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DEPARTMENT OF STRATEGIC PLANNING**

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ABSTRACT

**OF A DISSERTATION FOR THE AWARD OF THE EDUCATIONAL AND
SCIENTIFIC DEGREE 'DOCTOR' IN THE DOCTORAL PROGRAMME
„ORGANISATION AND MANAGEMENT BEYOND THE SPHERE OF MATERIAL
PRODUCTION (PUBLIC ADMINISTRATION)”**

STIMULATING THE ECONOMIC DEVELOPMENT OF RURAL AREAS THROUGH ACTIVATION OF LOCAL COMMUNITIES

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**SVISHTOV
2022**

The dissertation was discussed and proposed for defence, pursuant to the provisions of the Law on the Development of Academic Staff in the Republic of Bulgaria, by the Department of Strategic Planning at the D. A. Tsenov Academy of Economics, Svishtov at a meeting held on 19 April, 2022.

The dissertation is in the volume of 268 standard pages, including 224 pages main text and 44 pages appendices, and consists of: an introduction – 10 pages, an exposition, in three chapters – 193 pages, a conclusion – 6 pages, a list of references – a total of 125 sources, including 49 in Bulgarian, and a declaration of originality. The dissertation paper is illustrated by 52 figures and 41 tables.

The open session of the scientific jury for defence of the dissertation will be held on 01 July, 2022 in the Rectorate Conference Hall of D. A. Tsenov Academy of Economics – Svishtov.

All materials related to the defence shall be available upon request at the Department of Academic Studies and Academic Staff Development of D. A. Tsenov Academy of Economics – Svishtov.

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I. GENERAL CHARACTERISTICS OF THE DISSERTATION

1. RELEVANCE OF THE TOPIC

The topic researched is of high relevance and scientific and applied value. Some of the most serious problems in the EU are related to the lagging behind in the economic development of the rural areas, the growing disparity in the productivity and the standard of living between urban and rural areas, the ageing of population and the deterioration of the demographic structure in rural areas. EU rural development policy has been growing in importance and is part of the Union's Common Agricultural Policy (CAP). The Rural Development Program (RDP) has been implemented in Bulgaria since joining the EU with the main objectives of improving living standards, increasing the level of services in rural areas, development of agriculture and forestry, protection of natural resources and other. It is an important tool for converging the level of development of urban and rural areas. Rural economic development, based on the involvement of local communities, ensures growth and meeting the needs at the local level through the application of the multi-sectoral LEADER approach. The study presents the LEADER approach as providing for balanced development and improving the quality of life in rural municipalities based on the development of local resources and capacity building at the local level. The topic is particularly relevant in the context of the debate on the European Union budget and the future of the common agricultural policy - especially after the recent challenges facing Europe and the world, such as Brexit and the COVID-19 pandemic.

It is namely the desire to make a thorough and critical analysis of the implementation of the LEADER approach in Bulgaria as one of the few instruments for the involvement of local communities and ensuring balanced development of rural areas that motivates the research focus of the dissertation. In this line, the dissertation can be characterized as very relevant for the following reasons:

First. The serious problems in the development of rural areas in Bulgaria such as lagging behind in economic development, growing disparity between urban and rural areas, deteriorating demographic structure in rural areas and ageing of the population.

Second. The existence of an instrument for supporting the development of rural areas with endogenous nature of the proposed interventions, implemented as part of the Common Agricultural Policy of the EU and in Bulgaria after its accession to the Union, known as the LEADER approach.

Third. The importance of the true and correct measurement of the results of the LEADER approach in Bulgaria at the end of the second programming period and justification of its use for involving local communities in rural areas in the period after, which is expected to be difficult in the context of the severe economic crisis caused by Brexit, the COVID-19 pandemic and the Russia - Ukraine conflict.

2. OBJECT AND SUBJECT OF RESEARCH

The object of the dissertation research is the economic development of the rural area in Bulgaria as a specific combination of local resources and institutional capacity. **The subject** of the research are the problems and ways to promote the economic development of rural areas using the “bottom-up” approach to activating local communities.

3. RESEARCH PURPOSE AND TASKS

The purpose of the dissertation is to investigate the economic development and the mobilization of the local potential of rural areas in Bulgaria in order to identify the problems and to evaluate the results and the effects of the implementation of the LEADER approach as an influential instrument of the EU Common Agricultural Policy for coping with the serious problems in the economic and demographic situation of rural areas by activating local communities. On this basis, the dissertation thesis comprises the following six tasks, the consistent completion of which will ensure the achievement of the purpose of the dissertation. The tasks of the research, which contribute to the overall and in-depth analysis of the considered issues, are defined as follows:

1. To review the extant literature on the local economic development of the regions and the methods for its promotion, to study the role of multi-level governance in the European Union's regional development policy, to define the place and the role of the Common Agricultural Policy of the EU on integrated rural development in the member

states and to clarify the place of the LEADER approach in the context of the concepts of economic development as a set of territorial scope, measures and activities, networking and multi-sectoral focus.

2. To do a functional and spatial analysis of local action groups (LAGs) in the Republic of Bulgaria, as a specific form of public-private partnership for decision-making in the scope of the Local Development Strategy (LDS) and integrated assessment of their impact on local economic development in Bulgarian municipalities.

3. To do a comparative analysis of the municipalities implementing the LEADER approach and those that do not fall within the scope of rural municipalities, as potential reasons for the differences in the local economic development of the municipalities of Northern and Southern Bulgaria.

4. To study the interdependence between the type of community-led local development strategies (CLLD strategies) – supported under one or several EU funds, and the amount of grant awarded to finance selected by LAGs projects for promoting local economic development.

5. To create a survey design to assess the impact of the LEADER approach on the activation of local communities and to conduct a survey, the data from which to be used for descriptive analysis, hypothesis testing and correlation analysis of the responses.

6. To develop a system of indicators for analysis and assessment of the effects of the LAG functioning in terms of activating local communities and achieving the objectives of the CLLD strategies.

4. RESEARCH METHODOLOGY

The methodology of dissertation research is based on descriptive analysis, comparative analysis, statistical methods of analysis, survey, deduction and induction and the graphical method.

5. RESEARCH THESIS STATEMENT

The thesis statement, defended in the dissertation is that *the activation of local communities through the implementation of the LEADER approach as a proven instrument*

of the CAP of the European Union is a significant contribution to economic development and solving the serious problems rural areas in Bulgaria face, thus the approach must be multiplied - to be continued and with increased national funding, to define more precisely and cover all municipalities in rural areas and to implement additional management measures to achieve synergies and more significant results in the cohesion of rural and urban areas.

6. CONSTRAINTS

The main **constraints** to the dissertation research are related to the territorial scope and the research period.

In the analysis of the characteristic features of the Bulgarian municipalities that implement the LEADER approach, the research period covers the years from 2000 to 2019. It comprises three sub-periods: negotiation process for EU membership - until 2007; first programming period of EU membership - from 2007 to 2013 and second programming period, here covering the years 2014 to 2019. The territorial scope of this analysis covers all 265 Bulgarian municipalities, including all 232 municipalities in rural areas and 117 Bulgarian municipalities participating individually or jointly with other municipalities in local action groups.

The samples used in the survey and in the analysis of the annual reports on the implementation of the community-led local development strategy (CLLD strategy) are drawn from all effective LAGs in the country, part of the LEADER network, which were 64 as of the time of conducting the study. The samples are formed in not less than 80% of the population, which is quite enough to draw valid conclusions about the population. The analysis of the annual reports on the implementation of the community-led local development strategy (CLLD) strategy is focused on the reports for 2019, which are publicly available and contain data on the actual implementation of strategies during the year and from the beginning of the period, completed projects, utilized resources and achieved effects, for which there is accurate and reliable data, allowing the correct methodological testing of the theories, concepts and measures considered in the dissertation.

7. PRACTICAL APPLICABILITY

The dissertation has three main aspects of practical applicability as follows:

First. The spatial analysis in the dissertation proves that some of the most deprived regions in peripheral position are absent from the map of LAG coverage. At the same time, there are LAGs in well-developed urban agglomerations and in most of the Black Sea municipalities. In order to address the demonstrated weaknesses, problems and deviations in the development of rural development policies and in the allocation of European and national resources to achieve the goals of community-led local development, it is necessary and pressing to revise the controversial, very broad and non-corresponding with the scientific understanding definition of ‘rural area’. The changes in this definition, proposed in the dissertation allow the government to distinguish rural communities in need of development support from municipalities with sufficient financial resources, administrative and social capacity for development.

