

TITLE SUSTAINABLE AND INCLUSIVE TRANSFORMATION OF THE BULGARIAN RURAL AREAS: CHALLENGES AND PROSPECTS

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Abstract

The European Green Deal, the “Farm to Fork” strategy, the Long-Term Vision for EU Rural Areas - 2040 are key strategic documents that set out the goals for improving the economic and social well-being of people and for the efficient use of natural resources in rural areas. The processes of urbanization and deterioration of the demographic structure in rural areas deepened the regional imbalance in Bulgaria. Consequently, there is a need to change the traditional model of development to a new one based on digital technologies. The aim is to analyze the extent to which the goals for sustainable, inclusive and carbon neutral development of rural areas can be achieved in Bulgaria.

Key words: rural development, rural areas, green transition, territorial strategies

JEL: R11 R12

Introduction

The EU regional policy is an integrated part of the cohesion policy aimed to achieving an overall economic balance across the regions. Since 2010, European policy has been developing towards shifting to economic, social and territorial development `aimed to reducing disparities between urban and non-urban areas. The cohesion policy’s investments have continued to drive convergence across the EU regions. Nevertheless, the policy directed to support poorer and underdeveloped areas the gaps remain between urban and non-urban areas. The 8th Cohesion Report ¹underlines the economic, social and territorial disparities between well-developed and urban and poor less –developed areas. The cohesion report presents that convergence has been driven by economic growth, investment and the economic connectivity. The investments were concentrated more in urban and developed areas. The funding from the European Agriculture Fund for Rural

¹ EU Commission, 2021 ” Cohesion in Europe towards 2050, Eighth Report on Economic, Social and Territorial Cohesion”, https://ec.europa.eu/regional_policy/information-sources/cohesion-report_en

Development (EAFRD) covered the main needs of investment in infrastructure, social and public services and developing small business. The investments were not enough to improve economic performance of rural and peripheries areas in the EU countries. The EU ambition aim to green and digital transition will bring new opportunities for structural changes such as developing innovative products, eco-system, assess to e-service and e-trade and others. The extent to which rural areas will benefit from the green and digital model depends on the available human potential and entrepreneurship. Tackling climate change and achieving the goals of the green transition require not only a regional vision, but also significant national public spending in addition to the EU budget support. Poorer EU member states rely on European Structural Funds to reduce regional disparities and to address climate change and to achieve sustainable, green growth, while more developed ones use national funding (Davies et al 2017)². The purpose of the study is to show the economic and social potential of rural areas in Bulgaria to cope with the challenges of the green and digital transition.

1. Review of the EU policy towards rural areas development

The new Common Agricultural Policy (CAP) is an instrument for reaching the goals of the Farm to Fork and Biodiversity strategies, EU digital strategy in rural areas³. The agricultural policy is supported by two funds the European agricultural guarantee fund (EAGF) and the European agricultural fund for rural development (EAFRD). The main instrument of the EU CAP is national CAP Strategic Plans. The plans combine the measures funded by the both agricultural funds aim to make rural areas sustainable and climate –neutral. The EAGF is focus on the support of the farmer income, environment and climate actions and competitiveness of the agri – food sector. The EAFRD drives local economy through investment for developing rural business, small –scale infrastructure, transition to green and digital villages and encourage to overcome the economic, social and territorial differences between rural and urban areas

Although CAP and cohesion funds funding economic and social cohesion⁴, there is a divergence in economic and social development between urban and non-urban

² Davies S, McMaster I, Vironen H, Ferry M and Vernon P (2017) New European territorial challenges and regional policy: Annual Review of Regional Policy in Europe, European Policy Research Papers;

European Policies Research Centre, University of Strathclyde: Glasgow

³ European Commission (2019). Communication from the Commission “The European Green Deal”, Brussels, 2019 COM(2019) 640 final. <https://eur-lex.europa.eu/legal-content/EN/TXT/>

⁴ Treaty of Rome (1957) all EU regions is an explicit objective of the EU, territorial cohesion became the third dimension of cohesion in the EU according to Treaty of Lisbon in 2007.

regions in Europe. The eighth report on economic, social and territorial cohesion⁵ points out that urban areas generally offer more economic opportunities and higher levels of living standards than rural areas. The report highlights that the green and digital transition is an engine for green and sustainable growth in the EU. Some scientific publications highlight the conclusion that new differences may be emerged, which are named the "digital division", which will deepen economic, social and territorial differences between rural, peripheral and urban areas. In order to avoid the widening of the gap between the regions depends on the management capacity and economic potential of the municipalities not only of the EU financing.

