

TERRITORIAL APPROACHES FOR SUSTAINABLE DEVELOPMENT AND MANAGEMENT OF RURAL AREAS

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Abstract

Territorial approaches are of crucial importance for the sustainable development and management of rural areas. The trend towards consolidating all stakeholders into a comprehensive understanding to enhance the territory's sustainability, and the idea of finding optimal solutions in the pursuit of opportunities for balanced territorial development, is a task with diverse answers depending on the resource potential and activity of local communities. The rural territories in Bulgaria have untapped potential, both in the use and protection of the available resources and their social economic development, as well as in the generation of additional income. Their sustainable development would contribute to achieving a balance between economic, social and environmental growth, as well as significantly improve the quality of life of the local population. The aim of the present study is to identify the integrated territorial approach for sustainable management and development of rural territories in the Republic of Bulgaria. Main groups of activities for achieving balanced territorial development are identified as factors for sustainable development of rural areas. The opinion is defended that an important condition for the integrated approach is for all participants in the process to be interested and successfully combine specific measures suitable for the integration and development of the territory. The implementation of appropriate tools and correct approaches for sustainable rural territory development requires careful analysis and selection of effective measures, depending on the specific characteristics of the location and the initiative of the local community. Although agricultural activity occupies a significant portion of the business in most of these areas, it is imperative to have an adequate policy for the development of additional activities that ensure economic prosperity and a higher standard of living for the local population and their employment. Therefore, in order to achieve three-dimensional sustainability (economic, ecological, social), it is more than necessary to have better interaction and coordination among all participants in the process and a holistic approach to the development and management of each specific territory, in accordance with its specific needs, opportunities, and optimal solutions. Each community can contribute to achieving the goals of sustainable development by 2030, and not only in a narrow scope, but also by contributing to the global challenges that modern society as a whole is facing. The choice of a model for increasing sustainability in the specific territory should be aimed at optimal utilization of regional resources, diversification in the functional use of the territory, optimal diversification of production and economic activities, environmentally friendly business practices and above all at effective interaction between institutions, local administration, business and local communities.

Keywords: territorial approaches, rural areas, sustainable development and management

JEL code – O13, O18, R13

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Territorial approaches can provide an integrative framework that serves as a starting point for discussing challenges and seeking opportunities for optimal solutions in the management of each territory. This circumstance is entirely achievable through the participation of all stakeholders from each individual territory, and from there, it naturally reflects not only in enhancing the sustainability of the local economy but also in the overall territorial development of our country. For this purpose, the implementation of sustainable policies at every level –local, regional, and national – is necessary, along with dialogue and coordination with other sectors, contributing to the development of local economies. At the core of these approaches, in most cases, are innovative processes supported by the most promising activities in the specific region, depending on the resource potential of the territory. The nature of potential innovations is broad, including technological, social, organisational, and other aspects. An important component of territorial approaches also involves opportunities for diversification of economic and social activities. Last but not least, the implementation of ecological practices plays a significant role.

The sustainable development of a territory depends on the ability of its participants to define, plan, and finance actions that are part of a strategic vision, promoted by local authority and locally legitimised institutions (Boche M., J. Burte, M. Jouini, 2022). Initiating or implementing mechanisms for inclusive territorial development and management contributes to the full engagement of local participants in managing available resources, resolving existing conflicts, and seeking opportunities for investment planning. The existing mechanisms are a powerful toolkit for accumulating good practices, provided they are based on shared knowledge of the characteristics of the territory itself and the potential of the resources within its scope.

According to the national definition formulated for the purposes of rural development policy, rural areas cover 80% of the country's territory and nearly 40% of Bulgaria's population lives there (Bulgarian Rural Development Programme 2014-2020). Until recently, rural areas included municipalities where the largest settlement had a population of up to 30 000 people. The new national definition classifies 'rural areas' as municipalities where there is no settlement with a population exceeding 15 000 people (MAF, CAP Strategic Plan 2021 Report). According to this definition, 215 out of a total of 265 municipalities in Bulgaria are classified as rural areas (MAF, Strategic Plan for the Development of Agriculture and Rural Areas of the Republic of Bulgaria for the Period 2023-2027, 2022). It becomes evident that 50 of them fall outside the scope of municipalities classified as rural areas. Meanwhile, it is precisely in these regions that the main portion of land resources, settle-

