

IMPORTANCE AND ROLE OF LOCAL INITIATIVE GROUPS (LAGS) FOR THE DEVELOPMENT OF RURAL AREAS IN THE REPUBLIC OF BULGARIA

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Abstract

This study examines local initiative groups as influential structures that can initiate a sequence of changes taking place in a given community (e.g., a transition from the phase of agrarian development to the creation of businesses and activities that assume high efficiency and indicate ways and means to achieve the goals. The purpose of this study is to analyze and assess the role of local initiative groups in the development of rural areas of the Republic of Bulgaria. The main methods used in the study are the survey method and the focus group method. Based on the various aspects of regional development, strategic planning, the LEADER program and business management in rural areas, effective regional policies can be implemented through LAGs that emphasize the importance of integrated approaches and local initiatives for achieving sustainable development.

Key words: rural areas, area, development, Local Initiative Groups (LAG), LEADER approach, efficiency

INTRODUCTION

Within the European community, it was concluded that the formed rural areas needed support. The assessment and analysis of rural development highlighted that they needed a better emphasis on decentralization of management, creation of local capacity and more active participation of local stakeholders in regional economic development. Thus, in 1991, the LEADER I program was launched, which was a response to the need for a new approach to the development of rural areas in Europe. The traditional regional policies applied until then proved insufficient to address the specific challenges of these areas, where economic stagnation, depopulation and social marginalization were observed. LEADER emerged as a novel approach designed to empower local communities by encouraging their direct participation in planning and executing development initiatives tailored to their specific needs. Bulgaria's engagement with rural development policies took shape in the early 2000s, as part

of the country's preparation for European Union membership. This process was supported by the SAPARD programme (Special Accession Programme for Agriculture and Rural Development), which aimed to foster agricultural growth and improve rural areas across Central and Eastern European countries ahead of their EU accession. The establishment of Local Initiative Groups (LAGs) is a central element of the program. LAGs are public-private partnerships involving representatives of local authorities, business and the non-governmental sector [20, 21]. Their role is to develop and implement integrated strategies for the development of their regions. In this regard, out of a total of 264 municipalities in Bulgaria, 231 are designated as rural municipalities, which makes the program an essential element of regional development policy. In addition, due to the dispersed population in rural areas of Bulgaria, there is often a lack of qualified personnel, which necessitates joining forces between several municipalities and forming

associations in the form of Local Initiative Groups (LAGs).

The purpose of these structures between two or three municipalities is to share capacity and seek common ground to solve common problems such as poor infrastructure, conditions for local development in rural areas, development of local businesses, education, etc. As a sustainable result, it is necessary for these local initiative groups to aim at creating new jobs, primarily in the field of small businesses. Local development on a local scale means improving the living and working conditions of residents and is related to improving the functioning of the infrastructure, improving services, housing conditions, the aesthetics of the landscape, etc.

This study aims to examine and evaluate the impact of local initiative groups on the development of rural regions in the Republic of Bulgaria. Its primary objective is to determine the extent to which such structures can serve as an effective framework and practical instrument for driving rural development. Because the development of rural areas also means improving the level of public welfare, creating a more favorable image of a given place from the outside - among potential investors and customers. The local economy is stimulated, among other things: equipping a given area with infrastructure, simplifying local regulations, applying various types of relief, selling neglected or poorly used premises, creating information or consulting centers.

Thus, in this presentation, local initiative groups are considered structures with influence that can initiate a sequence of changes taking place in a given community (for example, a transition from the phase of agrarian development to the creation of businesses and activities assuming high efficiency and indicating ways and means to achieve the goals (for example, through the organization of labor, training, implementation of smart technologies, environmental activities, etc.).

The next important thing is to impose the programming model with a focus on the content of the actions taken (taking into account, for example, the creation of temporary or permanent structures, local

institutions, etc.). Likewise, increasing the level of socialization and collective endeavor aimed at introducing the implementation of common policies [1]. The practical approach corresponds to the term community development adopted by the UN (and even represents its expansion), but is also based on the principle of "subsidiarity", which comes from the teaching of the faith and compliance with Christian-democratic values.

Its main components are: a specific goal (project) of activities aimed to improve the widely understood living conditions of the local community and the voluntary participation, efforts and mutual assistance of residents. Here it is worth emphasizing that changes in the environment and community should occur mainly through the efforts of the residents themselves. In this direction, the participation of the population is voluntary and only such participation guarantees the authenticity of the movement, because the fundamental problems of the given regions are rooted in the people themselves, stemming from their passivity, helplessness, lack of knowledge and organizational skills [2].

In order to improve the condition of a given rural region, an effort is needed to overcome the insufficient civilizational development, which would increase the level of education and form appropriate attitudes and habits of the population. Thus, one such tool can be the local initiative group (LAG), it should be so developed that residents can strongly identify with it, it should take into account the most important needs of citizens (both material, physical and spiritual), and the goals and tasks set cannot exceed their capabilities [5]. Creation and development of Local Initiative Groups (LAGs) at the rural level is a way to build true local democracy, a higher social culture, and can be an important educational tool and method of cooperation between the authorities and society.