Second. The main results of the dissertation allow us to draw conclusions about the effectiveness of the LEADER approach, which manages with a relatively small share of resources allocated to the total amount of development funds, to achieve significant community activation and commitment to local development, to attract significant contribution from the private and non-governmental sector, to induce new projects and create jobs. Bulgaria, like other new Member States, has chosen not to devote a significant share to implementing the LEADER approach, but rather to use traditional support mechanisms through centralized intervention. The increase in the share of LEADER funds in the RDP in the next programming periods proves to be of strategic interest for our country and for the most vulnerable local communities.

Third. The dissertation draws conclusions about the construction and application of the approach in different parts and regions of the country. The conducted survey proved that the effects and results of the application of the LEADER approach in terms of building facilities on the territory of the LAG, the competitiveness of local businesses, the improvement of services and of overall socio-economic development are evaluated as positive. The survey does not reveal a relationship between the administrative capacity, as well as between the socio-economic impact of CLLD on the development of settlements in

the respective part of the country and the location of the LAG. This implies that it is possible to implement the approach and to achieve comparable results both in Northern and Southern Bulgaria. Thus, the hypothesis of the need for a differentiated approach in the application of the LEADER approach in Northern and Southern Bulgaria and / or by regions is ruled out and the unified approach is proposed.

II. STRUCTURE AND CONTENTS OF THE DISSERTATION

The dissertation thesis meets the requirements of Art. 27, Para. 2 of the Regulations on the Implementation of the Act on Development of Academic Staff in the Republic of Bulgaria. It comprises 268 standard pages and is structured as follows:

First. Introduction of 10 standard pages.

Second. Main body, comprising three chapters of a total of 193 standard pages.

Third. Conclusion of 6 standard pages.

Fourth. List of 125 references and internet sources, including 49 publications in Bulgarian, the remaining – in English.

Fifth. An originality statement pursuant to Art. 68 para. 2 of the Regulations on the Academic Staff Development at D. A. Tsenov Academy of Economics.

The dissertation paper is illustrated by 52 figures and 41 tables.

The introduction of the dissertation outlines the main aspects of its relevance and defines its main scientific parameters, i.e. its object, subject, purpose, tasks, thesis statement, methodology and constraints.

Structurally, the dissertation consists of three chapters. The first chapter presents the conceptual framework of the study, thus examining the theoretical foundations, the regulatory framework and current issues of the approach to stimulate the economic development of rural areas by activating local communities in Bulgaria.

The focus in the second chapter is on the debate on the definition of rural areas for the needs of the practical implementation of the rural development policy. Here used are spatial analysis (geographical method) to assess the activities of the LAG, comparative

analysis and statistical study of the effects of the implementation of the LEADER approach in municipalities in Bulgaria.

The third chapter presents the results of a survey on the mobilization of local potential in municipalities in Bulgaria. A survey design was created to assess the impact of the LEADER approach on the activation of local communities. A survey on the impact of the implementation of LEADER approach on the mobilization of the local potential in municipalities in Bulgaria was conducted, the data collected analysed and the working hypotheses tested, thus drawing key for the dissertation thesis findings and conclusions.

Each of the three chapters is closed with conclusions drawn from the contents and the research described in it, thus supporting the thesis defended by the author.

The concluding part of the dissertation reviews the results of the conducted study and provides guidelines for future research on the topic as well as recommendations on the implementation of the LEADER/CLLD approach as a key instrument of the CAP of the EU.

In detail, the dissertation comprises the following main parts:

INTRODUCTION

CHAPTER ONE. THEORETICAL FOUNDATIONS, REGULATORY FRAMEWORK AND CURRENT PROBLEMS OF THE APPROACH TO STIMULATE THE ECONOMIC DEVELOPMENT OF RURAL AREAS

1. The fundamental role of the concept of multi-level governance in the regional development policy of the European Union
2. Condition of rural areas in Bulgaria in the context of the new EU Common Agricultural Policy (CAP)
3. The LEADER approach - a key catalyst for sustainable rural development and building of social capital
4. Local action groups as governing bodies in rural areas
5. Conclusions

CHAPTER TWO. IMPACT OF THE LEADER APPROACH ON LOCAL ECONOMIC DEVELOPMENT IN MUNICIPALITIES IN THE REPUBLIC OF BULGARIA

1. A comparative analysis of the economic development of rural areas in the Republic of Bulgaria in the context of the LEADER approach
2. Evaluation of the results of the LAG activity in the implementation of the Strategy for community-led local development
3. Conclusions

CHAPTER THREE. EMPIRICAL STUDY OF THE MOBILIZATION OF LOCAL POTENTIAL IN MUNICIPALITIES OF THE REPUBLIC OF BULGARIA WITHIN THE FRAMEWORK OF THE EU POLICY FOR DECENTRALIZED AND INTEGRATED DEVELOPMENT OF RURAL AREAS

1. Survey of the implementation of the LEADER approach for activating local communities in resolving the problems rural areas in Bulgaria face.
2. Analysis of the results of the survey on the implementation of the LEADER approach for activating local communities in resolving the problems rural areas in Bulgaria face.
3. Conclusions

CONCLUSION

BIBLIOGRAPHY

APPENDICES

III. RESUME OF THE DISSERTATION PAPER

INTRODUCTION

The introduction to the dissertation describes and presents the main topics comprising its body. It consistently clarifies the relevance and added value of the studied theoretical and empirical concepts and presents the object, the subject, the purpose and tasks of the dissertation research. It also states the research thesis, main constraints and methodology and describes the structure and content of the individual parts of the dissertation.

CHAPTER I. THEORETICAL FOUNDATIONS, REGULATORY FRAMEWORK AND CURRENT PROBLEMS OF THE APPROACH TO STIMULATE THE ECONOMIC DEVELOPMENT OF RURAL AREAS

The first chapter presents the conceptual framework of the study, thus examining the theoretical foundations, the regulatory framework and current issues of the approach to stimulate the economic development of rural areas by activating local communities in Bulgaria.

It presents views on: the role of the concept of multi-level governance in the European Union's regional development policy; the condition of rural areas in Bulgaria in the context of the new common agricultural policy of the EU; the concepts of economic development and the place of the LEADER approach in the models of endogenous development; the functioning of local action groups as governing bodies in rural areas, their administrative capacity and efficiency.

The term "multi-level governance" is a modern concept that first came to the forefront of political theory when, with the creation of the European Union and the subsequent European integration, it was established that power shifts not only from the central state level upwards to supranational structures, but also downwards to sub-national bodies.

The concept of multi-level governance was developed in the early 1990s by Liesbet Hooghe and Gary Marks. Their theory resulted from the study of the new structures introduced by the EU after the signing of the Maastricht Treaty in 1992, and offers a

simplified practical picture of how the EU works. Multi-level governance is an approach in political science and public administration theory that stems from studies of European integration and expresses the idea that in a developing global political economy, many policy-making authorities interact at different levels.

Multi-level governance within the EU is understood as respect for competences, sharing responsibilities and cooperation between the different levels of government: the EU, the Member States and regional and local authorities. In this context, it refers to the principle of subsidiarity, which makes decisions as close as possible to the citizen and ensures that this action at EU level is justified in view of the possibilities available at national, regional or local level. In practice, multi-level governance within the EU involves the participation and coordination between all levels of government, both in the decision-making process and in the implementation or evaluation of European policies.

The concept of multi-level governance is based on several key statements (Nugent, 2003):

1. European integration means that EU decision-making capacity is at several different levels. The most important of these are the supranational level of the EU institutions, the national level of governments and sub-national actors from regional and local government such as local authorities and interest groups;

2. European integration means a certain loss of sovereignty for the member states or the national governments. On the other hand, European integration increases the capacity of supranational authorities and sub-national actors, which now operate beyond national borders. Generally speaking, the intergovernmental view of states as the only important players in European politics is ruled out or belittled, at least by those who advocate multilevel governance.