ments, socio-economic, infrastructural, and other potentials of the country is concentrated. On the other hand, rural areas are characterised by deteriorated demographic, social, and economic indicators compared to the rest of the country's territories. All of this necessitates tracking the emerging opportunities within a transforming economy towards sustainability and seeking answers while investigating their development and management within a territorial scope. The requirement for a different perspective on definitions of rural areas becomes evident in the context of integrated territorial development (Nikolova, M., M. Linkova, P. Pavlov, E. Krasteva, 2022). According to some authors, development based on a combination of the three goals: economic, social, and ecological, should rely on the endogenous resources of rural areas. These resources include not only natural and cultural assets but also human capital qualifications, all while maintaining the interdependence between rural and urban areas (Martínez, 2001). Nevertheless, the Economic and Social Council (ESC) highlights that the new societal needs, along with the possibilities revealed by digital technologies and the expansion of remote work, lead to a renewed focus on rural areas as a place for environmentally-friendly living and new opportunities for social and economic revitalisation. The Economic and Social Council of the Republic of Bulgaria (ESC) believes that this period of renewed interest in rural areas should be maximally utilised to unfold the full potential of these territories (The Economic and Social Council, 2023). Our study has found that cluster analysis at the NUTS-3 level, focusing on the utilised agricultural area (UAA), can be applied for comparison with the urban-rural regional typology. The proposed research approach is applicable at the local administrative unit (LAU) level as well, where it can be used to seek correspondence with the classification for the degree of urbanisation (Nikolova, M., Nenova, R., 2022).

More than 5 years ago, the Organization for Economic Cooperation and Development (OECD) recognised that the concept of 'rural space' is multidimensional, with varying meanings for different purposes (OECD, 2016). Our opinion is based on the understanding that rural territory is a part of the area of each specific region where agricultural production takes place and is intricately linked to the sustainable development of the entire territory. The process of rural territory development and management is connected to and aimed at retaining and/or increasing the local population and preserving rural identity, values, culture, and way of life. This process has a regional character and does not solely entail the development of agriculture but also involves other economic activities to provide favourable conditions, income opportunities, and quality of life in accordance with the specific needs and characteristics of each rural area (Nikolova, M., M. Linkova, P. Pavlov, E. Krasteva, 2022). The territory of each country has diverse functional uses, with agriculture and forestry occupying a significant portion of it. The data for our country confirm this observation even in 2022 – 5 603 153 hectares are used by the agriculture and fisheries sector, followed by the portion occupied by forestry and environmental

protection (Figure 1). This trend has remained relatively stable over an extended period of time.

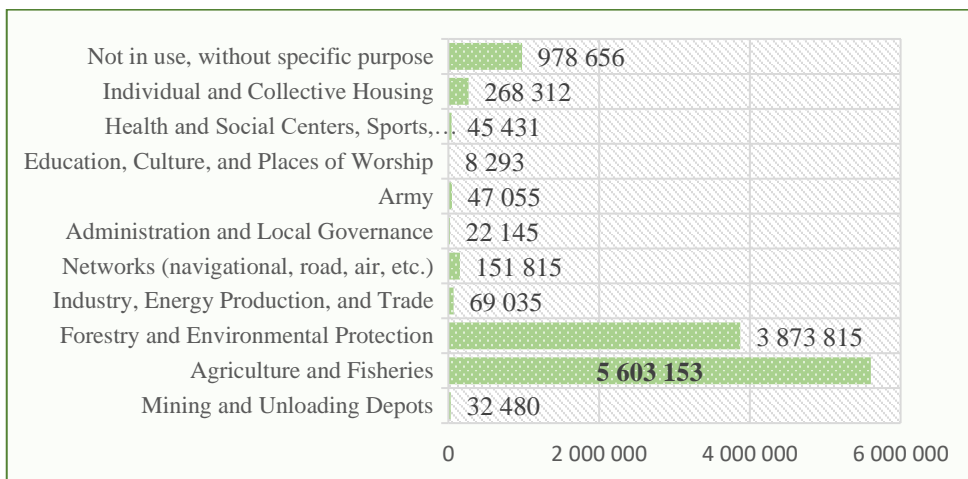


Figure 1. Functional Land Use, 2022

Source: Bulgarian Survey for Monitoring the Agricultural and Economic Conjuncture

When tracking the balance of territory by permanent land use categories in Bulgaria as of December 31, 2022, it is evident that the share of agricultural land is once again the highest – covering 60 781 square kilometres of the country's total area, which in relative terms constitutes 54.76%. Forest territory occupies 33.38%, while urbanised territory constitutes only 4.46% of the area of Bulgaria (Figure 2).

