defining a common ground for comparative work*

Again, we have chosen to present a set of common questions to be answered in every case study rather than a single theoretical approach (see Appendix: Elements to address the types of interactions between stakeholders). A broad definition of “policy network” is proposed (see the same appendix). This set of common questions builds on various analyses of networks that have been developed to analyse European policies (Kriesi et al., 2006; Peterson and Bomberg, 1999; Peterson, 2003; Rhodes, 1990, 1997).

The aim of this analysis is to identify and describe networks structures and functioning, including:

- The stakeholders involved in the definition and implementation of economic development policy, including identifying who is the most influential
- The nature of their interactions
- How and to what extent the structure and functioning of coalitions and networks “may explain policy choice, democraticness, strategicness, openness to new policy ideas, effectiveness, and so on” (Gissendanner, 2003:15).

2.2.5 *Methodological approach in the case study Sofia Metropolitan Area*

As in the earlier ACRE reports on the Sofia city-region, the case study area described in this report is the Sofia Metropolitan Area. When in 1999 the government set about re-drafting the administrative division of the country, it faced several alternatives regarding Sofia and the region. In the end it was decided to split the inherited “Sofia region” unit into two separate parts, with equal administrative weight (“administrative region”). Whether consciously or not, this was a choice away from envisaging Sofia as a “metropolitan area” and was in keeping with the post-war tradition of conceptualising Sofia as a compact, manageable city with clear borders against the surrounding countryside. The population of Sofia (2006) stands, officially, at 1,377,531. Men form 47.5%, and women 52.5% of the population. In an average work-day some 28 % of the population of Bulgaria is to be found in Sofia. “Sofia region” covers the area surrounding “region Sofia” (except to the south-west, which is Pernik Region), has 22 small and medium-sized towns and slightly in excess of 700,000 population. “Region Sofia” exactly coincides with Sofia Municipality, but has been also given the rank “region” because of its status as capital and leading economic hub. Region/Municipality of Sofia has 35 villages and 3 small towns and is administratively divided into 24 districts, each headed by an appointed Mayoral representative. The city produces 1/3 of the nation’s GDP with 1/5 of the workforce. All central government institutions are concentrated in the capital city. It generates over 30% of the total government tax income, and enjoys a high rate of employment. Unemployment is insignificant. Sofia plays an important role in the task of turning the region into the best socially, economically and infrastructurally developed administrative and territorial unit in Bulgaria.

In the following chapters, we will analyse the policies, strategies and institutional arrangements at the national, regional and local policy levels with relevance for the development of creative and knowledge-intensive industries in the Sofia region. Chapter 3

presents an inventory of the most relevant policies, strategies and initiatives at national, regional and local level. Chapter 4 is an analysis of the institutional and governance arrangements and the most important players in stimulating and facilitating creative knowledge industries in the region. We have based our analysis on our findings in the earlier ACRE work packages; the results of earlier policy evaluations by other Bulgarian researchers or the policy-makers themselves; an inventory of the most relevant strategic policy documents regarding creative and/or knowledge-intensive industries and/or more general policies for economic development and innovation; and interviews with policy makers and policy advisors that are or have been involved in policies for creative and/or knowledge-intensive industries in the Sofia region. We have applied the methodological approach outlined above in this chapter for all ACRE teams as much as possible in order to make our analysis in the Sofia region as comparable as possible with the other 12 ACRE case studies. Cross-referencing of our preliminary findings with our colleagues from Dublin and Budapest has also contributed to this.

3 CONTEXT, POLICIES AND STRATEGIES

Until the last 18-20 months, in terms of policies and strategies for development, the “historic development path” of Sofia has been a century-long failure of planning. The only development plans that, historically, reached a visible level of coherent implementation (still seen in the structure of the city’s layout and major buildings) were the ones elaborated between 1903 and 1914. No other plans have ever reached full implementation and for over a century the city has evolved in a piecemeal, haphazard, unregulated and chaotic fashion.

According to the reflection to be found in the 2009 Territorial Development Plan (the first since 1961), all development plans (policies, strategies) have gone down the same road:

- an initial period of implementation;
- sudden appearance of some kind of catastrophic crisis, which changes everything;
- ad-hoc responses to the crisis, by way of rapid, unreflected, unsystematic and chaotic salvage operations;
- followed by a long period of no planning whatsoever. This situation is every time welcomed by the city’s managers as a breather, a break from the chores of planning;
- until, as the result of lack of policy, the city’s problems accumulate and then explode into a general crisis, which is due precisely to the suspension of all planning and policy-making, whereupon
- under pressure from the public the Municipality attempts to exit the crisis by coming up with a new development plan and new development policies and strategies.

The conclusion which Sofia Municipality draws from this is “that the sequence of plans, seen as models for the development of the city, has never been founded on a logical or reasonable system of aims and principles; but has always been the unwilling response to destructive crises.”

What the 2009 Plan mentions, but seems unable to conceptualise is that this helplessness is underlined by systemic and recurrent deficits in the process of planning itself. While two of the “crises” blamed for scuppering Development Plans were indeed unforeseen outside events – the two World Wars – the crises after 1945 were, every one of them, entirely foreseeable outcomes of deficient planning.

The 1945 Plan, intending to turn Sofia into a monumental-Stalinist imitation of Moscow, clearly over-estimated the financial resources of the post-war nation and logically bit the dust by the early 1950s. Thereafter, every single Plan or planning initiative crashed because of one simple and recurrent mistake: planners (during socialism these were to be found in the central, rather than the local government, given the centralising nature of the system and Sofia’s status

as capital city) obstinately refused to acknowledge that Sofia was engaged in a demographic boom far outstripping all forward projections.

The 1961 Plan – in force, in theory at least, until July 2009 – set the population limit at 800,000, which was breached in the mid-1960s. An attempt at a new Plan in 1972 set a realistic perspective of 1.6 million within the next 30 years (which is what in fact happened). However, the state's leadership threw this plan out without even considering it precisely because of this demographic vision, seen as “unrealistic”. Planners thereafter were pushed back into the 800,000 straightjacket, producing wildly unrealistic development policies. Planning attempts after 1979 managed to increase population projections to 1.2 million by 2000, but no plan emerged from such work. Instead, panicking suddenly because of the demographic deluge, the government simply ordered the building of new concrete blocks of flats, designed to house up to 500,000 people, in the fields around the city, which led to catastrophic infrastructure problems.

Following the end of the socialist regime, planning ceased altogether. Power was devolved back to Sofia Municipality, but the city's managers promptly declared that they were unable to forecast the development trends of the city and therefore – to plan anything. The city entered its “creation out of chaos” period, when it developed as cities in medieval times, or the cities of the developing countries today – with no plan, but haphazard building according to arising opportunities. Case-by-case regulation was done on the basis of private investor interest – as opposed to private investors following already existing city-wide regulations. The demographic boom continued as thousands migrated to Sofia from the hinterland in search of jobs and opportunities. By 2007, a city laid out for 800,000 un-motorised citizens groaned under the weight of 2 million inhabitants and their 800,000 cars. Infrastructure and green spaces degraded dramatically.

Following the usual model, when faced with a systemic crisis, the Municipality launched work on a new Development Plan in 1998. By 2003 there was a draft produced, which, however, reproduced the old systemic error of underestimating the demographics of the city. The draft envisaged a population of 1.3 million by 2020 – a figure breached in 2007 even according to official statistics (which, notoriously, underestimate the real population of Sofia by up to 40%). The draft died – as all its predecessors since 1961 – on the drawing board and a new edition was produced, finally passing into law in July 2009.

The 2003 draft of the new Plan, the first official such document since 1961, however, immediately went down the same road. The Plan itself reveals the mode of reproduction of the old systemic error in the following passage: “Originally, the prognosis was for a population of 1.4 million by 2020, but when engaged in coordinating with the Ministry of the Economy, that Ministry strongly objected to this figure, because this population could only come in from the rest of the South-Western Planning Region, which would depopulate that region. The Ministry recommended to revise the figures down to under 1.3 million by 2020. This was the figure, on which the development plans for the municipality were to be based.”

That draft was fated to fail, if attempted, for the old reason: central government refuses to accept the demographic realities of the situation and manages to impose this refusal on the city's managers. Desires, rather than facts, become the basis for planning. As a matter of

information, demographic experts place the “core” population of Sofia at 1.8 million (rising occasionally to 2.5 million on weekdays) as of 2008. And there is simply no way that planning for 1.3 million by 2020 can produce reasonable results for the actual 1.8 million already inhabiting the city a dozen years before that date.

For several years planners tried to find a way out of this, while the city continued its explosive and chaotic growth and infrastructural, as well as other problems, piled up and a new crisis loomed. Ultimately, the 2009 version of the Plan, voted into law, posited three projections: a/ a population of 1,430,000 million by 2030; b/ a population of 1,485,000 by 2030; and c/ a population of 1,650,000 by 2030. Projection c/ being most closely aligned with the known facts, thereupon follows a curious passage in the 2009 Territorial Development Plan: “An analysis of the projections reveals... that projection c/ is likely to happen, but this would be catastrophic for the country, as well as the municipality, which is on the brink.” So currently planners stay with projections a/ and b/ - a situation of wishful thinking, which reproduces the stubborn old systemic error of underestimating the demographic dynamics of Sofia. As every time since 1945, planners look at the probable future and say: “No, this looks too disastrous” – and then replace the probable future with one of their own wishes.

In this sense, although after almost 40 years Sofia finally has acquired a Territorial Development Plan, its very premises are guaranteed to reproduce the “development path” since 1945 – i.e. of planning based on desires, rather than on facts, and of urban development which lurches from one crisis to the next.

There is a further problem, both with the TDP and the other policy documents impacting Sofia (see below) – the problem of policy documents’ coherence. Finding itself from a situation of no planning to over-planning, Sofia is at present drowning in half-a-dozen major policy texts, which bear little or no relation to each other. Whatever overlap occurs – such as in the universally declared intention to profile Sofia’s development to the environmentally sound, hi-tech and cutting-edge productions – it is by accident.

According to respondent input from the Municipality, this is because different institutions write different Sofia-related policy documents, while not being in contact with each other. They also follow different deadlines and legal procedures, which further hampers cooperation.

At the end of the day, the lack of coherence faces decision-makers with several bad choices: a/ to pick and choose, which policies to turn into activities, without a systemic policy framework; b/ to do nothing because of the lack of coherence between the various policy documents.

More specifically, the TDP (as well as the bigger Region-level policy documents) is not accompanied by even a preliminary budgetary estimate. The TDP is a revolutionary document, envisaging dispersing the current “compact city” into 6 deconcentrated, polycentric urban areas, and reclaiming the biggest “brown” zone in the Balkans – the territory of the defunct Kremikovtski metal works – for the purposes of establishing a new “green” urban unit, the so-called “northern city. Such revolutionary measures are extraordinarily expensive, but no calculations have been done to date. Together with the fact that the TDP has no “end date”, this means that there is a more than probable risk of the TDP’s revolutionary – and desirable, from the point of view of the image of the city as

revealed by the “creative” and knowledge-intensive respondents in the ACRE project – intentions will not be turned into action plans and results.

3.1 Characteristics of the urban economy

Designed to be the country's centre of administration and heavy industry by the socialist regime, since the end of socialism Sofia has entirely re-designed itself in terms of its economy. Starting from a base of up to 80 per cent industry, by 2004 the city's economy was 76 per cent composed of services.

Sofia plays an important role in the task of turning the region into the best socially, economically and infrastructurally developed administrative and territorial unit in Bulgaria:

- By 2007, one-third of the Bulgarian GDP was produced in Sofia, and half of all foreign investment was also in Sofia;
- Unemployment is almost non-existent, reaching 1.8 % in 2008 (i.e. prior to the economic crisis);
- In 2002 the highest GDP in Bulgaria was realised on the territory of Sofia region - 4 823 million EUR or 29.1% of the total national GDP. GDP per capita in the region was almost double the national average, standing at 4,060 EUR, while the average for the whole country was 2,102 EUR. According to this indicator the region of Sofia occupies first place among the other 27 regions in the country;
- The sector structure of the social and economic complex of Sofia region indicates that its tertiary sector has leading functions (70% of the total produced GDP – 3,364 million EUR – and 71.3% of employed people). Industry used to have stronger positions in the past and is now undergoing a process of serious restructuring;
- The managerial and other servicing functions of the city of Sofia are an important factor for the development of a significant tertiary sector. What is specific about it is the high number of representative bodies of the legislative, executive and judicial power as well as of the credit, financial and business sectors and others;
Due to its strong economic impact and a huge demographic mass, the municipality of Sofia and its centre – the city of Sofia – has a much bigger significance than any other region or large town in Bulgaria. The impact of the city of Sofia and the region of Sofia includes both a zone of direct impact on 8 neighbouring municipalities within Sofia region, as well as an impact over the whole territory of the South-western planning region.