The EC developed "A Long-Term Vision for Rural Areas up to 2040"⁶ - for stronger, connected, resilient, prosperous EU. **This strategic document is a complement to the goals of the CAP for fostering economic, social and territorial cohesion.** The Vision consist of the Rural Pact and Rural Action Plan. The long term vision for rural areas **refers to four main actions areas:**

- improve the access to services and facilitate social innovation;
- improve transport and digital connectivity;
- preserving natural resources and greening farming activities to counter climate change;
- diversify economic activities and improve the value added of farming and agri-food activities and others.

The implementation of these objectives could close the gap between rural and urban areas and diversify the economic activities. The improvement the infrastructure (water, sanitation, energy, transport, digital facilities) and the quality of public and social services are key for a life and attractiveness of the rural areas⁷.

The digitalization is an available alternative for delivering cost-effective, public services in the rural and peripheral areas (Dubois and Sielker, 2022)⁸.

"A Long-Term Vision for Rural Areas up to 2040" aims to change socio-economic conditions in rural areas, through support local strategies and digital connectivity.

The cohesion policy is the other source of support for rural areas through territorial strategic investments. Since the last programming period (2014-2020),

Article 174 of the Treaty on the Functioning of the European Union is directed to promote the balanced and sustainable development of all EU regions.

⁵ https://ec.europa.eu/regional_policy/information-sources/cohesion-report_en

⁶ European Commission published 30 June 2021

⁷ European Commission (2021). Communication from the Commission to the European Parliament, The Council, The European Economic and Social Committee And The Committee of the Regions. A long-term Vision for the EU's Rural Areas - Towards stronger, connected, resilient and prosperous rural areas by 2040 {SWD (2021) 166 final} - {SWD(2021) 167, <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52021DC0345>

⁸ Dubois, A. and Sielker, F. (2022): Digitalization in sparsely populated areas: between place-based practices and the smart region agenda, Regional Studies, DOI: 10.1080/00343404.2022.2035707

Member States can optionally concentrate integrated investments in accordance with the needs and priorities of the specific territory or region. Territorial cohesion and integrated territorial investments are an approach covering economic, social, environmental aspects of the development of a certain territory on the basis of integrated strategies. The 2021–2027 cohesion policy has a “stronger focus on rural–urban linkages and greater cooperation in responding to the needs of territories”(Eurofound,2023, p.13)⁹.

The territorial strategies are addressed to solving regional, urban and local development problems and promoting the local economic potential and the green transition, also. The territorial strategies combine a range of investment priorities funded by ERDF, ESF, but some strategies also involve EAFRD, CF and EMFF.

The advantage of the territorial approach is integrated interventions, through which the economic and human potential is used based on the connectivity of regions and territories.

The initiative “LIDER” is a territorial approach, it was implemented in Bulgaria during the 2007-2013 programming period, under the Rural Development Program. This approach gave possibility two or three municipalities to create Local Development Strategies funded by EAEFRD. Programming period 2014-2020 territorial cohesion has addressed to territories facing the demographic and economic problems. A community-led local development (CLLD) was a tool addressed to social inclusion, to achieve sustainability in the development of rural and peripheral areas and to promote employment and labour mobility. CLLD was supported by the EAFRD and other cohesion funds (ERDF, ESF or EMFF) by laying down common rules and ensuring close coordination for all relevant ESI Funds¹⁰.

The territorial approach allows small settlements to be considered as a set of specific development problems, specific to their activities and available endogenous resources - natural and cultural” (Gray, J. 2000)¹¹. The Community-led Local Development (CLLD) remains as a territorial approaches for integration urban and non-urban strategies and for the development of the rural areas¹².

