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# OPPORTUNITIES FOR ASSESSING THE TERRITORIAL POTENTIAL OF RURAL AREAS THROUGH THE LENS OF REGIONAL DEVELOPMENT POLICY

## ABSTRACT

This article addresses the need for implementing regional development policies in rural areas. The focus is on the need for targeted support in implementing new types of policies that can bring rural areas to the forefront as stable development zones and attract new populations as well as make sense of local human capital development. The presentation shows the problems of regionalism in Europe, which is most serious and visible in rural areas, presenting the author's views on modeling the spatial organization of rural life, quality of life and spatial planning problems. Given the focus on rural areas, relevant conclusions and recommendations are drawn on the need to implement innovative policies in line with the penetration of information technology and the promotion of technological renewal in the regional economy and local business development.

**KEYWORDS:** Rural regions, Development, Territory, Business, Local, Areal

**JEL:** R10, R58, J18, L38, O18

## INTRODUCTION

The potential of rural areas within countries has so far been based on the philosophy of regional development policy, which has been one of the most important and complex policies of the European Union over the last 20 years. Thus, the role of this policy impacts on the regions by imposing measures and activities in line with its objective of reducing the existing economic and social disparities between the different regions of Europe. It acts on significant areas of development, such as economic growth and the Small and Medium Enterprise (SME) sector, transport, agriculture, urban development, environmental protection, employment and vocational training, education, gender equality, etc. Conceived as a policy of solidarity at European level, regional policy is mainly based on financial solidarity, or on the redistribution of part of the Community budget achieved through Member States' contributions to less prosperous regions and social groups. In fact, regional development policy can be said to have a strong instrumental character, contributing through its solidarity funds (Cohesion Fund, Structural Funds, Solidarity Fund) to the financing of other sectoral policies – such as agricultural policy, social policy, environmental policy. In addition, regional policy is linked to the enlargement policy of the European Union, through the creation of the special pre-accession

funds PHARE (fund to support economic reconstruction), ISPA (structural policy instrument, which precedes the Cohesion Fund) and SAPARD (programme specifically for agriculture), to which the acceding countries have access and through which their transition to the standards and organisational structures of the European Union (EU) is supported. The comprehensive nature of regional development policy is also underlined by the way it integrates three of the EU's priority objectives: economic and social cohesion, extending the subsidiarity principle and sustainable development. Thus, economic and social cohesion is not only present at the level of the objectives of the Structural Funds, but its importance is reflected in the creation of a fund of the same name (the Cohesion Fund), which is helping to accelerate the process of convergence and to reach the EU's average level of development, in four less developed Member States such as Spain, Portugal, Greece and Ireland. The principle of subsidiarity, which represents an increased degree of involvement of Member States in the design and implementation of Community policies, is also present at the level of other policies. In the present context, this principle is applicable to the negotiation of EU funding by each individual country (depending on national and regional priorities), as well as to the responsibility of the latter in the implementation, monitoring and evaluation of programmes established by mutual agreement. Bulgaria is divided administratively and territorially into 28 districts and 265 municipalities, in which there are 3 159 town halls, according to the National Statistical Institute (NSI) as of 31 December 2022. Thus, regional development policy is present as a priority in all Bulgarian municipalities through the European solidarity programmes, especially through the emphasis on the development of rural areas and their pulling development. However, it is not only Europe that is in a poor state of rural areas; similar problems exist in other parts of the world, which once again underlines the complex nature of regional development policy and the promotion of rural development. Rural areas are areas with sparse settlements, without an important town or municipality. A rural region refers to certain forms of landscape and land use in which agriculture and natural areas play an important role. Rural areas are increasingly diverse in terms of their economic base (Petrov, 2021). Although agriculture still plays an important role in many rural areas, new sources of income have emerged, such as agro-tourism, small-scale manufacturing activities, housing economy, renewable energy production, etc. In practice, without intending to enter into the polemics related to the model of internal organisation of rural areas that Bulgaria needs to improve, the study offers a complementary perspective on this process, shifting the focus of the discussion to the topic of rural areas and the need for their development (Bazini, 2008). The paper does not provide answers or present alternative scenarios, but focuses on highlighting relevant aspects of the process of optimising possible regional development policies. We assume that rural settlements represent a possible environment for conducting socio-economic activity and improving the well-being of the population. The focus of this perspective is the definition of the central element from which the process of improving the territorial organization should start (Tzonkov & Petrov, 2024) It aims to provide a sustainable basis for local rural development processes by finding the right regional development policies.

