

## INFLUENCE OF LEADER ON THE SUSTAINABLE DEVELOPMENT OF RURAL REGIONS OF BULGARIA

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### Abstract

*The present study is oriented towards Leader approach and its contribution to the sustainable development of rural territories in Bulgaria. The upgraded model for decentralized and integrated development of rural regions has been implemented in Bulgaria since 2014. The goal of the study is to trace and analyze the actual contribution and the effect from the work of the local initiative groups and the implementation of the approach on a local and national level, and identify the problems and derive the solutions for optimization of the processes, aiming at achieving greater sustainability in the territorial development of rural regions. The main hypothesis is that the approach is universal and sustainable instrument for development of rural regions, but its full potential has not been completely deployed under the conditions in Bulgaria, yet. To this end, the implementation of the strategies for development of pre-selected local action groups is analysed, depending on certain criteria. Empirical data have been summarized and the opportunities for increase of the efficiency of the acquired European funds on territorial scale have been substantiated.*

**Key words:** Leader approach, CLLD, development, rural regions, sustainability

### INTRODUCTION

Leader approach has been subject of studies of different Bulgarian institutions and authors like Ministry of Agriculture, Food and Forestry, Court of Auditors, (2023) [2], [9], [11], [7], [14, 15], [16], [4] and others. Their reports, opinions and viewpoints although oriented towards Leader cover different aspects of it, the investigations of [1], [3], cover the results and problems from the first programming period 2007-2013, [11], studies Leader as an instrument providing opportunity for development of rural regions, [12], and [13], turn the attention to the endogenous approach of management in Leader and the definition for rural regions, [6], reviews the contribution and the place of Leader in the preservation of the natural resources and so on.

Also, the European Network for Rural Development provides information about LAGs in Bulgaria and the other EU countries [5].

The results obtained from them mainly have a quite general and broad scope, while the present study is oriented towards specifically selected Local Action Groups (LAG) according to the pre-set criteria described in section Materials and methods. The goal is a more detailed and in-depth study of Leader approach over the programming period 2014-2020. This way we will be able to derive and specify on a local scale the main problems and factors, giving rise to them.

**The study thesis** is that the approach is a universal and sustainable instrument for the development of rural regions but it has not deployed its full potential, yet in the Bulgarian conditions.

**The goal of the study** is to trace and analyse the actual contribution and effect of LAG and the implementation of Leader approach/CLLD locally, by identifying the problems LAG encounters and deriving solutions for the optimization of the processes for the development of rural regions, which will be

taken into account in the next programming period.

Regarding the goal set we have identified the following **tasks**:

-To study the contribution and the influence of Leader approach upon local development of six LAG;

-To establish the main problems in implementation of Leader approach and the factors originating them;

-To derive solutions for optimization of the results of Leader approach.

To this end, we will review the implementation of the strategies for development of six LAG from the programming period 2014-2020 of the Rural Development Programme (RDP) selected according to the pre-set criteria and the implementation of the approach. This will be done by having established, summarized and analysed the data from their reports and the information from MZHG on results achieved.

## **MATERIALS AND METHODS**

Primary and secondary sources of information were used for the purposes of the study. Primary sources were official documents, reports of LAG, strategies and policies for development on a national level, statistical and analytical materials from NSI (National Statistical Institute), MZHG (Ministry of Agriculture, Food and Forestry) and others. Secondary sources were scientific publications and the results of interviews held with experts from the six LAGs and representatives of the local community and stakeholders from the covered region, on-site and over the phone. Traditional scientific research methods have been used: general scientific, historical and logical; empirical and theoretical – observation, description and measurement; logical-theoretical – comparison, analysis, synthesis, induction, deduction.

The six LAGs have been selected according to the respective criteria, to have one implemented strategy from the preceding programming period 2007-2013 and an approved and on-going strategy from the present programming period. 28 LAGs met

these criteria out of which we selected six, one LAG from the six areas into which is divided Bulgaria according to the strategic plan for development of the country, north-western area, north-central area, north-eastern area, south-eastern area, south-central and south-western area. We also strived to select a LAG representing one, two and three municipalities and at the same time one with single-fund and multi-fund financing. That suggests that these are people, who coped with all problems and disorders accompanying the approach in the past years, who managed to implement thousands of projects, consultations, trainings and activities accompanying the implementation of Leader. They have proven that they have the required capacity and competence to work with the different funds, know the problems of the beneficiaries and enjoy their confidence. Everyday commitments for the implementation of the strategies, the different trainings, the exchange of good practices and the field work for 16 years now turn them into one of the best experts in the implementation of Leader approach. It is namely for these reasons that the institutions should take into consideration their views concerning the implementation of Leader approach.

Due to the delayed start of RDP 2014-2020 and the numerous administrative and regulatory disorders in the first years of the period there is almost no data to report in the annual reports of LAG about the progress of the implementation of the strategies. For these reasons, the study of the six LAGs takes into account the data about the three years - 2020, 2021, 2022, during which there is a tangible progress in the implementation of the strategies.

## **RESULTS AND DISCUSSIONS**

The present study is oriented towards Leader approach and its contribution to the sustainable development of rural territories. Leader has proven to be one of the best instruments in the policy of the European Union (EU) for dealing with the social-economic, cultural and infrastructural problems of rural regions.

