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INCLUSIVE DEVELOPMENT – NATURE, ASPECTS, MEASUREMENT[3]

The article makes a critical analysis of the understanding of the concept of "inclusive development". It is noted that this term and its synonyms became very popular and fashionable at the beginning of the 21st century, which led to their overuse and, thus, in a sense, to their deprivation of content. A critical review has been done on indicators and indices at a national and regional level. The relevance and necessity of applying a clear methodology for the assessment of inclusive development are justified in the light of the analysis that was made. A methodology for defining and assessing inclusive regional development that meets necessary requirements is proposed and justified by the authors of the study. It is based on understandable and easy to define criteria for the assessment of inclusive development. Finally, some general results and conclusions from the methodology are presented.
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1. Overview of the Frameworks Related to the Understanding of Inclusive Development

The terms "inclusive development" or "inclusive growth" comes into use at the beginning of the 21st century when a number of organisations, including the World Bank, identified that growth, particularly in developing countries, did not always lead to a reduction in inequality and increase of living standard.[4] The Organisation for Economic Cooperation and Development (OECD), proposes a general concept to measure the so-called inclusive development, namely to seek a new approach and rethinking of economic growth that aims to complement the accepted model based only on GDP assessment, so that the socio-

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[4] In the article, the terms "inclusive development" and "inclusive growth" are used as synonyms.

economic impact of this growth is also taken into account (OECD, 2015). In this sense, achieving inclusive growth implies taking into account its equitable distribution in society.

The understanding of inclusive growth rises two questions – who benefits from economic growth and what outcomes do we want to achieve with this growth. Generally, inclusive growth is associated with two requirements – to provide an acceptable rate of development on the one hand and to reduce inequality on the other (Kraay, 2004). In other words, inclusive development is that which affects all people and fits into the understanding of a prosperous economy coupled with a more equitable society.

Inclusive growth is a somewhat "stretchy" term that is interpreted by many different organisations, explained differently according to the objectives of those organisations and institutions. Some place more emphasis on broader notions such as well-being, others include environmental sustainability. In other words, the adoption of one or another definition of inclusive development by different organisations and institutions is directly linked to the policies and measures they propose and fund. For example, according to the EU's Europe 2020 strategy, inclusive growth is primarily about promoting economies to achieve lower unemployment and higher employment rates, which in turn are expected to lead to more effective social and territorial development (European Commission, 2010). Inclusive growth, according to the Asian Development Bank (ADB), is primarily related to social criteria – employment, poverty, inequality, gender equality (McKinley, 2010). According to McKinley, the ADB's growth objectives and the concept of inclusive development are considered from a narrow and broad point of view, respectively. In a narrow sense, the concept is related to economic growth, increasing opportunities and improving the range of economic outcomes in larger population groups. The broad interpretation relates to inclusive development, where the focus is on non-financial dimensions of well-being such as good health, literacy, which are the result of human development but not a direct result of economic growth.

Ranieri & Ramos (2013) from the International Policy Centre for Inclusive Growth at the United Nations Development Programme look at various definitions and highlight that there is no consensus on the concept and how to operationalise the term in practice. According to the authors, the concept has emerged in the context of a change in the perception of development. It encompasses a set of different but somewhat related trends in understanding about the interaction between growth, poverty and inequality. Ranieri& Ramos present a table with 15 authors and summarise what criteria they associate with the concept of inclusive growth (Ranieri, Ramos, 2013, p. 18). According to the analysis, the most frequently used terms are inequality – 11 times; Poverty – 9 times; Growth – 6 times; Employment – 6 times, Opportunities for Development – 3 times, and Social Protection – 2 times.

A key question in establishing a definition of inclusive growth is how to assess the interrelationships between the elements that define growth and the changes they undergo – if it can be established whether changes in inclusiveness are the result of growth. A related issue is how to perceive inclusive growth policy in cases where there is a deterioration in one or more indicators of inclusion due to external shocks, to what extent inclusive growth policy needs to take account of changing conditions as a result of such external crises.