## 1. ON REGIONAL DEVELOPMENT AND REGIONALISATION PROCESSES IN EUROPE

Regional development is a complex process that supports each territory in creating its future on the basis of its own territorial capital and therefore participates in reducing the disparities between different regions. In recent years, we have witnessed, on the one hand, the manifestation of great concern about the role played by the European Union in the economic and social growth of the countries that have newly entered the European area, and, on the other hand, a focus on finding new ways of speeding up the absorption of European funds that lead to an offset in the growth rates of the Member States. Regionalisation implies a top-down approach; it involves other objectives and other means of implementation than those of regionalism (Petrov, 2004). As a response to the regionalist movement, the state can recognise a regional identity - the region is perceived as a territory considered homogeneous by the state and can take the necessary measures for the regions. To participate in the running of their own businesses (Jovanović, 2012). The starting point of regionalisation is regional imbalances, or rather their awareness is followed by the intervention of national governmental structures or supranational entities whose aim is to decentralise or deconcentrate at regional level some activities or competences that were previously at central level. In this case, we are dealing with administrative acts that are an expression of central political will in relation to local/international structures. Another way of linking these two concepts is to assume that region has 2 main meanings: functional (regionalisation) and identity (regionalism). Regionalisation and regionalism are concepts that describe two regional movements between which there is an inevitable interaction. The needs of regions are responded to through state policy, which in turn has an impact on regional sensibilities and elicits responses from the region. Trying to prove that tensions can arise between the two movements, in the 1980s it was expertly accepted that regionalization does not always meet the requirements of regionalism the main movements included in regional development models, this gives us reason to highlight the following features of the regionalization process:

- a. Regional movements - there have been such movements since the 1960s/70s, but in the 1980s there was a shift, their separatist character was softened in favour of a "civic regionalism" that demanded changes and reforms based on cultural identity and local solidarity.
- b. Regional parties - the regional represents an important element of the pattern of cleavage, which is defined as the centre-periphery relationship, but in turn generates conflicts and tensions, respectively structuring social representations and the political process.
- c. Regional/cultural autonomy - many regional movements in Europe during the 20th century had an ethnic dimension; this interpretation sometimes overshadows any other interpretation.
- d. Reduction of the role of the state - crisis of the state e) Regional civic network - is constituted in the process of implementation of regional policies. It should be noted that there has been an evolution in the nature of regionalism at European level.

It is evident from the prevailing processes that the subjects of power would have a hard time establishing themselves outside the cohort of support in the regions. Thus, it can be assumed that a critical movement at the level of the region can become a normalized and institutionalized activity. Thus the term 'pacified regionalism' is used. Since the 1990s, a new type of regionalism has come to the fore, shaped in part by the phenomenon of globalisation; it is characterised by the emergence of new regions, sometimes supranational, which are not the result of organic development and for which new institutions are being created. In this direction, it is important to focus attention on the most deprived areas and territories where a targeted regional development policy is needed (Bogan, 2012). Thus, the focus on regional problems naturally shifts to rural areas. In this context, alternative measures are needed to develop the rural economy; the problems arising in the rural environment, as well as development initiatives, must be addressed in an integrated manner. The diversification of rural activities, the creation of new jobs in the rural environment, the sustainable development of agriculture, as well as investment in infrastructure and services, the promotion of civic participation, but also raising awareness of the potential of this sector are just so many measures that need to be considered with a view to the development of the rural environment (Chirwa & Odhiambo, 2018).