### Specific characteristics of Leader approach in Bulgaria

During the 2007-2013 programming period the approach was mandatory for all EU Member States. In Bulgaria, officially for the first time Leader has been implemented as AXIS 4 of the Rural Development Programme (RDP) for the period 2007-2013.

During the 2014-2020 programming period, its direct successor and upgraded model for decentralized and at the same time integrated development of rural regions is the Community-led local development (CLLD). It has been implemented in Bulgaria as measure 19 of the RDP. The approach had an extended scope of implementation and received financing from almost all European funds. It also gives rise to the Common strategic framework for development of the territories. Furthermore, it is in harmony with all priorities of the EU, the national and regional strategies and plans for development. That also includes the strategy of the EU for smart, sustainable and inclusive growth („Europe 2020“) [17].

Regulation 1303/2013, Regulation 1305/2013 of the EU, and the goals and priorities adopted by them originates the multi-fund financing of Leader for the present period. These goals have been transformed into six common priorities for the entire EU, out of which RDP of each member state must be developed so that apart from its specific needs it should cover at least four of the six priorities. RDP 2014-2020 of Bulgaria [8] has been elaborated so that it covers all of the six priorities (Figure 1).

All measures included in RDP 2014-2020 contribute to the implementation of at least one priority. Horizontal interventions including innovations, counteraction to the climate problems, preservation of the environment and sustainable management of the resources have also been elaborated to achieve all goals, which will be inserted in the implementation of all measures, where possible. As already mentioned herein above the CLLD approach itself, was presented as measure 19 of the RDP of Bulgaria, the effect and interventions of which are expressed through the implementation of multisectoral

and integrated strategies for development, that take into account the specifics and the characteristics of the respective territory which they have been planned for.

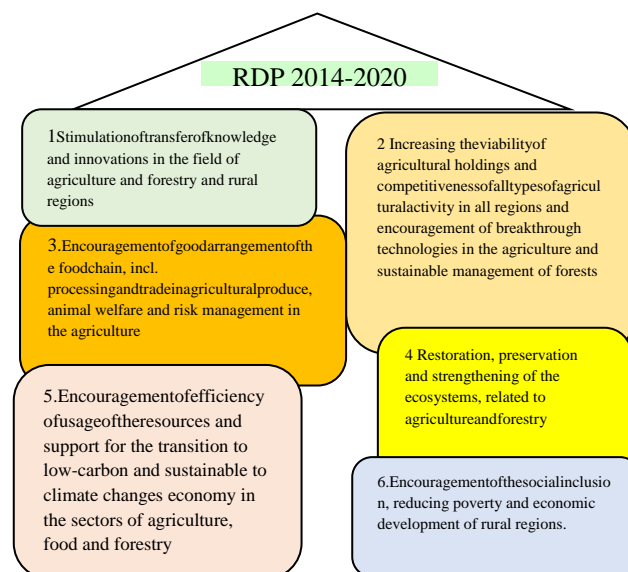


Fig. 1. The six priorities of RDP 2014-2020 of Bulgaria Source: Bulgaria Rural Development Programme, 2014-2020 [8].

The strategies have been developed by local action groups (LAG), which comprise representatives of the local community. Their members are representatives of the public bodies, the business, the non-governmental organizations and others, none of which exceeds 49% of the votes. LAGs are the basic structural element of the CLLD approach; they are expression of the decentralized management of these regions. They also rely on the thesis that these are the people that best know the local problems and their solutions.

The strategies have also been planned in harmony with the national, regional and municipal plans for development; their main goal is the social and economic development and preservation of the natural and cultural values. And namely, this overlapping and synergy in the activities results in additionally upgraded and added value, which is of paramount importance for these regions, and this is also the origin of the greater efficiency and efficacy of the approach.

Even with the single-fund financing for the approach, enviable results could be achieved by resolving different local problems, activating and mobilizing local communities,

development of the local potential and building up of the public-private partnerships. Unlike the first programming period, the present Leader has much greater scope of action – both, territorially and by number of sectors. It covers almost all regions of the country with the exception of cities with more than 30,000 inhabitants and their adjacent territories. It receives support from the Operational Programmes (OP) through the multi-fund financing with the help of which its budget has been tripled against the 2007-2013 period. Which is a great recognition for the approach and its contribution to the development of rural regions on an European level.

Leader is in harmony with the policies for development of EU, it is multisectoral and its goal is transformation of these sites into attractive regions for living with high social, economic, cultural and sustainable for nature standard of life.

### Results from the implementation of Leader in Bulgaria

There are a total of 105 LAGs existing in Bulgaria. We included six of them in our study. The LAGs selected by us are quite various according to their scope and selection of strategies. Three of the LAGs include 1 municipality, two of them comprise 2 and one consists of three municipalities. The 6 LAGs cover a total territory of 4,465.2 km with 162 800 inhabitants.