After 2000, the programme was improved and renamed LEADER +. The aim of this change was to respond to the new realities in rural areas, which required an even greater emphasis on sustainability and innovation. The programme aimed to integrate different sectors and promote transnational cooperation, with

the aim of exchanging experience and expanding opportunities for local development [4].

In 2005, the regulatory document "Council Regulation (EC) 1698/2005" was adopted, which made the approach a mandatory element of the Rural Development Policy of the Common Agricultural Policy (CAP) and transformed it from a separate pilot initiative into a horizontal priority and a core part of this policy. The fundamental legal changes defining the 2007–2013 programming period began with the CAP reform in 2003, which also led to changes in its objectives towards the integration of sectoral (agricultural) and territorial policies (regional convergence). Thus, for our country, after our actual membership in the EU since the beginning of 2007, the Rural Development Program has become an essential element of the implementation of agricultural policy. At the same time, an important factor for the development of rural areas in Bulgaria is the formation of "Local Initiative Groups (LAGs)". In practice, "Local Initiative Groups (LAGs)" have been operating for nearly 16 years, attempting to make changes in the methods of development management, which are mainly manifested in the reference to local resources, experience and traditions [8]. The initiation of the LAG as a concept must be supported by appropriate legal acts and strategic documents, which have an important significance for the promotion of cooperation between municipalities in rural areas. The implementation of the policy for the development of local initiatives is assigned to the municipal councils, which have the rights to make decisions to establish such institutions, which over time have acquired legal personality, their own sources of income, autonomy and the authority to independently manage their affairs [8]. Although they are formed thanks to local public administration, these structures carry out a specific process of promoting local economic development, involving local governments, formal and less formal organizations and individuals, in order to use the resources of the geographical environment and the capabilities of the inhabitants and to carry out activities in

different areas for the benefit of specific communities [9]. It can lead to:

-achieving socio-economic stabilization through the use of knowledge about the above-mentioned resources, their availability and possibilities for mobilization,
 -creating a diversified economic base that meets the needs and preferences of residents. Here it is worth emphasizing that local development is territorial, not sectoral, which includes material and immaterial elements of the environment, natural conditions, culture, traditions, entrepreneurship, etc. Another important element is planning, which plays a very important role in local development, but is a difficult, complex process that carries a certain risk [9]. It consists of the following stages: collection, analysis and assessment of baseline data, selection of a local development strategy, definition of goals and directions of activities, determination of possible and optimal ways of implementing the program, preparation of action projects (taking into account their profitability, sources of financing, implementation deadlines), and on their basis of the general development plan, implementation of the provisions of the plan. [10].

Since the beginning of the political transformation in Bulgaria, the idea of empowering local communities has been gaining increasing popularity. It strongly emphasizes the influence of human activities on the socio-economic structure and emphasizes the need to activate residents. It is related to the idea of participation - social participation, which also emphasizes the importance of including people in local affairs. The more the inhabitants of a given area identify with it, the more they feel the need to act for the common good and the more they see the possibility of making joint decisions on the development of a given area or creating clusters of activities that will promote regional economic development in rural areas, the more likely it is to stimulate social activity. Monitoring and evaluating the implementation of strategies allows local, regional and national authorities to monitor progress towards achieving objectives and make the necessary adjustments if necessary. Regular monitoring

provides information on the results achieved and identifies problems and challenges that arise during the implementation of strategies. This allows for timely adjustments and adaptation of strategies to changing conditions, which increases the chances of success [15].

Literature review

Rural Development and Impact

Methodology. The lack of a vision for the future of a particular territorial or settlement unit is a significant barrier that prevents it from seeing development opportunities. However, establishing a certain direction of development has a positive impact through the formation of public management structures that can have a positive impact on its current functioning, socio-economic growth and living and working conditions of its residents. Each of the concepts presented deserves attention and consideration when building local development programs [15]. The usefulness of individual ideas varies and requires verification. The existing literature largely focuses on themes such as multifunctional and ecological rural development, yet it frequently overlooks the importance of building institutional capacity and establishing dedicated structures to support rural progress. From a broader perspective, it is essential to recognize that agricultural modernization must go hand in hand with the development of alternative, non-agricultural income sources. This underscores the necessity for socio-economic growth in rural areas to be driven not only by local community engagement but also by external support mechanisms. (state policy and territorial authorities). Thus, in spatial and territorial terms, the economic revitalization of rural areas is possible thanks to the development of small businesses and a clear profiling based on strengths [19]. On the other hand, a necessary condition for supporting entrepreneurship and socio-economic growth is the improvement of the qualification of the rural population. These methodological assumptions are certainly debatable in theoretical terms, but they are focused on the issue of legality, emphasize the role of social conditions of development, and deduce the importance of spatial and technical-technological factors [22].

