

Rural Development Programme (RDP) of Bulgaria

Програма за развитие на селските райони¹

(Rural Development Programme 2007-2013)

Relevant Contact Details

Ministry of Agriculture and Food

Address: 55, Hristo Botev Blvd., 1040 Sofia, Bulgaria

Telephone number: 00 359 298511 354

Managing Authority Website:

<http://www.mzh.government.bg/mzh/bg/Home.aspx>

Other useful links:

Rural Development Programme (RDP):

<http://prsr.government.bg/index.php/en/>

National Strategy Plan (NSP):

http://prsr.government.bg/Admin/upload/Media_file_1268272345.pdf

Bulgarian National Rural Network:

<http://www.nsm.government.bg/index.php?lang=bg>



Map of Bulgaria

(© European Commission)

General socio-economic situation in rural areas in Bulgaria

The Republic of Bulgaria is situated in the South East part of Europe and has a total territory of 111,000 km² with 7.8 million inhabitants (2004 data). The whole territory of the Republic of Bulgaria has been classified under the "Convergence" objective. According to the national definition, rural areas represent 81% of the Bulgarian territory and 42% of the population. In 2001-2004, the average rate of rural population decline was 10.5 persons per 1,000 per year compared to 2.1 persons per 1,000 in the urban population. In 2004, the unemployment rate in rural municipalities was over 19.2% while the long-term unemployment rate in the rural areas was 11.3% (compared to 3.6% in urban areas) with high unemployment amongst young people being an additional problem. The Bulgarian Rural Development Programme (RDP) therefore puts a strong focus on the needs for improving the quality of life and diversifying the economy and job opportunities in rural areas, alongside promoting restructuring and improving competitiveness in the Bulgarian agri-food sector.

The weaknesses of the rural areas and land use include poverty and social exclusion; worn-out and/or missing basic infrastructure (roads, water supply and sewage systems); monoculture production with a lack of crop rotation in certain regions; loss of soil fertility due to water and wind erosion; reduction of soil organic matter; salinization and acidification of soils; polarised farm structures with a large share of subsistence and semi-subsistence farms; fragmented ownership of agricultural and forest land; low productivity in agriculture and food industry; poor integration of R&D and a slow-pace of innovation in the agri-food sector, and; a low educational level, inadequate qualification, business and managerial skills of the labour force in agriculture and for private forest owners. In terms of employment and population there are high long-term unemployment rates (see above); high unemployment rates amongst young people; an ageing population; negative population growth, and; out-migration.

On the other hand, the strengths of rural areas in Bulgaria (which are intended to be supported through the RDP) include the large number of rural communes with rich historical and cultural traditions; a well-developed network of settlements; favourable agro-ecological potential; rich

¹Latest updated RDP, following the adoption of the European Economic Recovery Package.

diversity of wildlife and landscapes and a high share of high nature value farmland; long traditions in the production of various primary products and processed foods; high natural potential for timber production, and; a functional system of research, training and consultancy in agriculture, the food-processing industry and forestry.

RDP strategic objectives

The overall objectives of the Bulgarian RDP were chosen in accordance with the EU Community Strategic Guidelines (CSG) for rural development and the National Strategy Plan (NSP). These objectives include: developing a competitive and innovation-based agriculture, forestry and food processing industry; protecting the natural resources and environment of rural areas, and; improving the quality of life and diversify job opportunities in rural areas. These objectives are addressed by specific measures of the four axes of the RDP.

Following approval by the European Council in December 2008 of the European Economic Recovery Package (EERP) and in recognition of the greater emphasis now being given to the “new challenges” facing agriculture and rural areas, the modified RDP further highlights the following priorities to which the additional EERP funds are allocated: water management; renewable energies, and; measures accompanying the restructuring of the dairy sector. The Bulgarian NSP had already identified these priorities as challenges to be addressed, and operations related to them were already included in the original approved Bulgarian RDP.