To get a more real idea as to the effect from the implementation of the strategies on the rural municipalities we will present a summarized information and analysis of the reports of implementation and the data in ISUN (Information System for Management and Monitoring) and MZHG of the strategies for development of the six LAGs selected according to the criteria set by us, and namely – LAG Razlog, LAG Ispereh, LAG Yablanitsa – Pravets, LAG Novi pazar – Kaspichan, LAG Belovo, Septemvri and Velingrad, LAG Sredets.

Approval of the strategies of LAG in Bulgaria for the programming period 2014-2020 is carried out in two stages. The first was in 2016.

with 39 approved strategies, 20 single-fund (Figure 2). Due to the weak and disordered information campaign of the Managing Body (MB) of the approach in the initial period regarding the multi-fund financing, the interest in it was not quite big. The second stage, which completed in 2017, had 25 strategies approved, out of which 5 were single-fund. The percentage of the multi-fund strategies was significantly better. The total value of the financial resource, included in the strategies for CLLD from the programmes financing the CLLD approach was BGN 305 million, or 59 per cent of the planned funds under all programmes for inclusion in the strategies (Court of Auditors, 2023) [2], which is a great omission of resource for rural regions.

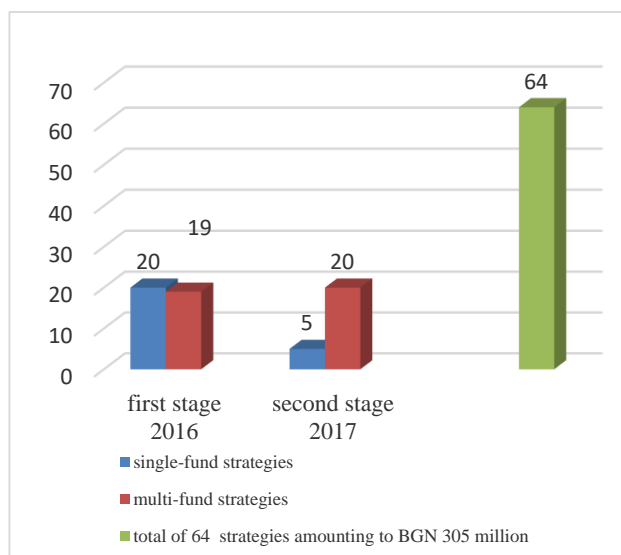


Fig. 2. Stages upon approval of LAG development strategies in Bulgaria

Source: [8].

The next two years (2017 and 2018) were concurrent by numerous disorders and contradictions between the requirements for application of the strategies for CLLD and the ordinances of the MZHG, the Management of Resources from the European Structural and Investment Funds Act, and Decrees 161 and 162 of the Council of Ministers, particularly for LAG applying multi-fund strategies. In fact, due to these circumstances, the work on implementation of the strategies began at a later stage, upon their approval.

In 2019 there were hardly any projects started, the intense work on the strategies began in

2020. In fact, the negative results specified were just before the expiry of the programming period of RDP 2014-2020. The implementation of the approach in Bulgaria is hardly possible, with a view of the deadlines set for implementation of the strategies. Thanks to delays of the legislative procedures of the European Commission related to the next programming period, Regulation 2020/2220 of 23.12.2020 of the European Parliament and of the Council, the period of operation of RDP 2014-2020 was extended and 2021 and 2022 were declared transitional and the completion deadline is 2025. Extension of the programming period provides opportunity to everybody involved in the implementation of the approach for a good implementation of CLLD in Bulgaria over this programming period. The fault for the delay lies entirely with the MB of RDP and it

is at the expense of the development of rural regions.

The main structural elements of a strategy are **the projects** under the measures and goals selected. The projects planned for implementation from the six LAGs include projects under the measures from the RDP, Human Resources Development Operational Programme (HRD OP) and Operational Programme Innovations and Competitiveness (OPIC); their total number under all programmes is 307 projects. Under RDP there are 272 planned, under HRD OP 25 and under OPIC - 10. During the analysis of the reports we found that the total number of applications filed by candidates before the end of 2022 were 373; LAG approved 272 of them, and out of them 162 contracts were signed, and the subsidies paid for completed projects were just 67 (Table 1).

Table 1. Completion of projects of the six LAGs

LAG CONTRACTOR	Projects under individual programmes		Signed contracts by years			Signed contracts 31.12.2022	Completed projects as of 31.12.2022	Contracts with paid out subsidy
	programmes	number	2020	2021	2022	number	%	number
Razlog	RDP	39	6	7	7	20	51	8
Ispernih	RDP	55	1	12	13	27	49	7
	HRD OP	6	2	2	0	4	66	4
	OPIC	4	1	2	1	5	125	5
Yablanitsa Pravets	RDP	45	1	8	4	13	28.0	4
Novipazar Kaspichan	RDP	60	10	6	8	25	41.6	9
Belovo, Septemvri Velingrad	RDP	36	12	5	6	23	63	0
	HRD OP	16	5	5	0	11	68	10
	OPIC	6	7	1	0	11	183	0
Sredets	RDP	37	6	12	12	20	64	17
	HRD OP	3	0	0	0	3	100	3
<b>Total</b>		<b>307</b>	<b>51</b>	<b>60</b>	<b>41</b>	<b>162</b>	<b>54</b>	<b>67</b>

Source: Own calculations, Based on data from LAG [4].