⁹ Massimiliano Mascherini, Marie Hyland, Garance Hingre, Marta Anzillotti, Daniel Molinuevo, Eleonora Peruffo and Viginta Ivaškaitė-Tamošiūnė, 2023, “Bridging the rural–urban divide: Addressing inequalities and empowering communities”, Eurofound, Publications Office of the European Union, Luxembourg, p.13, <https://eurofound.link/ef22027>

¹⁰ Article 32 Regulation (EU) No 1303/2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32013R1303>

¹¹ Gray, J. 2000. “The Common Agricultural Policy and the re-Invention of the Rural in the European Community.” *Sociologia Ruralis* 40 (1): 30–52. doi:10.1111/1467-9523.00130

¹² Regulation 2021/2115, Art. 77 defines the forms of cooperation, including the LEADER/ CLLD approach, that is applied on a territorial basis through integrated and multi-sectoral strategies for local development, whose priorities are derived based on local needs and an

During the 2014-2020 programming period the local territorial strategies of 64 Local Action Groups (LAGs) covering 117 municipalities, with a population of 1,646,496 people, were approved¹³. The program LEADER/CLLD in Bulgaria has a positive impact on local communities. It has provided support for the small business, by investing in small-scale investment projects, slows down the processes of depopulation of small settlements, ensures diversification of the economy, which also leads to the improvement of the economic and social condition of local residents

According to Bulgarian CAP Plan territorial coverage of the LEADER/CLLD will increase, multi-fund financing of the local strategies, the maximum budget for each strategy is also increased and for LAGs with a population of up to 15,000 inhabitants it is 2,300,000 euros. and for LIGs with more than 15,000 inhabitants it is 3,000,000 euros. The expectations are a greater number of investments and activities will be supported, which will lead to improve the life quality of the inhabitants and business activities in territories¹⁴.

Bulgarian CAP's- strategic plan offers measures, that will bring benefit to rural areas in accordance with Long-Term Vision for Rural Areas up to 2040 as follows:

- Intervention within the framework of the strategic plan named „Investments in basic services and small-scale infrastructure in rural areas”. It provides grants to improve public and technical infrastructure, transport connectivity, social services, and cultural and spiritual development.
- Investment within LEADER/CLLD are addressed to small-scale infrastructure investments, business, SMEs and developing innovative solutions that support the farmers and rural communities to meet the current and future climate and green challenges.
- support investments in digital and innovation, and pilot “smart villages”

2. Recent trends in convergence rural areas in Bulgaria

Rural areas in Europe are heterogeneity and very diverse in terms of natural, climatic conditions, economic, demographic and geographical characteristics, that determines differences in their capacity for economic and sustainable growth. The factors that drive the transition to climate neutral and sustainable economy are: demographic and education structure, human capital, private investment, infrastructure quality, transport connectivity, broadband infrastructure and others.

analysis of economic potential. REGULATION (EU) 2021/1060 the EP and the Council laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, the Just Transition Fund and the European Maritime, Fisheries and Aquaculture Fund and financial rules for those and for the Asylum, Migration and Integration Fund, the Internal Security Fund and the Instrument for Financial Support for Border Management and Visa Policy art.30-34.

¹³ Ministry of Agriculture and Food, Social –Economic Analysis for Rural Development

¹⁴ Bulgaria's CAP Strategic Plan

2.1. Population and age structure in rural areas

The population in the EU rural areas is around 30% and 6.2% less than 1993¹⁵. The rural areas cover 44.6 % of the total EU territory (EU-27) representing 1.9 million km².¹⁶