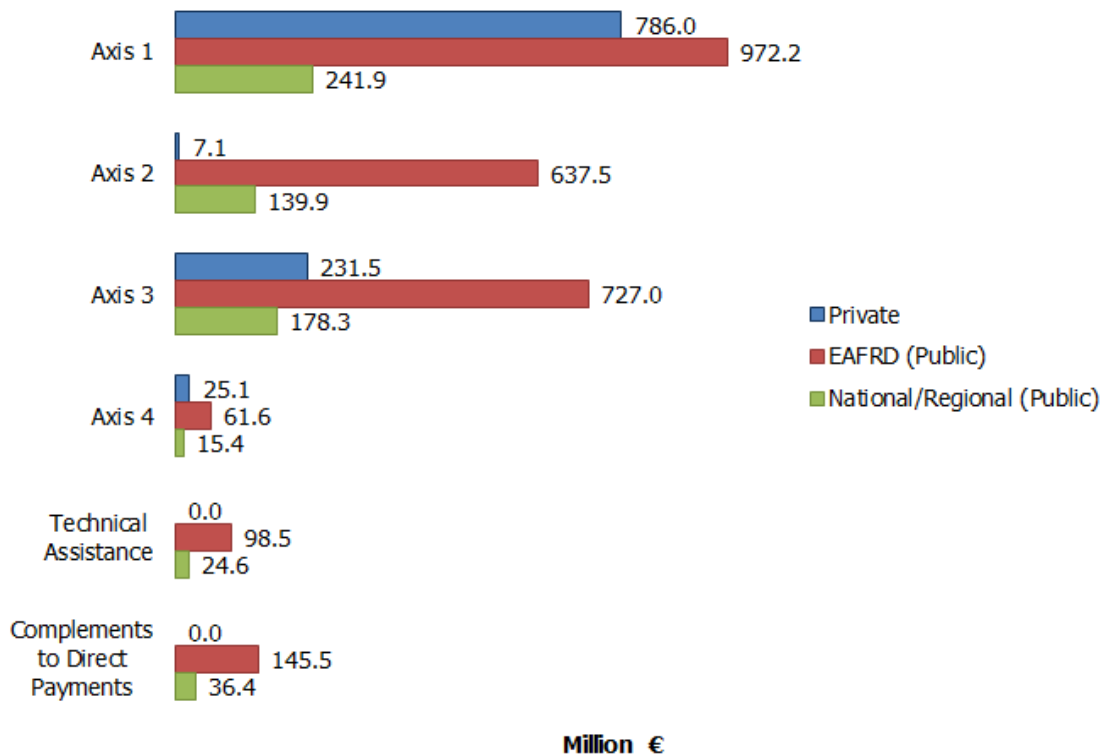
Expected impact / outcomes of the policies

According to the ex-ante evaluation, the main expected outcomes of the RDP are:

- Economic Growth - accelerating structural reform in agriculture; improving the competitiveness of the agricultural and food sector with a positive impact on farm incomes; enhancing overall productivity, and; the introduction of innovative technology and practices;
- Increase of Labour Productivity – through the provision of more productive “production tools”, including machinery, farm infrastructure and provision of training to improve management skills;
- Environmental Impacts – contributing to reversing biodiversity decline; maintenance of high nature value farmland and forestry; improvement of water quality, and; cross cutting and indirect contributions (e.g. promoting increased environmental awareness in the rural population);
- Impacts on employment - it is estimated that the RDP will have positive impacts on employment rates both in terms of new job opportunities and the retention of existing jobs that, without the support of the Programme, would be lost;
- Combating climate change.

Targets for certain output indicators have been updated to take account of the alterations to the RDP as a result of the European Economic Recovery Package. Given the limited amount of additional EERP funds relative to the initial RDP size, result and impact indicators remain unchanged. As part of the EERP modification, but without using EERP funds, the aid intensity on specific types of investments has been increased by 10% linked to the new challenges to complement the overall approach. Detailed information on impact indicators for individual measures is provided in the RDP indicator tables.