Almost by default, by virtue of being the capital city and gateway to the economy, Sofia has become the creative centre of the nation. Whereas other cities continue to lead in terms of visual art (Plovdiv), arts and crafts (Gabrovo, Tryavna) and music festivals (Pirin area for folk, and the seaside cities of Burgas and Kavarna for rock'n'roll), Sofia has been from the start the hub of the new creative undertakings typical for the 21st century.

The creative industries in Sofia comprise a large variety of fields, such as advertising and marketing, broadcasting, film industries, internet and mobile content industry, music industries, print and electronic publishing, and video and computer games, to the traditional

fields of visual arts, performing arts, museums and library services. This sector is increasingly important from the economic point of view representing already a leading area of the economy Sofia, as Bulgarian capital, with significant values of annual growth rates. Also, the creative sector could bring a significant contribution to the knowledge-based economy as it is knowledge and labour intensive and fosters innovation, with a huge potential for the generation of employment and export expansion.

The prevalence of “types” of individuals likely to be engaged in creative work can be seen by analysing any national / Sofia representative polling data, provided by reputable polling agencies. The pointers for 2007 are clear enough (data provided by MarketTest Ltd.):

- there are in Sofia twice as many (42%) people with higher education in the workforce, compared to the national average, and three times fewer people with basic education (8 years and less school)
- Sofia’s workforce has 1/3 more owners of businesses, three times the number of managers and twice the number of self-employed in comparison with the national average
- Sofia has 1/5 greater proportion of people involved with culture and science than is the national average, 1/3 more people working in tourism, double the proportion engaged in banking and finance, double the proportion of employment connected with the arts, and almost double the proportion engaged in trade and services; it also has 50% more people involved in software than is the national average
- more than 60 % of Sofianites get more than the minimum wage, compared to 39% the national average; conversely, the minimal wage and under is admitted to by less than 11 % of Sofianites, compared to 24% for the country as a whole.

In terms of the industries themselves, as is to be expected (given the sorry state of statistics in this country), it is impossible to reconstruct the “map” of creative industries in Sofia out of government-related data. In order to attain a realistic picture, we have based our calculations on the most popular business-related web-site www.catalog.bg. We take the resultant outcome as close enough to reality because of the interplay of two factors:

- the businesses registered in the site are likely to be functioning, rather than simply registered with the authorities, but in reality inactive (such are the majority of Bulgaria’s firms)
- these businesses are also certain to be “legitimate” (i.e. not submerged into the “gray economy”), because otherwise they would avoid appearing on the authorities’ radar screen.

The results for Sofia, as a proportion of the national aggregate, clearly point to the emergence of a “creative city”:

- 57% of all Bulgarian gardening and landscape companies are in Sofia
- 52% of all Bulgarian engineering companies are in Sofia
- 49% of all Bulgarian design companies are in Sofia
- almost 50% of all Bulgarian advertising companies are in Sofia
- 40% of all Bulgarian printing companies are in Sofia
- 42% of all Bulgarian fashion design companies are in Sofia

- 50% of all Bulgarian architectural bureaux are in Sofia
- 55% of all Bulgarian antique dealers are in Sofia
- 86% of all Bulgarian music companies (including shops) are in Sofia
- 30% of all Bulgarian cinemas are in Sofia
- 80% of all Bulgarian publishing companies are in Sofia
- 57% of all Bulgarian software companies are in Sofia
- 65% of all Bulgarian hardware companies are in Sofia
- 49% of all Bulgarian radio companies are in Sofia
- 57% of all Bulgarian TV companies are in Sofia
- 59% of all Bulgarian office supply companies are in Sofia
- 54% of all Bulgarian computer service companies are in Sofia
- 70% of all Bulgarian insurance (and 78% of life insurance) companies are in Sofia
- 100% of all Bulgarian market research companies are in Sofia
- 69% of all Bulgarian human resources / training companies are in Sofia
- 100% of all Bulgarian information agency companies are in Sofia
- 98% of all Bulgarian magazines are published in Sofia
- confusingly, less than 6% of Bulgaria's R&D companies are in Sofia, but since research takes place primarily in Universities and the Academy of Sciences, when added up the figures would again be in the region of 90%.

It is obvious from this data that, on the basis of legal and functioning companies, the bulk – by far – of creative industry is concentrated in Sofia.

Staying with the same data, we see that all of these companies, taken together, probably form some one-fifth of all companies active in Sofia. Although not conclusive, this points to a very serious presence of creative and knowledge intensive industries in Sofia – and that data does not take into account more traditional indicators, such as educational institutions.

No estimate can be arrived at solely on the basis of official statistics, as regards those creative and knowledge intensive industries that the ACRE project is interested in. Some re-calculation of NSI data according to NACE codes has been moderately useful. For database we have used primarily the biggest and most detailed national web-sites of companies, having re-grouped them under the NACE codes. A similar operation was conducted to arrive at an idea of the employment proportions involved.

Code	Industry	Employed			COMPANIES		
		Country	Sofia	Share Sofia	Country	Sofia	Share Sofia
722	COMPUTER GAMES, SOFTWARE, ELECTRONIC PUBLISHING, SOFTWARE CONSULTANCY AND SUPPLY						
	TOTAL ¹	10 000	8 000	80%	1 600	1 000	63%
921&922	MOTION PICTURES, VIDEO ACTIVITIES, RADIO AND TV ACTIVITIES						
	Motion pictures, video activities						
	Movie Distributors	800 ¹	650 ¹	81% ¹	48 ²	39 ¹	81% ¹
	Movie Producers	1 300 ¹	1 200 ¹	92% ¹	228 ²	205 ¹	90% ¹
	Movie Teams for Cinema	300 ¹	300 ¹	100% ¹	7 ²	7 ²	100% ²
	Fiction Movies Made in 2006						
	Movie Theatres	700 ¹	260 ¹	37% ¹	148 ³	14 ⁴	1%
	TOTAL	1 800 ¹	1 210 ¹	67% ¹	413	265	64%
	TV activities						
	National Television Networks with Air Coverage	2 800 ¹	---	---	4 ⁵	4 ⁵	100% ⁵
	National Television Channels with Cable and Satellite Coverage	9 400 ¹	---	---	72 ⁵	38 ⁵	53% ⁵
	Regional Television Channels with Air Coverage	12 800 ¹	100 ¹	1% ¹	1 ⁵	128 ⁵	1% ⁵
	TOTAL	25 000 ¹	7 000 ¹	28% ¹	204	43	21%
	Radio activities						
	National Radio Network	2 000 ¹	2 000 ¹	100% ¹	3 ⁵	3 ⁵	100% ⁵
	Radio Networks with National Coverage	---	---	---	16 ⁵	14 ⁵	88% ⁵
	Regional Radio Stations	---	---	---	70 ⁵	10 ⁵	14% ⁵
	Profiled Radio Stations (Radio station of the National Assembly, Radio station for the Bulgarians abroad)	---	---	---	2 ⁵	2 ⁵	100% ⁵
	TOTAL	7 000 ¹	2 800 ¹	40% ¹	91 ⁵	29 ⁵	32% ⁵
744	ADVERTISING						
	Full cycle advertising agencies	1 771 ⁶	1 429 ⁶	80% ⁶	182 ⁶	157 ⁶	86% ⁶
	TOTAL	10 000	5 000	50%	2 223 ⁷	1 100	49%

¹ Expert estimation GfK Bulgaria

² Data Source: National Movie Centre www.nfc.bg

³ Data Source: National Statistical Institute, Republic of Bulgaria. STATISTICAL YEARBOOK. Pg. 564, CINEMAS IN 2003

⁴ Data Source: Sofia Movie Theatres listed in www.programata.bg

⁵ Data Source: www.predavatel.com

⁶ Estimations based on number of advertising companies registered on the Internet site www.yvox.net

⁷ Data Source: www.catalog.bg

Typically, creative companies have an average size of four-five employees per company. Radio, television and movie-production companies tend to be much larger, with some employing into the hundreds. When these companies are included, average employment works out at slightly under 10 employees per company; but given the wide discrepancies in the size of companies, this would be a misleading and uninformative statistic.

There is little mystery as to why the creatives have been concentrating in Sofia. Over the past decade and a half there has been, quite simply, nowhere else for them to go. Sofia is the centre of cultural, political, economic, administrative and educational life and meaningful employment in these areas can be found primarily in the capital city.

Sofia is also the place most likely to provide a better living standard, its GDP per head being double the national average, with incomes differing accordingly.

Last but not least, Sofia is Bulgaria's only city that reaches a European critical minimum in terms of population, and therefore – in terms of providing the variety that creative people feel most comfortable in. The two other major cities, Plovdiv and Varna, have also started booming since 2005, following Sofia's lead, but with populations up to three-four times smaller than the capital, they are still struggling in terms of variety and "buzz".

KNOWLEDGE INTENSIVE INDUSTRIES	Employed country	Employed Sofia	Companies country	Companies Sofia	share
Financial intermediation					
65 Financial intermediation	39456	17300	340	269	79%
66 Insurance and pension funding	-	-	58	55	95%
67 Activities auxiliary to financial intermediation	-	-	52	44	85%
TOTAL	39456*	17300*	450	368	82%
Law and other business services					
741 Legal, accounting, book-keeping and auditing activities, tax consultancy	24600	7000	5335	1329	25%
Market research and public opinion polling, business and management consultancy					
743 Technical testing and analysis	-	-	9	7	78%
745 Labour recruitment and provision of personnel	-	-	191	150	79%
746 Investigation and security activities	-	-	157	112	71%
TOTAL	24600**	7000**	5692	1598	28%
R&D and higher education					
73 Research and development	18025***	16000**	144	129	90%
731 Research and experimental development on natural sciences and engineering	-	-	91	80	88%
732 Research and experimental development on social sciences and humanities	-	-	10	10	100%
803 Higher education	29500****	13000**	70	33	47%
TOTAL	47525	29000	315	252	80%

Estimations: Employed

* Official data for the sector, registered in Yearly Statistical Annual, NSI 2004

** Base: Expert estimations, GfK Bulgaria for approximate number of employees in the whole sector

*** Base: Official data, Yearly Statistical Annual, NSI 2005

**** Fragmentary data from Yearly Statistical Annual, NSI 2005, not official from the whole sector

Estimations: Companies by sectors

Financial intermediation

Data Source: Yearly Statistical Annual, NSI 2005

Data Source: Financial Supervision Commission

Data Source:: www.investor.bg

Law and other business services

Data Source:: www.CATALOG.BG

Data Source:: www.lex.bg

Data Source: ESOMAR, 2005

R&D and higher education

Data Source: Ministry of education and science

Data Source: Yearly Statistical Annual, NSI 2005

Data Source: www.CATALOG.BG

The workforce employed in Sofia's knowledge industries is considerably, yet not strikingly larger than the creative workforce⁸. Creative workers are 45% of those in the knowledge intensive industry. Such proportions are at variance with other ACRE cities (eg. in Amsterdam the workforce in the knowledge intensive industries is three times higher than in the creative economy) and further analysis would be needed to account for this. One hypothesis worthy of exploration would be to do with rapid de-industrialisation on the one hand, and culture / entertainment concentration on the other.

The average employment per company, in the knowledge intensive sphere, works out at almost 11 people, which hides some discrepancies. The average is distorted by proportions in higher education, where the average numbers of people employed per establishment is almost 400.

The lack of a litigious culture in Bulgaria (and even in Sofia) can be seen in the relative positioning of employment in the legal and business consultancy professions, which is proportionately much lower than in other ACRE cities. Only 7,000 people are employed in this category, compared to 17,300 in finance and 29,000 in R&D / higher education. Meaningful comparisons with past periods are virtually inconceivable, given that under the previous system of state socialism lawyers, while in existence, were few and far between, and financial and business services were entirely unheard of.

Same as the creatives, the companies and employment in the knowledge intensive industries continue to be concentrated in the heart of the city, as well as in emptying administrative buildings in the near periphery of the centre. A move toward the green outlying areas has been in evidence over the past 18-20 months.

Strengths and weaknesses of the city

Generally speaking, people come (*location decision*) mostly under the influence of "hard" factors; but then decide to stay on (*retention decision*) because of the influence of "soft" factors – in Sofia's case, the varied lifestyles available, the existing community life and the tolerance of the city.

⁸ This is, of course, applicable as far as the industries we cover are concerned. Should all be counted, a different picture would emerge.