Problems also arise, according to Ranieri & Ramos (2013), with measuring correctly the contribution of a growth factor to inclusion indicators. For example, how to measure the contribution of one factor (indicator) other things being equal, i.e. no change in other indicators. Averaging the contribution of the components of inclusion does not necessarily yield the total inclusive growth score. The relative importance, additionally and opposite effects of individual factors need to be taken into account.

Over the last decade, the issue of the need for new indicators, that will evaluate the growth that benefits all people and is in line with environmental protection and carbon reduction, has been debated alongside the issue of inequality. The concept of so-called green growth and, therefore, a green economy is being developed (OECD, 2011). These ideas build on the understanding of the need for sustainable development known since 1987. Green growth is linked to the idea of a green economy, oriented towards increasing welfare and social justice and at the same time reducing environmental risks.

A number of international institutions are proposing concepts, strategies, programmes to achieve the desired new type of growth. The UN goals could be considered the most ambitious and comprehensive. In 2000, the UN adopted the “Millennium Declaration” and accordingly to development goals in the three areas – economic, social and environmental. Years later, analyses have shown that some progress has been made, but the goals thus formulated have been criticised because they are difficult to measure and assess, whether they were actually met as well as how time-limited and measurable they are (Attaran, 2005). In 2015, UN member states agreed on a new Post-2015 Development Agenda. The Agenda encompasses 17 Sustainable Development Goals and 169 sub-goals, means of implementation, tasks of global partnership and follow-up and review, with goals primarily covering different aspects of sustainable development.

In the European Union, the concept of a bioeconomy is popular and it is directly linked to inclusive and sustainable development. Bioeconomy includes sectors that produce and use organic products. It proposes measures to improve the management of renewable biological resources, opening up new and diversified markets for food and bio-based products. It is seen by the European Strategy Europe 2020 as a key element for achieving smart and green growth (Strategy, 2018).

In terms of the regional economy, an important advantage of the bioeconomy is that most of its industries are mainly based on domestic resources and are relatively weakly dependent on supplies from external markets. In this sense, the development of the bioeconomy makes it possible to achieve inclusive development on the basis of specific endowments and features at a regional level. That is the reason the bioeconomy development in Europe to be considered to have great potential to sustain and create economic growth and jobs, reduce dependence on fossil fuels, improve the economic and environmental sustainability of primary production and manufacturing industries (see details for results in EU and Bulgaria in Kotseva-Tikova, Mochurova, 2021).

Despite efforts on an international level, there are no significant changes and improvements in the definition of inclusive growth. Some authors have criticised the concepts listed for being merely “empty” terms that, in practice, do not differ in substance (Turok, 2010; Lee, 2019). According to Lee (2019), the concept of inclusive growth (the concern with the rate and type of growth) has become “a new mantra of economic development”. At the same time, he highlights that there are problems with both the concept of inclusive growth and the quest to achieve it in practice.

While some policymakers are enthusiastic about implementing measures for such growth, others believe it is merely an empty term that can do little to influence development policies. A number of conceptual issues remain unresolved too; the term is vague and difficult to operationalise, there is little evidence that it is workable in practice and there is too much reliance on the ability of local authorities to initiate or support growth.

Torok (2010) discusses whether inclusive growth is just a mirage and under what conditions it can be a meaningful goal for economic policies. The author stresses that precise definitions are needed and draws attention to the differences between absolute and relative poverty, between equal opportunities and achieved outcomes. However, Lee (2019) argues that while not ideal, an inclusive growth model is better than one that completely ignores distributional issues of wealth.