3. It is assumed that the supranational, national and sub-national levels of government are interlinked with political development at one level, influencing the other levels, thus challenging the state-centric model. In this framework, for example, actions at the subnational level can have a profound impact on other levels and thus affect the speed and form of integration.

Multi-level governance allows the pooling of resources for governance and the application of democratic principles, while ensuring the freedom of individual states to act autonomously. The effectiveness of governance is enhanced by the creation of coherent standards for the implementation and enforcement of EU policies in various fields of activity such as the environment, industry and, in particular, safety – an issue that has become the very important in recent years. In this way, the concept of multi-level governance gets embodied into the main directions of the development of the European idea.

What has been said so far supports the idea that the successful development of a national economy cannot be achieved only by measures at the national level, but also requires measures at the sub-national level, i.e. at the level of individual regions, districts and municipalities. This is even more valid for rural areas, where long-term implementation of national measures alone does not produce sustainable positive results.

The Common Agricultural Policy (CAP) of the EU was established in 1962 by the six founding member states of the EU and is the oldest EU policy. It aims to:

- provide EU citizens with safe food at affordable prices;
- ensure a reasonable living for farmers;
- conservation of natural resources, as well as environmental protection.

The day-to-day management of the CAP is the responsibility of the member states, with the EU Court of Auditors controlling expenditure. The CAP is divided into three separate areas: direct support, market measures and rural development.

Rural areas in Bulgaria are a focal point of many problems that push them to the periphery of economic development. Historically, the definition of "rural area" in Bulgaria has undergone a number of changes. The definition of "rural area" is important from a planning point of view because it relates to the criterion for selecting the municipalities in which the LAG can operate, and its incorrect application distorts the LEADER approach to support of rural areas.

During the first programming period (2007-2013) Bulgaria was divided into 6 planning regions (statistical regions of hierarchical level NUTS 2 according to the methodology of Eurostat), 28 administrative areas (statistical regions of hierarchical level

NUTS 3 according to the methodology of Eurostat) and 264 municipalities (local administrative units of hierarchical level LAU 1, former NUTS 4 before the 2003 regulation). According to the definition of the Organization for Economic Cooperation and Development (OECD), rural areas in Bulgaria are statistical areas of hierarchical level NUTS 3, the population density of which is below 150 people per square km. Depending on this definition, 20 Bulgarian regions are classified as predominantly rural, 7 - as significantly rural and only the capital Sofia is defined as predominantly urban (National Strategic Plan for Rural Development (2007-2013), 2008).

During the second programming period of the Rural Development Program of the Republic of Bulgaria 2014–2020 (RDP 2014–2020) the national definition of the RDP 2007–2013 was adopted. It defines rural areas at the municipal level (LAU 1) and includes the territory of 232 of all 265 municipalities in which the largest settlement has a population of no more than 30,000 people. According to this definition, rural areas cover 81% of the territory and 39% of the population of the country. Many small towns are located in the rural areas of Bulgaria, one of the important functions of which is the provision of basic services to the population (Rural Development Programme in the Republic of Bulgaria 2014-2020, 2014).

The economy of the country is characterized by strong dependence on agriculture, high unemployment, ageing population, poor access/low quality of basic services (roads, sewerage, etc.) and migration to urban areas, and yet of good potential for rural tourism.

GDP per capita in rural areas is one of the lowest in the EU, which is indicative of their economic development, and the predominant part of companies in rural areas are micro and small enterprises. The economy in the rural areas is overly dependent on agriculture and offers scarce employment opportunities in other sectors. The poor condition or absence of basic infrastructure (roads, water supply, sewerage, etc.) and the low energy efficiency of public buildings offer limited opportunities for economic and social development, and the low quality and the lack of variety of social and health services, tourist attractions and infrastructure in rural areas make them not attractive for visiting and living.

The socio-economic picture is complemented by the low level of IT literacy and use of information and communication technologies. Local communities and stakeholders do not have significant capacity to create and manage local development initiatives.

As a result of all these findings on social and economic development, it is not surprising that GDP per capita in urban areas is significantly higher than that in rural areas. Overcoming one of the main problems for these areas - the negative demographic processes and maintaining the vitality of rural communities - is key to local development, and national and European support programmes need to create employment through new productive investment.

Rural areas may offer some positive characteristics that favour efforts to overcome negative trends. Among them, we should note the presence, although often in poor condition, of a dense system of settlements connected by a road network, the preserved rural communities with rich cultural traditions, a prerequisite for the development of sustainable tourism and protection of natural and cultural heritage. The provision of education and health services in these areas is financed with priority, because of the higher relative cost and the lack of administrative capacity.

According to the national definition used in the SAPARD Programme, the Rural Development Programme (2007-2013) and the Rural Development Programme (2014-2020), municipalities are in rural areas when no settlement in them is of population over 30,000 people. According to this definition, 232 out of 265 municipalities in Bulgaria are classified as rural. Currently, local initiative groups are registered in 117 Bulgarian municipalities, and they participate independently or jointly with other municipalities. At the moment on the territory of Bulgaria there are 64 LAGs, of which 21 LAGs include one, 33 LAGs - two and 10 LAGs - three municipalities.

Concepts of endogenous growth are evolving as an alternative to traditional neoclassical models of development. Endogenous models of economic growth can generate long-term growth without relying on exogenous changes in technology or population. John Friedman and Walter Stör view development policy through a regional prism. Local stakeholder initiatives are key to local economic development through their investment decisions and participation in making and implementation of policies (Friedmann &

Weaver, 1979). They point out that the economic prosperity of a territory is possible only when the companies and participants in the territory interact, organize and invest in the local economy. By this logic, they outline bottom-up development strategies that allow the mobilization and targeting of resources and development potential of the territory (Stöhr & Fraser Taylor, 1981).

The LEADER approach, based on the concept of endogenous development, encourages rural areas to look for new ways to improve their competitiveness and quality of life, to make the most of available resources and to overcome serious problems in their territories.

The LEADER approach offers a new vision for resolving the serious problems of the rural areas in our country, especially after the accession of the Republic of Bulgaria to the EU in 2007 and the enforcement of decentralization as the main form of regional governance. The name of the LEADER approach originates from the French abbreviation LEADER (Liaison Entre Actions de Développement de l'Economie Rurale), meaning "Links between rural economic development actions". The choice of this name defines it as a targeted approach to supporting the economic development of rural areas and maintaining the viability of local communities.

The main idea of the approach is based on the principle of rural diversity in Europe. In specific homogeneous areas development strategies are planned and implemented by involving all local stakeholders, together with clear and transparent procedures and assisted by the respective local administrations. The process is based on the real development needs of the local communities and requires the mobilization and creative combination of own resources for development. This is an alternative approach to the practice of centralized intervention based on the concept of endogenous development.

Replacing the centralized exogenous approach with the endogenous development model, the EU has successfully decentralized support for the socio-economic development of remote and lagging rural areas. The approach gives successful results in resolving serious problems and is extremely suitable for the conditions and specifics of rural areas in Bulgaria, although the beginning of its implementation is timid and marked by uneven distribution.

For a large percentage of farmers, local businesses and the non-governmental sector in rural Bulgaria, the LEADER approach is the only way to access additional funding from EU funds. Participation in community-led development provides an opportunity for involvement in the governance of the region, creation and exchange of know-how, cooperation and sharing of good practices. The proper and consistent application of the LEADER approach can make it a key mechanism for sustainable rural development in Bulgaria. Conversely, the implementation of the centralized approach and the small relative share of LEADER funds in the total amount of funds in the intervention of the rural development leads to the existence and keeping of negative trends such as depopulation of rural settlements, ageing and shrinking population, the processes of social impoverishment and social exclusion, strong dependence on agriculture, a high share of highly consolidated farms, low diversification and a lack of added value in the rural economy.

The financial provision of the LEADER axis after 2007 is based on the total financial transfers to support rural development received from the member states under the new European Agricultural Fund for Rural Development (EAFRD). For Bulgaria, the managing authority of the Rural Development Program for the implementation of the measures of the fourth axis is the Rural Development Directorate of the Ministry of Agriculture for the period 2007-2013. At least 2.6% of the RDP budget, amounting to EUR 76.99 million, is planned for their implementation.