The results of the survey of creative and knowledge workers can be generalised thus: creative and knowledge workers are satisfied with those conditions that a/ arise out of private enterprise (i.e. the efforts of people such as themselves) and b/ conditions that can be tackled at the micro-level (neighbourhood) by private enterprise and civic energies.

Most of these satisfactory conditions are also part of the “soft” factor constellation. As regards to neighbourhood, it is worth reflecting on its closeness, in terms of figures, to the satisfaction levels with “soft” (privately produced) factors, which raises a fundamental theoretical point put forward by the Sofia team: there may be a third layer, a kind of linking tissue between “hard” (traditional urban) and “soft” (lifestyle-related) factors, i.e. the layer of everyday life and its practices (anthropological approach).

The basic problem is what we call the “Hard Factors” and the “Soft Factors”. “Hard Factors” are quantitative and involve the inanimate realities. The “Soft Factors” are human factors.

Various degrees of satisfaction are heavily (between 37 and 64%) concentrated on phenomena such as: quality of public / green spaces; cultural activities; galleries and museums; restaurants; cinema and shopping.

Indeed, it can be boldly said that satisfaction with Sofia is almost exclusively concentrated in the leisure and cultural potential, because the situation with public services and environment is much more dire, with levels of dissatisfaction dominating.

The appreciation of these aspects of the city is rooted in extensive personal experience. Every day or at least once a week, our sample is engaged in the following activities in the context of leisure and cultural facilities: almost 60% go to a pub or bar; eat out more than 84% (with an astonishing 36.3% eating out every single day); walking around the centre (a very “Richard Florida-type” activity, in which a huge 80% indulge) or its parks (over 54%); visiting surrounding mountains and green areas (44%). Festivals, cinema, art galleries and sports events are also regularly indulged in, with considerably more than half of the sample taking part in such events less than once a week.

Patterns of leisure-related behaviour differ sharply between the creatives and the knowledge workers, with the creatives again demonstrating a more dynamic, modern and outgoing profile. Creatives are almost three times more likely to be eating out regularly than knowledge workers. And twice more likely to be found, walking around the city centre. Visiting friends is twice more important for the creatives than for the knowledge workers.

Our creatives and knowledge workers are yet to develop the fascination with water that comes out of Richard Florida’s work. Few if any aspire to water, which is plentiful around Sofia, but no city manager has thought of developing as a leisure resource. From what we know generally, the water aspect of life is satisfied, virtually in all cases, with trips to the Black Sea beaches during the summer.

The civic commitments of our sample are extremely weak, possibly reflecting the bitter national disenchantment with politics and anything that can be seen as politics, including associative life. Never take part in resident associations 59.2%, in community work – 67%, in political activities – 70.4%. Religious faith is also verging on the non-existent, with 61.5%

never taking part in any religious activities. Such inter-personal links are replaced by an over-reliance on communing with friends, with more than 70% doing this at least once a week.

Levels of dissatisfaction with services and environment are massive, with the highest numbers concentrating in the “very dissatisfied” category. Whereas Sofia is obviously capable of providing a satisfactory structure of “soft” factors, the hard factors and the environment are seen as a near-disaster.

Greatest levels of dissatisfaction cluster around transport and congestion (56.4%), public transport (47.5%), safety (45.3%), health services (37.4%). A clear “soft” sensitivity is seen in the 55.9% of respondents who find the situation with bicycle lanes very unsatisfactory.

In terms of environment, the situation is even worse (dissatisfaction intensity is higher). In this field, the biggest scores are in the very dissatisfied group, and concentrate on issues such as: traffic congestion, an absolute record-holder with 84.4%; lack of parking spaces (77.1%); conditions of streets and sidewalks (57.5%) and their cleanliness (54.2%); air pollution (46.9%). Being younger and more demanding, creatives are considerably less satisfied than knowledge workers (18.4% to 26.7%) with the connectivity of the city to outlying areas. Given that most of the creatives were born in Sofia, the out-of-Sofia mobility implied in this is not due to their returning to the “home village” for the week-end – but rather is due to the fact that creatives tend to try and live in two places at the same time.

This situation is a very stark condemnation of city planners and managers: it is precisely in the fields where the municipality and the government has to deliver that our sample is convinced that nothing is being done. No matter how inventive, energetic or creative Sofianites can be, their efforts can not compensate for city-wide managerial inefficiency.

In sharp contrast with the rest of the country, our Sofia sample is optimistic. More than 54% are convinced that quality of life has improved over the past five years, and only 19% believing that it has become worse. The bulk of this satisfaction derives from increased living standards generally (37.8%), increased wages (12.2%), better shopping and eating out (more than 20%). Interestingly, more than 1/10 place a high value on the appearance of outlets of international hypermarket chains.

Knowledge workers are much more satisfied with life in Sofia than are the more restless creatives. More than 62% of knowledge workers believe quality of life has improved, compared to 46.5% of creatives, of whom 21.9% believe that quality of life has deteriorated (compared to 15.1% of knowledge workers). Knowledge workers tend to treasure standard indicators of quality (income, shopping) than creatives. For example, double the percentage of creatives, compared to knowledge workers, treasure cultural life (9.4% to 5.6%) and amusements (9.4% to 5.6%).

These divergences may reflect the more demanding, modern and dynamic nature of the creative subsample.

Congestion, pollution, indiscriminate construction, overcrowding and price increases (in that order) are the indicators that have become worse.

Those, however, who have spent a year out of town and come back, tend to find it less appealing, with almost 30% finding that Sofia is to varying degrees worse than the place they are returning from.

The table below provides a preliminary grouping of factors, which have led respondents from the creative and knowledge industries to situate themselves in Sofia. This is the general overview of the kinds of aspects of life that respondents find significant in their decision to stay in Sofia.

(Main hard and soft factors influencing decision-making of target groups)

		Hard factors (in each group max. 3)	Soft factors (in each group max. 3)	Personal trajectories
Employees	creative	- job offer - price of housing, living - housing conditions	- quality of life - quality of environment - working environment	- born here - family reasons
	knowledge intensive	- job offer - price of housing, living - housing conditions	- quality of life - quality of environment - working environment	- born here - family reasons
	graduates	- job offer - working conditions - universities	- quality of life - quality of environment - tolerance	- born here - studied here - established friendships
Employers/ managers	creative	- housing conditions - working conditions - career development	- quality of life - leisure and cultural potential	- born here - family reasons - studied here
	knowledge intensive	- working conditions - career development - universities	- quality of life - leisure and cultural potential - tolerance	- born here - family reasons - studied here
International migrants	creative	- working conditions - career development - social housing	- everyday life - culture - tolerance	- social network
	knowledge intensive	- career development - housing conditions	- quality of life - culture - tolerance	- social network

Source: Own survey

The table below provides a weighed (in terms of importance) picture of the respondents' view of the strengths and weaknesses of Sofia, covering all groups covered by surveys under the ACRE project: creative and knowledge workers, managers, international migrants. These considerations have been abstracted from questions to do with the interplay between soft and hard factors in location decisions; but in the end the responses do provide a picture of the satisfaction with the various aspects of the city.

The numbers 'one' to 'three' refer to the three target groups of WP 5, 6, and 7. 'One' are the employees and graduates, 'two' the managers and freelancers, and 'three' the transnational migrants. The letters a, b, and c refer to the branches. Only c refers to the graduates of creative and knowledge-intensive sectors. Letter 'a' refers to the creative branches and 'b' to the knowledge-intensive industries. If only the number is listed in the table, the corresponding location factor is relevant for the whole target group. If the number and a letter is displayed, the corresponding factor is only relevant for the target group in a certain branch. For example,

factor one (education, study, universities) has only strong importance for graduates of creative and knowledge-intensive sectors.

Summary matrix

(Evaluation and positioning of metropolitan regions according to different location factors)

	Strong	Medium	Weak
Hard factors			
Factor 1 (Education, schools, universities)	1C, 2☺☺		
Factor 2 (Employment, working conditions)	1A, 1B, 1C, 2☺☺		
Factor 3 (International accessibility)		2, 3	1
Factor 4 (Technical infrastructure)		2, 3	
Factor 5 (Housing condition...)	1A, 1B, 2☺☺		
Soft factors			
Factor 1 (Personal ties, family status)	1, 2, ☺☺	3☺	
Factor 2 (Social networks)	3		
Factor 3 (Quality of life)	1A, 1B, 1C ☺☺		
Factor 4 (Quality of the environment)	1A, 1B, 1C		
Factor 5 (Working environment)	1A, 1B☺		
Factor 6 (Tolerance)	1C, 2B, 3B		
Personal trajectories			
Factor 1 (born here)	1, 2		
Factor 2 (family reasons)	1A, 1B, 2		
Factor 3 (studied here)	1C, 2		
Factor 4 (social networks)	3	1, 2☺	
Factor 5 (friendship)	1C☺		

Source: Own survey

Key:

Importance of the factor for the respective target group:

- Strong medium / weak importance: the factor is of strong/medium/weak importance for the respective target group

Evaluation of the factor by the respective target group

- ☺☺ or ++ very positive
- ☺ or + positive
- ☹ or +- neither positive nor negative
- ☹☹ or - negative;
- ☹☹ or -- very negative

Target groups

- 1 = Workers
- 2= Managers
- 3 = Migrants
- Subgroups (A, B)
- A = creative
- B = knowledge intensive
- C = graduates in intensive and knowledge industries

As their Bulgarian counterparts, international creatives are pleased with the “soft” aspects of life in Sofia – aspects that arise out of the way of life of the communities, and also out of private initiative. Respondents, international as well as Bulgarian, are severely displeased by the “hard” aspects of Sofia – infrastructure, services, transport, and general upkeep of the place.

In preparation of the next section of the analysis, it is useful to reflect on the following fact. Respondent input from the Municipality reveals a structure of positive / negative appreciations of Sofia that is compatible with the structure of appreciation as revealed by our sample of creative respondents. Decision-makers today see clearly the “hard-factor” problems which enrage the citizenry: transport, infrastructure, chaotic construction activities of the private sector. This compatibility means that insofar as the Municipality is becoming involved in policy-based development activities, these are likely to target the felt needs of both the population and the creatives. At the same time, Municipality respondent input reveals problems, which will be addressed, that do not come out of our interviews, but are nevertheless important in terms of pushing Sofia further in the direction of creative city – such as the still too big proportion of old-style heavy industry in the economic structure of the city, as well as the low efficiency in the use of energy resources both in industry and housing.

3.2 Analysis of economic strategies and policies

3.2.1 Formulated strategies / visions for the future and ways to achieve the ambitions

By the early 21st century Sofia had transformed itself into a city of services, which currently form more than three quarters of its GDP. Most of the knowledge-intensive industries are concentrated in Sofia and the city is home to the bulk of the new creative industries, linked to both the IT revolution and to the new development opportunities provided by the market economy. Sofia’s creative sector, comprising one fifth of all companies located in Sofia, has grown apace, with the industries under scrutiny in this study doubling in size, and increasing their employment by three-quarters in 2004-2006 alone.

Policy has not played a role in Sofia’s economic development in the 1990s, nor has any policy propelled the city towards the status of an emergent “creative city”. The astonishing economic achievements of the city can be traced to one source: the energy and gusto of its inhabitants, placed in a situation of “the invisible hand of the market”. Hence our claim that Sofia is a “creation out of chaos” event.

All respondents, including the very articulate broadcasters we interviewed, uniformly report that they neither see, nor feel, nor have been told of any municipal-level policy existing to help the creative sphere. One broadcasting CEO went into more detail, reporting that he is in constant touch with municipal departments supposed to be in charge of such targeted development policies, but that these people produce no policy whatsoever.

The absence of municipal-level policy has been so blatant that respondents are at a loss when asked what kind of policies they would like to see developed. Three groups of answers emerge, neither of them doing credit to Sofia's planners:

- the municipality should simply do its job and maintain and develop infrastructure
- the municipality should imitate national policies and cut taxes and rates
- no policy can be expected of the municipality, and policy that impacts the sector can only be the generic, horizontal national policy favouring the business climate in general.

We also stumbled on the researcher's dream: a direct admission of guilt. When attempting to interview municipal officers (for context), ultimately our fieldworkers were refused, by the municipality, with the argument that "the municipality has no policies in your field of interest".

We can now take it as proven that Sofia develop with neither help, nor hindrance from policy. Respondents did identify policies at the national level that they found helpful, and expressed hopes that such policies would continue and even expand in the future.

It has been pointed out to Sofia's ACRE team, by various officials, that Sofia needs no specific development policies (such as encouraging the emergence of a "creative city") at the municipal level, because it gets all the policies it needs at the other levels of its existence: once as a Regional centre, and again – as the centre of one of the six National Planning Regions.

