

## DEVELOPMENT OF THE RURAL REGIONS IN BULGARIA UNDER THE PERIOD OF RELOCATING OF CAP

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### *Abstract*

*Increasing challenges in front agriculture and rural areas in Europe lead new approach of restructuring of the CAP after 2013. Thus is resulting in the needs for reform for the next programming period - 2014-2020. The policy changes in agriculture are essential for the successful development of rural NMS. Scientific and practical interests are the main factors which necessitate changes in current agricultural policy for the next programming period. The main aim of this paper is to assess possible future changes in policies aimed at rural development and factors affecting their development. On this basis are made generalized conclusions and proposals for future relocating of the budget of the CAP.*

**Keywords** : rural areas, CAP, sustainable development, Bulgaria

### INTRODUCTION

#### **Expected changes in the CAP after 2013.**

Growing challenges facing agriculture and rural areas in Europe calls for a relocating of the CAP after 2013. This is resulting in the needed reform for the next programming period - 2013-2020. In the new programming period also seeks to realize the objectives of the Common Agricultural Policy of the European Union, enshrined in the Treaty of Rome.

European Commission identifies three major challenges facing agriculture and rural development in the future in terms of sustainable development. Regarding the economic aspect, they are to ensure food security, market stabilization and development of food chains. In environmental terms, the challenges facing the EU are related to greenhouse gas emissions, soil erosion, water quality and air pollution, habitat and biodiversity. In social terms the challenges associated with ensuring the viability of rural and regional economies and diversification on a regional level.

According to some authors [4], the expected changes are caused by two main groups of factors. The first is related to changes due to

internal factors of development and improvement of the applied current Common Agricultural Policy. The second group includes external factors into account new trends in world agriculture. In this connection the preparation of changes to CAP are caused by the first group of factors, some of the changes are related to intentions to simplify the single farm payment and unit area, to improve the system of cross-compliance by revising the required standards changes in the lower and upper limits of subsidies and others.

On the conference of the European Commission "The Common Agricultural Policy after 2013" from 19-20.07.2010 [1] have been highlighted some of the ways for future development of agricultural policy and related rural development. It is proposed that the in next programming period should be performed a significant changes in the two pillars of the CAP - direct payments and the Program for Rural Development.

Underlined is the view that the future CAP should not be a policy to serve only a small, albeit vital part of the EU economy, but will be the policy of strategic importance for food security, environmental protection and development of territories. In connection with

rural focus is placed on the need for better coordination between various programs and funds that cover rural areas.

## MATERIAL AND METHOD

The main purpose of this paper is to evaluate the possible future changes in policies aimed to rural development and factors affecting development of rural areas, and on this basis to make generalized conclusions and proposals for future development of these regions. The report is based on data which is a part of a research project Scarled [5]. Respondents are experts in the field of agriculture. The study was conducted in 2010. The analysis is divided into three levels. On the first level are observed the expected changes of the CAP after 2013. The second level shows the distribution of funds under priority axis for the period 2007-2013 and the expectation for redistribution of funds for the next programming period after 2013 in a manner what would affect most favorable rural development. On the third level are analyzed factors affecting rural development with economic, social and environmental impact. In this section, respondents were ranking the importance of factors presented to them, using estimates between 1 to 5, 1 - is not important factor to 5- extremely important factor for the development of the areas. Based on the analysis are made generalized conclusions about possible changes in the CAP connected to rural development.

### **Budget allocation per priority axis and redistribution for next programming period**

Implementation of policies for rural development in Bulgaria are related to the implementation of National Strategic Plan through a single program for rural development, developed at national level. National Strategic Plan 2007-2013 sets strategic goals based on strategic guidelines for rural development. It sets strategic goals also on the main priorities of EU as employment, growth and sustainability, on other EU policies, such as on socio-economic conditions in rural Bulgaria. These objectives

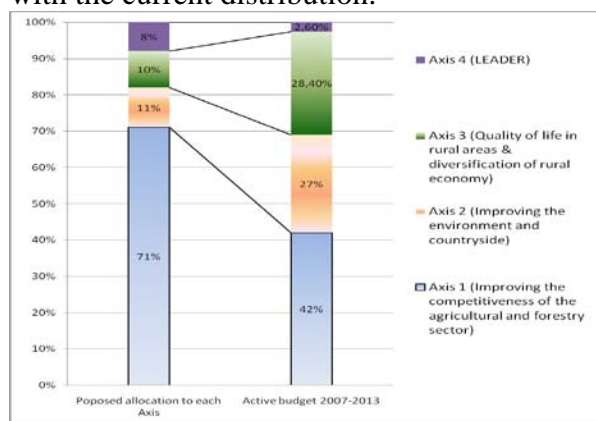
are aimed to improving economic and social conditions in rural areas through the development of competitive agricultural industry, protection of natural resources and environment, improving the quality of life and promote employment opportunities. Strategic approach to achieving the first goal set includes modernization of technology and introducing modern land management, innovation, diversification of economic activities, the modernization of farms in terms of their impact on the environment, adaptation of farm structures and land ownership and etc. To achieve the first objective are provided measures in Axis 1 of the Program for Rural Development and in 2007 have been provided 42% of the total budget from all 4 axes for 2007-2013.

The second goal of the National Strategic Plan for Rural Development in Bulgaria for the period 2007 - 2013 is associated with the development of agricultural techniques aimed to preservation of the environment in rural areas. It promotes activities related to biodiversity conservation, water protection, sustainable land use and natural resources through the introduction of good agricultural practices. To solve the environmental problems, on axis 2 are given 27 percent of the total budget of the four axes for the planning period 2007-2013.