Despite some weaknesses of local initiative groups (LAGs), they have not been studied in depth and their role in solving local development problems has not been discussed. Thus, social and economic research is carried out rather than the role of the institutional approach of local initiative groups (LAGs) on rural areas being studied. Of course, they are partially applied in annual public reports or multidisciplinary studies, it is necessary to disseminate their results and the experience of other countries under the LEADER+ programs and to promote positive examples. It is also good to derive reliable data and statistical information, which is often not outdated or incomparable [22]. Many valuable local initiatives are not implemented due to lack of adequate support or fail due to inaccurate goal setting and outdated demographics.

Modelling the development of rural areas in Bulgaria.

Peripheral and rural areas often suffer from poor infrastructure, which limits their economic integration and access to markets. Infrastructure connectivity is a key factor for regional development, as it allows for better integration of regions into the EU single market and provides better access to economic opportunities. This is where the LEADER approach comes in, which is a tool for local self-government and strategic planning that gives local communities the opportunity to take a leading role in the development of their territories. This approach, which emerged as part of the European Union's rural development policy, emphasizes decentralization of management, participation of local stakeholders and an integrated approach to development. LEADER is based on the belief that local communities are best equipped to identify their needs and develop solutions that will lead to sustainable development of their regions. However, in this direction, there are a number of difficulties in Bulgarian conditions [17].

Planning the development of municipalities in rural areas of Bulgaria is becoming an increasingly fundamental task of the authorities, with a need for high-quality practical implementation of self-government. The focus of development of rural municipalities in Bulgaria should set

stereotypes for residents, so that they are encouraged to assess the socio-economic situation of their regions themselves and present proposals for their development, without waiting for decisions from above. Particular attention should be paid when preparing development plans to those municipalities that, for various reasons (unemployment, depression, depopulation) seek assistance from the European Union structural funds. An essential element of the proper management of a municipality is the preparation of a plan or strategy for local development. In fact, the derivation of the concept of strategy means a well-thought-out plan that must be applicable in the respective rural area [12]. It is essential to highlight that a targeted approach enables the exploration of diverse development pathways, the identification of tailored solutions, and the active involvement of local communities throughout each stage of the process. In the implementation of regional development policies, it is good to have a differentiated approach, where strategies can be replaced by specific sustainable policies or visionary with the preparation and implementation of guiding or perspective plans. This highlights LAGs the need for the Local Action Groups (LAGs) to develop a strategic development programme that contributes to the socio-economic growth of rural areas and improves the lives of their inhabitants. This programme is always preceded by a detailed analysis of the state of the economy, which allows for better use of available resources and indicates areas for cooperation with neighbouring regions. Moreover, engaging local institutions, organizations, and residents in the strategy development process helps to energize ongoing initiatives, foster collaboration, and cultivate a shared sense of responsibility for leveraging opportunities to advance rural development. It is crucial that planning frameworks and related documents support rural progress by facilitating income generation and enabling access to diverse forms of external support. Thus, the role of the "Local Initiative Groups (LAGs) for the development, revitalization and diversification of the rural economy in individual rural areas, so as to generate the

creation of new jobs [12], can be taken into account. The question is to what extent the relevant Local Initiative Groups (LAGs) can cover a wider field, starting from local entrepreneurship, moving on to improving the technical infrastructure, identifying centers for economic development, protecting the natural and cultural heritage, reaching the improvement of the qualifications of residents. Thus, Local Initiative Groups (LAGs) cannot be the main driver of regional development in rural areas, but they can support local authorities and supplement the project potential for regional economic well-being of the population. This means that Local Initiative Groups (LAGs) must have a development vision that is understandable to residents, indicating the directions of action for several years. Each municipality has individual conditions, resources and development opportunities. Therefore, there is no single model for a development strategy [11]. Building a strategy is a continuous process and cannot be considered a document that will remain in force unchanged, which indicates the directions of action for several years.

Strategy development is a continuous process and cannot be considered a document that will remain in force unchanged.

Definition and spatial assessment of approaches to rural areas within the national territory. Rural areas are usually defined by a combination of demographic, geographical, economic and social characteristics. Some of the main criteria used to define rural areas are related to the determination of the population density indicator. Rural areas have a smaller population compared to cities, with the population having a lower degree of territorial distribution. The next indicator is the determination of employment in agriculture and natural resources [14]. In rural areas, a large part of the economic activity is related to agriculture, livestock, forestry or other sectors related to natural resources. The gravitational potential associated with the distance to urban centers is also important: Rural areas are often located in remote places from large urban centers, where the infrastructure is less developed. Improving the level of rural areas,

which are characterized by predominant natural landscapes such as forests, fields, meadows and other undeveloped areas. This means quality certification and maintenance of the natural environment and agricultural lands. Achieving stable economic development. This is necessary because rural areas are usually less economically active, have lower incomes than urban areas, and have lower levels of industrialisation and urbanisation. Improve the level of infrastructure and business and public services. In practice, rural areas often lack certain public services, such as health and education, or are more difficult to access than urban areas. Promote state aid and programme support with a specific financial package. Depending on the country and the number of rural areas available, each government may have its own definition of rural areas, based on specific legislative acts, administrative boundaries or statistical criteria to pursue targeted support policies in them [14].