The overall process of managing the implementation of Axis 4 measures is shared between the managing authority, the local action groups and the regional paying agencies. The Managing Authority of the Rural Development Program accepts, reviews, evaluates and approves or rejects applications for support. It is also involved in the procedures for selection of local action groups (LAGs), in monitoring the implementation of LAG strategies, in approving the costs of potential LAGs, as well as in selecting cooperation projects. In the implementation of their local development strategies, the local action groups are responsible for the evaluation, selection, conclusion of contracts and monitoring of the implemented projects. For their part, before signing the project contracts, the Regional Paying Agencies check for compliance of the projects with the eligibility criteria set out in

the documents regulating the overall process of managing the implementation of the measures under Axis 4.

During the 2014-2020 programming period, the LEADER approach for Bulgaria includes activities under measure 19 “Community-Led Local Development” (CLLD), namely: preparatory activities, running costs, implementation of strategic activities, preparation and implementation of cooperation activities and promoting the strategy. This measure is implemented through integrated and multi-sectoral strategies for local development, which are tailored to a given territory (municipality, association of bordering municipalities or settlements) and are developed considering local needs and potential. The strategies under the measure have an impact on a territory with a population which for Bulgaria varies from 10,000 to 150,000 people.

In the context of the European integration, the principle of subsidiarity as fundamental to multi-level governance catalyses local initiatives for the development of the lowest levels of governance, namely municipalities and regions. Subsidiarity is also at the heart of the LEADER's bottom-up approach to rural development, the result of regional mobilization of local resources and human capital in the form of local initiatives presented by cooperation between different stakeholders.

The interactions and the links between the different levels of multi-level governance in the context of the participants in the LEADER approach for its implementation on the territory of Bulgaria are presented in the following table:

Table 1. Main levels and elements of the LEADER approach in the context of multi-level governance in Bulgaria

Level	Regulations	Stakeholders and participants
European level	Common strategic framework Common Agricultural Policy (CAP) European Agricultural Fund for Rural Development (EAFRD)	European Commission European Parliament EU Agriculture and Fisheries Council European Rural Network (ELARD)

Level	Regulations	Stakeholders and participants
	A Guide to Community-Led Local Development	
National level	Rural Development Programme 2014-2020 Other operative programmes CLLD/LEADER legislation	Central Coordination Unit (CCU) Ministry of Agriculture, Food and Forestry (MAF) Ministries implementing LEADER/ CLLD RSP Directorate State Fund "Agriculture" - Paying Agency National Rural Network
Local level	CLLD strategy	Local Action Group (LAG) Stakeholders from the public, business and NGO sectors Beneficiaries

Thus presented, the elements and participants in the LEADER approach show that patterns of rural governance are embedded in a multi-level governance system (Bache & Flinders, 2004). In this way, the approach creates a series of interconnections, both horizontally, between spaces, territories and political or local administrative structures, and vertically, between local and all other stakeholders, whether regional, national or European.

The LEADER approach is described as a set of seven important features (The LEADER Approach: Basic Guide, Luxembourg, Office for Official Publications of the European Communities, 2006), namely the spatial approach to development strategies, their “bottom-up” implementation, the formation of local public-private partnerships, integrated multi-sectoral interventions, innovation, in-depth cooperation and people, projects and territory networking.

Local development strategies (LDS) and local action groups (LAGs) are the main tools for implementing the LEADER approach as a proven successful and efficient method for rural development, part of the Rural Development Program in Bulgaria. A local

development strategy defines the measures and activities that will be implemented on the territory of the group, as well as the procedures and criteria for project selection. For the implementation of local development strategies under the RDP 2014-2020, LAGs may apply measures stipulated in Council Regulation (EU) 1305/2013 and other measures if they contribute to achieving the objectives of the program and of the local development strategies and are aimed at the protection of the environment, the rural landscape and the local identity.

Local action groups (LAGs) essentially manage and implement LDSs as public-private partnerships, which have all the resources to balance relations with public authorities (municipal administration) and to promote two-way coherence of MDP / MIDP and LDS. The Managing Authority of the Rural Development Program delegates part of its functions to the local initiative groups related to the implementation of the local development strategies (LDS), while retaining the right to monitor their implementation in accordance with current regulations.

Thus, the local action groups are the governing bodies in terms of taking over a significant part of the mentioned functions for the territory of operation of the group. Although the territory and population concerned by the activities of the LAG are of limited number, the scope of delegated functions and the important role of LAGs for the implementation of community-led local development imply that LAGs are real micro-level governing bodies subject to control by a managing body, operating at the macro level.

One of the main commitments of LAGs is to work with beneficiaries and stakeholders from the territory of their operation and thus they act as structures to support local communities. The purpose of launching local action groups is not only they to be a source of funding, but to act as real development organizations, initiating cooperation projects and supporting beneficiaries in terms of funding and organization of the project implementation process on the territory. The potential of LAGs to act as intermediaries for their territories is not sufficiently tapped. It is necessary to create such conditions for the organization of their activity that they can focus on the mission to mobilize the capacity of the region and help finance and implement the best ideas.

CHAPTER II. IMPACT OF THE LEADER APPROACH ON LOCAL ECONOMIC DEVELOPMENT IN MUNICIPALITIES IN THE REPUBLIC OF BULGARIA

The second part of the dissertation debates the definition of rural areas for the purposes of practical implementation of rural development policy, applies spatial analysis (geographical method) to assess the activities of the LAGs that implement the LEADER approach in Bulgaria. A comparative analysis and statistical study of the effects of the LEADER approach in municipalities across the country are carried out within the framework of the EU policy for decentralized and integrated rural development. Based on the information from the Annual reports on the implementation of the community-led local development Strategy, the effects of the LAG's functioning on activating local communities and achieving the goals of the CLLD strategy are assessed using a system of absolute and analytical indicators. The assessments from the statistical observation and the analysis of the reports on the activity of the local action groups in a sample of municipalities in Bulgaria are summarized. As a result, an integrated assessment of the impact of the LEADER approach on local economic development in Bulgarian municipalities is made. Based on the data from the comparative analysis and the evaluation of the implementation of the CLLD strategy, conclusions and recommendations are made for the improvement of the new forms of activation of the local communities in order to stimulate the economic development of the rural areas.

(Wiggins & Proctor, 2001) bring forth three key characteristics of rural areas. The first and the most obvious one is the relative abundance of land and other natural resources. Land is relatively inexpensive in the countryside, in stark contrast to prices in urban areas. The second one is that there are significant distances between villages and between villages and cities. There are often additional barriers on the land such as rivers, lakes, mountains, which make it difficult to transport goods and passengers between rural and urban areas, thus making it more expensive. The same hamper information flows, which adds new deficiencies in rural areas. The third important characteristic is the poverty of a significant proportion of the population in the rural areas. Average incomes are lower in rural areas than in urban areas, and the share of people living below the poverty line is higher. Despite the expectations that because of the increasing global urbanization most of the poor people

in the world will live in urban areas, it still remains valid that after almost a century of urbanization, the majority of the world's poor population lives in rural areas.

Not all rural areas in Europe are an example of worse development - in some areas tourism, proximity to urban agglomerations, diversification of production and services improve the socio-economic status of settlements. Elsewhere, however, the demographic crisis, depopulation, isolation and marginalization continue at an increasingly embarrassing pace. Thus, rural development depends on the situation in the relevant area and may include a range of activities such as improving accessibility, living conditions and the environment, preserving the cultural landscape and cultural and natural heritage, promoting eco-tourism, stimulating small and medium-sized towns and large villages to play the role of service providers for the surrounding villages and to promote the production of quality handicrafts, forestry and agricultural products in the region by adopting environmentally friendly production practices (The Committee of Senior Officials, CEMAT 2007, p. 31).

By applying the spatial analysis (geographical method) for the assessment of the activities of the LAG on a given territory we can examine the target areas of impact, the approved projects and local networks (Konečný, 2019). A number of studies show that there is a tendency to concentrate LEADER activities in developed local centres (Lukić & Obad, 2016). This paradox requires an explanation and a reaction from policy makers in the sector, because it is claimed that the LEADER approach is a method aimed entirely at rural and peripheral areas (Dargan & Shucksmith, 2008).