## **2. THE SPATIAL ORGANISATION OF RURAL LIFE**

Among the causes of rural life, we can mention those of historical order (the retreat of human communities to areas inaccessible to invaders), of secular-religious order (preservation of folk traditions and beliefs) or those of economic order, linked to the low standard of living of certain social categories (rural migration). Approaching a classification according to the prevailing landforms, we can characterise the types of rural settlements and specific activities as follows:

- Rural concentrations - characterized by villages of a collected type, with economic functions, representing grain-agricultural character and horticultural - viticultural;
- agricultural settlements with a semi-mountainous character - characterized by scattered villages, on one side and the other of the roads, with gardens and orchards, vineyards among the groups of houses. As an economic function, tree-growing and animal husbandry are emphasised. At the same time, the presence of more sophisticated economic activities, such as those related to primary to upper wood processing, manufacturing, and in places even mining, is noted;
- Mountain clustered and scattered settlements - characterised by scattered villages in the mountains, with isolated households or small groups of houses, many of which are not connected to utilities: but have the ability to access drinking water, electricity and constructed roads.

In this direction, we can assume that the state of the physical infrastructure of transport and utilities in the rural environment is unstable, as it is both physically and morally obsolete. Moreover, there are many rural settlements where one can hardly speak of the existence of infrastructure. Taking into account the fact that infrastructure is the foundation on which economic activities are built, we can conclude that investment in infrastructure is a priority for correcting imbalances and boosting the sustainable development of the region (Krasteva, 2024). In this sense, rural access to the Rural Development Programme has the possibility to provide

measures and funding for the rehabilitation of rural infrastructure, and increasing and diversifying the collection and processing capacity of existing agricultural, vegetable and livestock production will prove very useful. The main problem leading to the stagnation of rural economic development in the region is not these specific features of the rural economy, but the poor state of infrastructure and in some places even the lack of it. This fact has some immediate implications with a crucial role for rural socio-economic development, namely:

- inability to attract investors;
- the impossibility of improving the existing natural wealth and heritage settlements through the development of certain activity sectors such as rural tourism;
- reducing the quality of life. All this ultimately leads to stagnation of economic development in rural areas and to the emergence of areas with specific socio-economic problems.

Utility infrastructure is also inadequate. Most of the settlements in the mountainous region are not connected to the electricity grid, the drinking water network or the heat distribution network, especially due to the difficulty in carrying out these activities, the high costs involved and the abandoned households. In addition, many of these mountain villages lack telecommunications infrastructure (Kopeva et al., 2010). Existing statistics on utility infrastructure (water supply, sanitation, gas supply) in rural areas are inconclusive due to inconsistencies in the administrative structures of the settlements mentioned in the statistics.

### **3. TERRITORIAL FEATURES OF RURAL AREAS AND THE REGIONALISATION PROCESS**

The classification of localities and regions as rural and peri-urban can be made on the basis of characteristics in terms of natural space, population density and level of socio-economic development. Thus, two dominant approaches emerge: the geographical perspective, which emphasises the coordinates of the territory, and the social perspective, which gives a central role to the social and economic characteristics of the population living in an area. Exclusively geographical approaches, in which the definition of rurality is made by reference to the characteristics of the territory, present obvious limits in the social science landscape. On the other hand, the model of defining the residential status of settlements on the basis of population density, which is a widespread practice in Western Europe, is highly relativized to the reality of countries with authoritarian rule in the past (in some cases even to the situations recorded in countries with developed economies but which have a small population in relation to their area). The population of the country at the end of last year was 5 256. There were 257 towns, 4 999 villages and 165 urban entities - 8 of national and 157 of local importance. In this direction, it is important to have opportunities for territorial cohesion, which is an expression of the balanced, coherent and harmonious development of the territory in terms of economic and social activities, facilities, accessibility and quality of the environment, the existence of fair living and working conditions for all citizens. Territorial cohesion policy must aim to reduce the disparities in development between geographical regions, between urban and rural areas, between the centre and the periphery, and to prevent territorial disparities from increasing.