RDP budget breakdown by axis: Total expenditure 2007-2013 (including national/regional + EAFRD + private funding) of €4,328,557,047



The RDP budget allocations are broadly divided into four main areas of expenditure, known as axes (namely: Improving the competitiveness of the agricultural and forestry sector; Improving the environment and the countryside; Quality of life in rural areas and diversification of the rural economy; and Leader). A total of 46% of the overall RDP budget in Bulgaria is allocated to axis 1 (€2billion); 18% is allocated to Axis 2 (€784.52 million), 26% to axis 3 (€1.14billion) and 2.4% to axis 4 (€102.10 million). In addition to these four axes nearly 3% is available to fund Technical Assistance (€123.18 million) and a further 4% (€181.84 million) for the special measure for Bulgaria & Romania 'Complements to Direct Payments' (under an Accession Treaty provision, in the period 2007-09 the EU-2 are allowed to transfer part of their EAFRD allocation to be used to 'top-up' direct payments to farmers under the 1st Pillar of the CAP).

Within axis 1, national/regional public funding represents approximately 12% share of the axis funding; EAFRD 49%; and private funds 39%.

Within axis 2, national/regional public funding represents approximately 18% share of the axis funding; EAFRD 81%; and private funds less than 1%.

Within axis 3, national/regional public funding represents approximately 16% share of the axis funding; EAFRD 64% and private funds 20%.

Within axis 4, national/regional public funding represents approximately 15% share of the axis funding; EAFRD 60%; and private funds 25%.

Within technical assistance and measure 'Complements to Direct Payments', national/regional public funding represents approximately 20% share of the funding, EAFRD 80% and no private funding.

The only additional amount added to the initial EAFRD allocation for the Bulgarian RDP, is the amount decided in the framework of the European Economic Recovery Package. This is a total of €36,833,333 (including €33,150,000 EAFRD + €3,683,333 regional/national public funds) to support existing operations related to the new challenges, namely: increased production of renewable energy; supporting the restructuring of the dairy sector and improving its competitiveness; and water management.

Axis Information²

Axis 1 objectives: Improving the competitiveness of the agricultural and forestry sector

The table below provides an indication of the RDP's axis 1 priorities.

Strategic objectives	Specific objectives
Develop a competitive and innovation-based agriculture, forestry and food processing industry	<ul style="list-style-type: none"> - Restructure and modernize physical potential and promote innovation - Support the adjustment of farming structures, including support for more co-operation - Promote knowledge and improve human potential