To the best of our knowledge, the term inclusive growth is perceived and disseminated in Bulgaria from the English economic literature. This term is adopted in a number of official documents – for example, the Bulgarian translation of “EUROPE 2020: A Strategy for Smart, Sustainable and Inclusive Growth”, also the Regulation on Inclusive Education of the Ministry of Education and Science. The term is also used by the National Statistical Institute in the statistics of indicators for the Europe 2020 Strategy. According to the authors of this study, the word “inclusive growth” reflects accurately enough the idea of development that fairly benefits all.

The theme of achieving inclusive growth has recently become topical in Europe, where regional research is mainly at the level of pilot projects. For example, the 2017 ReSSI project “Regional Strategies for Sustainable and Inclusive Territorial Development” is funded by the EU and reflects the main priorities of the Europe 2020 Strategy (achieving smart, sustainable and inclusive growth) (ESPON, 2017). The strategy addresses the challenges facing the EU since the 2008 financial crisis, but does not propose specific mechanisms through which such growth can be achieved. As noted by the authors of the ReSSI project – it provides a general characterisation of most definitions of economic development, which often focus on the desired end state rather than the process by which economic development is to be realised. The lack of specificity about the processes through which economic development can be achieved leads to inadequate guidance to policymakers who need a roadmap of the policy instruments to be used. Given this limitation, the ReSSI project explores the practical side of the processes of ‘doing’ smart, sustainable and inclusive development.

Another aspect of inclusive growth concerns the potential benefits of reducing poverty and inequality for achieving growth. Empirical researches, including a study by the International Monetary Fund (Ostry, et al., 2014), suggests that inequality can, in some cases, be a brake on growth. Reports cited in Lee (2019), part of an inclusive growth agenda, also make similar claims. For example, the Royal Society Commission on Inclusive Growth (RSA, 2016) argues that “reducing inequality and deprivation can itself lead to growth”. Alongside this, inclusive growth highlights the important links between economic and social policy. These linkages are clearest in employment and skills policies, where investments in skills development can achieve the dual objective of increasing individual well-being while improving overall economic outcomes. This aspect also extends to other policy areas, including education, health services and social care, and concerns mainly the normative economic approach. In this case, the contribution of other public services to growth must be considered, but also the links between society and the economy.

In recent years, inclusive growth has focused on cities for several reasons. First, there is a trend in many countries for national governments to give new powers and responsibilities to local authorities in urban areas. Other reasons are structural changes and globalisation. According to Lee, paradoxically, these make cities appear to be important economic entities, especially in the post-industrial era. It is in cities that inequalities are most visible and the idea of seeking inclusive growth on a regional level seems justified.

At the same time, it should be underlined that it is not easy to define this type of growth both on national and local levels, which makes it difficult to operationalise the concept; it remains unclear exactly what needs to be done to achieve it. There is also over-confidence in the ability of local authorities to manage their local economies in this direction. There are concerns that this is just a placebo that promises to address two difficult problems – low growth and high inequality – but does little to address them. In reality, such vague concepts lead in practice to unfocused policies.

Unanimously, policymakers around the world are calling for inclusive growth, including the International Monetary Fund, which recognises that the topic is relevant. Events such as the Arab Spring, the growing divide between the financial elites on Wall Street and the so-called "Wall Street vs. Main Street" in the developed economies, global inequality and the world's three-speed economy are bringing the issue of inclusive growth to the forefront of policy debates.