Our research shows the great difference between the applications approved by the LAG and the signed contracts: 110 projects were dropped out, of which 22 have been withdrawn. This was due to the duplication of one and the same task: applications pass through two- and three-stage verification on the part of MB of RDP and its sub-units, and their function should be reduced to only a

check-up for irregularities and conformity with the guidelines, without performing additional assessments. In Bulgaria, approval of projects is structured so that the last word for approval and paying out (the funds under the) projects will have the State Fund Agriculture (DFZ); this way the principles of the approach for decentralized management are violated, and furthermore, the complicated

procedure creates numerous problems for everybody, including leading to a loss of interest on the part of the beneficiaries.

It should be noted that withdrawal of applications was through the fault of MB of the RDP, which was due to a great extent to the extensive delays of the deadlines and changes in the regulatory framework on the part of MB.

The total percentage of implemented planned projects against the signed contracts amounts to 54%, and when compared to the subsidies paid for completed projects it is 21%. As seen in Table 1, if we consider the results of the different programs, we shall see that the poorest results belong to RDP with it the percentage against the signed contracts is 47% and the percentage against paid and completed projects is 16%, unlike the previous programme where the ratio of HRD OP is 72% to 68%; with OPIC there is a certain over fulfilment of 160% to 50%, considering the paid and the completed projects. Taking into account that the greater part of the measures and projects of the strategies are from the

RDP, it becomes clear why the results from implementation of the strategies are not so good. The poor results of the implementation of the measures under RDP are due to a great extent to the very management of the Programme [18]. According to the interviewed LAG experts, working with the MB of the other operational programmes is much easier and proliferative. Weaknesses in the management of the approach influence negatively both acquisition of funds and the overall implementation of the approach.

The six strategies include 9 measures of RDP and 1 measure included in the Regulation (EU) 1305/2013, 4 – outside of the Regulation, but complying with its goals, 9 under HRD OP and 3 under OPIC. Their total number is 26 measures with 307 projects under them, of the most diverse nature. Aiming at better representation of the scope of influence of the approach, we will present in a synthesized form the most used measures from the 6 LAGs analysed in our study (Table 2).

Table 2. Completion of projects of the six LAGs

MEASURES	Financing Programmes	Measure title
Measure 1.1	RDP	Vocational training and skills acquisition.
Measure 4.1	RDP	Investments in agricultural holdings.
Measure 4.2	RDP	Investments in processing/marketing of agricultural products.
Measure 6.4	RDP	Investment support for non-agricultural activities.
Measure 7.2	RDP	Investments in creation, improvement or extension fall type of small- scale infrastructures.
Measure 7.6	Included in Regulation 1305/2013	Research and investments, related to maintenance, restoration and improvement of the cultural and natural heritage in the villages.
Measure 20	Outside of Regulation 1305/2013	Creation of local tourist product related to the local heritage and food.
Measure 1	HRD OP	Development of entrepreneurship.
Measure 2	HRD OP	Social-economic integration of marginalized communities.
Measure 1.1	OPIC	Support for integration of innovations in the enterprises.

Source: Own calculations, Based on data from LAG [4].

On the basis of the measures mentioned the broad palette of the effect on rural territories becomes clearly visible. Interventions assisted by LAG are of the most varied nature, comprising strengthening of the local identity, restoration and conservation of architectural and cultural values, rural tourism, creation of local marks, building up infrastructural sites, preservation of the biodiversity and environment, support and modernization of the agriculture, numerous trainings for

integration of the minority groups, development of entrepreneurship and crafts and many others.

The requested funds under the six strategies amounted to BGN 27,570,424, the amount from the signed contracts BGN 18,702,605, the actually paid money were BGN 7,226,995 as of 31.12.2022 (Table 3).

The average value of one of the six strategies amounts to BGN 4,595,070, but the misbalance between them is significant.

Table 3. Comparison between target and acquired budget of the six LAGs

CONTRACTOR	Target budget for the period 2014 – 2020 according to CCLLD in BGN	Signed contracts as of 31.12.2022 in BGN	Achieved for the period from signing of CCLLD, paid-out funds up to 31.12.2022 in BGN	Percentage ratio of target against competed %
LAG Razlog	3,732,700	2,094,181	637,677	17
LAG Isparih	5,830,247	4,299,858	2,007,895	34
LAG-Yablanitsa-Pravets	2,754,800	1,785,999	557,979	20
LAG Novi pazar-Kaspichan	3,732,745	2,028,397	677,178	18
LAG-Belovo, Septemvri and Velingrad	8,005,646	6,545,041	1,796,874	22
LAG-Sredets	3,514,286	1,949,129	1,549,392	44
<b>TOTAL</b>	<b>27,570,424</b>	<b>18,702,605</b>	<b>7,226,995</b>	<b>26</b>

Source: Own calculations, Based on data from LAG [8].