The results of the survey do not bear this out. None of our respondents had ever heard of targeted policies at these levels, let alone – being impacted by them. At the same time, it is a fact that at both Region level and National Planning level a wealth of policy documents (strategies, action plans and the like) has been produced. All of this, as far as our respondents are concerned, has remained on the paper it was written on.

In this sense, the traditional "pipes, policing and pavements" policy of the 19th-20th centuries, which Sofia Municipality is finally trying to follow as of 2007-8, does target the most acute critiques of the city. While still blissfully unaware of the entire problematic of "creatives" and "soft factors", Sofia's planners would evidently be serving the needs of the "creatives", both domestic and foreign, if they just did successfully the tasks that are routinely expected of municipalities.

In terms of policy, Sofia's policy-makers are addressing the criticisms, related to "hard" aspects, such as traffic, natural environment, infrastructure and services that both indigenous and foreign creatives have been levelling at the city. This is only the beginning of policy-making in Sofia and its future impact is still impossible to judge. What is obvious is that policy-making has concentrated on the traditional "hard" issues, rather than specifically on attracting Florida-type creatives. On the contrary, the recent – and most likely doomed to fail – attempts of Sofia Municipality to severely and effectively curtail migration into Sofia have the potential of keeping out precisely the kind of creative, mobile "circular migrants" that any city needs to prosper in the 21st century. In this particular case, it would be better for Sofia to stay on its historical development path, where stated policy always fails in implementation, so as not to turn the creatives from its gate.

At the same time, given the predominance of “soft factor” considerations in “staying-on” location decisions, the city will have to grapple with soft-factor issues, for fear of eventually losing creatives to other, tidier cities or EU member countries. This would mean enhancing the current “hard-factor” policies with significant “soft-factor” elements. What these elements should be – this we now know from both our research and from Richard Florida’s. For once, our work fits in with his insights: that “creatives” treasure nature-related amenities, such as well-run parks, easy access to unpolluted bodies of water, bicycle paths, pedestrian open public spaces and so forth.

This is the context into which comes the long-awaited **Territorial Development Plan (TDP)**, finally passed into law in July 2009. Its core weaknesses have been analysed in section 3 (above). Given that the horizon of this Plan is 2030 and beyond, it is now time to evaluate it in more detail.

The TDP identifies several factors that *hinder the optimal development* of Sofia; some of them feed directly (given sufficient understanding on the part of planners and policy-makers) into the problematic of the “creative city”. Among the hindrance factors identified are:

- insufficient penetration and lack of systemic links to the “new European and global poles of concentration of economic activity and entrepreneurship”, which increases the costs of local businesses
- insufficient markets due to low competitiveness of industries, low popular living standards and loss of previous markets (this is taken to refer to the loss of the markets to the East, which took place during the transition to democracy)
- insufficiently developed technological, market and entrepreneurial infrastructure of a modern type – the kind of infrastructure capable of activating businesses and attracting investment in the most modern industries, the ones capable of acting as a motor of the overall development
- low levels of restructuring and modernisation of industrial production, of development of innovations and competitive products.

Given sufficient knowledge of the “creative” problematic, it is obvious that the last two points can feed directly into the production of policy aimed at achieving a “creative city”. But, as in all other policy documents impacting Sofia, the TDP is also bereft of any signs of awareness of its authors of the “creative problematic”. In this way, the potential for creative policies remains dormant, submerged under the mountain of “traditional” policies stipulated in the TDP.

In terms of *economic structure*, the TDP expects a continuing decline of the proportion of old industries (producing some 11% of value added and employing 24% of the workforce) and the further development of the “tertiary” sector – the sector where most of the “creatives” are to be found, which has breached 77 % in the economic structure of the capital, creating 73.5% of value added and employing 75.5% of the workforce.

Projections in this field repeat the usual systemic error of Sofia planning: low forecasts, which are breached almost as they are published. The levels of decline of “secondary” industries and the proportion of the tertiary sector, envisaged for 2020, have already been overshoot and the TDP admits to this. This situation means that within a few years the policies in the TDP,

aimed at the “tertiary” sector and the creatives in it, will be increasingly inadequate and ill-advised.

At the same time, in broad outline the TDP tackles important aspects of the *living environment* impacting the “creative” and knowledge-intensive class. The TDP envisages municipal efforts to free the living environment of the city centre from offices and production facilities, encouraging them (through legislation) to move outside the centre and into proper office buildings and industrial premises. At the same time, the intention of the TDP is to avoid the creation of office-only areas, which become empty at the end of the working day. The stated intention is to preserve multi-functional living environments. This can be said to be wholly in tune with the desires of the “creatives”, who do not draw a sharp distinction between working and living and prefer multi-functional and friendly environments, rather than a sharp distinction between work zones and living / leisure zones.

For the first time in a generation, the TDP presents a coherent *concept of the city*. The intention is to address the current crisis, which has arisen due to faulty planning and lack of regulation – the unprecedented concentration of people and businesses in the heart of the city. This concentration has already led to a degradation of the environment, its leisure capacity and cultural heritage.

In this situation we see a strong echo of the “historic development path”, wherein every major policy effort has arisen out of the need to confront a heavy current crisis, which has arisen because of lack of policy.

The concept is based on several main principles, all of them designed to resolve the current situation – outcome of the decades of unregulated growth, construction and congestion. The intention is to de-congest and re-regulate the city so as to remove the pressure from the “compact city” (i.e. inside the ring road), disperse working and living environments into the outlying areas, and recover the initial (1903) vision of a “green” city, linked to the surrounding mountains via a series of green spaces radiating from the centre and forming unbroken green corridors to the natural surrounding environment.

The main *principles of urban development*, presented by the TDP are:

- *Limitation* of the burgeoning of the city as a simple expansion of compactly built-up areas. Relieving the pressure from the centre, improvement of its living environment.
- *Formation* of linear urban structures along the five main “development axes” of the city (along the main roads leading out of the centre), ultimately reaching the outlying “buffer zones” of the active influence of Sofia.
- *Regulation* of construction in the south of the city, with the aim of preserving Sofia’s link with Mount Vitosha, which lies to the south. Preservation and further development of the “lungs” of the city – the big city parks.
- *Formation* of a new development zone along the trans-European transport corridors to the north of the city, linked with the development of the villages along the northern rim as new urban areas.

A similar logic of deconcentration and profiling, while preserving the multi-functionality of the living environment, is seen in the TDP's housing strategy. The main avenues of planned activities include:

- Preservation of the living environment in the centre and its harmonious integration with business, administrative and cultural functions (multi-functional environment).
- Creation of "active contact zones" between business and living environments in all parts of the compact city.
- Re-vitalisation of degraded districts.
- Decentralisation of living environment with the aim of attaining a balanced urban environment, with the use of available reserves in the territories outside the compact city and its immediate surrounding area.
- Developing as attractive urban territories so far unused areas, with the provision of infrastructure and transport links.

All of the above, and other planned activities are to produce the following vision of Sofia.

Central urban area

- *Historic centre* – preservation, renovation of buildings and infrastructure.
- *The city* (ring around the historic centre) – implementation of large-scale operations regarding reconstruction and revitalisation, preservation of 30% of buildings as housing, construction of multi-storied car parks.
- *North-Western area* – a large and coherently conducted operation for reconstruction, preservation of 40 % housing.

Surrounding areas

To be developed as infrastructure; to be strictly regulated in terms of construction, so as to guarantee the existence of "green wedges", linking the urban area with the surrounding natural landscape. The development of the surrounding areas as new urban areas becomes a priority for the municipality.

Sofia is to be dispersed mostly towards the north, where the final collapse of the biggest metal works on the Balkans is freeing significant new territories for development as out-of-city, multi-functional urban areas in the shadow of the Balkan mountain range.

It is evident that the urban strategy of the TDP does contain a strong potential for addressing "creative class" issues, such as multi-functional urban environments, green areas, dispersal of the city while avoiding a sharp delineation between "work" and "play", with a focus on structuring friendly, manageable multi-functional urban areas. Even without a specific focus on "creative" issues, should the municipality implement the measures envisaged, this would address important concerns of the "creative" class.

The *employment and business location policies* of the TDP come close to having a bearing on the "creative" problematic. The diagnostics of the TDP focus on several issues needing attention:

- industry is still inefficient in terms of the resources it uses and the areas of the city it occupies – inside the “compact city” such premises (including storage etc.) form 20 % of the territory (in 2003), with the usual for EU capitals being 10-12%;
- much of industry is contrary to the legislation on environmental preservation
- heavy industry still forms too high a percentage of the economic structure of the city, forming an obstacle before its development into an administrative, scientific, educational and cultural centre
- compared to EU capitals, Sofia does not have the kind of business-park and entrepreneurial-area sites that promote new hi-tech businesses
- there is a decline in employment in the fields of R & D and the new technologies.

The TDP is resolved to solve such issues, primarily by measures to promote the decongestion of the city by:

- movement of businesses into new targeted outlying areas, where the municipality would install the necessary infrastructure
- encouraging the symbiosis between science, educational centres and business in order to encourage the further development of the service and hi-tech sectors
- development of new industrial and storage zones
- improvement of transport infrastructure and discouragement of environmentally unsound manufactures in the compact city in order to improve the living environment.

In terms of the *spatial organisation* of the city, the TDP envisages a 6-component urban area: the centre, plus five multi-functional areas radiating out of it along the main roads leading out of town. The intention is to follow a strategy of polycentric development, called by the TDP “concentric deconcentration”, in order to decisively decongest the centre and improve its living conditions.

The TDP notes that during the time between its first (2003) and second (2009) draft, the city has by itself – and without help from the municipality – started moving in the desired direction of polycentrism and decongestion of the “compact city” (inside the ring road). During these six years, for example, industrial terrains inside the compact city had shrunk from 10 % to 7.7 %, freeing space for the revival of living conditions and multi-functionality. Housing density has stayed more or less stable inside the compact city, and has moved out, beyond the ring road. Such trends have freed new 320 hectares for green zones, of which 90 hectares inside the compact city. The fact that the city has already started moving in the right direction signifies – again – that the policy it needs is a delicate package of support for, and creation of enabling conditions for processes already under way, rather than some kind of top-down social engineering or revolutionary changes.

The TDP vows to end the 1990s practice of chaotic, unregulated building, serviced by the municipality (in terms of infrastructure) on a case by case basis. The intention is to enforce coherent regulations on old, as well as new using districts so as to end the free-for-all. At the same time, the TDP is quite unclear on exactly how this is going to be achieved.

Leisure, sport and green spaces occupy a relatively small part of the TDP. These sections are short, unclear and offer unimaginative prospects of piecemeal “improvements” to the existing situation. The “creative-city” potential of outlined policies is minimal to non-existent.

The *transport infrastructure* – the single most important problem as far as the public (and the ACRE respondents) is concerned is addressed in more detail. The strategy here is based on the polycentric vision of the future of the city, with the building of new and widening of existing roads leading into the centre, as well as ringing it, building multi-storey crossings and so forth. The intention is to engage in the construction of multi-storied car parks to take the cars off the streets. The overall strategic aim of this section is to reconstruct transport around the underground metropolitan system – which is being intensively expanded as of 2007 – in conjunction with a renewed electric overland rail transport. Cycling is tackled with the intention of forming cycling lanes along existing main roads, and building such lanes as part of the envisaged new roads. Experience to date, however, suggests that cycling will continue to be a problem, given that the cycling lanes constructed since 2007 are difficult to use, being simply narrow right-hand lanes on existing streets, signaled by a yellow line. Given that the right-hand lane is usually congested by parked automobiles, this is obviously not an efficient approach to use in the future; but the TDP does not address this issue, although there is now enough (3 years) practical experience on which to draw.

Generally speaking the 2009 Territorial Development Plan envisages a kind of future that can be expected to continue to help Sofia continue its ongoing movement in the direction of “creative city”. The TDP is a minimally sufficient framework for this, despite the absence of any “creative city” awareness on the part of its authors. There are, however, as the ACRE project has shown, some things that only the municipality can do to really help the emergence of a creative city – such as enforcing environmental policies, decongesting traffic, creating public and leisure spaces and so forth. Such things exist in the TDP, but remain in a dormant state.

Even the most cursory glance at the 2010 Sofia budget reveals that there is no money – and therefore, no planning of concrete actions – on most of the major strategic intentions of the TDP, such as the formation of a 6-component polycentric city (and all the infrastructure that entails) out of today’s rapidly expanding “one-component” city.