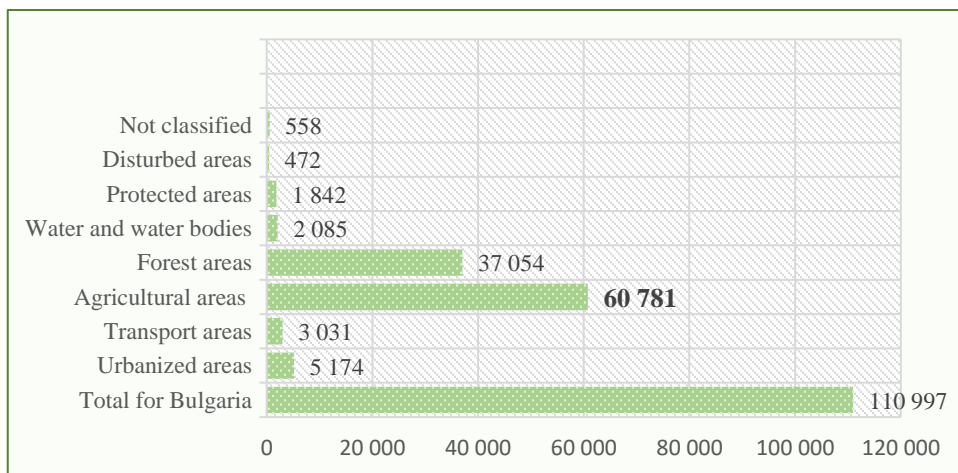


Figure 2. Balance of territory by permanent land use categories

Source: Bulgarian Survey for Monitoring the Agricultural and Economic Conjuncture

If we consider the relative share of agricultural land by statistical regions for the same year, it is evident that the highest share falls within the North Central Planning Region (66.83%), followed by the North West Region (66.48%). The lowest shares are observed in the South West and South Central Planning Regions, with 40% and 43.93%, respectively (Figure 3). Based on this, it is assumed that regions with a predominant share of agricultural land are expected to have a greater potential for the development of modern agricultural production compared to those with a lower relative share. In reality, this is not confirmed due to the reason that the socio-economic development of a given territory is not solely determined by available land, but by a multitude of factors – resource potential (human and financial capital), investment processes, natural capital, innovative solutions, incomes, etc. Furthermore, to achieve sustainability in the development and management of a specific territory, undoubtedly, other economic activities are necessary. These activities aim to achieve balanced territorial development and competitiveness, with sustainability being an essential component for attainment.

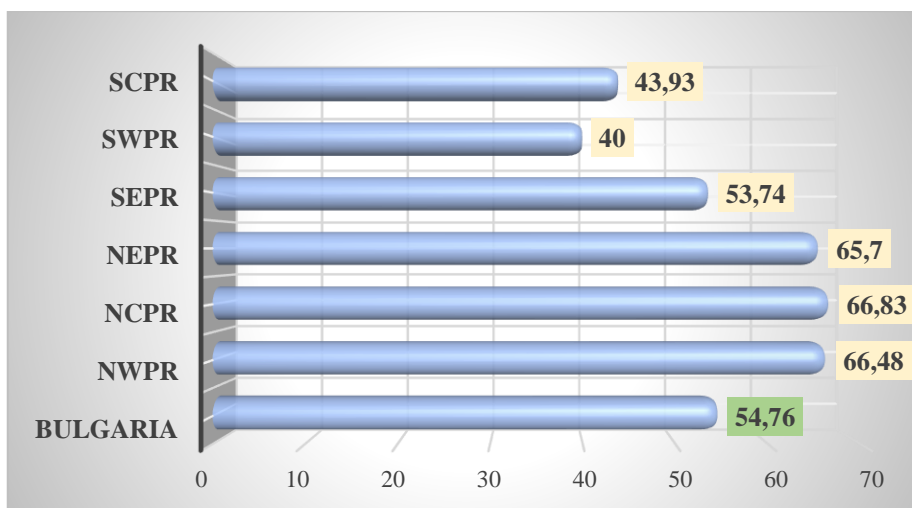


Figure 3. Relative Share of Agricultural Land by Planning Regions
Author's figure according to INFOSTAT data