These factors may vary considerably depending on the region or country, but the general understanding is that rural areas are characterised by lower population density, greater dependence on natural resources and a lower level of urbanisation. There is considerable diversity in the definitions of rural areas across the EU Member States. In some countries, more than one definition is used, the choice depending on the specific issues being addressed. The differences are not limited to the indicators used and their thresholds for distinguishing rural from urban areas but also include the variety of territorial units. In most EU countries, municipalities are the main element for delineating rural areas. A small number of countries use settlement boundaries or built-up areas for this purpose. The most commonly used criteria for delineation are the number and density of the population – either at settlement level or at the level of the municipality as a whole [18]. However, the thresholds for these criteria vary considerably between countries. Some countries also include other factors in their definitions, such as the structure of employment in different sectors or commuting patterns.

Establishing uniform criteria for defining rural areas across the European Union is a complex task, primarily due to the considerable variations in social and economic development that exist not only between countries but also among regions within a single country [18].

The methodology used to define rural areas in the EU has evolved considerably over the last decades. In the surveys on labour force and living conditions, the European Commission uses its official spatial concept, which it applies for statistical purposes and is regulated by Eurostat. This classification is used by Eurostat to define the character of a given territory at local level (LAU2).

According to this concept, areas are divided into three types: densely populated, intermediate and sparsely populated. The latter category includes a group of local administrative units with a population density of less than 100 inhabitants per square kilometre and a population of less than 50,000. In this way, sparsely populated areas are identified as rural in EU countries. However, this method is based on administrative units (LAU 2) which can vary considerably in area, which makes it difficult to make the results objective and comparable between countries with different sizes of territorial units [6].

In 2010, the European Commission published a new definition of urban and rural areas based on a grid of population cells. This definition introduces the concept of rural grid cells, which are used to define rural areas at local and regional level. In countries such as Denmark, Sweden, Finland, Austria, the Netherlands, Slovenia and Croatia, a spatial database exists that is consistent with the actual results of the population census. For the remaining Member States, the classification is based on a detailed population grid, taking into account data from the territorial level LAU 2 and land cover data. For example, in Bulgaria uses a working definition according to which rural areas are “municipalities whose largest city has a population of less than 30,000 and a population density of less than 150 inhabitants per sq. km”.

This definition was changed in the following programming periods (2007–2013 and 2014–2020), when rural areas were defined as

“municipalities (LAU 1) in which there is no settlement with over 30,000 inhabitants” [6].

In recent years, given the demographic problems of the lagging rural regions and settlements, the corresponding amendments have been required.

Thus, according to the “Strategic Plan for the Development of Agriculture and Rural Areas for the Programming Period 2023–2027”, rural areas in Bulgaria are defined as municipalities in which there is no settlement with more than 15,000 inhabitants.

These areas cover about 81.16% of the country’s territory and include about 39% of its population. Under the new definition, 215 out of a total of 265 municipalities in the country are classified as rural [6].

MATERIALS AND METHODS

Assessment of the contribution of Local Initiative Groups (LAGs) to the development of rural areas and support for regional development.

To evaluate the role of Local Initiative Groups (LAGs) in fostering rural and regional development, we conducted a survey-based study aimed at assessing their impact and identifying key challenges. This approach allowed for a detailed analysis of how LAGs contribute to the growth and revitalization of rural areas. Here it is worth emphasizing that data collection is carried out using the survey method and the focus group method. The survey was carried out in the period January – April, 2024 in the manner of face-to-face. When determining the sample (the group of respondents to whom the survey is directed), the “random principle method” [10] was used and on this basis we included districts and municipalities where Local Initiative Groups are located and they are working successfully. Additionally, the participants in the focus groups were selected from participants in measures included in the “LEADER” axis. The organization and conduct of the survey was carried out with the assistance of the National Agricultural Advisory Service of the Republic of Bulgaria.

The survey also included other questions that related to other policies and forms of

monitoring, going beyond the object and subject of this presentation.

In the study of the impact of the LEADER approach, 27 local initiative groups were identified and surveyed based on the above criteria, out of nearly 54 registered on the first ballot from different territories of the country. A minimum of 10 local representatives were surveyed from each local initiative group, with the total number of respondents being 278.

In order to obtain the necessary data for analysis and assessment of the role of the LEADER approach, the following questionnaire was developed, as shown in Table 1.

Table 1. Questionnaire for assessing the contribution of the LEADER approach

Questionnaire card			
To what extent do you think the LEADER approach has contributed to:	Low 1	Mean 2	High 3
1. Strengthening governance in rural areas entails	5	9	13
2. Unlocking the internal development potential of rural areas	0	8	19
3. Adopting multi-sectoral approaches and encouraging cooperation are key strategies for effectively implementing rural development programs.	12	11	4
4. The priorities of axes 1, 2 and 3?	8	11	8
5. Introducing innovations in rural areas	5	9	13
6. Encouraging cooperation and the exchange of best practices	0	9	18
7. How can the objectives of one or more of the other three axes be more effectively achieved?	2	8	15
8. Increasing the capacity of LAGs and other partners involved in the implementation of local development strategies?	0	0	27
9. Increasing capacity for LEADER implementation?	0	9	18
10. Who are the main beneficiaries of funds allocated by the LAG /give a quantitative measure - number or percentage of total/

Source: Own interpretation.

