

POLICIES AND FACTORS FOR RURAL DEVELOPMENT IN BULGARIA

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Abstract

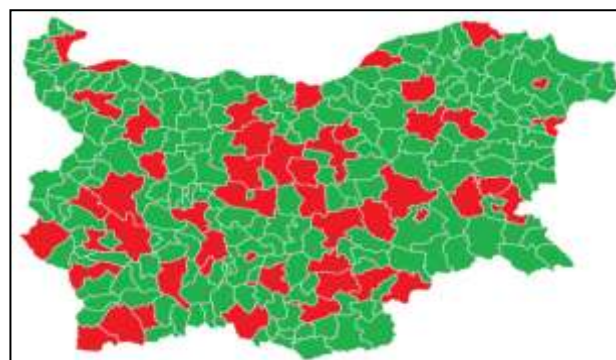
Rural areas represent a significant part of Bulgaria and are crucial for regional growth and sustainability. Various policies at the European and national level help to ensure the prosperity of these regions. The main goal of this article is to review through empirical research whether rural areas in Bulgaria take full advantage of their comparative advantages and if the citizens are aware of the main goals in the plan for development for their municipalities. An analysis of the local independence provides information about the dependency of rural municipalities by the government due to the financial transfers they receive, so that is affecting the smaller settlements well-being. The research focuses on basic economic development indicators and the revenue side of municipal budgets. Main results are showing lack of awareness regarding the own revenues in rural municipalities and unconcern for the future policies. Based on the conclusions it can be suggested to increase the attractiveness to the citizens in understanding their responsibilities and have active role in municipalities decisions.

Key words: rural areas, rural development, municipal budget

INTRODUCTION

Rural areas in Bulgaria are of key importance for the development of the regions. The development of rural regions is directly related to the improving of the economic, social and environmental conditions. [1] In the last few years, dynamics have been observed in this type of areas, not only in investments, but also in their formation and creation of priorities. A number of municipalities were "excluded" from the list of rural areas according to the Strategic Plan for the Development of Agriculture and Rural Areas 2023-2027. There are now new criteria for their determination. It states that a municipality of rural type (rural area) can be defined when there is no populated place with more than 15,000 inhabitants on its territory. Until 2023 a rural area was considered one with a population of more than 30,000 people. After this change, Bulgaria now has a total of 50 urban municipalities and 215 rural municipalities, compared to 237 before the changes in the population criteria. Despite this change, the results show that 81% of the municipalities in the country are of the rural type and this shows the importance of this type

of areas for the development at the national level (Map 1).



Map 1. Distribution of municipalities in Bulgaria by type: green – rural; red - urban.

Source: Strategic Plan for the Development of Agriculture and Rural Areas 2023-2027 [13].

The change in distribution automatically excludes part of the municipalities and exclude them from receiving funding through various EU programs and the Common Agricultural Policy (CAP). This creates a challenge for the newly established urban areas and they will face serious problems for the reason that CAP strategies in Bulgaria are focused on creating workplaces, diversifying and developing small enterprises, implementing local development strategies, developing social infrastructure, financing inputs and young farmers, and

infrastructure project. It is also very important that direct payments and rural development programs are the main financing mechanisms [5].

According Table 1, it is visible that from year 2023 there are 46 municipalities that are with population in the range 15,000 – 30, 000, which means they are excluded from the possible funding from the EU CAP.

Table 1. Number of municipalities eligible to EU funding by population

Dynamics of types of municipalities according to population, no.				
	Up to 15,000	From 15,000 to 30,000	Above 30,000	Number of rural municipalities eligible for EU funding
2020	171	51	43	222
2021	172	49	44	221
2022	178	46	41	224
2023	177	46	42	177

Source: National Statistical institute of Bulgaria [9].

The existence of numerous vulnerable places in terms of lack or insufficient local endowment, accessibility, or connectivity imposes that the EU policy programmes to be fully integrated and to be focused on "the reduction of gaps between urban and rural areas, on strengthening physical infrastructure, access to schools, cultural facilities, democratic participation, migrants' integration etc." [12]

This change concerns rather the funding from the European Union and funds from various funds. Municipalities of the urban type, which until now were in the other category, simply do not get the possibility of financing.

A region development could be challenging since they rely only to the European funds from rural development programs and other financial sources. It also strongly depends on the local available resources and the administrative capabilities of local authorities. It is very important to use the resources as potential for regional development as only that way it is possible to have progress in that region. regional development. The key point is how the municipalities can use the potential of their region, so that can lead to the economic and social progress.