3.2.2 Existing policies (already implemented)

The outcome of the ACRE studies of the creative and knowledge intensive class is clear. Nobody really expects the municipality to get sustainably involved in specific “creative” policy, but everybody wants it to do its core job (mostly infrastructure and also regulation of building construction) better. In their business prospects, respondents look to national-level policies to impact their plans and prospects.

It should not be under-estimated that our most articulate respondents, usually from the broadcasting sector, were also the clearest when expressing their hopes of the municipality: that it should reorganise its work in such a way so as not to interfere with individuals and businesses. Policy expectations, even at their clearest, are very minimal indeed.

Inasmuch as respondents think of the policy problematic in the future, they demand to be consulted. This is clearly in line with EU directives and approaches regarding the “stakeholder” approach to policy making: i.e. that the beneficiaries / target groups of policies and legislation should be part of the design, implementation and evaluation process. Such a process is still, however, far from visible in the process of policy preparation, the usual practice being to form a workgroup of bureaucrats and technical experts and hope for the best.

A) Context of emergence and formulation of policies

With the inclusion into the EU, and the appearance of the 2009 TDP, Sofia has, between 2008 and 2009, found itself deluged by various levels of development plans and policies. With one sole exception these remain on paper, in the shape of intentions for the future, which have not, however, produced concrete action plans or budgetary planning. This, in turn, accounts for the fact that the population is still to become aware that Sofia is, as of 2009-2010, a city which is intent on developing according to policy. Nevertheless, these policy documents need to be analysed, because at least some components of its future development are encoded in these documents (the problem being that, at present, we have no idea which components will finally pass into reality).

Policies, impacting Sofia, range from the national to the municipal, most of which are in tune with the EU’s planning schedule (i.e. 2007-2013):

A1. National Development Plan of the Republic of Bulgaria (2007-2013)

The vision of the Plan is that “by 2013 Bulgaria will be a country with high quality of life, based on sustainable socio-economic development in the process of full integration into the European Union”.

In order to do this, the Plan sets out two mid-term strategic aims:

- “Attainment of high growth levels through a dynamic knowledge-based economy, in harmony with the principles of sustainable development;
- “Enhancement of the potential of human capital and attainment of employment levels, incomes and social integration that ensure high quality of life.”

The Plan envisages targeted “intervention” along the following priority areas:

- enhancement of the competitiveness of the economy
- development of human resources and improvement in the social infrastructure
- improvement and development of basic infrastructure
- development of the countryside and agriculture
- sustainable and balanced regional development.

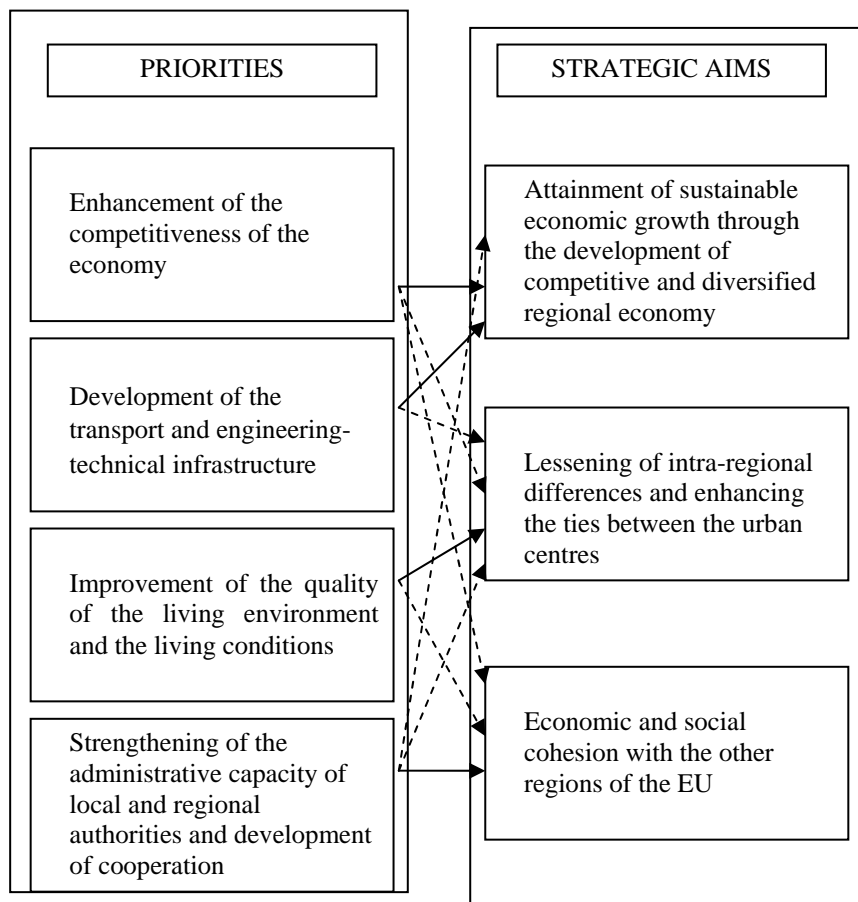
The Plan does not deal with the problematic of creative cities. Whereas some concern for this problematic can be read into the two strategic mid-term aims, the list of “interventions” does not build on this potential. In this sense, Sofia can not profit from the National Development Plan insofar as developing a “creative city” is concerned.

A2. Regional Development Plan of South-Western Planning Region (2007-2013)

Sofia is the centre of the Region and is in this way directly impacted by this Plan. The Plan’s vision is defined as: “Enhancing the leading position of the South-Western Planning Region in the socio-economic development of Bulgaria and transforming the city of Sofia into one of the most attractive economic and cultural centres in South-Eastern Europe”.

This Plan’s strategic aims are structured as follows:

- Attainment of sustainable economic growth through the development of competitive and diversified regional economy”.
- Lessening of intra-regional differences and enhancing the ties between the urban centres.
- Economic and social cohesion with the other regions of the EU.



While the possibility of elaborating policies designed to attain a “creative city” are contained in the Regional Development Plan, the policies in fact formulated can not serve as the basis for any kind of coherent Sofia-based policy aimed at stimulating the creative and knowledge-based industries, as well as the people working in them.

A3. Territorial Development Plan

In July 2009 Sofia finally acquired a legally-binding Territorial Development Plan, for the first time since 1961. This is the most comprehensive and detailed of all development plans impacting Sofia and forms the most relevant basis for policy and planning. It has no final date, but most of the texts inside envisage the horizon of 2030.

This Plan has been presented and assessed elsewhere in this text.

A4. Municipal Development Plan (2007-2013)

Being the lowest level of planning regarding the Municipality of Sofia, this document’s “vision” is the most ambitious, the aim being for Sofia to become “A city-region with important significance in the polycentric spatial structure of the EU, with balanced and sustainable development, with unique identity and harmonious living environment; a city-region with attractive conditions for business, living and recreation, with a new type of economy, with effective government and executive power, which facilitate the improvement in the living standards of the population”.

This vision is translated into a Main Strategic Objective, formulated thus: “The attainment of rapid economic growth, high living standards, sustainable and balanced development, while conserving the natural environment and developing the urban environment”.

The main objective is broken down into several Strategic Aims:

- Strategic aim 1: “Rapid and sustainable economic growth and development of the knowledge-based economy and the information society, in order to reach the average levels of development of similar territorial-administrative units in the EU”.

The Plan envisages the following avenues for attaining Aim 1:

- creation of conditions for rapid introduction of innovations
- transfer, creation and implementation of new technologies
- enhancement of the educational characteristics and the professional structure of the workforce, in tune with the demands of the labour market
- development and enhancement of the quality of the infrastructure servicing businesses and the systems of living and leisure
- creation of modern business centres, trade centres etc.
- development of a modern and environmentally sound tourist industry, including sports infrastructure for European, world and Olympic events.

- Strategic aim 2: “Balanced and sustainable development through the development of the local potential”
This aim is focused on overcoming the main misbalance of the region – the centering of everything in Sofia. The intention is to find a territorial balance, by use of the potential of the out-of-city area and the creation in that area of modern conditions for business, living and leisure. This is intended to neutralise the looming danger of even stronger migration into the core city, which would place it in a crisis situation.
- Strategic aim 3: “Development of European territorial cooperation and the positioning of Sofia in the network of the big European cities as a major centre on the Balkans and in South-East Europe”.
This aim notes that this situation can be achieved only by enhancing the quality of the environment, the transport infrastructure, the effectiveness of governance, the living standards of the population, and the preservation of the environment and the cultural and historic heritage.

The Municipal Development Plan is the most focused and concrete policy document impacting the development of Sofia. As is seen above, its Strategic aims by and large address:

- the problematic of the “creative city”, in the sections dealing with new technology, innovation, the environment and leisure facilities;
- the existing demands of the creative and knowledge-intensive class, as revealed in the responses of creative and knowledge-intensive respondents under the ACRE project.

Given, therefore, sufficient good will, competence and focus, a “creative city policy” can be extracted from the Municipal Development Plan. However, in this, as in all other policy documents impacting on Sofia, there is absolutely no evidence that the authors of the Plan are aware of the problematic of the “creative city”, nor is there any evidence of any specific policies, targeted at attaining a “creative city”.

A5. Programme for the governance and development of Sofia Municipality 2008-2011

This is the only policy document, impacting Sofia, which has a direct bearing on observable reality, being a detailed programme rather than a vision, plan or strategy. It serves as a linkage between the Sofia Development Plan and the Budget (below). The main strategic objective of this Programme, which is extrapolated out of the Municipal Development Plan, is Priority 1: “Creation of conditions for the effective functioning of the Sofia economy”, with one major project formulated inside that Priority – the construction, on municipal terrains, of a “technological park”, intended to attract “hi-tech companies” with the aim of encouraging the Sofia economy to push ahead along the road of high-efficiency production, and away from traditional industry with its inefficient use of resources and energy. Ultimately, the “park” is expected to act as a catalyst for the firmer establishment, in Sofia, of the “knowledge-based economy”.

This Programme is the only policy document in the list (above), which actually plans specific actions in order to achieve stated aims. However, as can be expected in this situation – nobody has real experience with implementing policy – these specific actions do not find their

way into spending plans. For example, the hi-tech technological park is not to be found in the Municipal budget (below).

A6. Municipal budget

This is the most specific governance document impacting Sofia. It is in the budget that we can see which priorities are being acted upon, and which – not. If it is in the budget, it is going to happen; and if not – not.

Sofia's 2010 budget is the biggest to date, the crisis notwithstanding, at slightly less than 1.3 billion lev (650 million Euros). Its clearly stated priorities (i.e. for the financial year of 2010) are:

- education
- social policy and administrative services
- environment
- road infrastructure.

Nowhere in the 2010 budget is there any evidence that the various policy documents impacting Sofia have been activated in the direction of a “creative city”. What the budget is in fact doing is – for the first time in many years – to coherently address the basic needs of a major city. This in itself is welcome news – and it addresses some of the criticisms of the “creatives” as revealed in the ACRE project – but the budget, nevertheless, makes absolutely no steps in the direction of the creative and knowledge-intensive problematic.

There are glaring omissions, such as housing, public spaces and leisure. These are areas of great importance to the “creatives” and can relatively easily (i.e. in terms of policy) be addressed with the traditional instruments of municipal policy. Should this happen, the municipality would be able to adopt policies that are in effect “creative”, but without having to undergo the conceptual revolution inherent in thinking in terms of the “creative cities”. But even these relatively easy avenues are not a priority for the 2010 municipal budget and are, therefore, obviously not a priority for the policy-makers and planners.

B) Aims and objectives

All policy documents impacting Sofia remain on “traditional” policy territory, with increasing (as one goes from the top level to the local level) focus on sustainability, the natural and the living environments. But these documents remain a long way from the territory of the “creative city”.

According to respondent input from the Municipality, decision-makers are moving closer to the creative city problematic, without naming it as such. Examples are the rapid increase, in the hierarchy of declared priorities, of tasks concerning:

- the environment (such as the revival of the early-20th century vision of Sofia as a deconcentrated “green” city, with parks linking the centre to the surrounding countryside);

- multi-functionality (i.e. avoiding housing-only or business-only districts) of urban areas;
- the current policy emphasis on transparency and accountability of governance, which is specifically intended to increase citizen trust and participation, as well as to dramatically improve the (corrupt) business environment inherited from the period of chaotic free-for-all development.

The time has not yet come for city planners and managers to take an interest in planning for a creative city as understood in literature and in the more advanced European cities. “Soft factors” Sofia planners neither understand, nor should they be expected to, at this initial stage of policy-making. Even the newly-constructed “business parks” in the green city outskirts have appeared not because, but in spite of any sort of municipal development plans; not because of official encouragement, but in spite of official indifference.