Each respondent was asked a total of 10 questions, which needed to be answered using a three-point scale as follows: 1 – low importance of the contribution, 2 – medium importance of the contribution and 3 – high importance of the contribution.

Group discussions (focus groups) were used as a method in the study, which allows for in-depth exploration of the research topic, while also taking advantage of the group effect [5]. During the discussions, through spontaneous and detailed discussion of previously determined conclusions from the survey in small groups of people, it is clearly formulated which are the main factors of local initiative groups that contribute to the development of rural areas [16].

The discussions are organized and guided by a moderator (a person from the research team) who sets the questions for discussion, ensures equal participation of the individuals, and guides in new interesting directions spontaneously expressed by the participants.

Table 2. Schedule for conducting the on-site investigation

No.	City	Home /time/	Date
Field survey			
1	Plovdiv	14.00	27/01/2024
2	Pazardzhik	14.00	28/01/2024
3	Pleven	10.00	28/01/2024
4	Veliko Tarnovo	10.00	29/01/2024
5	Haskovo	10.00	29/01/2024
6	Yambol	12.30	30/01/2024
7	Sliven	11.00	30/01/2024
Focus groups			
1	Plovdiv	14.00	20/03/2024
2	Pazardzhik	14.00	21/03/2024
3	Pleven	10.00	28/03/2024
4	Veliko Tarnovo	10.00	29/03/2024
5	Haskovo	10.00	29/03/2024
6	Yambol	12.30	01/04/2024
7	Sliven	11.00	01/04/2024

Source: Own interpretation.

RESULTS AND DISCUSSIONS

Analysis and evaluation of survey data.

A number of 270 respondents, representatives of the selected local initiative groups, took part in the survey and focus groups.

According to their information, Figure 1 shows the structure of beneficiaries who have projects administered by local initiative groups (LAGs).

It is noteworthy that in the surveyed local initiative groups, the agricultural producers are the most active in the defined measures - 33% of the total beneficiaries.

The key participants in executing the local development strategy (LDS) are those who are most knowledgeable about the administered measures and frequently visit the LAG offices. The active involvement of agricultural producers in utilizing the funds allocated under the LAG's local development strategy can be attributed to the fact that the application process for projects is more straightforward compared to the procedure followed by the Paying Agency.

The next in terms of activity under the LAG measures are small businesses - 25% and Non-Governmental Organizations (NGOs), respectively 19% of the total respondents. The low share of participation in the implementation of the LAG local development strategy by municipal structures is striking - only 7%.

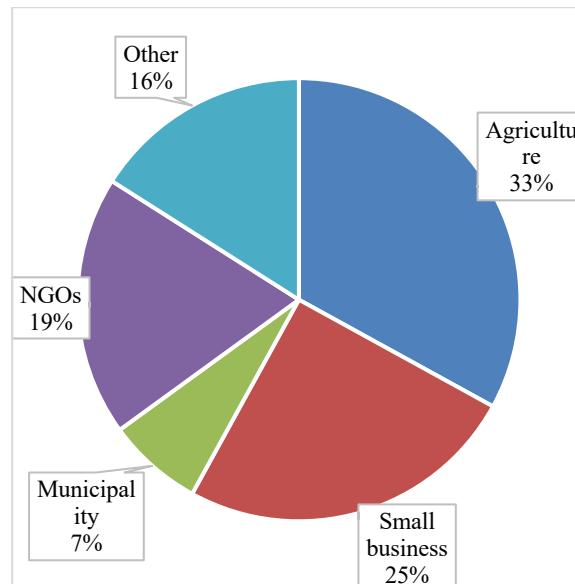


Fig. 1. Beneficiary groups under the measures administered by the LAG.

Source: Own survey among 270 respondents. Period January – April, 2024.

Nearly 90% of the respondents, representatives of the surveyed LAGs, respond that they know

about the existence of the Local Initiative Group (LAG) on the territory of the municipality in which their business is located. And over 3/4 are familiar with the local development strategy in detail. All persons familiar with the strategy know that the agriculture and small business sectors are subject to financing.

The share of persons recognizing the Municipal Government as a beneficiary under the measures of the Strategy is also high (over 2/3).

Only the financing of activities of non-governmental organizations is considered possible by only 20% of the respondents.

Figure 2 present the results regarding identification of stakeholders as potential beneficiaries of the C&D.