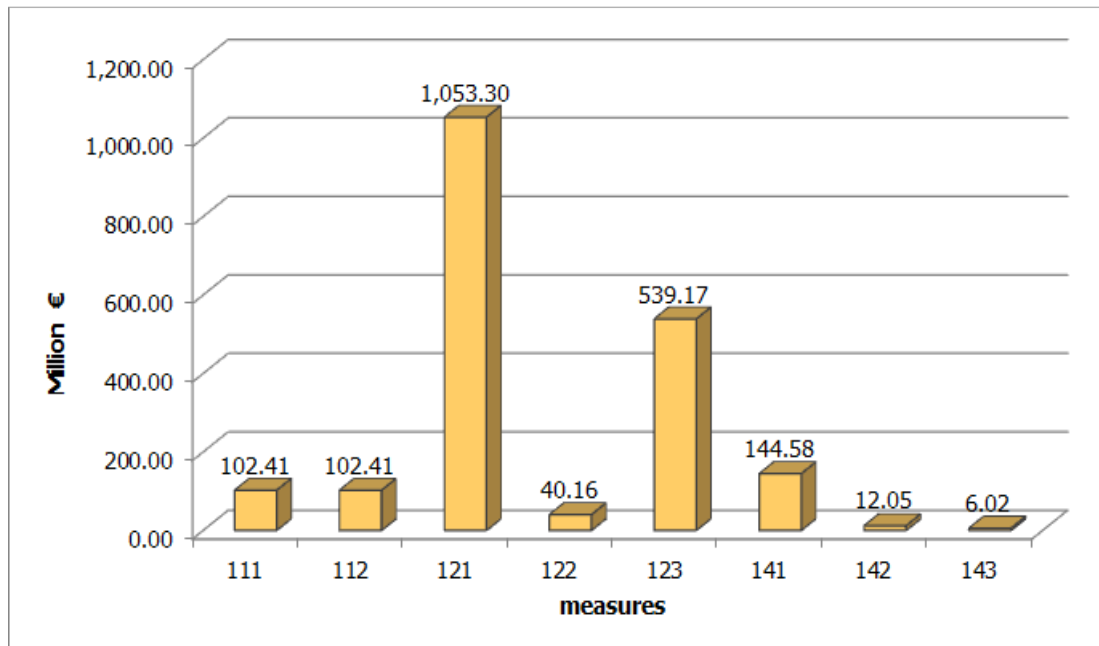
The interventions under Axis 1 aim at increasing the competitiveness of agriculture, forestry and the food processing industry. Consequently, the first priority for this axis is on modernisation of agricultural holdings (measure 121) which accounts for 53% of the budget. The second most important focus for axis 1 is on adding value to agricultural and forestry products (measure 123) being allocated 27% of the budget. The remaining budget is divided between 6 measures – vocational training and information actions (measure 111), setting up of young farmers (measure 112), improvement of the economic value of forests (measure 122), semi-subsistence farming (measure 141), producer groups (measure 142) and providing farm advisory and extension services (measure 143).

Result indicator targets for axis 1 include a total of 18,000 participants that successfully ended a training activity related to agriculture and/or forestry (measure 111), a total number of 3,700 holdings introducing new products or techniques (measure 121), a total of 400 enterprises introduced new products, processes and technologies (measure 123) and 16,800 farms entering the market having being supported under measure 141.

Specific output indicator targets have been increased to take account of the amendments to the RDP in the context of the European Economic Recovery Package. In measure 121 the number of farm holdings supported increased from 5,300 to 5,390 and in measure 123 the number of farm holdings supported increased from 610 to 620. For further information on specific output and result indicators please refer to the indicator tables in the RDP programme.

²A full list of RDP measures can be found in Annex I.

Axis 1 indicative budget breakdown by measure: Total allocated budget 2007-2013 (including regional/national public funds + EAFRD + private funds) of €2,000,118,708³ - indicative



Following the RDP modification in the context of the EERP, the total budget for axis 1 is €2,000,118,708 including an additional €9,208,333 (€8,287,500EAFRD + €920,833 national/regional public funds). In addition, as part of the EERP framework, but without using EERP funds, the aid intensity of measures 121 and 123 has been increased by 10% for a wider range of operations linked to the new challenges to complement the overall approach.

Axis 2 objectives: Improving the environment and the countryside

The table below provides an indication of the RDP's axis 2 priorities.

Strategic objectives	Specific objectives
Protect natural resources and the environment of rural areas	<ul style="list-style-type: none"> - Increase sustainable management of agricultural land - Conservation of biodiversity and high natural values farmland - Development of organic farming - Improvement of water and soil quality - Develop sustainable land management practices - Promote sustainable use of agricultural land, forest and forest land management

The focus of Axis 2, as described, aims at the development of agricultural methods consistent with the protection and preservation of the environment, and on compensating the producers in the mountainous and other less favoured areas for keeping their land in good condition, and preventing the abandonment of land in these areas. With respect to this framework, the agri-environment payments (measure 214) dominate the support provided under axis 2 with 56% of total axis funding. The second largest proportion of axis funds (30%) is allocated to natural handicap payments to farmers in mountain areas (measure 211). The rest of the budget is distributed between 3 measures -