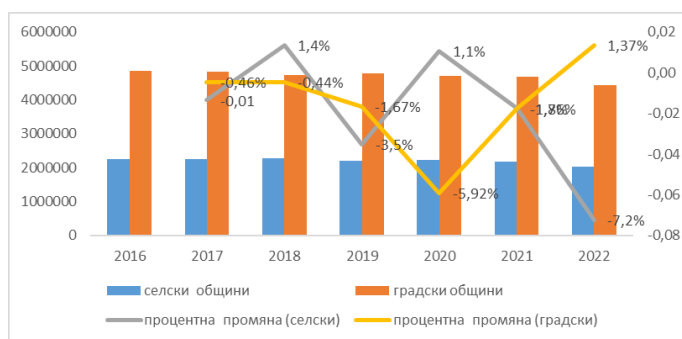
However, most of the EU rural areas face with the same economic and social problems such as demographic decline, deteriorated age structure, low incomes and lack of opportunities for jobs and investments, poor access to social services and transport connectivity, low education and digital skills. Considering the economic characteristics of rural areas and the dominance of agriculture and its vulnerability to climate change, these areas will play a key role in reducing the carbon emissions and achieving the goals of the green transition.

The Bulgaria's CAP strategic plan introduces the following definition of rural areas - municipalities in which there is no settlement with a population of more than 15,000 inhabitants¹⁷.

The country's population is 6 447 710, the population loss is about 8% compared to 2018. The statistical data confirm a constant negative trend of population reduction in the country. The population in rural areas is around 2,1 million or 31% of the total Bulgaria population. The average change in the number of the Bulgarian population is (-12.5%) for the period (2016-2022).

Depopulation is a fact for 199 settlements where there are no inhabitants. The reduction of the population in the villages is greater than the cities. Approximately 25% of rural residents live in peripheral and border settlements and they have less developed transport infrastructure and poor access to public services and education compared to other rural and urban regions.

Figure 1. Annual population change (%) for the period 2017-2022



Source: National Statistical Institute (NSI)

¹⁵ <https://www.espon.eu/sites/default/files/attachments/>

¹⁶ EU Rural Development Policy Impact, Challenges and Outlook

[https://www.europarl.europa.eu/RegData/etudes/BRIE/2021/690711/EPRS_BRI\(2021\)690711_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2021/690711/EPRS_BRI(2021)690711_EN.pdf)

¹⁷ The definition of urban rural municipalities is exclusively based on number of population. According definition 215 municipalities are defined as rural.

The inhabitants have decreased rapidly in the rural municipalities of the North-West and North-Central regions. In 83 small and rural municipalities up 5999 population live 4.7% of the country's residents. A lower population decline was registered for Sofia-capital (-3.0%), districts of Kardzhali (-5.8%), Plovdiv (-6.2%), Varna (-8.9%), Burgas (-8.5%), Blagoevgrad (-7.9%).

Since 2010, downward trend is constant for rural municipalities. A positive change is observed for the municipalities close to urban and industrial areas or big metropolitans (Sofia, Plovdiv). Only five rural municipalities in the country stand out with positive population growth - Bozhurishte, Garmen, Ruen, Satovcha and Sozopol.

The population in Northern Bulgaria decreased by almost 15% for the period 2015-2022. Rural municipalities with a declining and predominantly elderly population, there is a risk of depopulation in the future. Population decline is a result of negative natural growth, external and internal migration and lack of opportunity for jobs. More than half of Bulgarians live in the South-West and South-Central regions (66% of the total country's population).

Table 1. Population by age in rural areas (2017 - 2023)

Age groups	2017	2018	2019	2020	2021	2022	Difference (2017-2020)	Change at base 2017 (%)
0- 19 г.	412792	410086	405219	404626	400351	368198	-44594	-10,8
20-64 г.	1271152	1246874	1233554	1252344	1227780	1101630	-169522	-13,3
65+	532658	531416	530204	537446	527302	524630	-8028	-1,5

Source: NSI

At national level, the share of persons under age 65 is 76.5% and adults over age 65 are 21.7%. The negative trends in demographic structure are deepening the process of increasing the relative share of the population aged 65 continues.

The unfavorable dynamic of decreasing the number of persons of below age 64 is a factor for future economic development of the rural municipalities. For the period 2017-2022 the country's population aged 20-64 reduced by 13% and the number of persons entering retirement age over 65- increased. The average share of the elderly population in rural municipalities is 28.4% and it is higher than the national level of 25.1% (2022). The share of the population age over 65 decrease by 1.5 % for 2022 compared to 2017.