We can assume that the contemporary difficulties of juxtaposing rural and urban development come from the significant changes that both environments register, but also from their heterogeneous nature. On this basis, we can identify two main strands in the definition of human capital (housing status) and its importance for local regional development. Here, in geo-economic terms, we obviously have to distinguish between geography and social sciences. It is essential to create acceptable living conditions in the rural environment in terms of all economic, social, cultural and environmental aspects, as well as infrastructure and facilities, making a distinction between underdeveloped and peripheral rural regions and those located near large conurbations (Mishev et al., 2019). A balanced urban structure requires the systematic implementation of land use plans and the application of guidelines for the development of economic activities for the benefit of the living conditions of urban dwellers. These need to be viewed through the lens of the coordinates of the territory with an emphasis on the characteristics of the population and localities by delineating the intensity of economic development. Next, in the case of social science definitions, a further level of differentiation can be identified. By the end of 2022, 142 out of all 265 municipalities have a population below 10,000, with their inhabitants representing 11.9% of the total population in the country. The least populated municipality in the country is Treklyano (Kyustendil district) with only 470 inhabitants, followed by Boynitsa municipality (Vidin district) with a population of 740. The average area of a municipality in Bulgaria is 419 square kilometres. The largest municipality in the country is Sliven. In addition, there are 7 municipalities with an area of more than 1 000 sq. km - Stolichna, Dobrich-Rural, Tundzha (Yambol district), Samokov (Sofia district), Sredets (Burgas district), Stara Zagora and Karlovo (Plovdiv district). Through a qualitative assessment of geodemographic characteristics (population size, density) vs. socio-economic characteristics (economic activities, occupation of the population or utilities and public services), an analysis is made of the territorial location of the settlements and their potential for regional development and effective territorial management. Thus, providing a conceptual definition of what constitutes a settlement includes, which has its own characteristics. In this direction, in urbanised areas we have an increasing intensity of urban activity, and in individual rural and rural areas we have a high degree of retardation of innovative development (Madzharova et al., 2011).

This relativity of innovation penetration in agriculture means that we cannot talk about the rural environment or the rural population as a whole, but only in relation to a clearly defined societal framework, because the population in the twenty-first century has a changed value system and pattern of behaviour. Obviously, the importance of the countryside in developed countries cannot be compared with what the countryside represents in developing countries. By the relevant international standards, for example, in Southeastern Europe in Bulgaria, Romania and Greece shows that the population rests on other patterns.



**Table 1.** Population share according to the OECD methodology and that suggested by the EUROSTAT methodology

Country	Methodology of the CEBS			Eurostat Methodology			The difference between Eurostat and OECD for the predominantly rural type
	Rural	Intermediate	City	Rural	Intermediate	City	
Bulgaria	23,7	61,4	14,9	40,4	44,7	14,9	16,7
Romania	52,3	39,2	8,5	46,2	43,9	9,9	- 6,1
Greece	37,4	26,9	35,7	44,2	10,3	45,5	6,8
Slovakia	25,5	61,3	11,4	50,3	38,3	11,4	24,8

*Source: NSI and Eurostat*

The data underlying the analyses contained in this paper are provided by official statistics from institutions such as Eurostat and the OECD. A decrease in the share of the population living in predominantly rural areas has been recorded in Bulgaria and Greece, while an increase has been recorded in Romania and Slovakia (Table 2). Thus, the differences between the application of these two models show significantly different results. Thus, on this basis, both the way in which regional data are statistically reported and the importance of the urban-rural distinction point to the need to derive an indicator of 'territorial stability' that is a composite of the use of criteria such as population density, level of development, permeability of infrastructure and others, so as to be able to see the opportunities for the territorial potential of rural regions. In addition to these, published studies and reports on related topics are used to build the explanatory framework and to illustrate different forms of rural administrative organisation. Thus, through the adopted theoretical and methodological framework, we can accept this expert assessment of the way of territorial organization of the countryside, its forms and trends of change in it on the methodological basis. The reporting method adopted by Eurostat is based on the use of population cells (population grid) and involves a regression to a regional classification model that overcomes the problems associated with too great a variety of LAU 2 and NUTS 3 units, but the central element that determines the classification of the resulting cells as urban or rural is represented in the continuation of population density, the main methodological difference compared to the OECD model is related to the replacement of LAU 2 units by population cells from the centre of the n At a specific level, the Eurostat methodology involves going through three stages. The first stage is the definition of 'urban grid cells', which are created with a minimum population density of 300 inhabitants/km<sup>2</sup> and a total population of at least 5000 inhabitants. All cells outside these groups are considered rural. The second group is formed by analysing all NUTS level 3 regions with an area below the 500 km<sup>2</sup> threshold grouped with one of the neighbouring regions. In this direction, NUTS 3 regions are classified on the basis of the share of the population registered in the rural cells of the grid into three categories: predominantly rural regions (more than 50% of the population in this type of cell), intermediate regions (between 20% and 50% of the population), predominantly urban regions (less than 20% of the population)" (Eurostat, 2021). Based on this, Eurostat defines rural populations as