The spatial development plans are the technical basis and the political and legal prerequisite of

the strategies for accessing funding for programs and projects from national and European funds, which do not help to develop the synergy between regional business, the public sector, and the effect on the living standards of the population.[10]

Rural development does not only mean absorbing EU funds, which are already limited, but also using the potential to maximize income in rural municipalities and thus improve lifestyles to a higher quality. For this purpose, the plans for integrated development of the municipalities, which are part of the system of strategic documents and integrate regional and spatial development, have to determine the current problems and needs, and development potentials of the regions, municipalities and settlements. They are taken into account in the development of investment programs and financial instruments, including those co-financed by the funds of the European Union. [7] They outline a framework of the main goals and stages, as well as the ways of carrying out predetermined procedures, the necessary documentation and the conditions for evaluating their implementation. Emphasis is also placed on the expected results and potential beneficial impacts of the renovation of abandoned industrial sites.[15] Very often different factors, natural features and natural advantages are important in local and regional development of rural municipalities. The strategic plans envisage the development of various sectors, such as tourism [16], industry, investment in production, etc.

It is necessary to emphasize that demographic problems such as migration and aging create "local" challenges, which is why "local" measures are particularly necessary. Moreover, the problems with the overall socio-economic backwardness of many regions in Bulgaria are mainly the result of serious problems at the local level.

There are certain factors showing the progress in the region. We can divide them on two parts – internal and external. First ones are local and they have to be used as advantage when the municipality created their own strategy for development. The External factors are usually far away from the municipality profile and this is something that is missing to the region. In

order to better evaluate the opportunities for rural development we are going to review further the internal factors.

Rethinking and better coordination of the two approaches in policies and practices “up-down” and “bottom-up” is on the agenda. The best way to apply these policies is the financial decentralisation, this way the developed regions can allocate financial resources at local level. Development is not just about increasing the goods consumed by society, but also about providing communities with the opportunity to manage and shape their relationships moving forward. [14].

If we compare Bulgaria with European countries in terms of GDP/per capita, it can be seen that for 2022 we are in last place, reaching 62% of the average values for the EU [10]. Another insurmountable factor is the policies of the EU, especially regarding the environment, the Green Deal and the ambitions for Europe to become the first energy independent continent by 2050 [5].

The situation is similar in neighbouring Romania, where their rural areas have faced and continues to face countless challenges regarding the lack of financial resources. Although Romania is a rich country in natural resources, the rural environment being predominant and having an old tradition in agriculture, certain factors stop or make rural development quite difficult. They are using funds from their National Rural Development Program (NRDP) which grants non-refundable funds in different categories like quality of equipment, investments in production and marketing, ensure risk management, training services etc. [2][3].

MATERIALS AND METHODS

In order to evaluate and analyse the progress of rural areas and their development, information is needed to what extent the citizens are interested in the processes in their municipalities, the priorities set in the plans for integrated development of their settlements.

The survey was conducted in the autumn 2024 among 145 respondents and it is concerning the awareness of the priorities that certain municipality might have places as goal. Along with the targeted questions, demographic data was collected for the respondents to create a more accurate profile in terms of gender, age group and level of education.

The data about the population and the definition of rural areas as such were used from the National Statistical Institute of Bulgaria. Regarding the financial independence of municipalities, it is used a formula to calculate and compare the own revenues in the municipal budget with the transfers by the central government.

$$C_I = \frac{O_R}{T_{CG}} O_R / T_{CG} \quad (1)$$

where:

C_I – coefficient of independence

O_R – own revenues in the municipal budget

T_{CG} – transfers to the municipal budget from the central government

the evaluation of the coefficient of independence is presented in table 2.

Table 2. Level of financial dependency of the municipalities by the government, scale, coefficient of independence

level of dependency	value
weak	$C_I \geq 1.5$
significant	$0.5 \leq C_I \leq 1.5$
strong	$C_I \leq 0.5$

Source: OECD [4].

RESULTS AND DISCUSSIONS

In connection with citizens' awareness of the possibilities of implementation of various projects and utilization of funds according to pre-set goals in the plan for integrated development of the municipalities, dynamic results of a survey conducted on the territory of rural municipalities in the Stara Zagora region are observed. One of the most important is about awareness, namely the question in the survey is asking if the respondents have ever heard.

The results are shown in Fig.1.