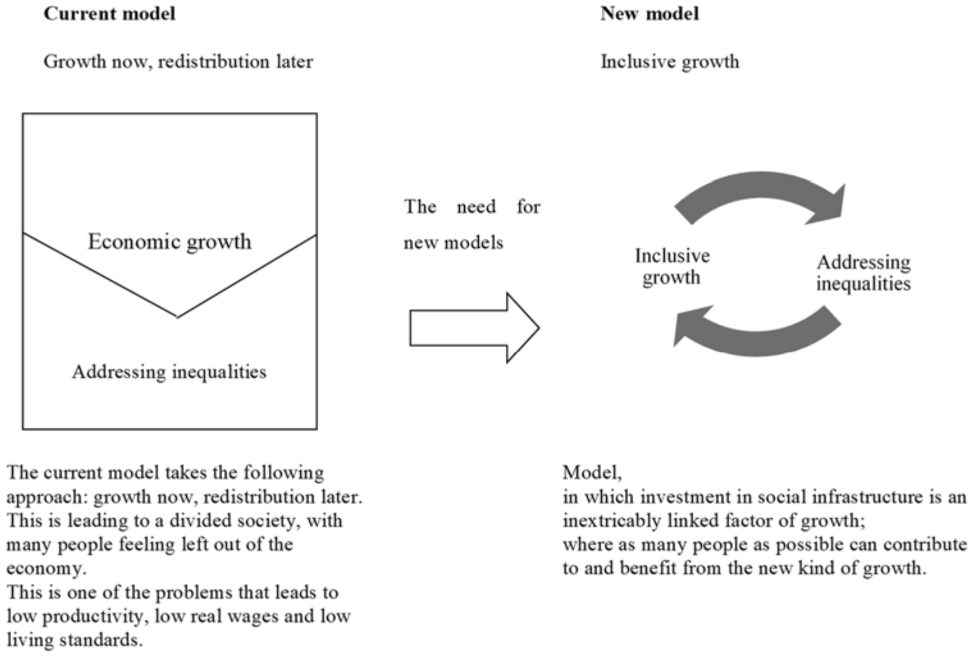
An International Monetary Fund team, Rahul Anand, Saurabh Mishra, and Shanaka J. Peiris (2013), accepted and estimated a common measure of inclusive growth for emerging markets by integrating data on economic growth and income distribution over three decades. GDP at purchasing power parity per capita is used. A microeconomic concept of social mobility function is applied, the concept of pro-poor growth is adopted. It focuses on inequality and distinguishes between countries where per capita income growth is the same for the top and bottom of the income pyramid.

The results show that macroeconomic stability, human capital and structural change are the foundations for achieving inclusive growth. The role of globalisation can be positive, as according to the study cited, foreign direct investment and open trade promote inclusion, while increasing the supply of financial services and technological change have no visible effect.

The Royal Society of Arts (RSA) proposes a new model of growth (RSA, 2017). The authors accept the understanding that reducing inequality and deprivation can itself lead to growth. Investments in social infrastructure – including public health, youth support, employment services – must go hand in hand with investment in physical infrastructure and business development. According to them, this will have an impact on productivity and living standards. According to the RSA, the key change needed is a shift from an economic model based on growth now and distribution later to one that sees growth and social reform as two sides of the same coin (Figure 1).

Figure 1

Current model and new growth model



Source: Based on RSA, Inclusive Growth Commission, 2017, p. 08.

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The special report by RSA is devoted to recommendations on how to put the principles of inclusive growth into practice in cities and regions. The authors focus mainly on:

- Creating a shared, binding mission – addressing the inclusive growth challenge requires a shared commitment to a common vision for change, how it can be achieved and the roles that business, civil society, central and local government can play in this process;
- To measure what is valuable and important and what we want to achieve based on delivering inclusive growth;

- To understand growth through the lens of social criteria, not just mechanistically – what matters, which problems are important to solve;
- Investment to ensure sufficient, strategic, integrated funding for social and physical infrastructure.

In Bulgaria, the topic of inclusive development is discussed mainly in the context of EU documents, World Bank documents, etc., from the perspective of normative economics. Often the publications present the EU policies only, the strategies adopted in Bulgaria, which repeat the European strategic documents, but there is no critical analysis of whether they are appropriate for the country. However, individual studies in Bulgaria examine selected indicators (Tsanov, 2020; Shopov, 2020; Beleva et al., 2009; Zhekova, 2014).