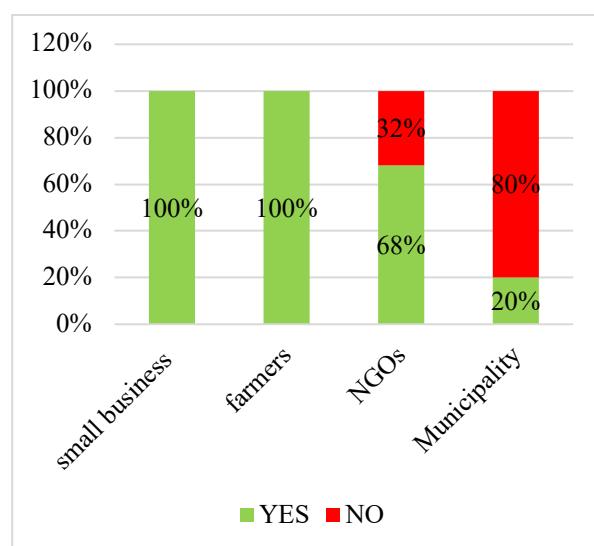


Fig. 2. Identification of stakeholders as potential beneficiaries of the C&D.

Source: Own survey among 270 respondents. Period January – April, 2024.

The participants in the focus groups were asked whether they knew which project financing measures was included in the local development strategy of their LAG. The responses were categorized according to support sectors. Notably, a significant percentage of respondents were aware of the measures included in the local development strategy - over 90% of farmers and small businesses, and around 65% of NGOs. (Figure 3).

About 70% of the respondents answered that they could name at least one application measure administered by the LAG. Of interest is the question of whether local businesses and other beneficiaries of the measures administered by the LAG visit the office of the structure and whether they often seek information about its activities – the answer is that 1/3 of them state that they have made such visits. The information that is mainly sought concerns what investments can be financed and to what extent, as well as what documents are needed and what assistance they can receive for their procurement [5].

When asked what contributions the implementation of the local development strategy has brought to their LAGs, 40% of the individuals answered that it improved the living environment, about 30% indicated an increase in the potential of the local economy, 10% could not assess, and about 20% categorically believe that no such contributions have been realized (Figure 4).

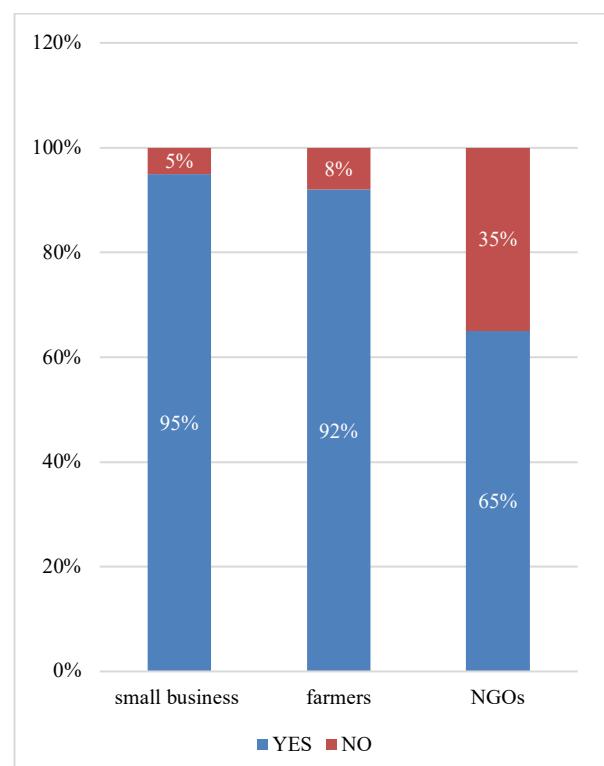


Fig. 3. Knowledge of measures of stakeholders who are administered by the LAG, Bulgaria

Source: Own survey among 270 respondents. Period January – April, 2024.

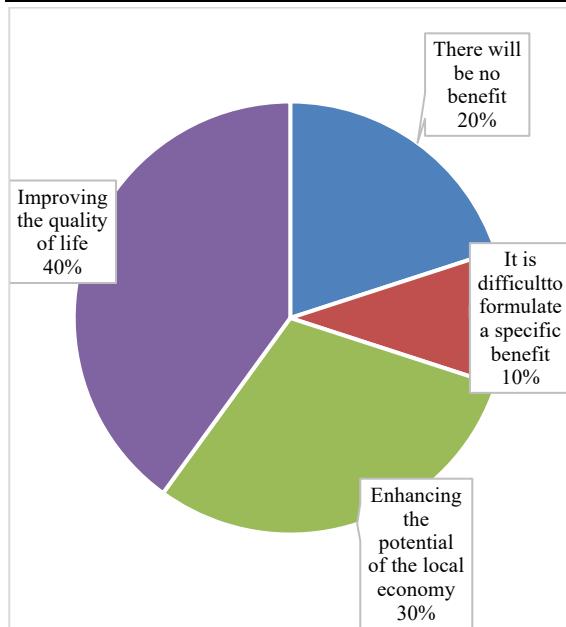


Fig. 4. Benefits of implementation of the LAG local development strategy.

Source: Own survey among 270 respondents. Period January – April, 2024.