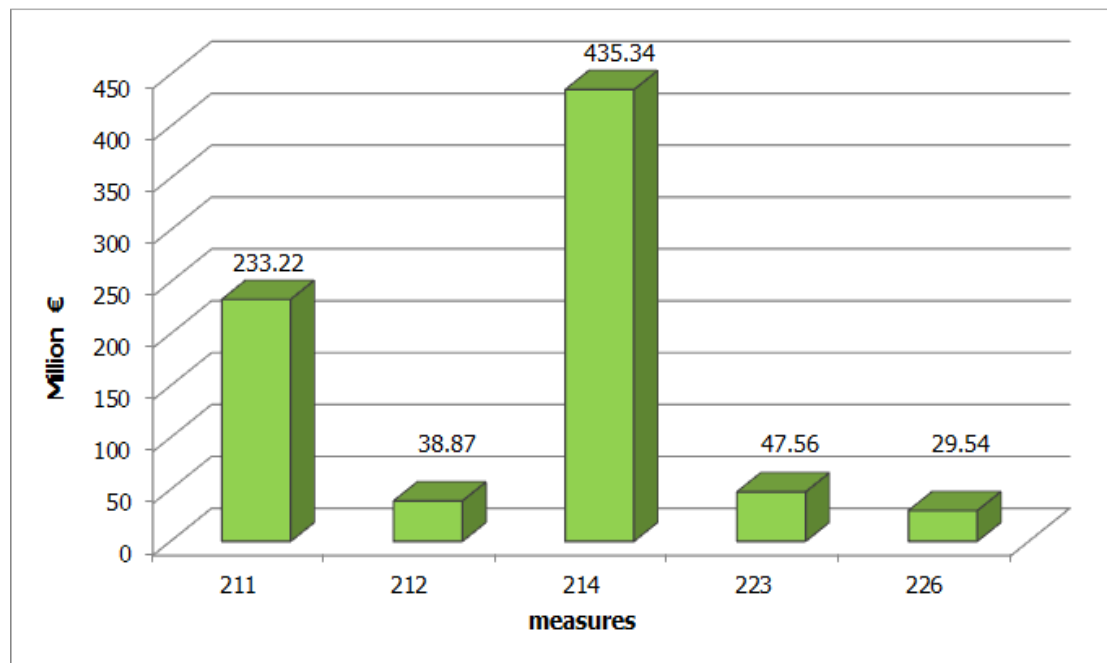
³Please note that for measures 111, 112, 141, 142 and 143, no private spending has been allocated.

payments to farmers in areas with handicaps, other than mountain areas (measure 212; 5%), first afforestation of non-agricultural land (measure 223; 6%) and restoring forestry potential and introducing prevention actions (measure 226; 4%). For further information please refer to the financial tables in the modified RDP.

The result indicator targets which will be used to assess the measures of axis 2 include for measure 214, the areas under successful land management contributing to a) improvement of biodiversity (100,000ha), b) improvement of water quality (1,000ha) and c) improvement of soil quality (160,000ha), of which organic farming will be applied on 70,000 ha; and in measure 123, the result indicator target is 30 holdings introducing new products or techniques in relation to adding value to agriculture and forestry products. For further information on specific output and result indicators please refer to the indicator tables in the RDP programme.

There are no modifications in relation to axis 2 following the RDP update.

Axis 2 indicative budget breakdown by measure: Total allocated budget 2007-2013 (including regional/national public funds + EAFRD + private funds) of €784,527,843⁴ - indicative



⁴ For measures 211, 212, 214, and 226 no private spending has been allocated.