Based on the definition of the Organization for Economic Cooperation and Development (OECD), rural areas in Bulgaria are statistical areas of hierarchical level NUTS 3, the population density of which is below 150 people per square km. According to this definition 20 Bulgarian regions are predominantly rural, 7 - as considerably rural and only the capital Sofia as predominantly urban (EAFRD, 2008). The Rural Development Program in the Republic of Bulgaria 2014–2020 (Ministry of Agriculture, Food and Forestry, 2014) adopts the national definition of the RDP 2007–2013, according to which rural areas are determined at the municipal level (LAU 1) and comprise the territory of 231 municipalities in which the largest settlement has a population of up to 30,000 people. Thus,

rural areas occupy 81% of the territory and 39% of the country's population. In the rural areas of Bulgaria, in addition to villages, there are many small towns (MAFF, 2014).

The mapping of the rural areas, similarly to the decisions on territorial division, should be based on an in-depth investigation with appropriate scientific instruments, the results of which shall be accepted as objective criteria in defining the boundaries of the territory (Borisov, Bogdanova, Sirashki, & Parashkevova, 2019). The current definition used in Bulgaria brings a number of controversies and problems. The general processes of depopulation of villages and the problems of their social development are arising in parallel and deepening with the process of urbanization. The vague definition of "rural areas" allows targeted funds for rural development to be directed to well-developed medium-sized cities, which deprives the municipalities that are really in need from crucial resources. It is necessary to precise the definition so that a distinction between municipalities with small and municipalities with medium-sized settlements can be made, as the extant one (the settlement in the municipality to have up to 30,000 inhabitants) leads to misinterpretation of the target character of funds. As a result, each community-led local development strategy covers an area with a population of between 10,000 and 150,000 (Ministry of Agriculture, Food and Forestry, 2014, p. 196), the ceiling being clearly too high which presupposes the generation of the described problems and misinterpretation.

The analysis of the spatial coverage with LAGs in rural areas shows the negative effect of admitting typically urban municipalities (although they have villages that meet the criteria for rural areas) to be included in the list of the territories that receive funding through the LEADER network. To identify such discrepancies, we shall compare the parameters of the municipalities with registered and functioning local action groups (LAGs), the municipalities in the rural areas of the Republic of Bulgaria and the categorization of municipalities in accordance with the Unified Classification of Administrative-Territorial and Territorial Units (EKATTE), published by the NSI (NSI, 2020).

The number of inhabitants of some of the selected municipalities is higher than the prescribed by the definition of rural area used in Bulgaria from the programming period 2007-2013 onwards. Another anomaly that is found in the spatial analysis of the LAGs in

the country is the uneven coverage of rural areas. There are no active local action groups in the districts of Vidin and Kyustendil. In Ruse district, functioning LAGs are found in 14% of the municipalities that are classified as rural areas, in Montana district - in 20%, in Vratsa district – in 22%, and in Targovishte district – in 25%. Out of a total of 29 municipalities in North-western Bulgaria (Vidin, Vratsa and Montana districts), only 4 have a functioning LAGs, although this region is in dire need of support from local communities due to isolation, peripheral situation, depopulation, poor infrastructure, low economic activity, lack of administrative capacity and creative initiative.

It turns out that some of the most deprived regions in peripheral location are absent from the map of LAG coverage. Such regions are Severoiztochen, Yugozapaden (excluding Sofia and Sofia-district), Severen tsentralen and the border territories of the Yugoiztochen region. At the same time, there are LAGs in well-developed urban agglomerations and in most of the Black Sea municipalities.

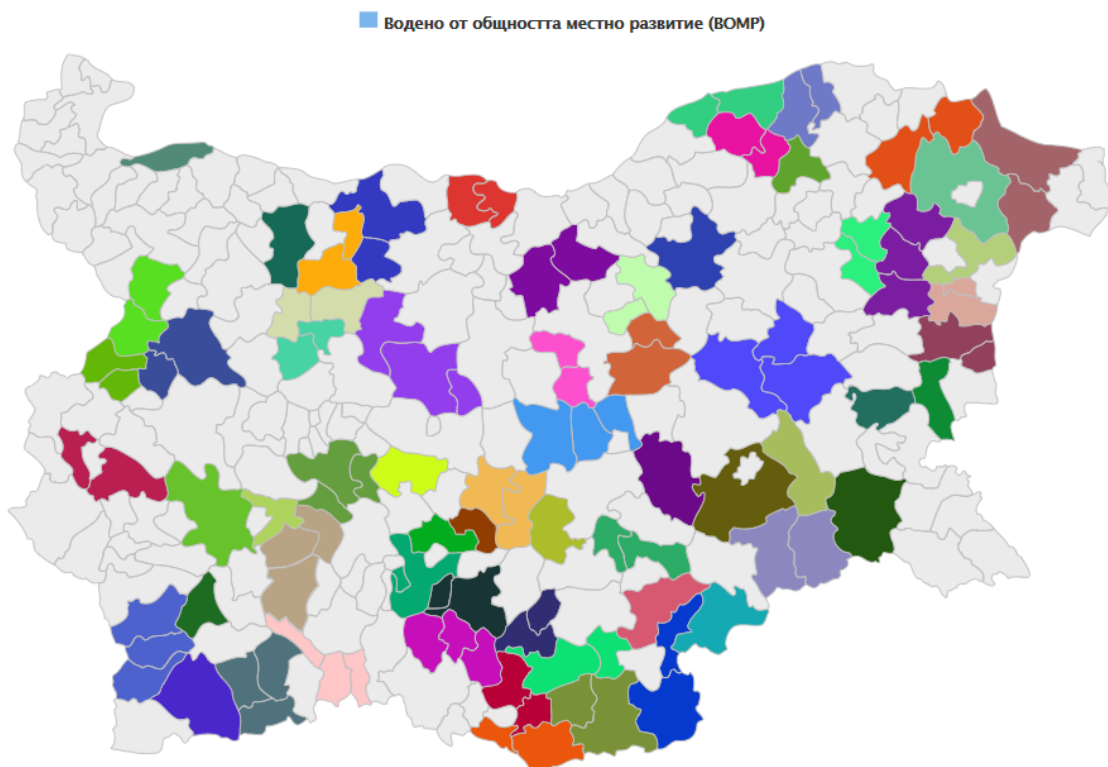


Figure 1. A map of LAGs on the territory of the Republic of Bulgaria. Community-led local development (CLLD).

Source: (Information system for management and monitoring, 2020).

To address the demonstrated weaknesses, problems and misinterpretations in the designing rural development policies and in the allocation of European and national resources to achieve the goals of community-led local development, it is necessary and pressing to to revise the controversial, very broad and non-corresponding with the scientific understanding definition of ‘rural area’.

The first variant is to revise the definition in terms of the population size: the limit (a for example no more than 30,000 inhabitants) to apply for the whole municipality instead for the municipal centre only. Applying this to the sample would disqualify as rural areas 12 of the 27 selected municipalities. However, this would be a problem for municipalities comprising only villages the population of which exceeds 30,000 people as they would not be able to participate in the LEADER network.

A second variant is to change the definition by applying more stringent requirement for the number of the inhabitants of the municipal centre: below the too high current threshold of 30,000. Applying this to the sample would disqualify as rural areas 13 of the selected 27 municipalities if the threshold is set at 20,000 people and 14 - if the threshold is set at 15,000. A problem in this case would be that prominent resorts would still be eligible for funding under LEADER. This can be solved by adding a requirement that the municipality is not on the list of resorts in the Republic of Bulgaria. Applying this to the sample would disqualify as rural areas 23 of the selected 27 municipalities, thus categorising in the sample only the municipalities of Razlog, Devnya, Svoje and Pravets as rural areas. After the 2021 census, in view of the trends of decline in population in most districts and in most settlements variants 1 and 2 seem realistic and reliable in case the population of the municipal centre is limited to no more than 15,000 people.

A third option is the categorization of administrative-territorial and territorial units to determine explicitly the qualification of a municipality as a rural area. The used method of categorization ranks the municipalities and settlements by the value of a total integrated assessment according to their potential and its realization according to the defined set of criteria and the indicators describing them (MRDPW, 2008). The inclusion of a feature that describes processes of significant public importance such as belonging to rural areas would objectify the complex impact of factors through reliable and up-to-date information that more fully characterizes the trends in the development of municipalities and settlements.