Figure 5 presents the survey results on the outcomes of the LEADER approach in relation to the specific objectives set within this axis. Overall, the assessment indicates that the approach is considered successful in achieving its objectives. It is evident that the two measures have primarily contributed to enhancing the capacity of LAGs in executing the local development strategy (with the highest score of 3 on the assessment scale), mobilizing internal resources for rural development (scoring 2.7, which represents a significant contribution on the used scale), and increasing the capacity to implement the local development strategy. The lowest impact of the approach is observed in efforts to promote cooperation for the implementation of the Rural Development Program. The LEADER approach's contribution to achieving the priorities of the other three axes is evaluated as moderate.

Alongside the quantitative assessments of the LEADER approach's contribution to building capacity in the rural areas involved, respondents also shared their views on the challenges faced during the program's implementation (Figure 6). The primary issues and challenges identified in relation to the two measures encountered by the LAGs were

frequently mentioned in focus groups and include delays in finalizing contracts for financing local development strategies, which shortened the implementation period. The assessment and analysis revealed that delays in project negotiations led to the demotivation of potential beneficiaries and a reluctance to proceed with investment plans. Additionally, delays in the approval of costs and activities (such as the LAG's annual budget) resulted in a reduced timeframe for implementing planned activities, which posed a risk to adhering to the 60% to 40% rule. These delays also undermined the financial stability of the LAG and caused setbacks in the signing of annexes for the transfer of financial resources between measures in the execution of the local development strategy. Furthermore, delays in approving reports for activity reporting and payment requests for incurred costs in the implementation of projects were also significant challenges.

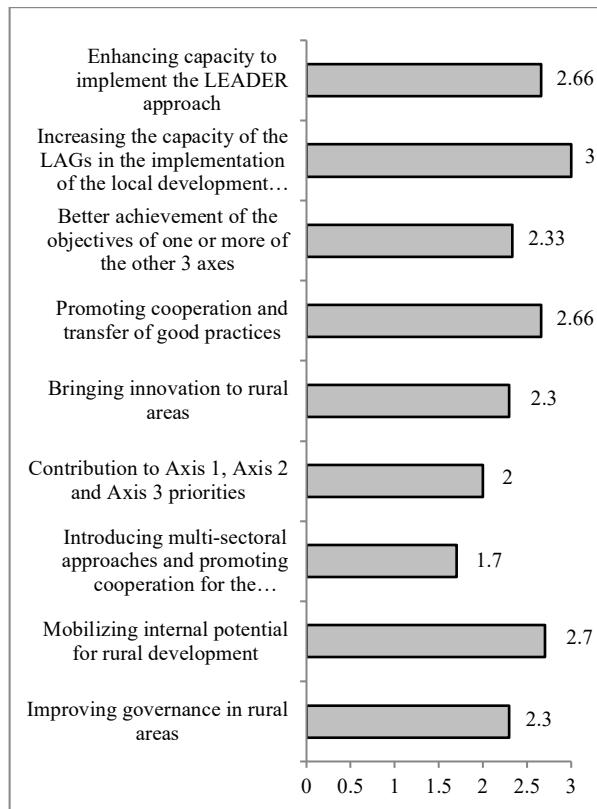


Fig. 5. The achieved effects of the LEADER approach on the main sub-objectives set.

Source: Own survey among 270 respondents (the scores are the arithmetic mean). The rating scale is three-point – 1 – low, 2 – medium and 3 – strong. Period January – April, 2024.

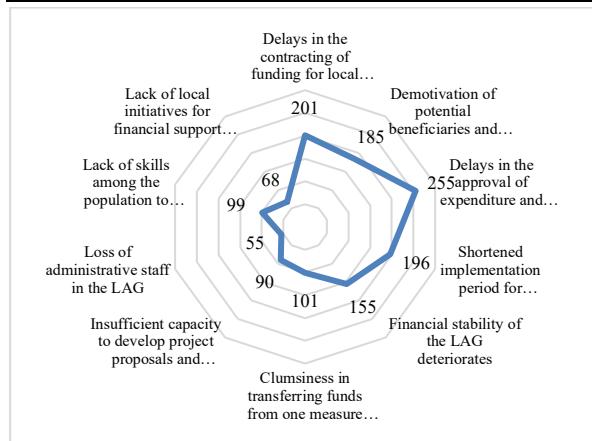


Fig. 6. Challenges in implementing the LEADER approach.

Source: Own survey among 270 respondents who participated in the focus groups. Period January – April, 2024.

Business and rural development with tools for local development. While rural areas have traditionally been linked to agriculture, today these regions provide a diverse array of business opportunities, driven by advancements in technology, tourism, the processing industry, and other sectors [5]. Thus, the opportunities through Local Initiative Groups (LAGs) to promote business development in rural areas are accompanied by a number of challenges, but also significant opportunities for growth and sustainable development.

So in the Rural areas offer a wide range of resources and advantages that can be used to develop a variety of business activities. The role of agriculture and agribusiness is important [18].