In all municipalities, the elderly population varies between 20% and 30%, with the exception of Sofia –capital where it is 19.1%. In a regional aspect, the share of persons aged 65 and over is highest in the rural municipalities located in

districts Vidin (31.1%), Montana (29.9%), Gabrovo (30.0%), Silistra (27.4%) and Kyustendil (28.0%).

The average value of the reduction the population in working age is 10% in small rural municipalities (up to 5,999 people) and the decrease of the population in working age is by 5% in municipalities with a population up to 15,000.

The shrinking of the population in working age in rural areas is due to long-term negative trends of demographic structure and high rate of mobility of the economically active people to the urban cities. The inhabitants over the working age prevail in small rural settlements.

Although the share of the country's working-age population is decreasing, it is highest in Sofia - capital at 62.9%, compared to an average country's rate of 58.5%. There is also a high share of the working-age population in the 5 cities - Plovdiv, Varna, Stara Zagora, Ruse, and Burgas.

Higher age and lower education levels of the population and lack opportunity for business except agriculture make in rural areas poorer and unattractive for investments than in urban areas.

The following conclusions can be drawn from the brief overview of the demographic situation in rural areas

- The loss of population, migration of the young people to urban and industrial developed cities is a constant trend in rural settlements of the North-West, North-Central and the North-Eastern regions. The loss of the economically active population leads to a lack of investment and also weakens the economic potential of the small and peripheral municipalities.
- In small rural municipalities the share of the population over working age is greater than the population under and in working age. Remaining of this age structure ratio is a trend for most rural municipalities in Northern Bulgaria, it will lead to low quality of labor forces and to weak economic capacity in the future.
- In small rural municipalities the share of the population over working age is greater than the population under and in working age. The trend of growing the elderly population will force the need and costs for social and health services.
- There is a risk of depopulation for small rural and peripheral municipalities According to the study by the Organization for Economic Co-operation and Development (OECD) the settlements close to cities tend to grow the population, while remote regions tend to lose population¹⁸.

2.2. General background of the rural region's economy

The total number of non-financial enterprises is 412,878 in 2021 at the national level. The share of micro-enterprises (up to 9 employed persons) is significant, it

¹⁸ OECD, 2022, "Regions and Cities at a Glance" 2022, <https://www.oecd.org/cfe/oecd-regions-and-cities-at-a-glance-26173212.htm>

is of the 92.9% of all Bulgarian non-financial enterprises. The number of small enterprises (from 10 to 49 employees) is 24,096 or 6.2%, middle –size enterprises (between 50 and 249 employees) reach 4436, or 1.1%, and the large ones (with 250 and more employees) are 754 or 0.18%¹⁹.

The number of non-financial enterprises in rural areas is 21% of the total number. Almost one third of the enterprises (28.7% or 120318) are located in Sofia – Capital and the rest (298998) operate in municipalities outside the designated rural areas.

The number of enterprises has grown in the country, but this trend does not refer to rural municipalities. The employment in rural areas has fallen and it is about 18.5% of total employed persons in enterprises and the employment in non-financial enterprises reaches 75.5% in urban, including Sofia.

Table 2. Main economic indicators of non-financial enterprises (2018-2021)

Indicators	2018	2019	2020	2021	Change at based 2018(%)
Number enterprise	87 128	87070	84588	84550	-2,96%
Production (thousand BGN)	30 771 041	33124509	30215921	36780386	19,53%
Net sales revenues (thousand BGN)	41 006 505	43361907	41936529	52223326	27,35%
Number of employed persons	404800	403458	374726	381164	-5,53%

Source: NSI .

The number of the enterprise has decreased by 3% in rural municipalities for the period (2018-2021). Micro and small enterprises characterize the economic profile of the rural municipalities and they are in low valued sectors such as agriculture, food processing, wholesale and retail trade, repair motor vehicle and others. The number of employed persons continues to decrease (the number of employed persons reduced by -5.5% in 2021 compared to 2018. A worrying fact is the lack of creation of new jobs.

