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## PERSPECTIVES FOR DEVELOPMENT OF RURAL AREAS IN THE LINE OF THE PROGRAMME PERIOD 2014 -2020

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### ABSTRACT

Rural development policy (RDP) for the period 2014 and 2020 suggests simplification of the funding schemes. The new plan defines the main objectives in helping rural areas within the overall framework of the CAP, as follows: to improve the competitiveness of agriculture, sustainable management of natural resources and activities related to climate and balanced territorial development of these areas. New aspects of the RDP include introduction of thematic sub-programs that address the identified specific needs, in particular as regards to young farmers, small farms, mountain areas and short supply chains.

Implementation of the RDP depends on the clear definition of the object – rural areas. A change of the definition of rural area in Bulgaria is necessary. By changing the current definition of a rural area, additional 33 municipalities will benefit from the Bulgarian Rural Development Program by the next Multiannual Financial Framework of the European Union (2014-2020).

The objective of the paper is to present the framework for the program period 2014 2020, to verify the need to change the current definition of a rural area in Bulgaria, and to outline the prospects for rural development in the context of the new program period.

**Key words:** European Union, rural areas, definition of rural areas, Rural Development Policy, Bulgaria

### INTRODUCTION

Rural development policy (RDP) for the period 2014 and 2020 suggests simplification of the funding schemes. The new draft of the EU Rural Development Policy development of rural areas will be part and will be complemented by direct payments and market measures of the Common Agricultural Policy /CAP/. A multi-annual financial framework will manage the funds for the planning period 2014-2020. The proposals focus on reducing the number of measures by fifty percent, as well as reducing axes by their consolidation. The new plan defines the main objectives in helping rural areas within the

overall framework of the CAP, as follows: to improve the competitiveness of agriculture, sustainable management of natural resources and activities related to climate and balanced territorial development of these areas.

New aspects of the RDP include introduction of thematic sub-programs that address the identified specific needs, in particular as regards to young farmers, small farms, mountain areas and short supply chains. For each of these sub-programs should be developed a concrete SWOT analysis, sub objectives at sub-program level and a set of measures, specific indicators, outcomes and projected costs.

A change of the definition of rural area in Bulgaria is necessary. By changing the current definition of a rural area, additional 33 municipalities will benefit from the Bulgarian Rural Development Program by the next

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Multiannual Financial Framework of the European Union (2014-2020).

For the implementation of the programs there will be created a European Innovation Partnership for agricultural productivity and sustainability, which will implement the promotion of productive, friendly and resilient to climate change agricultural sector, promoting sustainable supply of food, feed and biomaterials, improved processes preservation of the environment, adaptation to and mitigation of climate change, and building bridges between the latest research knowledge and technology, farmers, businesses and advisory services.

The objective of the paper is to present the framework for the program period 2014-2020, to verify the need to change the current definition of a rural area in Bulgaria, and to outline the prospects for rural development in the context of the new program period.

#### **FRAMEWORK OF THE PROGRAMME PERIOD 2014-2020**

The Regulation on rural areas [6] builds strategic approach, introduced in this period that has a positive effect in the Member States, to develop strategies and programs based on the SWOT analysis, in order to adapt the intervention to national and regional specificities as a better way. The new mechanism for achieving the objectives is aimed at strengthening the strategic approach - including the identification of clearly defined common priorities for rural development at the EU level (with associated indicators for general objectives) and by applying the necessary corrections based on experience to date. It also covers the European Innovation Partnership 'Agricultural Productivity and Sustainability' aimed at promoting the efficient use of resources, closing the gaps between research and practice, and promoting innovation, in general. The partnership is through operational groups responsible for innovation projects, and maintaining a network.

The EU Rural Development Policy retains the long-term strategic objectives of contributing to the competitiveness of agriculture, the sustainable management of natural resources and to the climate action and the balanced territorial development of rural areas.