The strategy with the greatest value is the one of LAG Belovo, Septemvri, Velingrad - BGN 8,005,646 and respectively, the one with the lowest from the LAGs included in the study is that of LAG Yablanitsa-Pravets BGN 275,480; it is evidence that the difference is a bit more than three times. This difference is due to the single-fund financing, which is a great loss for rural regions. On a national level, there are 4 LAGs, which have measures included from all OPs and their strategies amount to more than BGN 10,000,000. Around BGN 214,000,000 were transferred from the budget of LEADER under the OP to other items of the OP due to non-acquisition. Here also the fault is to be found to a great extent in the MB and in the Ministry (MZHG). Upon opening of the first admission of documents for approval of the strategies of LAGs there was still not sufficient clarity as to the process of work with the operational programmes, not to mention passing any kind of training or anything, which could prepare LAGs in that aspect, which reveals insufficient capacity on an institutional level. It is not by chance that during the first admission, the major part of the strategies were single-fund ones. Which preconditioned the low level of acquisition of means under the other funds, as early as then. Another indicator that we will turn our attention to is **the number of workplaces created**.

As a contribution from the completed projects for the increase of the scope of the work places, opening up of a total of 212 workplaces were planned under the six

strategies. As of 31.12.2022 there were 160.5 work places opened, where the half means a work place for half working hours. As a percentage the figure reaches up to 75% of completion of the target set, which is very good, but as seen in Table 4, the good result comes from the significant over fulfilment of two of the OP.

When calculating the target and achieved values, table 4 shows clearly that for RDP is 26%, for HRD OP is 278% - i.e. the huge over fulfilment comes from LAG Sredets, which did not plan opening up of new work places for the projects under the OP, but at the same time, they succeeded in opening up 58 work places, and for OPIC - 104% - another over fulfilment. For this indicator, the LAGs with multi-fund financing showed much better results, and the OP, respectively, than RDP. Which again returns us to the negative effect of the MB of RDP rendered upon the implementation of the approach.

From the reports of implementation of the strategies for the period 2014-2020, the target number of people, who will make use of the improvements made under the LAG projects like the IT services provided, different infrastructural sites etc. is 95,245, achieved by LAG for the period analysed were 39,772 or 41% of the planned.

Again the best results show LAG Sredets, with an over fulfilment 135%, with total for LAG Sredets planned - 7,406 people versus 10,035 - achieved.

Table 4. Number of opened up work places by the LAG projects

Contractor	Target for the period 2014 – 2020 according to CCLLD Work places, opened as a result from the support of the projects	Achieved for the respective year			Achieved for the period from signing of CCLLD up to 31.12.2022	Percentage of the target againstachieved
		2020	2021	2022		%
LAG - Razlog	RDP 39	0	5	9	14	35
LAG-Isperih	RDP 24	0	0,5	3,5	4	16
	HRD OP 10	4	0	4	9	90
	OPIC 8	4	0	4	20	250
LAG-Yablanitsa-Pravets	RDP 21	0	4	3	7	33
LAG Novi pazar-Kaspichan	RDP 35	0	0	12	12	34
LAG-Belovo, Septemvri and Velingrad	RDP 29	0	0	1	1	3.4
	HRD OP 15	0	0	0	2,5	16
	OPIC 15	0	20	4	28	186
LAG- Sredets	RDP 16	0	0	5	5	31
	HRD OP 0	58	0	0	58	
<b>Total</b>	212	66	29.5	45.5	160.5	75

Source: Own calculations, Based on data from LAG [8].

Taking into account that inhabitants within the six LAG are 162,800 people according to them, and 39,772 are making use of the interventions done by LAG, the result is good: approximately every fourth person in these municipalities is enjoying somehow the benefit of the Leader approach. The positive influence of Leader on a certain region is not only due to the direct interventions. Considerable part of improvement of the standard within a given territory is due to the indirect contributions and the added value from the implementation of Leader in one region. As a good example, we can point out any given project for building up of tourist infrastructure for visiting nature's or archaeological landmark. Supposing, for example, that the given project plans for no opening up of workplaces. But via increasing of the tourist flow, resulting from the contribution of the project, restaurants need to be opened to take care of the catering needs of the tourists, the accommodation facilities need to be increased in number, as well as the transport lines, etc. All of this is an additional contribution of Leader to the social and economic status of rural regions.

Figure 3 shows the results from the implemented strategies and their effect upon **the unemployment**. Although the results of the LAG for opening up of work places, as a number, against the affected population are not great, according to the data from the National Statistical Institute (NSI), the

unemployment in the studied 9 out of 10 municipalities sustainably was dropping during the three-year period analysed by us. In 2022, only in the municipality of Belovo we can observe the unemployment percentage to get back from 8.1 in 2021 to 9.5 in 2022.

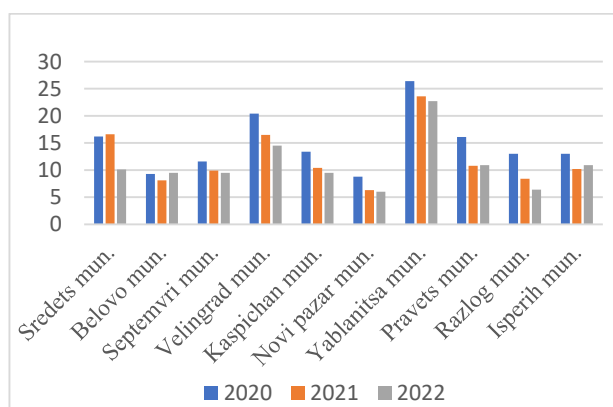


Fig. 3. Unemployment coefficient in the municipalities covered by the six LAGs

Source: based on data provided by NSI [10].