In practice, traditionally Rural areas are associated with agriculture and livestock. These sectors continue to be the backbone of the economy in many rural communities, offering opportunities for innovation in organic farming, sustainable production and agrotechnologies. The possibilities for processing agricultural products and adding value also offer prospects for the development of agricultural production. Rural areas are increasingly relevant and ideal for the development of various forms of tourism. They can develop types of tourism such as ecotourism, cultural tourism, rural tourism and agro-tourism. The way in which relevant

tourism services are provided to people seeking an escape from city life and moving towards natural and authentic experiences in the villages is of great importance [7]. These regions offer beautiful landscapes, traditional culture and cuisine, as well as opportunities for active recreation - walking, cycling, hunting and fishing. It is also of great importance with still operating programs related to the processing industry. There is still the necessary human potential for the development of these sectors and the support of Local Initiative Groups (LAGs) can play a significant role. Because many rural areas have natural resources that can be processed locally. Processing local products such as dairy products, meat, fruit and vegetables can create new jobs and add value to the regional economy. Local products often have unique characteristics and high quality, making them attractive to both local and international markets [15]. Another essential element in rural areas is preserved brands and folklore. This means supporting projects to create collections and local products based on specific crafts. In rural areas, old crafts and traditional production methods are often maintained. Craft businesses can include the production of handmade products such as textiles, ceramics, furniture, food and drinks. These products often have a unique value for consumers who are looking for authentic and handmade goods. Next in line is creating conditions for improving the water supply system and obtaining "green energy" [23]. This could also become a priority for Local Action Groups (LAGs), because rural areas offer significant potential for the development of green energy projects – solar and wind farms, bioenergy plants and other sustainable energy solutions. Investments in green technologies can contribute to reducing energy consumption and protecting the environment. Business management and rural development require a comprehensive approach that takes into account the specific needs and challenges of these territories [7]. Rural areas often face multiple economic, social and infrastructure problems that require targeted and well-considered development strategies. For this reason, Local development instruments aim to

stimulate economic activity, create jobs and improve the quality of life in rural communities. By implementing these instruments, local authorities, together with the business sector and civil society, can develop and implement sustainable development strategies that meet the specific needs and potential of their regions [7].

There are various instruments for local development and Local Action Groups (LAGs), which can be used to manage businesses and rural areas. These tools include development strategies and programs, financial mechanisms, public-private partnerships, networks and cooperatives, as well as various forms of support for small and medium-sized enterprises [13]. Of course, programs, strategies and development plans remain only "good wishes" on paper if these regional planning and management tools are not financially justified and adequately supported financially. When considering the full range of measures and financial instruments aimed at supporting rural development, particularly within the framework of the Rural Development Program, it becomes clear that the financial contribution of the LEADER approach plays a symbolic role in this support. According to data from the Ministry of Agriculture and Food of the Republic of Bulgaria, as of December 31, 2020, only 103,368,572 BGN (52,851,512 EUR) had been spent under the LEADER approach for the implementation of investment projects within local development strategies. [15]. This represents only 3% of the total expenditure carried out within the framework of the Rural Development Program of the Republic of Bulgaria.

CONCLUSIONS

The impact of the LEADER approach on a specific territory and its local community is diverse and can be evaluated from several perspectives, including economic, social, and environmental dimensions. A key way the approach influences a territory is by fostering economic development in rural areas. In this context, Local Initiative Groups (LAGs) emerge as an important factor in the

development of rural areas in Bulgaria. This highlights the results of the implementation of the Local Initiative Groups (LAGs) approach, which has varying degrees of effectiveness depending on the awareness of its applicability and efficiency. Overall, this approach contributes to the creation of new jobs by encouraging the development of new businesses and supporting existing enterprises in rural areas [14]. This is particularly important for retaining young people in these areas, where there is often a lack of sufficient economic opportunities. Increased employment leads to improved living standards and reduced migration to larger cities. An example of this is the development of agri-tourism in some rural areas, where thanks to the Local Initiative Groups (LAG) and the implementation of a number of projects, new tourist sites and services are created that attract visitors and generate income for the local economy. Businesses and services are also created that are not provided in the territory of the specified rural areas at the time of application. This not only increases the number of employed people, but also contributes to the economic sustainability and innovation of the area by expanding sources of income. The implementation of the approach promotes social inclusion and the reduction of inequalities. Local Action Groups (LAGs) and the implementation of their strategies provide opportunities for participation of all groups in society, including vulnerable and marginalized groups, such as women, young people, the elderly and ethnic minorities. This is done by financing projects that aim to create new jobs, provide education and training, and provide social services. Through projects supported by Local Initiative Groups, training centers and social services can be created to provide support to unemployed youth or women who want to start their own businesses. The approach can finance initiatives to build composting facilities that turn organic waste into valuable fertilizers for farmers. In addition, local communities can be encouraged to participate in waste reduction and separate collection campaigns, which also contribute to environmental protection and reduce waste management costs. Finally, for Local Initiative

Groups (LAGs) to succeed, it is crucial for them to implement high-quality regional development policies that align with demographic trends, such as population aging and urban migration. Social inclusion, enhancing access to services, and reducing inequalities are key priorities that must be incorporated into development strategies. Based on the various aspects of regional development, strategic planning, the LEADER program and business management in rural areas, effective regional policies can be implemented through LAGs, emphasizing the importance of integrated approaches and local initiatives for achieving sustainable development.

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