Balanced territorial development is a significant aspect of sustainable rural development. In this sense, the EU policy is aimed at improving the quality of life in rural areas and supporting processes related to unlocking and utilising their full potential. The main objectives of the *EU's rural development policy* are: *improving the competitiveness of agriculture, achieving sustainable management of natural resources and actions in the field of climate, as well as balanced territorial development*. A team of researchers from the Agricultural University has reached the conclusion

that the support under Pillar II is limited and ineffectively targeted (Beluhova-Uzunova R., K. Hristov, 2020). In this context, the challenges are significant, considering the common issues they face: deteriorated business competitiveness, lower average personal incomes, underdeveloped infrastructure and services, depopulation, etc., as well as the fact that these regions supply important raw materials. Ecosystem services, for example, have the potential not only to generate income but also play a significant role in mitigating the consequences of climate change.

Rural areas in Bulgaria have untapped potential, both in the use and protection of available resources and their social economic development, as well as in the generation of additional income within these areas. Through sustainable development, a balance between economic, social, and environmental growth would be achieved, significantly improving the quality of life in these areas. It is a known fact that sustainable development seeks to meet the needs of the present generation without compromising the ability of future generations to meet and fulfil their own needs. This does not solely mean the rational use of natural resources and restoring ecological balance. Sustainable development encompasses other vital aspects, one of which is balanced territorial development. Furthermore, rural areas within the EU significantly differ in terms of their economic and social characteristics, which necessitates conducting differentiated studies in accordance with national specifics and those of Bulgarian rural regions. Based on the identified differences, priority areas for sustainable development, which will find their place in local development strategies, should be derived.

Sustainability, as an important issue, affects all communities – from the village to the large urban regions. A sustainable community focuses on improving quality of life without a constant increase in the consumption of energy and material products. A sustainable community does not consume resources faster than natural systems. Such a community maintains and enhances the characteristics of its economy, environment, and society within its territory, so that its members can lead a healthy, productive, and fulfilling life. In a sustainable community, solutions to problems should be sought in achieving a balance between: economy, ecology, society (Nikolova, M., M. Linkova, R. Nenova, 2021).

Balanced territorial development, as an element of sustainable territorial development, is achievable through the implementation of five main groups of activities, accompanied by appropriate measures (Figure 4). Particularly important in ***the integrated approach*** is the fact that all participants in the process must be interested and successfully combine specific measures suitable for the integration and development of the territory.

ACTIVITIES	SCOPE
INFRASTRUCTURE	technical energy-related ecological
ECONOMY	industry innovative technologies resource efficiency logistics sustainable production models integrated tourism products, etc.
SOCIAL SCOPE	public services social services healthcare education, etc.
ECOLOGICAL SCOPE	protected areas biodiversity landscape soil, water, air ecosystem services
CULTURAL ASPECTS	cultural heritage traditions customs way of life
MANAGEMENT ASPECTS	knowledge, skills and competencies collaboration local development strategies

*Figure 4. Main groups of activities for balanced territorial development
(Author 's figure)*

One of the sustainability indicators is the distribution of income among the population in Bulgaria. Of particular interest is the coefficient (income quintile share ratio S80/S20), which demonstrates the income disparities within a given society. It is calculated as the ratio of the total income received by the 20% of the population with the highest income (the top quintile) to that received by the 20% of the population with the lowest income (the bottom quintile). Equivalised disposable income is used as the basis for the analysis.

The data indicates that the income disparities between the top 20% wealthiest Bulgarians and the bottom 20% poorest Bulgarians were 8.01 times in 2020 and 7.3 times in 2023 (Figure 5). In the long-term plan for Bulgaria, the income quintile share ratio (S80/S20) reached its highest level of 8.23 in January 2018 and its lowest level of 5.12 in January 2007.