In line with the Europe 2020 strategy, these broad objectives of rural development support

for 2014-2020 are given more detailed expression through the following six EU-wide priorities:

- fostering knowledge transfer and innovation in agriculture, forestry and rural areas;
- enhancing competitiveness of all types of agriculture and enhancing farm viability;
- promoting food chain organization and risk management in agriculture;
- restoring, preserving and enhancing ecosystems, dependent on agriculture and forestry;
- promoting resource efficiency and supporting the shift towards a low-carbon and climate-resilient economy in the agriculture, food and forestry sectors;
- promoting social inclusion, poverty reduction and economic development in rural areas

The list of individual measures has been streamlined and the individual measures were reviewed. A number of adjustments were introduced to address issues related to the scope, implementation and utilization raised during this period. Since for the most measures exists potential to serve more than one purpose or priority, it is not considered appropriate to be grouped into axes. A specific measure for organic farming is established and it sets new boundaries of areas with specific natural constraints. The provisions to support joint activities focused on the environment are improved.

Set of tools for risk management, including support to mutual funds and a new instrument for income stabilization offers new possibilities to deal with the fluctuations in agricultural markets, which are expected to continue in the medium term. By removing the current axis system the programming will be simplified.

Rural development policy (2014-2020) provides simplification of funding schemes. Rural development will be part and will be complemented by direct payments and market measures of the Common Agricultural Policy / CAP /. For the 2014-2020 period, the funds will be managed by the multiannual financial framework.

## NECESSITY OF CHANGE OF DEFINITION FOR RURAL AREAS IN BULGARIA

According to the legislation in Bulgaria [1] rural areas are identified as "municipalities on whose territory there is no city with a population of over 30 000 people and the population density is below 150 inhabitants per square km." This definition was first presented in the National Plan for Agriculture and Rural Development 2000-2006. It is used in SAPARD (Special Accession Programme for Structural Funds in agriculture and rural development 2000-2006) and applied in the Rural Development Programme (RDP 2007-2013). According to the definition, 229 of the 264 municipalities in Bulgaria are rural, including 77 municipalities, which have been designated as disadvantaged rural areas. These areas account for 81% of the territory and 42% of the population.

The definition of a rural area in NARDP (2000 and 2006) has been widely criticized in the academic circles and needs to be corrected. Essentially, this definition is a modification of the classification of the OECD as a factor for the separation of rural from urban municipalities (regions) remains the population density and, in addition, the maximum number of inhabitants in the municipality. It is noteworthy that the national definition is established at one level - municipal, unlike that of the OECD, i.e. there is no further separation of the predominantly rural communities, rural, intermediate and predominantly-urban. Such classification for Bulgaria was made by the OECD, but the territorial unit is area and not municipality. According to this classification, the territory of our country defined 14 areas - mainly rural, 13 - intermediate and predominantly urban area only 1 - Sofia.

According to the definition of rural area, reflected in the EC legal document, defining new directions of development of these areas [2], the EU rural areas are defined as territorial units that have:

a / population density of up to 100 persons per sq.km. or percentage of agricultural employment equal to two times higher than the Community average for any year after 1985;

mb / average unemployment rate over the last three years above the Community average, or a decrease in population since 1985

At least two important questions come up while comparing these two definitions. Based on what the country is considered to have a higher value of the index population density compared to the one used in the EU? Which rural area in Bulgaria can have population densities over 100p/km<sup>2</sup> When the average population density for the country is 66.3 p/per km<sup>2</sup>?

In the EU documents regulating the new guidelines of the CAA and RDP (2007-2013), along with the quoted definition of rural area, each EU country should establish a definition of a rural area (the term) that is consistent with the national circumstances. Because the most important thing is to preserve the diversity of rural areas in Europe, and not to make them unified. [2]

Therefore, it is necessary to review and update the definition of a rural area in the country, including the part that fails to comply with the municipal borders. These limits isolate parts of the national territory and deprive their people of the possibility of financial support. They limit the population in the preparation of local development strategies and their implementation through the creation of local initiative groups and others.

The modern understanding of rural areas accepts agriculture as one of the industries developed in the rural economy, but not necessarily the principal one, and not even less the only one. This is contrary to the current trends in the socio-economic development of Europe's rural areas, especially in the part of the diversification of the rural economy, for economic development based on local resources, the search for new sources of employment and income for the rural population, etc.