The manufactured output generated by non-financial enterprises operated in main urban and industrial developed cities (Sofia-capital, Plovdiv, Ruse, Varna, Burgas, Stara Zagora) reached nearly BGN 118 billion, it is 55 % of the total manufactured output in 2021. The manufactured production has increased in settlements near to industrial municipalities and large cities. The increase in manufactured product in rural areas by 19.5% in 2021 compared to 2018 and it shows this upward trend refers to rural areas, also. The contribution of rural areas to the

¹⁹ NSI

total manufactured output is around 17.2%. The dynamics of the net sales revenue in rural areas is positive.

In the country, there is a distinction between rural and urban areas regarding the number and type of enterprises, employment and created added value. In rural areas, there is no change in the economic structure, the development of agriculture continues to be a traditional and defining industry. Rural municipalities with a high share of agriculture are located in the North-Western and North-Eastern regions.

Municipalities located nearby to large, urban and industrial areas and also settlements reliant on tourism (winter, summer and spa) have higher employment and income and better opportunity for career development compared to peripheral and remote rural cities and villages. Municipalities located nearby to large, urban and industrial areas and also settlements reliant on tourism (winter, summer and spa) have higher employment and income and better opportunity for career development compared to peripheral and remote cities and villages. These municipalities are not faced with restricted access to public and social services, education and bad infrastructure and risk of social exclusion or poverty.

The multi-fund and territorial approach VOMR has implemented during the programming period (2014-2020) and it has proven to be an opportunity for financing micro businesses and young entrepreneurs in rural areas. The LEADER/CLLD approach is relied on to assist diversification of the local economy but its financial resources are limited. Therefore, mobilizing additional national and private resources is important for the long-term development of the rural areas economy.

Supporting ecological, green and innovative industries by intervention of the Bulgaria's CAP Strategic Plan could change the economic structure, provide employment and save young people in the local community.

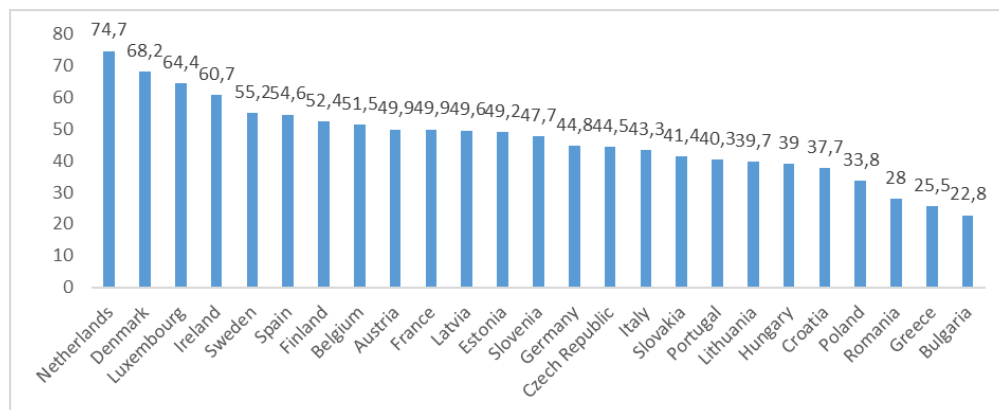
3. Digital technologies tool for improving the life rural areas

The green deal and digitalization requires a new approach for rural development. The Bulgaria's CAP Strategic Plan combines the income support with diversification of the rural economy. Green and digital transition requires changes in diversification of the rural economy. These changes offer new opportunities for developing non-agricultural activities, arising technological micro-enterprises and creating a new model for social and business services.

Additional the strategic plan provides support for smart villages in rural area, digital technologies and innovations. The concept of Smart Villages aims to promote local vitality and competitiveness, improve the human capital and social infrastructure through the provision education, energy, social and healthcare services by digital technologies. Digitalization is particularly important for municipalities in economic decline located in mountainous and remote areas where the access and quality of the services is poor. Smart Villages' is defined as "communities in rural areas that use innovative solutions to improve their resilience, building on

local strength and opportunities” (Zavratnik and Stojmenova Duh, E. 2018)²⁰. The pre-condition for developing the so-called ‘Smart Villages’ in Bulgaria is to be built the broadband infrastructure and to ensure internet connectivity.