We can say that the ideas for development of rural areas are inspired by theories of endogenous and exogenous development. The key difference in the application of these theoretical models at the political level is in terms of interventionism. When market failures

negatively affect local economic development, two opposing strategies are possible. The first option is to plan and financially provide incentives to spur external market interest in rural areas in the form of grants and subsidies for companies outside the region, as well as in the form of better infrastructure. The idea of improving industrial capacity requires consolidating market forces, thus achieving the much-coveted local economic development (Van der Ploeg & van Dijk, 1995). The second option is to use external agencies to promote local potential and generate internal capacity for economic development in the region (McQuaid, 1997).

The LEADER approach is a brilliant example of endogenous socio-economic development, ideologically justified, constructed and partially sponsored by the EU. In 1988, the debate on the most appropriate style of intervention through EU structural policy led to the adoption of a territorial, endogenous model for rural development, moving from the failure to use structural funds, applying the sectoral approach to interventions targeting areas with specific social and economic disadvantage (Ray C., 2000).

Citizen participation in the development process guarantees sustainable development, which has become the new paradigm of the development concept. It is the human factor that has changed the formula of development programs - despite the significant differences in design, goals and target communities, the general organizational principle is clearly visible. According to Emrich, the principle of community-led development requires that inclusion starts at the lowest possible level, affecting all stages of the development process (Emrich, 1979). There must be real opportunities for decision-making with the participation of target groups and these decisions must be related to their future development (Sadiullah, 2006)

Although after Bulgaria's accession to the EU the country received funding in two consecutive programming periods - 2007-2013 and 2014-2020, most of the funds complying with the objectives of the Europe 2020 Strategy for convergence and reduction of economic, social and territorial inequality, the mentioned negative processes have been deepening and there is an exacerbating disproportion between the indicators for Northern and Southern Bulgaria (Slaveva, Petkov, Kasabova S, & Ganeva, 2021).

The study on the effects of the LEADER approach on local economic development is based on official statistical information from the NSI at the municipal level for the period 2000–2019, focusing on the following indicators:

- Population as of 31 Dec.;
- Natural increase of population;
- Migration increase of population;

- Age dependency ratio as of 31 Dec.;
- Population density as of 31 Dec.;
- Relative share of people employed in the industry in the total number of employees;
- Average annual wages and salaries of the employees under labour contract;
- Unemployment rate as of 31 Dec.;
- Net proceeds from sales of enterprises per capita as of 31 Dec.;
- Net proceeds from sales of enterprises per person employed (average list number).

The research period covers the years from 2000 to 2019. It comprises three sub-periods: negotiation process for EU membership - until 2007; first programming period of EU membership - from 2007 to 2013 and second programming period, here covering the years 2014 to 2019. The territorial scope of this analysis covers all 265 Bulgarian municipalities, including all 232 municipalities in rural areas and 117 Bulgarian municipalities participating individually or jointly with other municipalities in local action groups.

The administrative-territorial division of Bulgaria includes 265 municipalities, in 117 of which LAGs are registered, participating independently or jointly with other municipalities. At the moment on the territory of Bulgaria there are 64 LAGs, of which 21 LAGs include one, 33 LAGs - two and 10 LAGs - three municipalities. The total area of municipalities with LAGs is 52 thousand sq. km (21 thousand sq. km in Northern Bulgaria and 31 thousand sq. km in Southern Bulgaria), which is 47.4% of the territory of the country.

The comparative analysis of the municipalities applying the LEADER approach compared to other municipalities is indicative of unfavourable demographic trends, low productivity of the local economy, higher unemployment and lower wages in rural areas. Rural municipalities suffer long-term demographic problems. The population of the municipalities with LAGs is ahead (1.64 times) of the national average, and this trend is typical for small and medium-sized municipalities in the country. For the whole country during the analysed period natural increase is negative - a process with a negative effect of population aging, decrease in the number of economically active population and therefore the economic potential of rural areas due to lack of qualified personnel. The population density in the municipalities with LAGs is almost twice lower than the population density

for the country. This means that the processes of population aging and depopulation of regions and municipalities are long-lasting and deepening, thus deteriorating age and educational structure of the population, labour market imbalances, high unemployment, low employment, etc. The tendency to increase the age dependency ratio confirms the tendencies towards aging of the population and decrease of the number of people at working age.

For the municipalities with LAGs, the indicator “Average annual wages and salaries” grows more slowly compared to the growth for the country, as its values are almost similar based on the distinction for Northern and Southern Bulgaria. This indicator characterizes the standard of living in a municipality, the purchasing power of the population, the potential demand for certain services. The value of the indicator "Net proceeds from sales of enterprises per person employed (average list number)" for municipalities with LAGs is almost twice lower than the indicator for the country, and this conclusion is typical for all small and medium-sized municipalities in which a product with low added value is created. This indicator characterizes labour productivity and efficiency.

There is also a regional disparity in a number of indicators characterizing the development of the rural municipalities in Northern and Southern Bulgaria, which emphasize the lagging development of the Bulgarian north. The hope for ideas to stimulate rural development is in local initiatives, yet largely on borrowing from European models that have emerged in recent decades as an effective and efficient approach to mobilizing available resources, creativity and traditions.

The introduction of more accurate, clearer and measurable indicators for evaluation of the achieved results, combined with the provision of an information support system, is an absolute necessity for the success of the overall LEADER concept from a planning point of view (Borissov, et al., 2020). A system of absolute and analytical indicators is used to assess the effects of LAG activity on the activation of local communities and to achieve the objectives of the CLLD strategy to ensure an integrated approach and harmonious development of the territory with benefits for the whole local community, not just individual beneficiaries.

The system of absolute indicators includes:

- Target number of projects according to the strategy;
- Number of projects registered with the LAG;
- Number of projects approved by the LAG;
- Cost of the strategy;
- Declared total value of the projects (including own participation);
- Total value of projects approved by the LAG (including own participation);
- Project grant approved by the LAG;
- Grant approved by the MA;
- Number of jobs created.

The group of analytical indicators for analysis and evaluation of the activity and its effects on local communities includes:

- The local community activity rate, calculated as the ratio of the number of project applications submitted to the LAG to the target number of projects in the strategy;
- The ratio number of approved by the LAG projects to the number of project applications;
- The strategy implementation rate, calculated as a ratio of the number of approved projects to the target number of projects in the strategy;
- The local community activation rate, calculated as a ratio of the declared value of the projects, incl. own contribution to the value of the strategy;
- The ratio total value of projects approved by the LAG, incl. own participation, to the declared total value of the projects (incl. own participation);
- The ratio project grant approved by the LAG to the total value of projects approved by the LAG (including own participation);
- Project grant rate, calculated as the ratio of the grant approved by the MA to the project grant approved by the LAG;
- Own participation in the financing of the projects, calculated as a ratio of the own participation in the financing of the project to the total value of the projects approved by the LAG;
- Number of jobs created per project, calculated as the ratio of the number of job created to the number of approved projects.

The presented system of indicators is based on information retrieved from the annual reports on the implementation of the community-led local development (CLLD) strategy under sub-measure 19.2 “Community-led local development operations” for 2019. The information is public and available on the website of the LAG, and at the time of the survey after monitoring a database was created, containing information about 53 LAGs, representing 82.8% of a total of 64 independent LAGs in the country, on the following indicators: target number of the projects according to the strategy; number of projects registered with the LAG; number of projects approved by the LAG; cost of the strategy; declared total value of the projects (including own participation); total value of projects approved by the LAG (including own participation); project grant approved by the LAG; grant approved by the MA; number of jobs created.

These indicators were analysed both for all LAGs and for the LAGs, supported by one or several funds, classified based on the type of the CLLD strategy.

It was established that as of 31.12.2019, 56 % of the analysed LAGs are supported by several funds and 44% - by one. The significant share of LAGs, supported by several funds shows that they have provided resources for the promotion of economic, social and environmental development and financed certain activities for the development of the territory. Through the community-led local development and LAGs additional resources in the municipalities with LAGs were attracted.