In all other municipalities studied by us, the reduction of the unemployment coefficient is in a stable decline. Most significant it is in the municipality of Razlog – from 13% in 2020 to 8.4% in 2021, and reaching 6.4% in 2022.

To what extent the unemployment reduction is due to the Leader approach is contestable but it has certainly rendered considerable effect in the positive direction. For more than several decades, no investments connected with certain strategies and projects for development in these territories have been



made. Even on the occasions when some particular intervention was implemented, it did not have any complex nature and synchronisation with any other more general plan for development of the given region - these were isolated cases.

In support of the above statement are also the replies we got during the interviews we did with experts from the six LAGs and representatives of the local community (Figure 4). When asked whether other similar instruments supporting the general development of the region were implemented in their regions, 73.2% replied with “no”, 14.1 “did not know” and barely 12.7% responded positively. Concerning the opinion of the respondents, in which of the sectors specified the approach rendered its most significant effect for their development, each of the people asked gave two answers, graded as 1<sup>st</sup> and 2<sup>nd</sup> rank, according to the data of Figure 4. The answers obtained were from almost all possible sectors which Leader could influence, which shows that the strategies for local development and the projects fulfilled are diverse and universal. It turns out that the greatest support received, the infrastructure (19.2%) in general. Second place was for the tourism (17%), third place occupied the combat with the unemployment (10%) followed by the business, enterprises, factories.

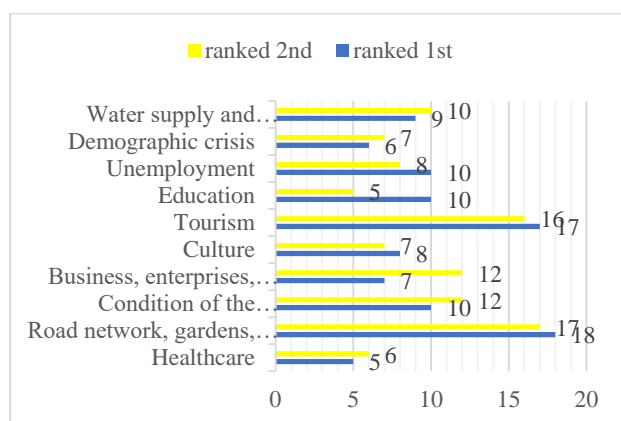


Fig. 4. Leader's effect on the development of the sectors  
 Source: Own design based on the respondents' answers.

According to the opinion of the interviewees, the weakest support of the approach was for the demographic crisis, considering that a

major part of interventions, as a secondary contribution in the future are contributing namely to the combat with the demographic crisis, and there an effect in the positive direction is expected.

The problem with the demographic crisis is also the greatest challenge before these regions and its overcoming would be the best indicator for the successful work of the Leader approach in these territories.

Although in Bulgaria the approach did not deploy its full potential, Leader is particularly important for the rural municipalities and the small populated places and the interest in it is related to the belief that there is no other such instrument, helping the complete and sustainable development of the territories.

#### Additional contribution of LEADER/CLLD on the rural territories

The influence of CLLD upon the respective territory is not measured only via the planned and completed within the strategy indicators of number of projects and supported holdings and enterprises, services, number work places, etc. The effect of Leader on a given territory starts as soon as the LAG was built. They (LAGs) create a network of relationships between different organizations on a local level, municipalities, administrations, public, private and civil organizations, as well as maintain connections with institutions on local, regional and national level. This way, apart from building up good strategies, municipal management of the municipalities is improved. With its characteristic interrelations Leader places the region in a much more favourable environment for development. Coordination between the civil and private sector, in the face of LAG and the municipal authorities and the created partnership relations between them, facilitate significantly achievement of the synergy and the multiplication effect of the implemented projects for the given territory. Through creation of horizontal and vertical connections in the different units of management, Leader acquires the image of a powerful, decentralized, integrated and territorial instrument for management of local level.

Application of the principles of the Leader approach contribute to a balanced and sustainable development of rural regions. Even when financing from only one fund is used, according to the regulation, the three pillars of the sustainable development must be followed – economy, environment and social improvement. And considering that the people preparing the strategy are representatives of different layers of the local community, the balance is guaranteed. The Leader approach is oriented towards increasing of the quality of life of the entire community and it is in harmony with all policies for development, unlike the other OP, which are oriented towards a certain sector or group. Here lies also the further boost of the results of the projects and the added value of the approach. Through the CLLD approach the capacity of the LAG itself and of the local community is increased, they pass and organise hundreds of trainings and consultations, promote and disseminate the strategies for development, assist in the processing and adoption of numerous projects. Through LAGs the social capacity is increased, different meetings for

exchange of experience, ideas are organised, knowledge is expanded and the entrepreneurial spirit is developed in people [11]. Unlike direct candidates, beneficiaries of CLLD become active builders of the future of their regions and gain the self-esteem and confidence to work with all programmes on a national level. Trust and mutual help is built between the local actors and LAGs and despite how small they are, they manage to implement their ideas. The different events held by LAG develop the civil society in the rural regions and contribute to the combat with the social exclusion, which in many places is a significant problem.