representing location-specific communities residing in cells ("grids") that do not meet the conditions of density and a general community with a certain density of location. Using this method, it follows that 32% of the EU population lives in rural areas, which represents a significant increase compared to the data obtained from the application of the methodology for the estimation and analysis of individual territorial units. It is therefore necessary to work towards improving the socio-economic development of rural areas and strengthening them (Stoyanova, Z. D. 2022). It is necessary to work on improving the social status and equal opportunities in rural areas of the regions. There is a need for a change in the concept of rural lifestyles and a new focus of attention that governments should focus their regional development policies. Thus, in rural areas women continue to be seen only as the bearer of the heirs of the family, the one who gives birth and takes care of their upbringing, without being given a real chance to make a career, to establish herself as an active factor with a decisive role in rural development (Patarchanov, P.2009) As the statistics at regional level do not address this topic, we will take as an example, to demonstrate the statements made, the representation of women at local administration level. For example, in the North East Planning Region, women representation at the village level in the rural local governments in the 2019-2023 electoral period is only 8.23%. With the 2023 local government elections, there are positive trends with the trends increasing to 20%. In addition, policies promoted at the national, regional and local levels regarding rural development support the importance of rural reconstruction by promoting active citizen participation in solving the problems of these territories as a modern tool that can create a path to development. The development of citizen participation is an element that can directly contribute to the development of rural communities. This approach can provide the basis for the future development of the NGO sector by synthesising the main opportunities for the development of a range of civic initiatives to enhance the attractiveness of rural areas. As for the problems associated with the current state of rural areas, these are in the direction of a lack of a coherent vision for rural development in the long term, very little work on infrastructure and business development facilities and a rebuke to the efficiency of the public sector. There is a slowdown in investment in rural areas and insufficient promotion of the areas. However, rural areas have the opportunity and potential for development, but this development must be based on a correct model of territorial management and inspiring the local economic potential of the population.

## CONCLUSION

The undertaking of territorial and administrative reform has been one of the main topics of public and scientific debate these years. The political debate has focused on some specific questions such as: how many regions should the nation-state have, which cities should be the centres of these regions or what institutions should be created. From this point of view, this paper presents a new perspective on the regionalisation process. Achieving targeted support of rural areas must have an operational, integrative, normative activity whose main objective is to stimulate the complex evolution of settlements, through the implementation of short, medium and long-term development strategies, which aims to establish the guidelines for the spatial development of urban and rural settlements, in accordance with their potential and aspirations inhabitants and which includes all the settlements of the country, organized in a network, based



on their ranking and balanced distribution. The results of current rural policies is not serious, but to analyze the theoretical and empirical foundations of the current rural system. There are more than 200 rural municipalities in Bulgaria, but only a few of them have the financial strength to sustain development policies on their own. The majority of municipalities depend on public funds. On the one hand, the most developed rural areas, located preferentially in the peripheral areas of important urban centres, have important competitive advantages relying on the size of the population and the specificity of economic activities. On the other hand, municipalities in poor areas have significant deficits in utilities and infrastructure caused by a lack of financial resources. Consequently, the coordinates of local budget revenues and expenditures represent a major determinant in the development process of municipalities. This paper argues that a serious analysis of the regionalization process must take into account the reform of the current rural administrative system.

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