The third strategic objective is aimed to increasing employment opportunities and improving the quality of life in rural areas. This objective- third strategic priority of the Community is named "to improve living conditions in rural areas and encouraging diversification of rural economy". The budget is 28.4% of all four axes. Innovative and integrated approaches to rural development are supported through the LEADER axis in accordance with the fourth Community strategic priority of "building local capacity for employment and diversification." where 2.6% of the budget will be submitted by the Leader axis.

Reallocation of budget priority axes for the next programming period is an important part of achieving better development of the agricultural sector and becoming a

competitive industry. For this reason, the experts participating in the survey have been asked to offer an option for the budget allocation (Figure 1). Redistribution is done for the next programming period compared with the current distribution.



Source: [3], [5]

Figure 1. Comparative characteristic of resources on priority axes for 2007-2013 and 2013-2020

Taking into account the needs for restructuring and modernization of Bulgarian agriculture, forestry and food industry, this survey shows that the funds to Axis 1 should be increased by nearly 30% at the expense of the other axis for the next period. Activities under this priority axis will promote productivity growth and competitiveness of agriculture, food and forestry sectors and thus contribute to achieving the Lisbon strategic goals for growth and employment (by maintaining and creating employment in these sectors).

According to the experts for axis 2 the allocations should be 11%, i.e. unlike Axis 1, Axis 2 funds decreased by 16%. Support for sustainable land management and forestry, and conservation of biodiversity and traditional agriculture will help to preserve the attractiveness of rural areas, improvement of soil, climate and etc. For achieving the goal-build local capacity for employment and diversification of the economy is proposed sources to be reduced from 28.4% to 10%. About Priority 4 experts believe that funds should be increased from 2.6% to 8%. Even the problems of the implementation of projects in the current period (coordination, or lack of human resources for the realization of

the objectives [6]) during the next period, the study shows that funds LEADER should be increased.

### Factors affecting rural development in Bulgaria

Assessments of factors influencing rural development in Bulgaria are very important to target resources to overcome the negative impacts and enhance positive effects of some of the factors for sustainable development. From scientific and practical interests are the main factors which necessitate changes in current agricultural policy for the next programming period. The estimated factors are presented in Table 1. The factors which have significant impact upon future changes in policies for rural areas are mostly economic. Economic growth is the highest score evaluated compared to all the proposed assessment. The assessment is 4.8 of maximum influence 5. In second place were the implemented current regional strategies. Experts believe that properly chosen strategy and prioritization for each region would help its development in the best way. Strategies should be in compliance to the specific conditions in the area. Also, the significant impact is observed by market support and direct payments.

Table 1. Evaluation of the factors supporting rural development in Bulgaria

Factors supporting rural development in Bulgaria	score
National economic growth	4,80
Regional strategy	4,70
CAP Pillar 1 market support	4,70
CAP Pillar 1 direct payments	4,70
Economic growth in country's main urban areas	4,60
Foreign Direct Investment	4,60
Infrastructure development	4,20
Access to the EU Single Market	4,10
Globalisation and knowledge economy	4,00
CAP Pillar 2 (e.g. agri-environmental & Less Favoured Area payments and LEADER)	4,00
Agricultural Research and Development	4,00
Demographic changes (e.g. migration, ageing)	4,00
Quality of labour force (e.g. skilled, flexible, adaptable and young)	4,00
Local initiative and small businesses	4,00
Social capital (networking/cooperation)	3,80
Natural (resources) endowment	3,70
Attractiveness of environment and the conservation of countryside	3,70

Source: [5]

Urban development and foreign investment also have a large role in the development of the country, and hence the rural areas. Building infrastructure is evaluating with average score 4.1 from 5, which ranks it among the other factors on one of the most important indicator. Many of the factors shown in Table 1 have received scores of 4, making them important to the development of the regions in Bulgaria. Some of them have great social significance as demographic changes and population shifts, the depopulation of some villages in Bulgaria and their impact in development of the municipality, region and country.

The quality of the workforce, incl. staff skills, flexibility and adaptation of young people is a major social factor that may require policy changes. The development of local active groups and the creation of initiatives for starting and maintaining small business experts determined also as important factor. Interviewed persons gave low scores for factors as natural resources for granted, the attractiveness of the environment and preserve the landscape. The given explanations by respondents are that funds allocated to the achievement of environmental concern and conservation of natural resources are properly targeted.

## CONCLUSIONS

Based on the analysis can be made the following summarized conclusions and recommendations:

-There will be changes in the first two pillars of the CAP. It will also focus on food security, environmental protection and development of territories. About the rural areas it is necessary the highlight to be put on better coordination between different programs and funds, which are covering rural areas.

-According to the experts in Bulgaria the most important tools are in Axis 1. They share the view that it is necessary to increase the importance of the Leader approach as reorganizing resources on priority axes. This should be done according to the possibility of

absorption, in a way that would be most effective for rural development;

-Funds for Axis 1 and Leader should increase with the largest share, compared to others axis. This will encourage the growth of productivity and competitiveness of agriculture, food and forestry sectors, and will comply with the Lisbon strategic goals for growth and employment in rural areas.

-Changing policies terms of economic growth and regional strategies could have the most significant importance for the future development of rural areas.

-Changes that would be introduced relating to natural resources and the attractiveness of the environment and landscape could have slightly affected the rural areas. Experts believe that at this moment, the funds allocated to support these factors are properly addressed.

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