The best that the authorities can do is to concentrate on providing the “hard” development factors, and on improving the general environment – tasks that individuals and groups, no matter how creative, can not undertake by themselves. For the foreseeable future, should the “hard” factors be thus taken care of, the continued development of Sofia in a creative direction is best left to the Sofianites themselves.

In this sense, the outcome of the entire work of this project contains a clear message to planners and policy-makers. The creative and knowledge-intensive class does not (yet?) demand targeted “creative” policies. What people in these industries want is for the municipality to regain its capacity to tackle the classic municipal development issues, such a transport, living environment, good business conditions, security, efficient governance and quality services – the “hard” factors that lie at the basis of any municipal policy.

The removal of obstacles, rather than the implementation of specific policy-level support, is the best that the creative industry expects of Sofia’s planners and managers. Sofianites and migrants into the city have demonstrated, over the past decade-and-a-half, that what they need is freedom from impediment, rather than a leg-up. At the same time, the new focus of municipal decision-makers on accountable governance and the environment is a welcome, if unexpected, new addition to the overall picture.

If Sofia wants to continue on its creative path, there should be a clear division of labour in the implementation of the aims of the various Development Plans impacting the city:

- the municipality should do efficiently its core business to help the environment generally, such as providing public transport, a cleaner city, parking spaces, green spaces; and should stay away from grander efforts, such as policy
- Sofia’s entrepreneurs and citizens should be placed, by the authorities, in an environment that has been cleared of all administrative and other obstacles. This is where hi-tech parks and the like should be situated in terms of policy-making.

These considerations are specific policy recommendations to planners and policy-makers and these recommendations can be henceforth used as the basis for targeted policy-making. Planners will be helped by such a process, because the unfortunate practice in modern Bulgaria is for policy documents to remain on paper. Only rarely do the provisions of such

documents enter the world of actions; the provisions that do become actions are the ones most easily understood by central and local government: infrastructure, schools, security, and taxation.

Sofia can avoid this kind of reductionism (where the new and ambitious becomes the old and the routine) if it manages to activate the potential, inherent in the policy documents, by listening to the opinions and recommendations of the “creatives”. In this way, the vague but well-meaning policy documents can be activated in the direction of a “creative city”.

Planners should also *listen* to the city’s own spontaneous development. As seen in the TDP, just in the years between its first and second draft (2003-2009), Sofia had already – in spite of a complete lack of municipal policy or regulation support – started moving in the desired polycentric direction, moving industry and new housing out of the centre. This means that there is a general fit between the intentions of the policy-makers and the spontaneous development of the city. In turn, this – in theory – makes planning and concrete actions much easier than they would have been, had planning intentions and spontaneous processes been completely at odds with each other. The spontaneous and the planned can support each other – as long as both planners and citizens understand that their visions are compatible rather than confrontational. It is in the purview of the authorities, however, to make sense of this congruence and take the necessary steps to engage in ongoing dialogue with the citizenry in order to attain the common aims.

Such communication, however, is at the moment durably absent from the relations between the Municipality and its citizens. None – not a single one – of the policy documents impacting on Sofia have been in any way consulted with the citizens. There have been no – and none have been planned – general discussions, neighbourhood debates, focus-groups and the like. The whole system of feedback and consultations is entirely missing from the mental landscape of the Municipality. This ensures that even the best of planned activities will run into determined citizen resistance, because such activities will appear to them as sudden whims of the authorities, hitting them out of the blue with no prior warning.

C) Means

In Bulgaria, at all levels, policy is notoriously difficult to implement and evaluate. Since joining the EU, Bulgaria has been constantly under criticism from the European Commission to the effect that Bulgarian administration at all levels neither understands, nor has the capacity to implement policy.

Inasmuch as policy already exists in some form, it is situated entirely on “traditional” territory not only in terms of content, but also in terms of the instruments available for implementation. In this situation such instruments build down to two:

- spending public money on activities aligned with declared policy
- enacting legislation and regulation, which encourages private entities to move in the direction envisaged by declared policy.

More recently, additional instruments have appeared, in the shape primarily of the EU's structural funds, available to Bulgaria since its accession on 1 January 2007. Although Bulgaria has become notorious in its inability to access these funds – due to administrative blockages, lack of capacity and corruption – some policy documents make references to these newly available funds.

- The Territorial Development Plan of Sofia does not specifically outline the instruments and mechanisms to be used in the attainment of its aims. The TDP is a long-term strategic document and refers the question of instruments and mechanisms to other, more short-term policy documents.
- The National Development Plan has more specific aims, but for the whole country, rather than for Sofia. Much as the TDP, however, it outlines the gist of government development policy, leaving the details of implementation to the legislature and the executive. Since the inception of this Plan it has become obvious that the government strategy of implementation is centered on arenas such as: lowering and simplifying taxation; improving the business climate, facilitating access to administrative services and removing bureaucratic obstacles; changing legislation; creating the enabling conditions for central and local authorities to access EU structural funds. There is no focus, nor separate discussion, in this Plan, of issues relating to the “creative city”, while, at the same time, references to an adjacent problematic – the knowledge-based economy – are vague and occasional.
- The Regional Development Plan, impacting on Sofia (presented above), by definition has no real instruments or mechanisms for implementation. The primary task of the Regional Plans is to collate and cohere the Municipal Development Plans on their territory, crown them with a regional-level vision and strategic aims, and pass the material up to central government, which in turn produces the National Development Plan that ultimately results in legislative and executive activities of implementation.
- The Municipal Development Plan is by far the most concrete of policy documents, setting out specific strategic aims and intentions. It is, however, at considerable variance with the Territorial Development Plan and contains none of the TDP's main themes, such as deconcentrating the urban area into 6 polycentric urban areas. This immediately creates the preconditions for lack of fit, confusion, and duplication of effort (if any) and a general lack of systemic engagement of resources to predetermined ends. In some crucial areas there is overlap of intentions between this Plan and the TDP, such as the creation of new multi-functional business parks, improvement of the environment, reconstructing the main infrastructures. Insofar as such specific engagements appear in municipal-level policy documents, it is to be expected that the municipality would endeavour to attain its aims by spending money and by creating an enabling legislative environment. However, as some other ex-socialist countries, Bulgaria remains a heavily centralised country, with very few rights and resources devolved to the municipal level – which by definition seriously narrows the scope of instruments available to the municipality to engage in attaining its declared development aims.
- The Programme for the governance and development of Sofia Municipality is structured around specific priorities and activities. Like the Municipal Development Plan, however, these are not yet part of the reality of Sofia's development, because they have not managed to find their way into the municipal budget.
- The Municipal Budget (i.e. for 2010). None of the strategic aims of the Municipal and the Territorial Development Plans appear in the budget, which means that they are left without resources for implementation. Insofar as the budget concentrates on its declared priorities –

education, social policy, environment and transport (plus water and waste infrastructure) – it relies on own income and the state subsidy, plus a limited recourse to EU structural funds as well as credit from the European Bank for Reconstruction and Development (EBRD). About one-fifth of the total Sofia budget is expected to come from the EU structural funds in order to attain the strategic aims of the budget (which are not entirely the same as the aims of the Municipal and Territorial Development Plans). Given the past track record, it is doubtful whether the planned volume of EU funds would be attained. Another fifth of the budget is state subsidy. About 11 % of the budget is expected to be formed by loans from the EBRD, specifically targeted at the construction of the underground metro system and of a waste recycling and disposal facility.

The Sofia budget is still unbalanced in favour of wages and other running costs, rather than on investment and development projects. Although the proportion of running costs has fallen since the 2009 budget (from 69% to 53%), it still forms more than half of the entire budget. Just on this indicator it is clear that Sofia's budget is still very far from a development-and-investment budget, let alone a budget specifically aimed at attaining a creative city. There are various long-term investment projects started with the budget (such as a 220-million Euro reconstruction of the water supply) which, taken as a whole, somewhat compensate for this weakness of the budget.

Nevertheless, if we take the budgetary expenses planned for areas of interest to the “creative class”, we will see that they are at the very bottom of the list of priorities: leisure and sport get about 0.1 % of the total budget, tourism gets the pitiful sum of 75,000 Euro, while culture receives 0.2 % of the total budget. This structure of the budget is in direct contradiction to the strategic aims declared in both the Municipal Development Plan and the Territorial Development Plan and illustrate the traditional (for Bulgaria) lack of fit between declared policy and actual activities.

D) Resources

Without explicitly referring to the problematic of the creative city and the influence of “soft” factors for the attraction and retention of the “creative class”, the most relevant policy documents – the Municipal Programme, the Municipal Development Plan and the Territorial Development Plan – do set out as priorities clusters of problematics which are, in fact, of the “soft” variety, dealing as they do with the enhancement of the quality of life and the living environment. In this way, as far as documentary resources are concerned, the “soft” problematic is placed fairly high in the strategic agenda, particularly when taken together with the expressed determination to encourage high-tech and clean production, as well as placing Sofia on par with other EU capitals in terms of culture and diversity.

At the same time, as we have seen in the analysis of the 2009 Sofia Budget, these are documentary resources only. When it comes to engaging material resources, such strategic intentions fall to the very bottom of the scale – immeasurably lower than running costs of the municipal apparatus itself. This again refers to the fundamental question of Bulgarian administrations' lack of competence in policy-making and, particularly, in the actual

implementation of policy. Words and deeds do not exist on the same plain, which ensures that material resources are not concentrated on declared priorities.

In order to begin addressing this issue, Bulgaria's authorities at all levels would need to first undergo a cultural revolution. And they have proven very resilient, since 1989, in avoiding this. An interim conclusion here is that, should anyone want to develop policies to support the "creative city", they should first tackle the long-dormant reform of administration, so as to instill into that administration the capacity for shared decision-making and shared policy.

Another issue related to resources is the lack of capacity, on the part of the municipality, of bringing together into a coherent system the resources which are available. The ACRE project has shown that Sofia today contains within itself all the resources needed to stay on the track to "creative city" – the human, technological and social capital is available due to the simple fact that most of Bulgaria's creative and knowledge-intensive industries are in Sofia, as is half the entire managerial class of the nation, the bulk of the education establishments and so forth. Not to be neglected is the continuing improvement in the demographic profile, as Sofia remains the youngest and most educated workforce in the country. To say nothing of the fact that the city produces 1/3 of the national GDP and is home to half the entire volume of foreign investment, as well as being Bulgaria's primary gateway city.

The availability of such resources is also the reason why Sofia managed to begin moving along the path to "creative city" during the decade and a half when no policy whatsoever was available. Should this range of available resources be brought together with a meaningful and determined policy, the city would obviously move faster and in a more concerted way.

These resources, although available, are however dispersed. The municipality has no concept of the availability of these resources and still less – the capacity to bring them together into a kind of framework that would ensure the further development of the city. There is a widening gap between the city managers and the citizenry. The two inhabit worlds which have nothing to do with each other, they do not trust each other and eye each other suspiciously, suspecting that the other side would bring problems, rather than solutions.

There is no known mechanism, through which someone else, rather than the local authorities, could initiate the overcoming of this resource dispersal. Sofia municipality is, however, entirely unprepared to take on this role. This ensures that, in the foreseeable future, the available resources would continue to function spontaneously and in a dis-organised way, while policy would be attempting to find its own resources for implementation. The appearance of policy documents, by itself, does not yet signal the end of Sofia's "creation out of chaos" development path.

Another felt weakness of the policy process in Sofia is the lack of willingness (or capacity) to plan strategically. According to respondent input from the Municipality, strategic planning is "not in fashion" – except for projects where it is unavoidable, such as establishing a new waste-recycling facility. Otherwise short-term planning is the rule – not least because it makes life easier for the Municipality officials.

E) Assessments

The new policy documents impacting on Sofia present a puzzling mixture of old and new, but fit into the existing “development path” as regards the lack of effective impact of policy on daily life.

The concrete actions envisaged (eg. the budget) continue to be within the classic mode of “pipes, pavements and policing”, with the addition of environmental concerns in the list of priorities. While the environment can be seen as generally part of the “soft” factor problematic, the money and activities planned in this field do not demonstrate a dramatic policy change in the direction of the “creative” problematic. “Soft” factors that theoreticians of the “creative class” will recognise as part of the “creative city” – such as recreation and leisure, cultural mix, public spaces, bicycle paths and walkways – are at the very bottom of the spending list, revealing a fascination with “hard” factors, such as transport and water infrastructure. The planned activities, as seen in the budget, do however address specific discontents, expressed by the creative and knowledge sample of the ACRE project; and in this sense the activities planned fit in, tangentially, into the “creative” problematic.