2. Measuring Inclusive Development

The concept of inclusive development encompasses different aspects and issues, as well as aims, pointed in achieving synergies in the implementation of different tasks. Therefore, it is not possible to measure progress with one or a few indicators, but rather with a set of them.

The problems associated with the choice of indicators have been discussed for a long time. These problems, highlighted by various authors, are largely identical to the ones related to the attempts to measure sustainable development. G. Mitchel (1996) stresses that measurement issues are similar to the ones that the organisations faced with the task of promoting sustainable development. For example, the compilation of multiple sets of indicators (indices), each of which includes a wide range of specific indicators. Existing sets of indicators are often not consistent and there is a danger that, without a clear method being applied, they may serve specific (ad hoc) research purposes. Such indicators may be ineffective in promoting sustainable development and hinder the process of sustainable development. At the same time, it should be noted that sustainability indices are designed primarily for use at the national level; they are not readily applicable at the local level and are not a good guide for decision-makers who wish to achieve inclusive growth at a local level.

G. Mitchell (1996) discusses the background of sustainable development indicators, including the problems with their compilation, and outlines basic steps to be followed to produce a list of appropriate indicators:

1. clearly defining the objectives for the use of particular indicators and specifying the user group to which they are targeted;
2. specifying what is meant by the concept to be measured (in this case sustainable development), the definitions to be taken into account, the sustainability principles to be applied;
3. identifying the issues that are important locally and globally.
4. indicators have different properties and they need to be selected to match the needs of the users of these indicators and the objectives of the study;

5. evaluating the indicators against the desired characteristics of the indicator and the objectives of the study.

The authors that are proposing all these indicators criticise the use of the GDP indicator as a sole indicator of societal progress. Individual international institutions are attempting to create tools to quantify inclusive development, prosperity and social equality. The existence of inequalities between countries and within countries is acknowledged.

Some of the indices are covering a range of indicators published recently include the following:

The aim of the Inclusive Development Index proposed by the World Economic Forum (World Economic Forum, 2018) is pointed to bridge the gap between desired and actual development outcomes and assess countries' ability to address inequality. The index covers 15 areas of key economic policies and the state of institutions that can contribute to both higher growth and broader social inclusion. The Inclusive Growth Index proposed by the Asian Development Bank covers 35 indicators from different areas – economic growth, employment, infrastructure, income inequality, gender inequality, opportunities (health, education, access to water and sanitation, etc.), Asian Development Bank (2014). The index has a system for weighting by individual indicators and aggregating them at the country level, published from 2011 to 2014, and surveys countries in the Asia and Pacific region.

Other indices emphasise certain complementary aspects of development alongside income. For example, the Legatum Prosperity Index (Legatum institute, 2019) attempts to capture not only a person's material wealth, but also the joy and satisfaction of everyday life and the prospects for a better life in the future. The index covers several main groups and subgroups – quality of the economy (macroeconomic indicators, openness of the economy, efficiency, etc.); business environment (environment for entrepreneurship, business infrastructure, barriers to innovation, flexible labour market); governance (effective governance, democracy, political participation, rule of law); education (access to education, quality of education, human capital); health (physical and mental health, health infrastructure, preventive care); safety and security (national and personal security).

The Social Progress Imperative Index (Social Progress Imperative, 2019) covers indicators in the following areas: basic human needs (food and basic health care, shelter, water and sanitation, personal security); well-being (access to basic knowledge, access to information and communication, health, environmental quality); opportunity (rights, personal freedom and choice, tolerance and inclusion, access to secondary and higher education). Like the other indices listed, this one is calculated at a national level. It covers 51 social and environmental indicators. According to the authors, an advantage of the index is that it does not deal with indicators such as happiness and life satisfaction, but focuses on specifically measurable indicators such as shelter and nutrition, making it a useful tool in policy formulation.

The Centre for Progressive Policy's (CPP) 2019 Inclusive Growth Index is the most popular and up-to-date survey on a national level. The index combines data on consumption, life expectancy, leisure, inequality and unemployment to produce an inclusive growth indicator for over 150 countries.

