

Bulgaria's Rural Development Programme 2007-2013

Country profile:

- Territory: 111 000 km²;
- GDP: 29.7% of EU-25 average (2002-2004)
- Population: 7.8 million inhabitants
- Rural areas: 231 municipalities out of a total of 264 are classified as rural, representing 81% of the territory and 42% of the population (national definition)
- Agriculture highly significant compared to EU-25: 11% of GVA; 24.9% of employment (2004) and agri-foods account for 10% of Bulgaria's exports and have a positive trade balance. However, sector has very low productivity – 43% of the national and 12% of the EU-25 average;
- UAA 5.3 million ha (48% of the country's territory), mainly arable crops – cereals, oilseeds etc (62% of UAA), vegetables, vineyards; livestock production – predominantly cattle, sheep, pigs, goat and poultry
- Highly polarised farm structures and fragmented land ownership following the land restitution process
- 665 500 agricultural holdings - of which 75% are less than 1 ha (farming only 7% of the UAA), while 0.8% of holdings manage more than 50 ha (and farm 78% of the UAA) → large share of subsistence and semi-subsistence farms and low average farm size of 4.4 ha.
- Forests and other wooded area - 3.7 million ha (34% of the country's territory), with 78% of forests state owned
- Food processing industry contributing to 2.6% of GVA, 3.5% of total employment and 15% of the industrial output. Comprises 6 500 mostly micro and small enterprises - bread and bakery, beverages, meat and milk processing
- Rich natural biodiversity and significant share of High Nature Value farmlands and permanent grassland (34% of UAA)
- Mountainous/less favoured areas: 48% of territory
- Rural economy characterised by high dependence on agriculture; high (19%) unemployment; ageing population structure and out-migration to urban areas; poor access/quality of basic services (roads, sewage systems etc), but with good potential for rural tourism development.

Chosen strategy corresponding to the profile:

On the basis of the needs identified, the Community Strategic Guidelines (CSG), Lisbon and Göteborg objectives, the three following overall objectives were chosen:

- To develop a competitive and innovation based agriculture, forestry and food processing industry
- To protect the national resources and environment of rural areas
- To improve the quality of life and diversify job opportunities in rural areas.

Budget overall and share of EU funding

| Axis | Total Public Expenditure | Share of EAFRD Public expenditure in % | EAFRD Contribution |
|----------------------------------|--------------------------|--|--------------------|
| Axis 1 | 1,204,866 983 | 80,00% | 963,893,586 |
| Axis 2 | 777,394,110 | 82,00% | 637,463,170 |
| Axis 3 | 877,666,684 | 80,00% | 702,133,347 |
| LEADER | 76,988,306 | 80,00% | 61,590,645 |
| Technical assistance | 123,181,289 | 80,00% | 98,545,031 |
| Complements to direct payments * | 181,841,021 | 80,00% | 145,472,817 |
| Total | 3,241,938,393 | 80,48% | 2,609,098,596 |

* Accession Treaty measure for Bulgaria/Romania for 2007-09 period.

Overall aim of RD programme in country:

The rural development programme (RDP) seeks to develop a competitive and innovation based agriculture, forestry and food-processing industry (axis 1), protect natural resources and environment of rural areas (axis 2), and improve the quality of life and diversify job opportunities in rural areas (axis 3). The Leader axis will aim to build capacity for local development and improve local governance and will help achieve the objectives of the other three axes

Axis 1 budget allocation and main priorities:

EAFRD: 963 893 586.

Total public expenditure: 1 204 866 983.

Axis 1 (improving the competitiveness of the agricultural and forestry sector) will target modernisation of physical assets and production factors in the agricultural, forestry and food processing sectors in order to improve productivity; investments for compliance with Community standards on farm or by food processing enterprises; adjustments in farming structures by encouraging setting up by young farmers and development of viable market-based businesses by semi-subsistence farmers; and improvement of human potential by support for training and advisory services in agriculture and forestry.

Within the RDP axes, 42% of resources are allocated to Axis 1 .The main accent is put on modernisation and restructuring – 90% of the axis budget; and the remaining 10% will target knowledge transfer and innovation.

Axis 2 budget allocation and main priorities:

EAFRD: 637 463 170.

Total public expenditure: 777 394 110.

Axis 2 (improving the environment and the countryside) has as its overall priority to increase the sustainable management of agricultural and forest land in Bulgaria. With this aim, specific priorities are conservation of biodiversity and High Nature Value Farmlands; development of organic farming; improvement of water and soil quality; development of sustainable land and forestry management practices for example to fight soil erosion in mountainous areas; and to extend and improve forest resources which can make a positive contribution in climate change context.

Measures under Axis 1 and 3 will contribute also to the RDP's environmental objectives.

Within the RDP axes, 27% of resources are allocated to Axis 2. The main emphasis in Axis 2 is put on agri-environmental measures – 40% of the axis budget, followed by support for farmers in less favoured areas – 35% and support for Natura 2000 and forestry – 25%.

Axis 3 budget allocation and main priorities:

EAFRD: 702 133 347.

Total public expenditure: 877 666 684.

Axis 3 (quality of life in rural areas and diversification of the rural economy) will seek to address the poor quality and accessibility of basic services and infrastructure in Bulgaria's rural areas, as an important pre-condition for economic growth and retaining population in rural areas. It will also tackle the lack of job opportunities and high dependency on agriculture, by supporting diversification into non-agricultural activities and support for the creation and development of rural micro-enterprises.

Within the RDP axes, 31% of resources are allocated to Axis 3 (EUR 878 million public expenditure). Of these resources, 69% will target improvement of quality of life given the urgent needs of rural areas, and 31% - diversification of job opportunities.

Leader budget allocation:

EAFRD: 61 590 645.

Total public expenditure: 76 988 3060.

The Leader approach will be used to deliver 2.6% of the resources under the other 3 axes. Approximately 82% of the funds will be used for the implementation of local development strategies and promotion of cooperation, and 18% - for information activities and capacity building of rural actors concerning the Leader approach.