In all communities, including those that are not rural areas (according to the legislation in force in the country) there may exist an urban area, as well as a rural one. It is this rural part that not only meets the criteria for a rural area (if you exclude the urban area), but has some advantages that would facilitate the public institutions in the process of implementing the

CAP and RDP. Usually just those parts of the municipalities have a typically agricultural character, because of their complex shape, called areas of suburban agriculture. There are farms with market orientation of the production, aimed at satisfying the population of the nearby city with agri-food products. In practice, however, they were excluded from the scope of the SAPARD program, as well as from the territories, supported by the EU CAP and RDP.

The question of the precise definition of the term "rural" is not a final one. The answer predetermines the nature of the policy to be followed, its goals and objectives, the methods and tools for its realization, as well as which areas will have access to financial resources. The actuality of the problem increases because of the emerging territorial approach of the CAA and the policy for rural development rather than the current sectoral approach. From this perspective, the accepted definition of a rural area in the country should be adjusted.

When making changes in the definition and criteria for identifying rural areas, we should bear in mind that they will determine the territories, whose residents will have or will not have access to the new fund: the European Agricultural Fund for Rural Development (EAFRD), funding the policy for rural development. The guidelines of OAA of the EU will stimulate to a greater extent the local development, the diversification of the economy, based on local resources, the initiatives of the local population, rather than direct payments in the sphere of agriculture.

The shortcomings and criticisms to this first official definition of rural area led to corresponding adjustments, reflected in the planning documents for the period 2007-2013, the National Strategic Plan for Rural Development and the Programme of Rural Development for the planning period 2007 - 2013 recorded the following: "The national definition defined as rural municipalities (LAU 1) in which no settlement has a population of over 30,000 people. According to this definition, 231 out of 264 municipalities in Bulgaria are classified as rural. These rural areas cover 81% of the territory and 42% of the population. "The remaining 31 municipalities (including Municipality Sofia-city) are not classified as

rural areas because of the territory of these municipalities has a settlement with a population of over 30,000 inhabitants. But these places are community centers, which are regional centers, but at the same time on the territory of these municipalities there are villages, i.e. rural population of which the main source of income is agriculture. This means that these farmers could not benefit from EU programs not only in the last two programming periods (2000-2006 and 2007-2013), but will not have this option in the next programming period 2014-2020 on Why should we punish these manufacturers? They develop suburban farming and supply cities with agricultural production. These manufacturers have the same rights as the producers of the 231th Municipality allocated to rural areas. Only three municipalities are within their rural population - these are Dobrich-city, Plovdiv and Yambol.

Working Group at the Ministry of Agriculture and Foods proposes for discussion two scenarios [4] for the definition of rural policy objectives for rural areas in Bulgaria between 2014 and 2020.

**Scenario 1:** Definition of rural municipalities, where the largest village is 30 000 people according to the NSI data from Census 2011. *Range:* 264 municipalities are defined as rural communities 231 or 87.5% of the municipalities in Bulgaria, which include: 90 070.47 sq.km. of territory, or 81.16% of the national territory; 2 902 250 people, or 39% of the total population of the country; 4138 number of settlements or 78.06% of the settlements in the country

**Scenario 2:** Definition of rural municipalities, from whose territory off? the settlements with more than 30,000 people according to NSI data from the population census in 2011. Scope - all 264 municipalities, with the exception of the territory of 33 towns with a population of over 30,000 residents, which include: 108 056 square kilometers of territory, or 97.37% of the national territory; 3 472 453 people, or 47% of the country; 5252 settlements or 99.06% of the number of settlements in the country.

The proposed scenarios for the definition of Bulgarian rural areas showed that in both the responsibility to the investments at the RDP is reported. The first scenario is hardly different from to the current definition. This definition of

rural area had a chance to prove itself as working in the last two programming periods (2000-2006 and 2007-2013). That did not work, so it is imperative for the next programming period, the definition of rural area to be corrected. A change in the definition of a rural area is seen in the second proposed scenario. According to it, rural areas will cover 97.37 percent of the country or 17 985.53 sq.km. Moreover, 47% of the population or 570,203 people more people will be able to benefit from the EU programs and 99.06% of the number of settlements in the country, which shows that the number of settlements, which are defined as rural areas, increases to 1114.