“Soft” factors – or thinking generally going in that direction – tend to appear in more force, the higher one goes the policy-document ladder – i.e. the further one is removed from the sphere of actual activities. The Municipal Development Plan’s three main strategic priorities all include “soft” factors, such as cultural environment, living environment, natural environment, amenities and so forth. This problematic, however, remains in this Plan and does not (yet?) translate into the kind of concrete action planning that is reflected in the budget.

The same goes for the other major Sofia-related documents – the Regional Development Plan and the Development Plan of the South-Western Planning Region. These documents include, side-by-side with the usual “hard” factor considerations, a list of “soft” factor considerations, such as cultural milieux, living and natural environment and so forth. The visions and priorities listed in these documents can be, with a little imagination, seen as “soft” factor-friendly; and also provide the minimal basis for a future re-thinking of the entire problematic of development in terms of soft and hard factors. But presently, both documents remain very far away from the concrete reality of day-to-day activities of Sofia Municipality.

The most comprehensive policy document, impacting Sofia, is of course the long-awaited Territorial Development Plan of July 2009. Not much analytical reductionism is needed, in order to see that behind the impressive volume of the document lurks an awakening awareness of “soft” factors, particularly in terms of deconcentrating the city into 6 multi-functional units, reviving the early-20th century strategy of driving “green wedges” into the urban area to link it to the surrounding mountains, decongestion strategies and so forth.

However, being the most voluminous document, the TDP is also farthest away – for the time being – from becoming a blueprint for specific activities. At the moment it presents an “ideal future vision” of the city, but that vision has not filtered down to the world of “pipes and pavements” through all the intermediate documentary layers. In any case, the TDP became legally binding *after* all the other policy documents were already in place, because it became bogged down in 2003 and spent 6 years being refined – precisely the time when the other

documents were being elaborated. This means that there is a fundamental lack of fit between these documents, which will severely hinder the translation of the TDP into action. Another mine is ticking inside the TDP itself – its “ideal vision” is too ideal. As has been the case with all its predecessors since 1945, the TDP’s fundamental premises reflect wishful thinking (eg. population estimates), rather than the known facts and trends already under way.

The whole tissue of policy documents does not fit together into a system and remains divorced from the realities of everyday Municipality activities. Also, these documents have not been efficiently communicated to the population of Sofia, resulting in a situation where the citizenry is continually startled by the beginning of some activity, of which they had no previous awareness. An ongoing example is the closure, for two years, of the main avenue leading out of the city to the West. This is necessary in order to build the underground metro by the open digging method and, ultimately, will alleviate the traffic problem of 200,000 people. At the same time, however, these 200 thousand Sofianites will be virtually cut off from the rest of the city for two years, as most existing forms of transport will be suspended, or diverted, adding to the congestion elsewhere. None of this had been communicated to the citizenry, which immediately reacted with protests, demonstrations and sit-ins.

This ongoing lack of communication regarding policy and planning ensures that, as far as policy is concerned, relations with the citizenry are conflictual and move from crisis to crisis, rather than consensual.

From this analysis emerge the fundamental constraints of the existing policy documents:

- repetition of systemic errors of the past
- lack of coordination between the documents
- lack of relevance of the policy documents to the concrete reality of everyday municipal activities
- lack of effective communication with stakeholders and, more generally, the citizenry at large.

All of which combine into the basic, fundamental constraint: the kind of *fundamental lack of trust* which precludes both dialogue and shared visions of the desirable future and the ways to get there.

F) Embeddedness in broader urban development strategies and visions

There is, at the level of declared policy, the potential to (at some future date) achieve a “fit” between national, regional and municipal development strategies, visions and plans. This provides some minimal basis for coherence of activities at some future date (i.e. when the deficiencies listed above have been overcome). At the same time, given the constraints outlined above, this “fit” remains largely on paper. With the improvement of policy-related culture and implementation-related administrative capacity, such documents should be able to provide a sufficient basis for concerted and strategic activities in the direction of the “creative” city.

4 ANALYSIS OF INSTITUTIONAL STRUCTURE AND GOVERNANCE ARRANGEMENTS IN SOFIA

4.1 Identification of key stakeholders in economic development policy at city/ metropolitan/ regional level

Bulgaria is still a heavily centralised country, more like an ex-socialist country, rather than a country of “Old Europe”. This means that the bulk of strategic policy-making, resource allocation and implementation of activities is directly in the hands of the central government. For example, the Ministry of Education is the personal employer of every single school teacher in the country, although the bulk of schools are under the authority of the municipalities (but, again, the budget for the upkeep of the municipal schools comes out of the state subsidy for municipalities).

This set up means several important things:

- policies affecting everyday life and the directions of development are set at the national, rather than the regional or the local level;
- whatever policy-making capacity is available, it is concentrated in central government, as capable individuals enter this sphere, rather than the spheres below it, where
- the scope for policy-making and resource-allocation is severely limited and heavily dependent on decisions made higher up the command chain; bereft of capable individuals, the local administrations’ policy-making capacity is negligible;
- faced with a resource problem, regional and municipal administrators would look “up”, to the central government (and, more recently, the EU), rather than think in terms of mobilising available stakeholders at the local or regional level; which means
- a lack of capacity to organise locally available resources into coherent systems for attaining specific aims in a stakeholder-type, shared effort; which means that local resources remain scattered and severely under-used;
- some local-level administrations have no resources and little real policy-making capacity, as is the case with Bulgaria’s Regions and, more specifically, the Regions impacting on Sofia, of which there are two levels: a/ Sofia City Region, which is exactly coincidental with the Municipality in terms of territory, but has no resources allocated, its job being primarily to oversee the legality of the decisions taken by the Municipal council; b/ Sofia Region, which covers territories outside the Municipality and has, consequently, nothing to do with the development of Sofia; the South-Western Planning Region, of which Sofia is the centre, is a purely administrative construct, with no address, personnel, powers or resources;
- the locus of real decision-making, which is below the central government, is in fact the municipal level, with the layers inbetween not being empowered to implement actual development measures.

What we have is a top-down pyramid of power and resources, which is not designed to easily accommodate a “stakeholder”-type approach to problem-solving or policy-making. Human, social, material and administrative resources exist in a scattered way, independent of each other and ultimately dependent on the vertical chain of command.

Some of the mid-sized municipalities in Bulgaria have, over the past decade, evolved permanent stakeholder-type bodies concerned with development issues. Cities such as Gabrovo and Sevlievo have greatly profited from this bringing together of social capital, achieving new energy, a focus on clear priorities and not least – renewed project-writing capacity targeting EU structural funds. In the six biggest cities, and particularly in the capital, such forms of stakeholder interaction have not managed to get off the ground. The reason is, simply, size: a/ the size of the urban area, in itself precluding the easy organisation of city-wide groups and alliances; b/ the size of the economic appetites of organised interests, who manage to insert their concerns into the priorities of the municipalities without recourse to public events, such as stakeholder meetings.

In the case of Sofia in particular, the city is sub-divided into more than 60 smaller Mayor-head areas (24 elected Mayors of urban districts, and some 20 appointed Mayors of outlying small villages) which, in theory, does create the conditions for stakeholder-government interaction. It is one thing to organise meetings on the scale of a two-million strong city and another, to target a district Mayor with maybe 20,000 inhabitants. This, however, remains only a possibility because district Mayors have little decision-making powers and no budgets. The only functions delegated to them from the top are control functions – over local markets, over local construction. Lack of power and lack of money means that there is no stimulus for stakeholders to organise to meet with the district Mayor to plan development – that Mayor has no power and no money to do anything about development.

For such reasons, in Sofia municipal-level stakeholder (horizontal) cooperation remains a sporadic process, on a case-by-case basis, and usually includes only the type of stakeholder that has a particular interest in a particular issue – such as trade unions, environmental NGOs and neighbourhood initiative groups. The Municipality has no durable, structured fora of cooperation, such as stakeholder Development Councils or the like. Insofar as there is some experience of this sort in some of the provincial municipalities, it is not being replicated at the Sofia level for the reasons already outlined.

Because real decision-making is concentrated at the Ministry level, major stakeholders exercise pressure directly on central government and on Parliament, in order to be included in the decision-making process. Various institutionalised forms of stakeholder-inclusive policy councils exist at most ministries, but have not percolated down to the level of Sofia Municipality.

Not least, the systemic corruption which took root in the 1990s has ensured that, should a group of stakeholders or other actors have a specific demand of the Municipality, it would find it easier either to bribe its way in, or to use informal personal networks in order to influence the decision-making process in the desired direction.

Although the newly available policy documents do occasionally state the desirability of cooperation with various stakeholders in the process of development, with particular reference to businesses and universities, no such initiatives are currently under way.

Very occasionally, usually at the behest of the Municipality, independent research centres, NGOs or universities would be involved in policy-assessment and policy-recommendation. In recent years, there have been such instances in the problematics of school education, health, minority integration, inclusion of vulnerable groups and so forth. There is, however, no known system in place to ensure the sustainability of such cooperative efforts, and the process is organised along the familiar (for Sofia) “crisis response” fashion: a crisis appears, the Municipality becomes worried and brings in outside expertise. Then the crisis runs its course and the policy work of the outsiders is forgotten. As at all other levels of administration in Bulgaria, there is no system to ensure that the conclusions of case-by-case recommendations enter into the system of policy-making or resource allocation. Again, available human capital and expertise remain scattered due to the lack of a system to bring resources under one policy “umbrella”.

4.2 Types of interactions between stakeholders

Interaction and horizontal cooperation along a “stakeholder” and “co-ownership” logic lie in the future. There are no such bodies, groups or committees listed in any available document of Sofia Municipality. Under national law, there are some such forms of stakeholder interaction that must exist in all municipalities in the country – most notably, Municipal Anti-Corruption Councils. If such a Council exists in Sofia, it is certainly non-functional. In any case a recent national evaluation of the work of such Councils nationwide, conducted by the ACCESS Foundation, came to the conclusion that these Councils were still-born and demonstrated no activity (for details: www.access-sofia.org).

Respondents under the ACRE project also consistently report no interaction experiences whatsoever. No such experiences were found also in the additional Local Partner (LOP) input for this analysis.

The absence of sustained horizontal interaction means that other, older modes of interaction tend to be used in Sofia:

- case-by-case and ad-hoc interaction, eg. when a major NGO enters into a short-term partnership with the Municipality to produce a specific result, eg. the creation of the office of Sofia Ombudsman in 2002-2004 – see www.csp-sofia.org.
- administration-client relations, eg. when a major construction projects is planned (Sofia Business Park is a case in point) and its investors and managers enter into a relation with the Municipality in order to complete the project with all the documentation, licensing and infrastructure involved.
- lobbying and corrupt practices
- group and mass protests.

According to respondent input from the Municipality for this analysis, as far as municipal decision-makers are concerned, the citizenry is an “epiphenomenon” - a barely seen and largely irrelevant figure in the process of governance. Decision-makers function within a corporate culture, according to which policy is made and implemented by two kinds of people: people with political power (elected officials); and people with knowledge power – experts inside and outside of the Municipality. Development, under this ideology, is an exercise in power, rather than horizontal cooperation. Over the past decade Municipal officials have increasingly seen the various forms of “public-private partnership” (PPP) as a form of stakeholder-type action. However, even PPP is currently out of favour with officials, because the public has turned against all PPP, seeing this as solely a smoke screen, behind which corrupt deals take place.

A more recent practice of interaction has been between the Municipality and major private businesses – the practice of “favours in return for maintenance”. The way this works is this: when the Municipality signs a contract with a big private company (bank, property investor, producer, big builder), which contract provides said company with some municipal resource (eg. terrains), the Municipality includes into the contract an obligation of the company to do something for the common good – mostly renovate and maintain green spaces, fountains and the like. This practice has dramatically improved the gardens in the centre and its periphery, but is also recently the target of public discontent because of the companies’ increasing appetite for placing great advertisements of themselves in these green spaces. In this way, the future of this form of cooperation also looks uncertain, as the Municipality becomes increasingly concerned about avoiding criticism.

5 CRITICAL EVALUATION OF STRATEGIES AND POLICIES

Hands-on policy documents, such as the Municipal Budget, largely address the existing “hard” factor concerns of both the citizenry at large, and the “creative” samples involved in the ACRE research. The less immediate (and more strategic) policy documents, such as the Municipal, Regional and Planning Region Development Plans and the Territorial Development Plan, contain a critical minimum of awareness of the various “soft” factor problematics that must be addressed in structured ways in the future, and also – of the basic outlines of the “creative city” problematic (although there is no current document, in which such terms, and the concepts they reflect, are in evidence).