Figure 2. Rural Digital Index 2022²¹



Source: Eurostat <https://ec.europa.eu/eurostat/web/digital-economy-and-society/database>

Bulgaria the lowest digital index (22.8 score), only 17.4% of the inhabitants have digital skills and in rural areas own them, 26.3% have never used the Internet. The broadband coverage in remote, mountainous and peripheral settlements is low, only 59% of households have access to high speed next-generation broadband. The share of EU households with broadband subscriptions are to 89% in 2020. According to the Eurofound report (2023) the largest rural–urban gaps in digital literacy is in Bulgaria and Greece at 26 percentage points” (Eurofound,2023, p.32)²².

Bulgaria has not achieved comprehensive coverage of rural areas with high-speed broadband internet. Investments to improve Broadband connectivity in rural areas are foreseen under the Bulgaria’s Recovery and Resilience Plan. The accessibility to Internet and use Information and communications technology (ICT) should impact positively on the quality of life of rural people and give opportunity for employment (remote working) in new technology sectors, as well support services for micro-enterprises. The lack of broadband infrastructure and poor access to internet lead to digital division that is a factor for deepen the divergence

²⁰ Zavratnik, V., Kos, A., & Stojmenova Duh, E. (2018, “Smart Villages: Comprehensive Review of Initiatives and Practices. Sustainability”, 10(7), 2559. <https://doi.org/10.3390/su10072559>

²¹ The Rural Digital Index (RDI) measures connectivity, internet use, digital integration and digital public services

²² Massimiliano Mascherini, Marie Hyland, Garance Hingre, Marta Anzillotti, Daniel Molinuevo, Eleonora Peruffo and Vīginta Ivaškaitė-Tamošiūnė, 2023, “Bridging the rural–urban divide: Addressing inequalities and empowering communities”, Eurofound, Publications Office of the European Union, Luxembourg, p.13, [https:// p.32](https://p.32)

between the urban and remote and peripheral rural settlements. The improvement of the broadband infrastructure can help in strengthening social and public services and empowered the residents the participation in rural communities.

A shift in on-line public service provision could improve the service provision and connect people and businesses to new markets, and decrease the digital gap between urban and rural areas as well.

The smart village model in Bulgaria should be tailored to the age structure of the population and the potential of the local community to adapt and accept the green and digital transition.

Conclusions

The review of the demographic and economic development shows that there is substantial economic, social polarization in the country. The future of the small local communities will be affected by depopulation, social exclusion and poverty. Rural and periphery municipalities continue facing aging population growth, unviable social and public services including transport and health care and limited jobs opportunity. The trend of concentration of the population in metropolitan areas is consistent and the expectation is to continue in the next years.

The EU cohesion and CAP funding has not shrunk the regional disparities remain between rural and urban areas. The regional gaps remain because of the EU funding (ERDF) and the national policy measures that were concentrated in more developed regions and urban areas.

Although the CAP funding to rural areas in Bulgaria, the difference in economic and social development between urban and rural areas is deepening and a disproportion is emerging in the demographic and economic situation between the settlements in southern and northern part of the country.

Bulgaria's CAP Strategic Plan includes interventions linked to identified actions in the "Long-term Vision for the EU's rural areas up to 2040". Bulgarian rural communities will become stronger, connected and prosperous if they have capacity to use digital technologies and innovative solutions for developing new model of services and businesses. The preconditions for achieving the Visions, Green deal goals is to create strong territorial cooperation and to foster building broadband infrastructure remote and rural areas. A lacking access to basic broadband infrastructure and internet in small and remote municipalities will restrict the opportunities of digitalization of the public services and business. Additionally, the digital skill of the elderly population is low. Hence there is a risk digitalization to increase a deviation in economic potential between rural and urban areas and to widen the regional disparities.

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