The choice of the definition of rural areas should take into account the fact that the RDP budget for 2014-2020 is not fixed as a compulsory minimum percentage for regional policy measures for rural development. Budget allocation under the measures of the six priorities of the RDP should depend on the needs analysis of the sectors of agriculture and forestry, and processing of raw materials from the sectors that added value. Fixed is only a minimal budget of 5% from the total public contribution of RDP measures to the Leader approach. These measures are the main link to the complementarity of the RDP policy for 2014 – 2020, and the proposal is to apply the definition of a rural area of the RDP - Scenario 1 or Scenario 2 [4]. Assuming the proposed Scenario 2, it measures basic support for Leader help to promote the implementation of community-led local development in 97% of the country for 47% of the population

As a result of the above facts and analyzes, we suggest the definition under Scenario 2 to undergo the following wording:

*Every settlement in the territory of a municipality with a population under 30 000 inhabitants, population density below the national average (66.3 g / sq.) and stored rural lifestyle.*

- Scope - all 264 municipalities, with the exception of the territory of 33 towns with a population of over 30,000 residents, which include: 108 056 square kilometers territory, or 97.37% of the national territory; and 3 472 453 people, or 47% of the country; 5252 settlements

or 99.06% of the number of settlements in the country.

In our opinion, as a basic territorial unit in defining the term "rural area" should be used municipality (LAU1), as this is the level at which NSI collects and processes data and information - demographic, economic and social. Only after change in the current definition of rural area, it will be possible, the funds under the various EU programs, and in particular RDP for the next programming period 2014 - 2020, to allow all farmers and manufacturers, of all places designated as rural areas to take advantage of this right. And the resources allocated under the European programs will have greater absorption.

## **PERSPECTIVES FOR RURAL DEVELOPMENT**

Under the Regulation to support rural development by the European Agricultural Fund for Rural Development (EAFRD) [6], each Member State shall establish either national program for rural development for its entire territory or a set of regional programs. Each program should identify a strategy for implementing the objectives of the European Union priorities for rural development, and a range of measures. Programming should comply with Union priorities for rural development, while being tailored to the national context and complements other EU policies, in particular the agricultural market policy, cohesion policy and the common fisheries. Member States who prefer a set of regional programs should be able to prepare the national framework without special appropriations provided to facilitate the coordination between regions in overcoming the challenges of covering the whole country.

Within the overall framework of the CAP, support for rural development shall contribute to achieving the following objectives: (1) the competitiveness of agriculture; (2) the sustainable management of natural resources, and climate action; (3) a balanced territorial development of rural areas.

The Rural Development Programme 2014-2020 should include thematic sub-programs to meet the specific needs in regions with particular importance, and have to focus on young farmers, small farms , mountain areas, short supply

chains. Thematic sub-programmes may also address specific needs relating to the restructuring of agricultural sectors with a significant impact on the development of a specific rural area.

Rural development measures will be programmed to contribute specifically to the achievement of one or more EU priorities for rural development. An indicative list of individual measures, of particular relevance to the Union priorities, set out in the Regulation of the European Parliament and the European Council on support for rural development [6]

Each EU member state chose which if the proposed individual measures to include in its national RDP and to implement in the next programme period 2014-2020. Proposed individual measures are:

1. **Knowledge transfer and information actions (art. 15).** Activities related to vocational training and skills acquisition actions, demonstration activities and information actions. Vocational training and skills acquisition actions may include training courses, workshops and coaching.

2. **Advisory services , farm management and farm relief services (art. 16).** Support under this measure will be provided in order to facilitate and help farmers, forest holders and SMEs in rural areas.

3. **Quality schemes for agricultural products and foodstuffs (art. 17).** Support under this measure shall cover new participation by farmers in: (a) quality schemes for agricultural products, cotton or foodstuffs established by Union legislation; (b) quality schemes for agricultural products, cotton or foodstuffs facing the certain criteria; (c) voluntary agricultural product certification schemes recognised by the Member States as meeting the Union best practice guidelines for the operation of voluntary certification schemes relating to agricultural products and foodstuffs.