Based on the hypothesis testing it was established that **the financing of LAGs – by one or several funds is:**

- **statistically significant** and impacts the indicators:
 - ✓ target number of the projects according to the strategy;
 - ✓ cost of the strategy;
 - ✓ grant of the projects approved by the LAG;
 - ✓ grant of the projects approved by the MA;
 - ✓ Number of jobs created.
- ✓ **is not statistically significant** and does not impact the indicators:
 - ✓ number of projects registered with the LAG;
 - ✓ number of projects approved by the LAG;
 - ✓ declared total value of the projects (including own participation);

- ✓ Total value of projects approved by the LAG (including own participation).

Using a system of absolute and analytical indicators, a complex evaluation of the results of the activity of the LAGs in the implementation of the strategy for community-led local development was carried out. The evaluation established several important trends:

a. The CLLD strategies supported by several funds provide for greater opportunities for activating local communities and stimulating local economic development. Due to the opportunity to apply for several operational programs, there is a higher target number of projects with CLLD strategies supported by several funds. The relationship between the type of CLLD strategy – supported by one or several funds - and the size of the project grant approved by the LAG has been proven.

b. The implementation of the community-led local development strategy attracts significant funds on the territory of the LAG in addition to national and European funding under other instruments with centralized allocation, which is an absolute comparative advantage over similar municipalities not participating in the LEADER network. For their part, beneficiaries in municipalities with LAGs are not forced to compete at the national level for access to project financial resources.

c. An increase in the share of EU CAP funds allocated through the LEADER approach to rural areas in our country would significantly improve the socio-economic profile of Bulgarian rural areas by activating local creative potential. This activation follows a bottom-up approach and, in addition to selecting more targeted and effective projects, the effect of resource mobilization through own participation in projects is to be taken into account, as well as the much more intensive intervention in local development, especially in the implementation of strategies, supported by several funds.

CHAPTER III. EMPIRICAL STUDY OF THE MOBILIZATION OF LOCAL POTENTIAL IN MUNICIPALITIES OF THE REPUBLIC OF BULGARIA WITHIN THE FRAMEWORK OF THE EU POLICY FOR DECENTRALIZED AND INTEGRATED DEVELOPMENT OF RURAL AREAS

The third chapter of the dissertation presents a survey of the mobilization of local potential in municipalities in Bulgaria in the framework of the EU policy for decentralized and integrated rural development. A survey design was created to assess the impact of the LEADER approach on the activation of local communities. A survey on the impact of the

implementation of LEADER approach on the mobilization of the local potential in municipalities in Bulgaria was conducted and analysed.

The purpose of the survey was to investigate the mobilization of local potential in municipalities in Bulgaria in the process of implementing the LEADER approach. It studies the possibility of assessing the degree of activation of local communities in the process of implementing the LEADER approach, as well as the contribution of the approach to economic development and solving the serious problems rural areas in Bulgaria face.

The organization, preparation and conduct of the survey are related to the determination of the population, statistical units, observed characteristics, the principles of sampling, the type of sample, compiling a questionnaire, preliminary testing of the questionnaire, the survey, deadlines, etc. The population from which the sample was drawn includes 64 LAGs on the territory of the Republic of Bulgaria. Due to the small number of organizations that constitute the general population, the design of the survey envisages size of the sample of not below 80% of all LAGs, thus there is a sufficiently large final number of units in the population. By controlled distribution of the survey, using the application surveyplanet.com, we achieve the purpose - the sample to have and reflect the main features of the general population to obtain the most reliable conclusions from the analysis of the study. Upon the completion of the survey, the respondents from the individual LAGs counted 52 out of 64 organizations, i.e., 81.25% of all operating LAGs in the Republic of Bulgaria have responded to the survey.

The main hypothesis, which largely gives grounds to the conducted survey on the implementation of the LEADER approach for activating local communities in resolving the problems rural areas in Bulgaria face, is supported by the following additional hypotheses:

First. Based on the objective and well-researched negative demographic and economic problems in rural areas, we assume that a large number of the responses would prioritize demographic problems over motivational and infrastructural ones;

Second. The specifics of the LEADER approach imply a high degree of effective stakeholder involvement in the preparation and implementation of the community-led local development strategy both in the preparatory phase for the establishment of the LAG and the setting of priorities in the CLLD Strategy and in its implementation at project level.

Third. The respondents assess the effects and results of the LEADER approach in an informed and positive and yet critical manner, taking into account both the opportunities

used and the financial resources injected into the local economy, as well as the problems with the system.

Fourth. After a decade and a half of national experience in implementing the LEADER approach in the Republic of Bulgaria, a number of positive effects and results of the implementation of the Strategy for community-led local development are reported, which is expected to be found in most of the responses.

Fifth. It is assumed that there are serious differences in the preparation and implementation of the Strategy for community-led local development in LAGs in Northern and Southern Bulgaria in view of the growing gap in the socio-economic development of the Bulgarian south and north. The observed differences require a differentiated approach in the application of the LEADER approach in Northern and Southern Bulgaria and / or by districts.

Sixth. The respondents are expected to appreciate the capacity of the LAGs to implement CLLD strategies, taking into account the experience gained, the sharing of good practices and problems in the LEADER network at national and European level, the professionalism of the LAG teams.

The survey confirms the assumption that many responses prioritize demographic issues over motivational and infrastructural ones; bring to the fore the aging population; migration to urban areas, etc., which until recently were less emphasized compared to the classic threats to development such as health, unemployment, education, etc.

The results of the survey prove that the LEADER approach presupposes and creates conditions for effective involvement of stakeholders in the preparation and implementation of the Community-based local development strategy in the preparatory stage when the LAG is established and the priorities are set in the CLLD strategy. The assessment of the implementation of the LEADER approach during the execution of the strategy at project level in relation to the studied indicators is marked to moderately positive, the negative assessment not found in the responses. The effects and results of the implementation of the LEADER approach in the direction of development of the facilities on the territory of the LAG, the competitiveness of local business, the improvement of services and the overall socio-economic development of the whole local community are in the range of definitely or moderately positive; the negative assessment not found in the responses.

It is logical, based on the results achieved in recent years (depending on whether the LAG operates one or two programming periods), respondents to assess highly their own capacity - the capacity of the team for managing funds for CLLD projects in the LAG. Of

course, the teams in the LEADER network are objectively predisposed, through the anonymity of the survey to accurately assess the weaknesses, problems in creating new jobs, difficulties in achieving goals in some of the measures, possible threats to the implementation of the strategy. Against this background, it is logical for LAGs with significantly weaker indicators to have lower overall assessments of efficiency, administrative capacity, etc.

The survey shows that there is a relationship between the administrative capacity and the socio-economic impact of CLLD on the development of settlements in the country and the location of the LAG, which reveals the opportunity to apply the approach equally well in the Northern and Southern Bulgaria. These results reject the hypothesis of the need for a differentiated approach in the application of the LEADER approach in Northern and Southern Bulgaria and / or by districts.

The effective involvement of stakeholders in the preparation phase in setting priorities in the CLLD strategy increases the interest of the local community by the implementation of the LEADER approach to project development. This is one of the important indicators for activating the local community in the process of finding creative solutions to the difficult problems of development in rural areas. The increased interest in project development, in turn, leads to improved look of settlements, which is confirmed by the established significant relationship between the factor and the result. There is a strong correlation between the found increased interest in the local community by the application of the LEADER approach to project development and the overall socio-economic impact of CLLD strategy on the local development. There is also a significant dependence between the implementation of innovations by local businesses on the territory of the LAG as a result of the implementation of the LEADER approach and the jobs created under projects under the operational programs implemented by CLLD strategies. The obtained results confirm the author's thesis that the activity of the LAG mobilizes local resources and the stakeholders on the territory, as a result of which the positive effects extend to the local community with a sustainability which is characteristic of the approach.

The results of the analysis prove that the type of the CLLD strategy is important for the local community from the implementation of the LEADER approach. The implementation of a strategy supported by one or several funds by the LAG significantly affects the results of the strategy - more jobs are created in more complex strategies, which requires higher administrative capacity of the LAG, as complex activities will be administered under more operational programs. This dependence confirms the hypotheses

for the advantages of LAGs supported by several funds, their higher efficiency and their beneficial to local communities role.