The authors of the index highlight that ensuring inclusive growth is one of the most urgent challenges facing economies across the world. They stress that using GDP alone as the main barometer of economic performance hinders an objective assessment of inclusive growth. The study finds that there are important differences between GDP per capita and the CPP index for inclusive growth. For example, Iceland and Luxembourg have similar scores for inclusive growth, although Luxembourg's GDP per capita is almost twice that of Iceland.

There are countries with varying inclusive growth to GDP ratios (from a very low 0.29 to as high as 1.51). Only 11% of countries (17 out of 155 countries) in 2017 had an inclusive growth to GDP per capita index ratio between 0.95 and 1.05 (Centre for Progressive Policy, 2019, p. 15). According to the authors, differences are observed because the inclusive growth index captures shared economic progress rather than total economic output. The richer a country, the less correlated GDP per capita and the inclusive growth index is.

The relationship between GDP and inclusive growth is stronger for countries with GDP per capita below 50% of the US GDP/capita level. For richer countries, GDP per capita increasing contributes less to inclusive growth. Measuring the index for this growth is closely related to other measures for well-being, but distinct from them more or less. There is a strong correlation between the UN Human Development Index (HDI) and the country-by-country index of inclusive growth, but there are important differences. For Central and Eastern European countries, there has been rapidly catching up of inclusive growth – the largest increase of the inclusive growth index is observed between 2000 and 2017. Five of the top six fastest-growing countries in terms of inclusive growth are those that joined the EU in 2004.

A review of the literature on topics such as inclusive growth, sustainable growth, etc., shows that cross-country comparisons dominate. So it can be summarised that the indices listed cover a variety of useful indicators in the context of inclusive development, but are only calculated at a country level. In order to conduct regional studies, the European Commission modified the Social Progress Index to use it in measuring the development of 272 European regions at the NUTS 2 level. Social progress is defined as the ability of society to meet the basic human needs of citizens, to provide the building blocks that enable citizens and communities to enhance and maintain their quality of life, and to create the conditions that enable individuals to reach their full potential. All this gives reason to assume that this index largely reflects the conditions determining inclusive growth.

Particularly impressive is the active research on inclusive growth at a local level in the UK. The UK's Royal Society for the Encouragement of Arts, Manufactures and Commerce (RSA) has committees on inclusive growth and on urban development. Research and pilot projects on inclusive development are underway in a number of UK cities and regions – London, Nottingham, Plymouth, Sheffield, etc. Interest in such research seems to have increased in relation to the expected difficult transition period after BREXIT. Particular attention is being paid to the development process, broad discussions are provided with a involvement of all stakeholders in measuring inclusive growth through indices and exploring the practical experiences of different metropolitan areas in achieving such growth and making appropriate policy recommendations accordingly.

In 2016, a Commission on Inclusive Growth was established at the Royal Society to explore how the UK can achieve more inclusive growth. The Commission includes economists from business, academia and social policy specialists. According to the Commission's stated intentions, it is addressing perhaps the UK's biggest social and economic policy challenge: how to make economic growth' work', to benefit everyone. The aim is to enable as many people as possible to participate in and benefit from growth, by seeking to redesign the growth model into one that benefits all. The referendum to leave the EU revealed not only a division in Britain's relationship with Europe, but also a widening gap between those for whom globalisation is beneficial and a large number of citizens for whom it is not. Of course, this is not just a British problem, as noted above, the OECD has also launched a campaign for inclusive growth. The Royal Society RSA does not propose a single index to measure inclusive growth, but focuses on the indicator of qualitative gross value added at the national and regional level, including at the city level. This indicator encompasses measurement in four main aspects, respectively addressing inequalities in these areas (RSA, 2017, p. 41):

- worker employment and skills, including education, vocational training, economic activity, mobility, etc.;
- living standards, including inequalities in income, wealth, health;
- enterprises, SMEs, business opportunities and entrepreneurship;
- capacity at a local level, including the capacity of local governments, NGOs (non-governmental organisations), etc.