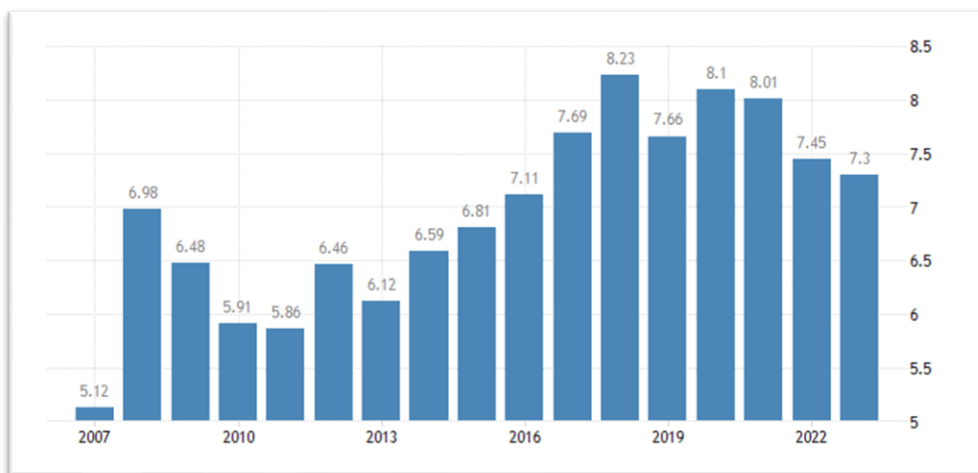


Figure 5. Dynamics of the income quintile share ratio S80/S20 (2007-2023)

Source: Eurostat

Increasing inequality is an indication that the incomes of the poor are growing at a slower rate compared to those of the wealthier individuals, and the likelihood of social pressure is rising (Gunov, T., Beluhova-Uzunova R., 2018). From the data presented in the following figure (Figure 6), it is evident that there is an increase in income inequality in our country, and there is no positive trend towards convergence. Unlike the EU, where fluctuations in the coefficient dynamics are insignificant, our country experiences more significant variations in the coefficient. Based on the analysis of the results, a conclusion can be drawn that in comparison to the EU, in Bulgaria, income growth is more directed towards the upper quintiles, i.e., towards the wealthier population. Therefore, the increase in social inequality appears to be a sustainable trend.

In rural areas, this circumstance is even more pronounced, especially in peripheral rural communities, despite the funding from European sources. Therefore, the economic orientation for rural area development demands a creative understanding of the essence of the desired business idea in depth and the utilisation of appropriate mechanisms to achieve long-term sustainable outcomes. For this purpose, real interaction between governmental bodies and economic structures is necessary, along with effective external influences, enhancing the degree of collaboration among stakeholders. In studying and assessing the regional socio-economic disparities of rural areas in Bulgaria, a team of authors from the Institute of Agrarian Economics, using Shift-Share analysis based on selected components for comparison between rural/urban and national averages, identifies significant interregional differences and imbalances that do not correspond to the goals of the unified regional policy in the country (Ivanov B., R. Popov, D. Mitova, etc., 2022).