Based on all the above, we can arrive at the conclusion that the main issue set in the preparation phase of the research, namely, to find out whether there is a process of mobilization of local potential in the studied rural municipalities in Bulgaria, part of the LAG in the processes of implementation of the LEADER approach - has been formulated, investigated and analysed. The research focusing on the question: "Has the overall socio-economic situation in terms of the development of the middle local community in Bulgaria improved?", was conducted and the answers are clearly formulated. All conclusions show a guaranteed positive attitude and understanding of the crucial importance of applying the LEADER approach and its high efficiency. We qualify the conduct of the survey, the obtained objective data and the formulated respective indicators and dependencies for the purposes of independent research as successful.

CONCLUSION

The conclusion synthesizes the main theoretical findings and empirical results of the dissertation research. It clearly and argumentatively defines the conclusions regarding the object of the research. Recommendations for qualitative changes in the direction of improving the forms of activation of local communities are also formulated. It also outlines the emerging trends in the implementation of the LEADER approach in Bulgaria and gives proposals for improving the process in the next programming period.

IV. GUIDELINES FOR FUTURE RESEARCH ON THE DISSERTATION TOPIC

The final results of the dissertation provide various guidelines for conducting further research on the issues addressed. The main prerequisite for this is the relatively small number of in-depth theoretical and empirical studies on endogenous growth and the bottom-up approach; territory-based local development strategies; integrated and multisectoral activities; innovation in rural areas. The LEADER approach has been successfully implemented in the European Union for decades, and its introduction in Bulgaria

demonstrates the potential for successful solution of the development problems and disparities that amass for decades in rural areas.

It is therefore possible to add new value to the academic debate and practical solutions in the field of rural development through future research aimed at:

First. Comparative analysis of the application of the LEADER approach in countries with different levels of socio-economic development and different cultural contexts in the EU. Research of good practices in the application of this approach in foreign municipalities and sharing of the achieved results. On-site visit and study of the differences in the activities of the LAGs in Bulgaria, Romania, Spain and Italy.

Second. Research on the possible positive effects and results of the application of the integrated locally led LEADER approach on cities in decline and demographic crisis. The LEADER approach is an alternative to centralized intervention, mobilizing local potential, traditions and creativity to synchronize the interests of local communities, which is no less important and applicable to declining urban areas that share similar problems.

Third. Development and verification of the adequacy of a methodology for evaluating the results of the LAG activity in the implementation of the Community led local development strategy through a system of absolute and analytical indicators reflecting national differences in the implementation of the LEADER approach in different EU countries.

Fourth. Conducting a theoretical and empirical analysis of the impact of the future framework of the CAP strategic plans on CLLD strategies. Investigating the impact of new priorities and programs at European level ('the next generation EU' recovery instrument, the Green Deal) on the national programs and the development of rural areas.

V. A LIST OF THE SCIENTIFIC CONTRIBUTIONS OF THE DISSERTATION PAPER

The findings of the dissertation research led to the following six scientific contributions:

First. Functional and spatial analysis of the Local Action Groups (LAGs) in the Republic of Bulgaria as a specific form of public-private partnership for decision-making in the scope of the local development strategy (LDS) has been carried out. Based on empirical data, it is justified that the LAGs are real governing bodies at the local (micro) level in terms of managing projects to stimulate local economic development. The assessment of the effects of the activities of the LAGs in a given area by examining the target areas of impact, supported projects and local networks evidences that some of the most deprived regions in peripheral status are absent from or not appropriately represented on the map of LAG coverage. At the same time, LAGs operate in well-developed urban agglomerations and a large part of the Black Sea municipalities, diverting resources from the most deprived and discouraged rural communities.

Second. It is argued that the vague definition of "a rural area" leads to specific problems in implementing the policy of achieving cohesion between regions and settlements, specifying the shortcomings and the negative effects of the application of the currently valid definition in Bulgaria. An original proposal for a new definition has been formulated, which has the potential to solve the accumulated problems and to be implemented in the next programming period.

Third. A comparative analysis of the municipalities that implement the LEADER approach in Bulgaria and other municipalities in Bulgaria has been conducted thus revealing the unfavourable demographic trends, low productivity of the local economy, higher unemployment, lower wages, lower population density in municipalities with LAGs, as well as regional disparities in a number of indicators characterizing the development of rural municipalities in Northern and Southern Bulgaria, which emphasize the lagging development of the Bulgarian north.

Fourth. The interdependence between the type of community-led local development (CLLD) strategies – supported under one or several EU funds, and the amount of grant awarded to finance selected by LAGs projects. Based on a comprehensive assessment of the results of their activities, it is justified that the CLLD strategies supported under several funds provide for better opportunities to activate local communities and stimulate local economic development. The recommendation is to encourage local communities to develop and implement through their LAGs CLLD strategies supported under several funds.

Fifth. A web-based online survey (<https://s.surveypal.com/s/H5LOYujO>) was created and conducted among LAG managers and experts, the data from which were used to do a descriptive analysis, hypothesis testing and correlation analysis of responses. The analysis has not found any relationship between the administrative capacity, as well as between the socio-economic impact of CLLD on the development of settlements, on the one hand, and the location of the LAG, on the other. This implies that it is possible to implement the approach and to achieve comparable results both in Northern and Southern Bulgaria and rules out the hypothesis of the need for a differentiated approach in the implementation of the LEADER approach in Northern and Southern Bulgaria, thus recommending a unified approach.

Sixth. A system of indicators for analysis and assessment of the effects of LAG functioning in terms of activating local communities and achieving the objectives of CLLD strategies has been developed. Based on the monitoring of public information retrieved from the annual reports on the implementation of the community-led local development strategy (CLLD) strategy under sub-measure 19.2 “Community-led local development operations” for 2019, the proposed system has been tested and the conclusion drawn that the LAG operations significantly increase the activity of local communities, which is more characteristic of municipalities with LAG strategies supported under several funds.

VI. PUBLICATIONS ON THE TOPIC OF THE DISSERTATION PAPER

Studies (15 points)

Prodanova, D. (2019) Comparative analysis of the rural areas in Bulgaria in the context of the LEADER approach // Annual Almanac “Scientific Research of Doctoral Students” Tsenov Publishing House, Vol. XIII (6), pp. 211-234 ISSN: 1313-6542.

Articles (10 + 5 points)

1. Prodanova, D. (2018) The LEADER approach as an effective instrument of the EU agricultural policy for sustainable development of the rural areas // Annual Almanac “Scientific Research of Doctoral Students” Tsenov Publishing House, Vol. XI (14), pp. 448-465, ISSN: 1313-6542.

2. Prodanov, S., Prodanova, D. (2022) Bulgaria’s coverage with local initiative groups – a special analysis // Economic archive (1)., pp. 3-23, ISSN: 0323- 9004.

Papers (10 + 10 points)

1. Prodanova, D. (2019). Functions and role of local action groups as managing bodies in rural areas // Project Management – a challenge to modern science and practice: Round Table – Svishtov, 2019, pp. 127-134, ISBN: 978-954-23-1770-8.

2. Prodanova, D. (2019). Multi-level governance concept: Origin, development, prospects // The Economy of Bulgaria – 30 years after the Beginning of the Change: Scientific and Practical Conference, 22 November, 2019, Svishtov, pp. 524-532, ISBN: 978-954-23-1815-6.

Compliance with the requirements for NACID indexing: 50 p. > 30 p.

VII. STATEMENT OF ORIGINALITY

according to Art. 68, Para. 2 of the Regulations for Academic Staff Development at D.

A. Tsenov Academy of Economics

I, the undersigned Dimitrina Lyubenova Prodanova, doctoral student No. D020318167, hereby declare that:

1. The content of my dissertation thesis “Stimulating the economic development of rural areas through activation of local communities” is my own, original and authentic work and presents my own ideas, analyses, texts and comments based on reliable information corresponding to the objective truth.
2. The scientific results obtained, described and/or published by other authors are cited in the text of the dissertation according to the established standards and are duly indicated in the list of references to the dissertation.
3. The results achieved in my dissertation and its scientific contributions were not plagiarized from research works and publications in which I have not participated.
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19 April, 2022