RSA research is primarily focused on policy recommendations in delivering inclusive growth and specific pilot projects at the local level in the UK.

As a result of the review of literature on inclusive growth and its measurement, it can be concluded that the predominant publications are on a national level with a normative approach, i.e. they are related to proposing policies, strategies, measures. Publications on regions are less common, again with a normative approach predominating. Regional publications focus on what policies to implement locally. Measurements are mostly based on using indices. Some studies are commissioned and funded by local authorities and other organisations (such as in the UK, the RSA), which arguably puts researchers in a conflict of interest and raises the question of how independent and objective they are. The studies include measurement of various indicators and summary indices, but they are specific for the given region and are not applicable to Bulgaria.

3. Approach to Assessing Inclusive Regional Development in Bulgaria

When defining the economic development of a country or a group of countries, aggregate indicators are used, that does not sometimes allow us to take into account how this development affects different regions; in other words, whether development leads to a regional convergence or divergence. Therefore, there is a growing recognition of the need to study the relationship between economic growth and its impact on regional socio-economic and environmental disparities.

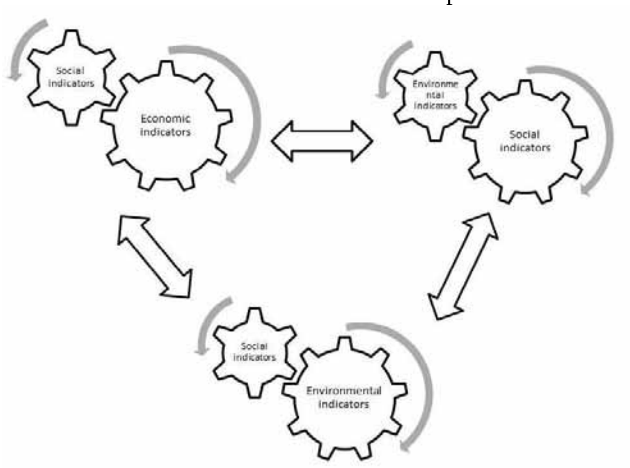
Growing spatial inequalities are characteristic for Bulgaria, this determines the relevance of the assessment and analysis of the impact of the processes determining regional disparities, as the processes of regional economic divergence in a sense can be considered inevitable at this stage of development. At the same time, it should be noted that inclusive regional growth does not preclude a development in which aggregate indicators of regional disparities increase, as long as this development does not lead to acute regional social problems.

Generally, the search for inclusive regional development in the case of Bulgaria, is not so much about striving to achieve specific high levels of economic development for the country, but primarily about ensuring that development does not lead to critical social, economic and environmental regional disparities. This overall development must also ensure a certain, "acceptable" rate of economic growth as a whole. In examining regional disparities, it is necessary to look for indicators that provide a measurable and objective assessment of the breach of certain criteria for acceptable limits of regional disparities.

Various indicators are used in the analysis of the relationship between the economic, social and environmental regional indicators as the aim is to see the links between them as shown in the following diagram.

Figure 2

Indicators for inclusive development



Source: Compiled by the authors of the study.

The methodology proposed by the authors for determining inclusive regional development, therefore, consists of the following: assessing the existence of critically high economic, social and environmental regional disparities, while the overall development is being achieved at an acceptable rate of economic growth. In this case, the methodology should define what critical regional disparities and acceptable economic growth are.

The methodology for assessing inclusive development is determined by defining the following requirements:

- A criterion for acceptable overall economic growth is one in which GDP per capita grows as a percentage, towards the EU average.
- Each region shows improvement in a number of socio-economic areas in recent years (assessed over a 5 or10 year period).
- Each region is developing in the same direction, which is determined by national trends (follows the direction of trends of key economic indicators at a national level).
- No region is in the best or worst position for all the selected indicators.
- For each region, there are areas (socio-economic indicators) where it is in a better position and those where it is in a worse position compared to other regions.