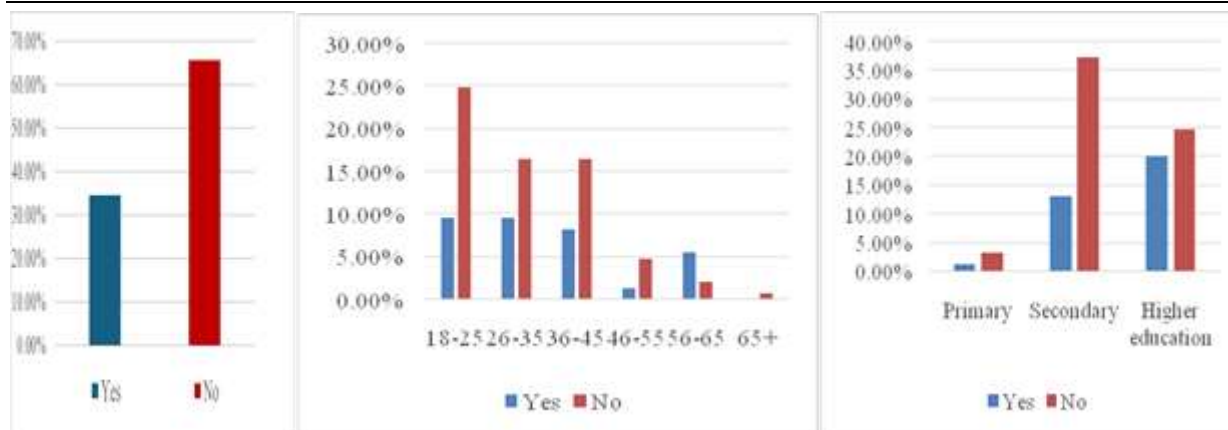


Fig. 1. Have you ever heard of Integrated Development Plan of your municipality 2021-2027, education level, age, %

Source: Own survey in rural municipalities of Stara Zagora region.

The data show that about two-thirds of the respondents have not heard at all that their municipality has developed such a strategic document, and only about 34% are aware of its existence.

Looking at awareness by level of education, it is striking that the more highly educated the respondents are, the more likely they are to be informed about the existence of this strategic plan, and thus 20% of all respondents who have a higher education state that they are aware of the plan, and the largest share of uninformed citizens are those with a secondary education - about 37%.

In the age section of the study, a directly proportional relationship was observed

between younger people and higher awareness of the plan. Probably the reason lies in the digitization of all sectors and such kind of documents are available online on the website of the respective municipality, and the older population has less access and it is more difficult to work with computers and the Internet.

Among those who answer that they have heard about this plan, about half say that they are partially aware, and 30% say that they are fully aware of the set priorities in the plan itself. A small number admit that they have only heard about this plan, but are not familiar with its content and which are the main goals (Figure 2).

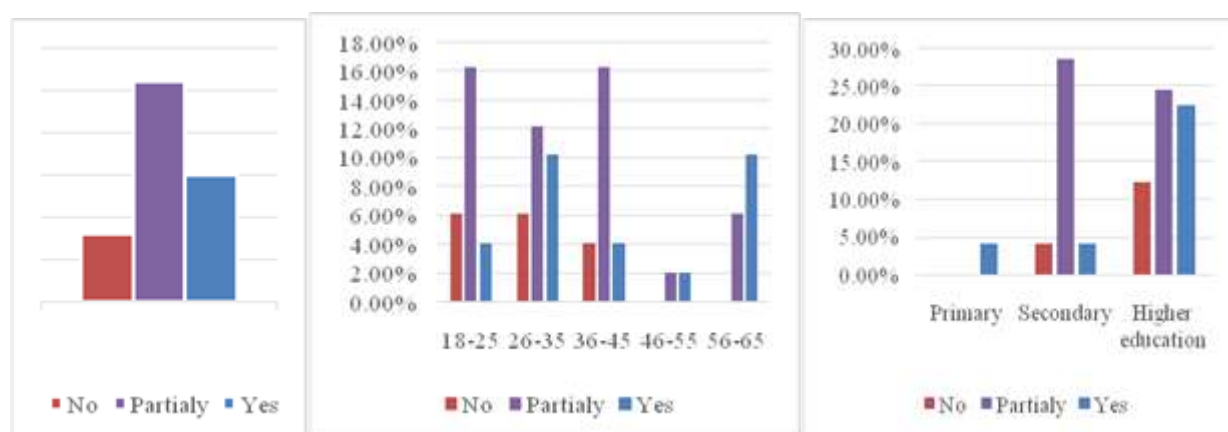


Fig. 2. Are you familiar with the content of the IDP of your home region?, %

Source: Own survey.