#### Problems and challenges before LAG/LIG

Although the approach is being implemented in Bulgaria for a second programming period, the barriers in front of its implementation are many and of various nature. The interviews carried out with experts from LAG and representatives of the local community point out the main problems which they see for the implementation of the Leader. Their view points are united in the following problematic areas (Figure 5).

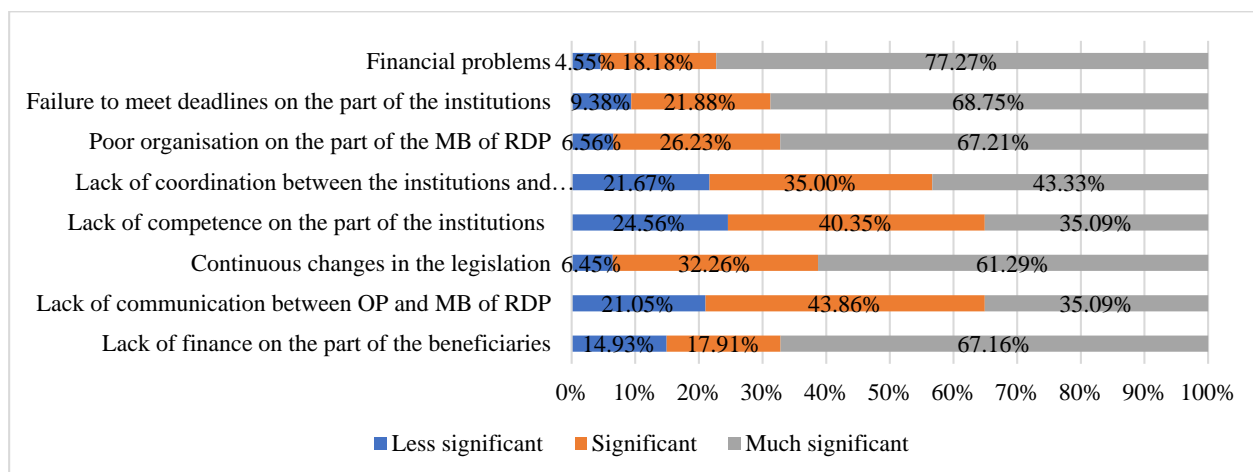


Fig. 5. Basic problems upon the implementation of Leader, evaluated by significance by experts of LAG and representatives of the local community

Source: Own design based on the respondents' answers.

As the most significant problem they specified the financial problems - with 77.27%, second by significance problem – with 68.75% was failure to comply with the deadlines (delays) on the part of MB and their subordinate units and third place – with 67.21% took the poor organisation on the part of the overall implementation of the approach.

Their viewpoints overlap to a great extent with the conclusions and summarizations we made both, on a local and national level.

As a result of our study with the listed the six groups and representatives of LAG, we identified the following problems:

-Reduction and lack of time resource, due to the permanent delays in the approval and the

assessment procedures within the different stages of the implementation of the approach.

-Lack of sufficient in number and competent staff in the management and in some LAG

-The regulatory and the administrative framework is subjected to permanent changes and it is too complicated and clumsy.

-There is no sufficiently good coordination between the different institutions and the stakeholders, which delays all steps in the work process.

-Untimely and insufficient financing hinder the work of the LAG and results in failure to acquire the budget, allotted for the Leader approach.

A major part of the problems identified in the first programming period are carried forward and deepen in the second programming period.

**Delays in the implementation of the approach** is to be outlined as a characteristic feature for the entire period of implementation from 2007 till the present day. Their occurrence is in quite various aspects –upon approval of the strategies, approval of the planned and incurred expenses, approval of procedures for assessment of projects, contracting projects of beneficiaries and so on. Thus, for example delays at the beginning of the programming period 2014-2020 would result in overall delay in the implementation of the approach and undoubtedly, renders its effect on the next programming period 2021-2027. In some cases it is about a delay of more than two years.

In their vast majority, these are caused by **lack of sufficiently in number and competence staff** in the management of the approach, which is outlined as another key problem. Within the current programming period there is a great turn-over of staff and experts on the part of almost all structures involved in the implementation of Leader. Lack of sufficient administrative capacity and the disorders it causes, which are encountered upon implementation of the CLLD approach, render their negative effect on the implementation of the strategies and create risk for acquiring of the planned funds [16]. Due to delays in payments (caused) by the State Fund Agriculture (DFZ) to LAG this

problem was also frequent in the LAG, and for the smaller municipalities this problem is quite serious. Which, in turn, gives rise to numerous other problems, leading to insecurity and repulsion of beneficiaries.

Another characteristic problem for the overall implementation of Leader, again originating from the management of the approach, is **the regulatory and administrative framework**. The problems in this aspect can be in the form of unclear, incomplete and constantly changing regulatory framework, heavily regulated environment, severe and complex requirements for financing of LAG and beneficiaries.