One of the tasks of applying the methodology is to rank these requirements in an approximate order corresponding to their immediate relevance to the main views of inclusive regional development, i.e. for each of these requirements to seek some estimate of the degree of relevance to the requirements. In general, it can be assumed that the order in which these requirements are presented corresponds to the degree of their importance in terms of achieving inclusive development.

The use of this inclusive development methodology for EU countries allows to argue that there is no country that goes beyond the set criteria – no country that has not met the requirements for inclusive economic development in the last 10-15 years (ERI Research Project, 2020).

The application of the inclusive development methodology for Bulgaria at the regional (district) level shows that it does not meet the requirement for such development in its economic and social aspects, while regional differences related to environmental indicators meet the criteria for inclusive regional development (ERI Research Project, 2020). The assessment of inclusive regional development identifies the future development of certain regions in Bulgaria as particularly problematic in the medium and long-run in terms of socio-economic criteria.

4. Conclusions

There is a general talk of the need for policy to achieve inclusive growth. However, any “new” economic policy faces the challenge of avoiding the pitfalls of current and previous clichés about what it should be, clichés that are more or less in the minds of politicians and, unfortunately, of a large part of economists. One such cliché circulated by the EU administration is the need for every country in the Union to link its development as much as possible to the so-called ”knowledge-based economy” or to pursue a “knowledge-based economic policy”.

These wishes are difficult to be realised because they are beyond the potential of the economies of most EU member states and remain virtually unrealisable. Nevertheless, they lie down (at least in intentions) in economic projects of the countries with weaker economies in the EU. This leads to the publication of official economic policies that are not feasible, respectively, to the lack of incentives to conduct a truly effective economic development.

The approach regarding to inclusive growth is similar, there is talk of the need to achieve it, but it remains unclear how this will happen, how all these intentions will be combined and how to assess the presence or absence of inclusive development. The fact that there are different views on what should be understood by inclusive development determines the need to formulate a definition of inclusive regional development that is as simple as possible and thus easier to grasp. It is no coincidence that Duran (2015) jokingly notes, “when you ask five economists to define the concept (of inclusive growth), you are likely to get six answers”.

In this respect, the main advantage of the presented methodology for evaluation when a development can be considered as an inclusive regional development is the clear criteria by which it can be assessed, as well as the fact that they are understandable, and easy to assess. So they can be correctly applied and at the same time give an unambiguous answer as to when inclusive regional development can be talked about. This is guaranteed also by the use of indicators measured and published by the National Statistical Institute and Eurostat – in other words, the application of the methodology is based entirely on harmonised information.

It should be noted that any regional policy can hardly be implemented in a way that fully meets these criteria for Bulgaria. For certain regions, achieving regional convergence, especially in terms of economic indicators, cannot be expected. This is why, there is a need to pursue a policy of so-called inclusive development in terms of social indicators – development that leads to an improvement in the distribution of welfare in its various dimensions, in this case – access to social benefits. Thus, in these cases, the regional strategy should aim at achieving the highest possible degree of convergence of the population’s levels of access to basic services – health, transport, infrastructure, education, etc. Such a regional policy, if it cannot solve the economic problems of the lagging regions, will help to reduce disparities at least in terms of welfare benefits.

The regional policy should set achievable goals with a specific time horizon, including that of inclusive regional development. The current economic problems are such that major compromises on economic efficiency at the expense of achieving regional convergence, inclusive regional development are not realistic. This is not to say that there should not be a clear vision of what the direction of regional economic policy should be, and that opportunities should be sought for its implementation, even under the current economic conditions. Just as our country is confronted with the need to comply with environmental requirements, so it also has to comply with regional social requirements.

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