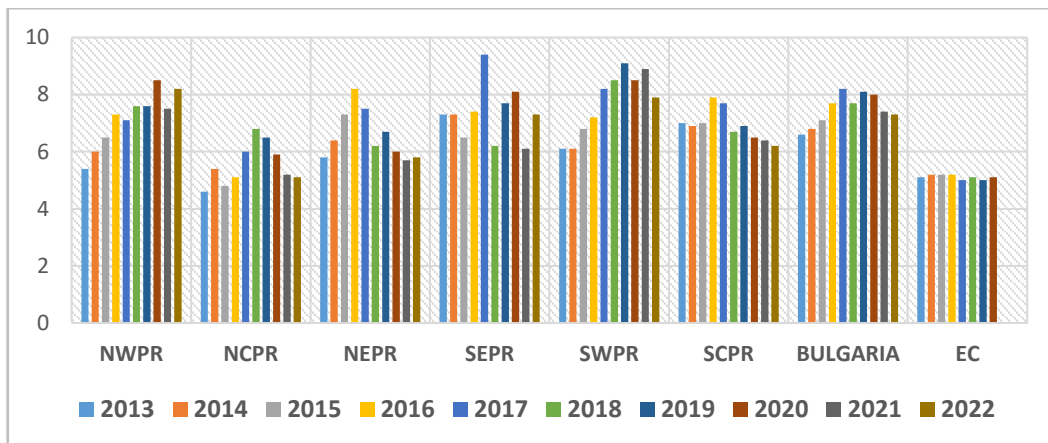


Figure 6. Dynamics of the income quintile share ratio S80/S20

Source: Eurostat

The implementation of suitable tools and correct approaches for sustainable rural development requires careful analysis and selection of effective measures, depending on the specific characteristics of the location and the initiative of the local community. Considering that the development of rural areas is influenced by a variety of factors with both positive and negative impacts, it is necessary to establish adequate policies for their sustainable development and management. In this context, the key instrument-factor that would contribute to increasing sustainability should be directed towards: optimal utilisation of regional resources; diversification in the functional use of the territory; optimal diversification of production and economic activities; ecologically sound business practices; effective interaction among institutions, local administration, businesses, and local communities (Figure 7).

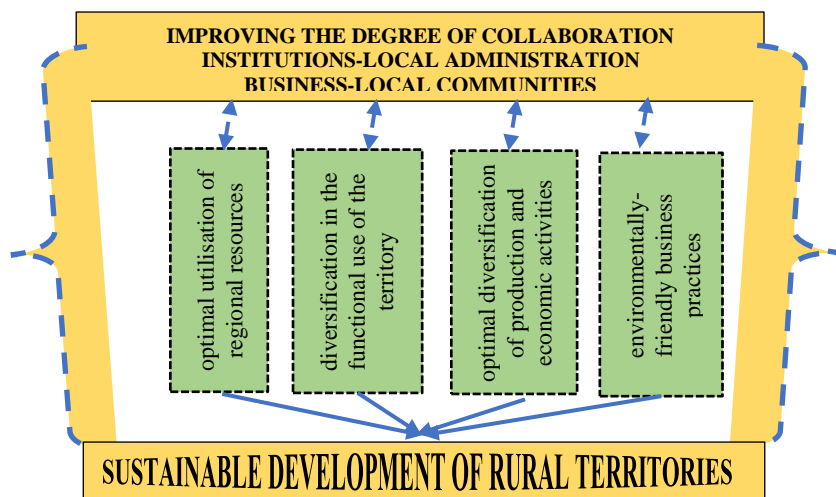


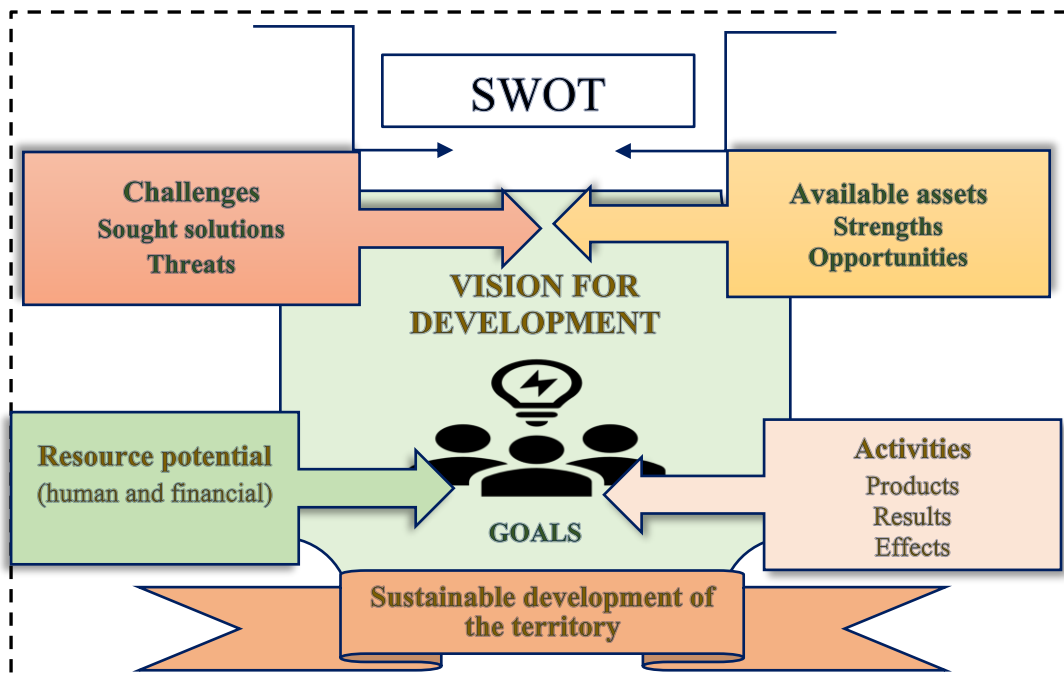
Figure 7. Interrelationships and dependencies between management approaches and tools for short-term and strategic development of rural areas (Author's figure)