Within the current and the past programming period, on many occasions LAG were left without financing for long periods of time, in many cases, more than a year. This deadlock places LAG in a financial and political dependence causing mistrust in the local communities. There have been occasions where LAG, did not even have any funds for the salaries and remunerations of the experts, which compels them to search for loans from municipalities and banks. Similar are the problems related to the beneficiaries, originating from the complex regulations, failures to comply with the deadlines, bureaucracy, and all of this results in loss of interest and withdrawal of the beneficiaries and failure in implementation of the projects.

Another quite essential and repeating problem is **the dialogue between LAG and MB of RDP and all units involved in the implementation of the approach**. The correspondence on the part of MB of the RDP only in the form of periodic meetings with the representatives of LAG and forwarding documents of the European Commission, is a meagre contribution to the good communication. The process of exchange of the information for implementation of RDP, for the CLLD approach, is clumsy, unreliable and does not suggest quick receipt of the necessary data and making timely and adequate decisions [2]. Lack of trust, lack of sufficient dialogue in many cases is a precondition for the loss of coordination and harmony, which is needed in order to optimize the processes for implementation of the

approach. In case there is good dialogue we can save plenty of time and funds and significantly improve the efficiency and the results of the strategies for local development. As the most essential and significant problem is the **acquisition of the allotted financial resource for the Leader approach**. In the first programming period the contracted funds were 92% of the entire budget allotted for Leader, out of which a mere 56% did successfully come as investments in rural regions. In the present period out of a total budget of BGN 596,722,781, for CLLD the funds planned under the strategies are BGN 305,163,531 or 58%. The result of which will be that as soon as the funds are requested, the local community would be deprived of the use of a resource amounting to BGN 213,678,511. Failure to acquire major part of the financial resource originates from the high percentage of strategies with a single-fund financing.

The maximum budget of one strategy for development of LAG that can make use of all OP can be up to 12 million levs, and the average value of the strategies in Bulgaria amounts to BGN 4,700,000. Considering for example, the LAG studied by us, out of the funds planned for them under the strategies amounting to BGN 27,570,424, contracts have been signed for just BGN 18,702,605 or 67%, out of which the fund actually paid and entered the economy of these region were a mere BGN 7,226,995 or 26%, as of 01.01.2023. When distributing the above percentages on a national scale, which are approximately the same, we will get the following figures. All paid-out funds will be 26% of BGN 305,163,531, which are just BGN 79,342,518, on the background of the entire budget planned of nearly BGN 600,000,000, which had to enter the economies of these poorly developed territories, so – the losses for the rural regions are huge. Taking into account that these interventions were planned for the programming period 2014-2020 and for several years now we should have been working with the resources for the next programming period 2021-2027 and the wasted time resource, the loss for the rural territories is truly enormous. This is a resource, which

would have rendered its significant effect on the life and means of living of the people living in these places.

The implementation of the approach in the structured in this way functioning environment moves away the approach from the true nature of the LEADER idea. Which lies in the decentralization, equality, multisectoral orientation, compliance with the specifics of the local culture and identity, the right to make your own decision on your own future. This calls for a greater freedom of action, for greater flexibility of the local community to really resolve its problems and to observe the principle „bottom-to-top“ (Economic and social advises, 2023), as there are quite a few attempts for making decisions in the reverse order „top-to-bottom“. Overcoming of the identified weaknesses, which hinder the work of LAG and of the Leader approach, would result in increasing of the efficiency and to the desired by everybody transformation of these places into attractive places for living.

## CONCLUSIONS

The goal, scope and multisectorality of the measures included in the strategies confirms the thesis that the approach is universal and sustainable instrument for the development of rural regions. Regardless of the problems, which the local initiative groups encounter in Bulgaria, the approach remains a basic working engine for sustainable social and economic development of poorly developed territories. The influence of the assiduous work of the LAG and the contribution of the approach is visualised in diversifying the local economy with the emergence of new business sites and services, modernisation of the municipal buildings, infrastructure, in preservation of the cultural heritage and the local identity. The effect from the interventions done is visible and valued by the local community, which is confirmed by the immense interest to Leader in Bulgaria.

As a summarization from this study, we can say that the full potential of Leader approach/CLLD in Bulgaria has not yet been fully deployed. Local communities and the

persons in charge for the management of the approach should not allow any poor and incomplete implementation of Leader, which would discredit and put the approach in an office mode with regulatory and financial dependence, in an environment quite different from the methodology of Leader.

For the optimization of the results of LAG, it is necessary to ensure expansion of LAG's powers, providing greater autonomy in implementation of the strategies, increasing of the financing and freedom in the possible set of measures and activities. Improvement of the dialogue and trust between MB and LAG can reduce to a minimum the dependence of LAG on the institutions, reduction of the administrative and regulatory burdens, as well as model of management in the implementation of the approach under the Bulgarian conditions. The harmony between them would undoubtedly provide the opportunity for more rational and useful implementation of Leader in Bulgaria.

## ACKNOWLEDGEMENTS

This article is published in implementation of project KII-06-H55/1 - 15.11.2021 "Development of rural areas in the conditions of transformation towards a sustainable economy" (RTtowardsSE), financed by the "Scientific Research" Fund - Bulgaria. We express our gratitude to FNI.

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