5.1 Debates and public controversies surrounding current policies and strategies

There are no suitable media analyses available, but Sofia Municipality has been maintaining an electronic debate (forum) page since 2005, where citizens share their views on topics of interest and, mostly, complain. The qualitative analysis of this forum reveals clustering of citizen participation around the following major topics (in descending order):

1. Public transport – 1,048 views
2. Cleanliness and tidiness of public spaces – 612 views
3. The state of the streets – 584 views
4. The state of the living environment – 571 views
5. Traffic and traffic safety organisation – 510 views
6. Stray dogs – 390 views
7. Kindergartens, access to same, conditions in – 373 views
8. Municipal parks, environmental issues, rubbish disposal issues (aggregate “environmental issues”) – 363 views
9. Building, construction and infrastructure repair issues – 360 views
10. Problems with parking – 305 views
11. Electricity supply problems – 279 views
12. Unification of administrative procedures and services – 173 views
13. Education and culture – 158 views
14. Illegal building and construction – 157 views
15. Public safety and public order issues – 110 views

Source: www.sofia.bg/forum

Considerably below these problematics rank (soft-factor) issues, such as leisure, recreation, sports facilities, inclusion of vulnerable groups. Even taxation issues have excited only 57 people over a period of five years. Evidently, taxation is not a problem not only for our (highly-paid) sample of “creatives”, but also for the citizenry at large.

This sample of citizen interest and discontent broadly follows the results of the surveys, conducted under the ACRE project. More than half of all expressed concerns are to do with moving around the city – transport, streets, parking etc. Neglect of living environment, cleanliness and tidiness, rubbish follow.

All of which mean that, at the level of the priorities set out in the Municipal Budget, the Municipality is moving broadly in line with citizen expectations, concentrating resources around the most popular issues and problems.

To the more lofty and soft factor-inclined policy intentions, as set out in the various Development Plans and the TDP, there is little public sensitivity at the moment. This is to be expected, given the intense dissatisfaction with the Municipality's ability to resolve its core problems, such as infrastructure and rubbish collection.

A positive future prospect would involve speedy resolution of such problems, turning to civic satisfaction and thereafter – to rising awareness and appreciation of “soft” factors and the problematic of the “creative city”.

A major point to which the Municipality shows no sensitivity is social inequalities. Insofar as some such programmes function on the territory of the Municipality, they are national-level initiatives – eg. activities that have to do with the integration of the Roma minority. According to documentary evidence, as well as respondent input from the Municipality, at no moment since 1989 has the Municipality been engaged in serious policy-making regarding social inequalities. There are no strategies, plans or programmes in this area, nor are there any analyses and researches, conducted by the Municipality, the results of which could form the basis for such social policies in the future.

5.2 Confrontation with the results of the surveys

The ACRE research of employees, employers / managers and migrants in the creative and knowledge industries of Sofia show that, as far as location decisions are concerned, soft factors and personal trajectories have the most relevant function as attraction and retaining factors for the different target groups in the Sofia city region, even though in different aspects.

The whole sector of education, employment, working conditions, and career options have a relevant function over all for employees, graduates, and the transnational migrants.

Astonishingly, the taxation system is not important for this target group as an attraction and/or retaining factor. The international accessibility is not of great relevance for none of the target groups – which is surprising because transnational migrants travel home or to their jobs and customers of the managers are often situated outside of Sofia.

The housing conditions and prices are relevant for almost every target group. For the graduates it is not important because they are still in living circumstances that allow them to live in shared apartments or in Student town in Sofia and are not about to settle down in the city because they are still more flexible and mobile due to their age and training level. For the transnational migrants of the knowledge-intensive industries it is not a relevant factor because they are often integrated into well organised networks which give them support when finding a place to live. Additionally they get paid well due to their age and training level. Therefore they can choose out of a great range of dwellings and pay them easily.

Personal trajectories are the second important group of factors that determine the decision of people to come to Sofia and to stay here. Especially family ties and friendships are important factors – over all for the graduates. The empirical results show, that graduates are willing to stay in the region if they have been born here and/or studied here and established friendships here.

For the transnational migrants of the creative branches, personal ties into the region are also very important. This has to do with their working conditions: often their jobs are resulting out of their networks. Networks in creative branches are seldom separated by private and business contacts. That means that a social network is important for the branch in order to always generate new working opportunities and individual fulfilment.

Of the soft factors, uppermost in the hierarchies of importance of the sample are the quality of life, of the environment and of the urban environment (for the employees), quality of life, leisure and cultural potential (for the managerial stratum and the migrants).

Further analysis leads to the conclusion that our sample is looking further ahead than what we can gauge of the citizenry as a whole. Both the citizenry and the sample are indeed highly dissatisfied with the same kinds of “hard” factors; but it is the creatives who can see beyond the holes in the streets and the rubbish in the parks – and look toward the more refined “quality-of-life” problematics associated with the “soft” factor approach.

The relevance for policy is obvious. Sofia Municipality should continue to concentrate on the long-neglected and crisis-ridden “hard” factors, such as (see the list of citizenry interest above) transport and living environment infrastructure. In the meantime, should the Municipality want to service the needs of the “creative class”, it should begin moving beyond the immediate issues (as seen in the Municipal Budget) and to the more strategic, forward looking considerations, as outlined in the various Development Plans and, above all, the 2009 TDP.

At the same time, there are obvious deficits which need to be overcome before anything like a realistic strategy in this direction could emerge. These deficits include (as seen in the analysis above):

- complete absence of relevant analysis and research data
- inability to communicate effectively with the citizenry and the various stakeholder groups
- lack of capacity for policy-making and policy implementation
- lack of strategic analysis capacity
- lack of a tradition linking declared policy aims with practical activities.

6 CONCLUSION AND DISCUSSION

Until the late 1980s, Sofia followed a classic socialist development path. The concentration of cultural, educational and research resources is entirely path dependent and results from centralised socialist planning. At the same time, over-planning led to persistent failures of development plans and strategies.

After the collapse of the socialist regime, Sofia was left alone by both central and municipal planners. Left to fend for themselves, the people of Sofia channelled their abundant civic energies into survival and, later, development, helped along by new pro-market legislation and thereafter, by the invisible hand of the market. The outcome of that was that by the turn of the century Sofia became an example of an economically unregulated city, sharing important aspects with booming cities in the developing countries. After a development path of complete regimentation, micro-planning and persistent failure at the “macro-planning” level, there followed a period of complete non-regulation – a free-for-all “creation out of chaos” period.

At this moment, at the end of the entire process of ACRE-related research, generalisations and conclusions become possible that have not been possible to formulate during the earlier stages of the research process. Out of the experience of Sofia, a specific model now emerges, related to a major conceptual (and policy-relevant) problematic: the relation between “path dependency” and the (future) vision of the “creative city”.

The great political philosopher Karl Popper argued that “historic path” is a major determinant, but also an avoidable obstacle – that the past does not necessarily determine the future. Writing at the end of the Second World War, in his “Open Society and Its Enemies” he argued that any society, at any given time is able to take a conscious decision to move out of its historic road and become transformed into something else – such as emerging from a “closed society” and becoming an “open society”.

This process is clearly seen at work in the post-socialist part of Europe since 1989. Countries with completely different pre-communist backgrounds (Czech Republic – democratic and industrialised, Bulgaria – authoritarian and agrarian), once they were allowed to pick up the threads of their own history, only 20 years later ended up as very similar – members of EU and NATO, democratic emerging markets. The way they did this was to refuse to be controlled by their “development paths” and to resolve to choose their own futures on other grounds. Contrast the countries, which decided to stay inside their “development paths” - and did not develop to anywhere different from the past (Russia, Belarus).

The decision to change paths is a relatively easy one, if it does not remain an isolated individual decision, but involves thinking in terms of desirable peer groups. You may decide to stay within your historic path, so as to retain your historically unique identity. In this way

you condemn yourself to isolation and, also, to lack of attention (since everyone knows that such choices are usually made by very suspect regimes from Third World countries).

On the other hand, if you think in terms of desirable peer group, everything is different. In that case (say you are an emerging democracy) you can become motivated by the desire to join a new and better peer group – and emerge from your historic development path. The desire to be treated as a peer in the future becomes a more powerful motivator than the inertia of the development path. Or, to put it in its starkest form: it is not who you have been that necessarily motivates who you will be; you can be motivated by your desire to be “liked” by (and be “like”) someone you respect.

In this way, the ex-socialist countries in Europe, who from 1989 wanted to be respected by “the West” were motivated to pursue policies which ensured that they became included into “the West” as peers.

Over 2009-2010, Sofia has entered this same crossroads. Its historic development path is one of persistent and systemic failure of policy-led development. Although the trajectory of “creation out of chaos” ultimately (for all sorts of reasons, previously analysed) did lead to the reformation of Sofia into an economic powerhouse and the centre of the creative and knowledge-intensive industries, it also piled up problems that have by now become a general crisis of the city: unregulated construction, failing infrastructure, degraded natural and living environment.

By 2009-2010 Sofia's managers found themselves at the crossroads, which were faced by national-level leaders a decade and a half earlier: who do we want to be like? Mumbai or Brussels? Who do we want to be liked by? The Mayor of Amsterdam or the Mayor of Ashgabad? In Sofia's case, this has translated into a new, and still vague desire to be “like” EU cities. There is still no clarity about which exactly EU city Sofia wants to be like, but it certainly does not want to be Ashgabad, Cairo or Tashkent.¹

EU means policy and forward-planning. By joining the EU, Bulgaria found itself in the world of policy documents and policy-led development. And by the beginning of 2010 Sofia found itself deluged in policy, rather than lacking policy.

This is an entirely new situation and a major break with a century-old historic development path. Whether the motivation behind this change is strong enough to propel Sofia into a new path – or whether the will could dissipate and Sofia sink back into its historic path – is something that we can not guess at. At this stage, on the basis of the ACRE research, several major points are clear:

- A dense tissue of policy documents now exists; but they are not coherent among themselves, have little input into the daily world of decision-making and most do not include even the most rudimentary financial projections.
- Bulgaria's – and Sofia's – planners are notoriously lacking in capacity to understand, formulate and implement policy. Instead of systemic thinking and strategic planning, planners prefer short-term, case-by-case planning and development.

¹ Sofia Municipality respondent input.

- At no stage of their making has any Sofia-relevant policy document been in any way consulted with any section of the citizenry. This ensures a continued lack of fit between government and citizens, dissipates human resources and social capital, and also prepares the ground for a continued series of confrontations, as policy-makers attempt to implement policies that the population has never been consulted about.
- Nevertheless, the tangle of new policy documentation, when compared with Sofia public opinion – and, more specifically, with the outcomes of the ACRE research – does contain potential for public support, on which future policy activities can be based, leading to a “creative city”:
 - the existing (as of 2008-2009) focus on rapid resolution of “hard factor” issues, such as infrastructure, transport, unregulated construction
 - the existing commitment to transparent and accountable governance
 - the new emphasis on natural and living environment
 - the emerging policy consensus about encouraging the city’s economy away from old-style industries and directly to the latest “creative”, hi-tech and knowledge-based branches
 - the declared policy intention to de-concentrate the city and work for people-friendly, multi-functional, green urban environments.

Even more fortunately, even when left only to its own devices and not ruled by policy, the city has already started moving into these directions, seen as beneficial both by the new policy documents and by the “creative class” (eg. the deconcentration of the city, its planned polycentric character, the renewed strategy of re-establishing “green wedges”, providing an uninterrupted link from the centre to the surrounding countryside).

Left entirely without policy or planning, from 1989 to the present Sofia performed magnificently, drawing in the nation’s creative talent, becoming the powerhouse of the economy, creator of GDP, magnet for investment and for the creative industries. This development – “creation out of chaos” - has now reached its limits. Further progress along these lines seems problematic, while the costs of unplanned development have accumulated and taken on the guise of a general urban crisis.

From this point of view, the current wave of policy documents comes at exactly the right time. The “hard factor” activities envisaged by these documents would cure the worst of the current crisis. The “soft factor” activities, newly declared as policy priorities, in principle provide the future grounds for a sustained drive in the direction of a “creative city”.

This potential can only, however, be unlocked if the Municipality finds effective ways of dialogue and cooperation with the citizenry. At present, no such dialogue exists, nor has been envisaged for the future in any policy document. Only by pooling the (proven) capacity of the citizenry to propel the city forward with the (still unproven) policy-implementation capacity of the Municipality can Sofia reasonably hope to emerge as a “creative city”. Should the two sides continue to lead their separate lives, the outcome could, at worst, be a downward slide, back into the “historic development path”.

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