A key factor in ensuring sustainable development of rural territories is achieving a high level of collaboration, depending on the specific characteristics of the particular rural area. Optimal utilisation of regional resources is a prerequisite for their sustainable development, ensuring the conservation of the environment and biodiversity, as well as the health, right to work, and leisure of the local population. Optimal diversification of production and economic activities significantly influences the sustainability and competitiveness of the territory, while implementing environmentally friendly business practices is a prerequisite for enhancing the sustainability of rural areas. In recent years, a number of positive practices involving young people who have embraced the idea of returning to Bulgaria from abroad demonstrate a conscious need for introducing innovative practices and/or successfully combining different professions in a different calm business environment and the comfort of the rural identity. So, for example, the author's format of Nova Television shows inspiring stories about people with modern professions (IT specialists, bankers, graphic designers, etc.) who give up the comforts of the big city and invest funds and efforts in completely different activities (agriculture, rural tourism, animal husbandry, etc.) (Shtarbeva, 2023). In this direction, good practices in rural areas also include the development of a sustainable model of organic farming (Petrova, M., Nikolova, M., Pavlov, P., 2023), and this year a national campaign „Be organic!“ has also been launched to promote it and encourage the consumption of clean food. There are numerous examples of good practices implemented by local voluntary initiative groups (Community-led local development (CLLD)). The expectations for the development of the concept of „smart villages“, digital technologies, precision agriculture, creative tourism, and other suitable activities would expand the possibilities for enhancing sustainability and revealing the full potential of individual territories in rural areas. All of this is a slow and challenging process, but entirely realistic and achievable, given effective interaction and partnership among the participants during the entire process of implementing entrepreneurial ideas and innovative practices.

The sustainable development and management of any territory are determined by the active participation of all stakeholders interested in prosperity, including parties that must possess knowledge, skills, and competencies to initiate, plan, and finance activities that contribute to the holistic long-term development vision of the area. This is achieved through the application of local development strategies in line with the essential characteristics of the region. Figure 8 shows the key components of local development strategies in rural territories.

Ultimately, the implementation of rural development policies at the local level, through an integrated approach to achieving balanced territorial development, should take into account the local specifics and uniqueness of each individual region, making effective decisions based on the local potential, needs, opportunities,

and realistic expectations of the area. To achieve this, appropriate solutions are necessary for issues related to infrastructure, service improvement, local population employment, innovative practices, diversification, digitisation, circular economy, motivation for entrepreneurial ideas, etc. These solutions should aim to minimise depopulation processes and enhance the standard of living in rural areas.



*Figure 8. Key Components of the Local Development Strategy in Rural Territories
(Author's figure)*

In conclusion, it can be summarised that the priorities and measures regarding the policy for balanced regional development on a national scale have the potential to contribute to minimising the existing issues in rural areas. To enhance the effectiveness of support under the Rural Development Programmes (RDPs), it is necessary to undertake a review and redirection towards the specifics of the local territory and available assets, as well as the possibilities for introducing innovative practices. Although agricultural activity occupies a significant part of business in most of them, an adequate policy for the development of additional activities ensuring economic prosperity and a higher standard of living for local people and their employment is imperative. Therefore, it is more than necessary to establish improved interaction and coordination among all participants in the process of sustainable development and management of rural territories. This means the use of a holistic approach to the development of each territory, taken separately with its specific

needs, opportunities and solutions, in order to achieve economic, ecological and social stability of a local and regional character. Only in this way, regardless of the localisation parameters of the rural territory, it is possible for each community to contribute to achieving the goals of sustainable development by 2030, and not only in a narrow scope, but also by contributing to the global challenges facing contemporary society as a whole.

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