We can see that there is a trend among younger respondents to be better aware of the content in their IDP. From the point of view of education, the group with higher education again has the highest share of awareness.

Among those who are familiar or even partially familiar with the plan for development, more than 90% state that they approve the policies and strategies for their municipality. In age groups, the highest approval of the goals is

confirmed for the youngest group in the 18-25 age. According the education level we can

observe the highest positive results among those with higher education (Fig. 3).

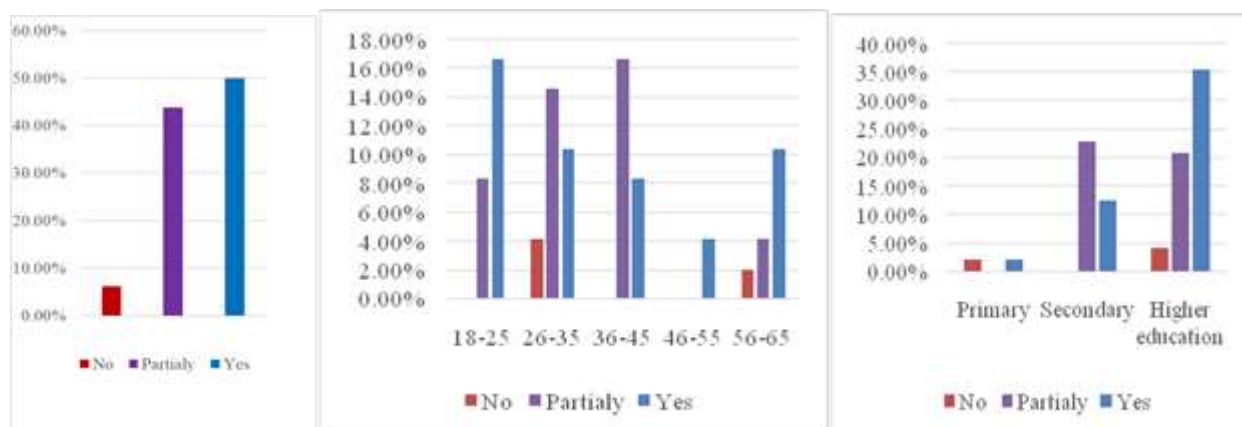


Fig. 3.. Do you approve the goals set in the IDP for your home region?, %
Source: Own survey.

Regarding the **coefficient of independence** of the municipalities in the region of Stara

Zagora, which are 7 with population under 15,000 and in Table 3 are shown the results.

Table 3. Coefficient of independence in rural municipalities in Stara Zagora region, data for year 2023

Municipality	Own revenues, BGN	Transfers from central budget, BGN	Coefficient of independence
BratyaDaskalovi	2,045,067	1,001,442	2.042
Gurkovo	1,002,285	2,480,302	0.404
Galabovo	7,198,859	4,057,616	1.774
Maglzh	4,811,238	6,286,977	0.765
Nikolaev	709,746	876,972	0.809
Opan	1,431,908	1,149,035	1.246
Pavel Banya	3,933,604	5,369,062	0.733
Total	21,132,707	21,221,406	0.996

Source: Own calculations based on data from Ministry of finance, Bulgaria [7].

Based on the coefficient of independence we can confirm that only in two municipalities the dependency from the central government is weak, since they manage to generate more own revenues in their local budgets.

There is one municipality with very strong dependency level with coefficient only 0,4 which means they mainly expect transfers from the central government in order to provide the necessary public services to the people leaving in their region.

The other four municipalities are defined as strongly dependent by the transfers as most of them generate less income in their budget than the funds coming from the government.

CONCLUSIONS

The main conclusions of the conducted empirical research through direct polling of citizens can be summarized as follows:

- The young population is more familiar with and approves of the goals set in the development plan of their municipality
 - Respondents with higher education are more familiar and have a positive attitude about the strategic goals set for the development of their region
 - Unfortunately, only about a third of the respondents have heard about the development plan of their municipality and know that it is an important document that outlines the development path of their municipality.
- Considering the results of the coefficient of independence in the rural municipalities, we can see that for year 2023 more than half of them in the Stara Zagora region are very

dependable from the transfers from central government and some are with lower dependency, but still not possible to cover all local services with their own revenues.

In conclusion, it must be said that regional policies and factors influencing development are insufficiently popular among the population, which shows a lack of involvement of the citizens in what is happening in their region and, in particular, the negative effect is on the less developed municipalities, where less funds from the municipal and national budget reach.

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