4. **Investments in physical assets (art.18):** Support under this measure will cover tangible and intangible investments which (a) improve the overall performance of the agricultural holding; (b) concern the processing, marketing and/or development of agricultural products; (c) concern infrastructure related to the development and adaptation of agriculture, including access to farm and forest land, land consolidation and improvement, energy supply

and, water management; or (d) are non productive investments linked to the achievement of agri- and forest- environment commitments, biodiversity conservation status of species and habitat, as well as enhancing the public amenity value of a Natura 2000 area or other high nature value area to be defined in the programme.

5. **Farm and business development (art.20)** will focus on business start-up aid for young farmers; non-agricultural activities in rural areas; the development of small farms; investments in non-agricultural activities: support will be given for micro and small enterprises in rural areas, specialized in non-agricultural activities, as well as to the farmers or members of the farm household; as well as annual payments for farmers participating in the small farmers scheme who permanently transfer their holding to another farmer

6. **Investments in forest area development and improvement of the viability of forests (art. 22).** Support under this measure shall concern: (a) afforestation and creation of woodland (b) establishment of agro-forestry systems- (c) prevention and restoration of damage to forests from forest fires and natural disasters, including pest and disease outbreaks, catastrophic events and climate related threats .

7. **Setting up of producer groups (art.28):** Support under this measure shall be granted in order to facilitate the setting up of producer groups in the agriculture and forestry sectors for the purpose of: (a) adapting the production and output of producers who are members of such groups to market requirements; (b) jointly placing goods on the market, including preparation for sale, centralisation of sales and supply to bulk buyers; (c) establishing common rules on production information, with particular regard to harvesting and availability; and (d) other activities that may be carried out by producer groups, such as development of business and marketing skills and organisation and facilitation of innovation processes.

8. **Agri-environment climate (art.29):** Member States shall make support under this measure available throughout their territories, in accordance with their national, regional or local specific needs and priorities. Inclusion of this measure in rural development programmes shall be compulsory.

**9. Bio farming (art.30):** Support under this measure shall be granted, per hectare of UAA, to farmers or groups of farmers who undertake, on a voluntary basis to convert to or maintain organic farming practices and methods a

**10. Payments for NATURA2000 and Water Framework Directive (art.31):** Support under this measure shall be granted annually and per hectare of UAA or per hectare of forest, in order to compensate beneficiaries for costs incurred and income foregone resulting from disadvantages in the areas concerned.

**11. Payments to areas facing natural or other specific constraints (art. 32):** Payments to farmers in mountain areas and other areas, facing natural or other specific constraints, shall be granted annually per hectare of UAA in order to compensate farmers for additional costs and income foregone related to the constraints for agricultural production in the area concerned.

With the implementation of the revised, unified and uniformed definition of rural areas in the new program period 2014 - 2020, are created conditions all municipalities in Bulgaria, with the exception of the territory of the settlements with a population of over 30 000 people to participate and to be funded under the RDP 2014 - 2020.

## CONCLUSION

As a result of the implemented policies for rural development, the realization of the diversification of activities in agriculture and rural economy became possible, resulting in progressive decline of agriculture as a major sector in rural economy, and the only source of income for the population in the Bulgarian countryside. This created opportunities for better use of all resources in these areas, including and land resources, which constitute the largest share

of the resources available to each rural area. The policies for rural development created conditions for multi-use of resources, on one hand as a public good and the other, the need for their conservation. Changing the definition of rural areas will create conditions to ensure diversification and multipurpose use of the resources available in rural area in the new programming period 2014 - 2020. Revised definition will be close to the EU requirements (definition of the OECD, EUROSTAT) and rural areas will cover 97.37% rather than 82% of the territory and 47% rather than 42% of the population living in rural areas. By amending the definition further 16.2% of the population living in rural areas will benefit from funding under the various EU programs and in particular the program for rural development for the new programming period 2014 and 2020.

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