Axis 3 objectives: Quality of life in rural areas and diversification of the rural economy

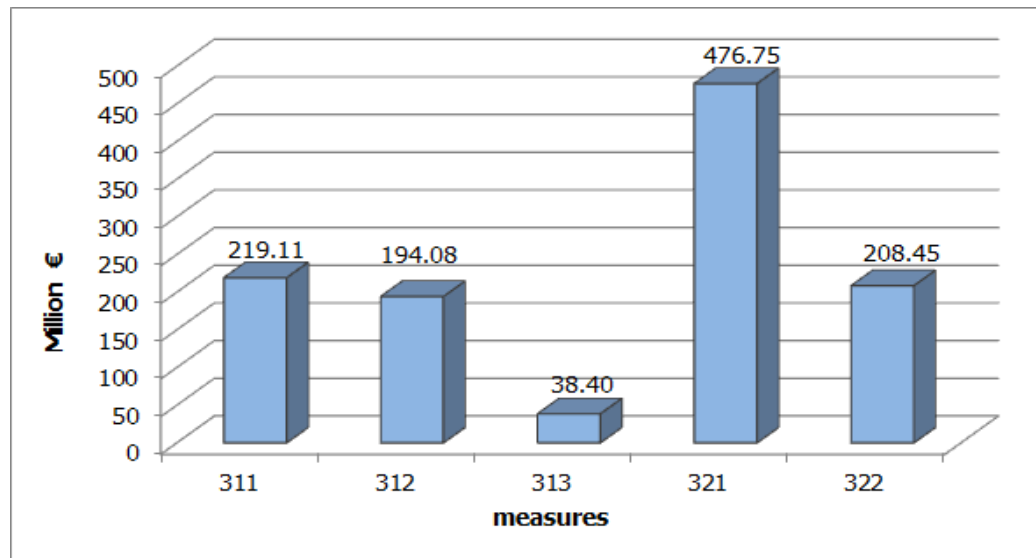
The table below provides an indication of the RDP's axis 3 priorities.

Strategic objectives	Specific objectives
To improve the quality of life and diversify job opportunities in rural areas	<ul style="list-style-type: none"> - To improve the quality of life in rural areas - To promote diversification of job opportunities in rural areas

The interventions under Axis 3 aim at addressing the major problems of rural areas identified in the analysis of the baseline situation, which are summarised as follows: declining quality and accessibility of basic services and infrastructure; lack of job opportunities; and high dependency on agriculture. Consequently, investments in basic services for the economy and rural population (measure 321) is allocated 42% of the axis budget, whilst diversification into non-agricultural activities (measure 311), support for the creation and development of micro-enterprises (measure 312) and village renewal and development (measure 322) have 19%, 17% and 18% of the axis budget respectively. The remaining 3% of the axis budget is allocated on encouraging tourism activities (measure 313).

Result indicator targets which are being used to assess the measures' effectiveness within this axis include a gross number of 5,500 jobs created (measure 311); and 320,000 inhabitants of rural areas benefiting from improved services (measure 321). Output indicator targets for axis 3 include 800 villages where actions (e.g. reconstruction and construction of street networks, street footpaths, squares, lightning in villages etc.) took place (measure 322), etc.

Axis 3 indicative budget breakdown by measure: Total allocated budget 2007-2013 (including regional/national public funds + EAFRD + private funds) of €1,136,788,105 - indicative



Specific output indicators linked to the European Economic Recovery Package have been increased for certain types of projects under measures 311, 312 and 321 to take account of the additional funds. For further information on specific output and result indicators please refer to the indicator tables in the RDP programme.

Following the modification of the RDP in the framework of the EERP, the new total budget allocation for axis 3 is €1,136,788,105, including an increase of €27,625,000 public funding (including €24,862,500 EAFRD and a further €2,762,500 from regional/national funds). Specific funding within

axis 3 includes measure 311 and measure 312, where the additional EERP funds will target investments in buildings and equipment for production and sale of renewable energy and products. The aid intensity for measure 311 is increased from 70% to 80% for investments in bio-energy for processing of raw materials coming from the beneficiaries own agricultural holding and energy from other renewable sources. In addition, the aid intensity for measure 312 is increased from 70% to 80% for investments in buildings and equipment for production and sale of energy from renewable energy sources. Under Measure 321, as part of the EERP modification €7.5 million of the measure budget is to be reserved to support investments for ICT-based services in rural municipalities (e.g. health advice, business support, municipal services) including mobile ICT centres etc.

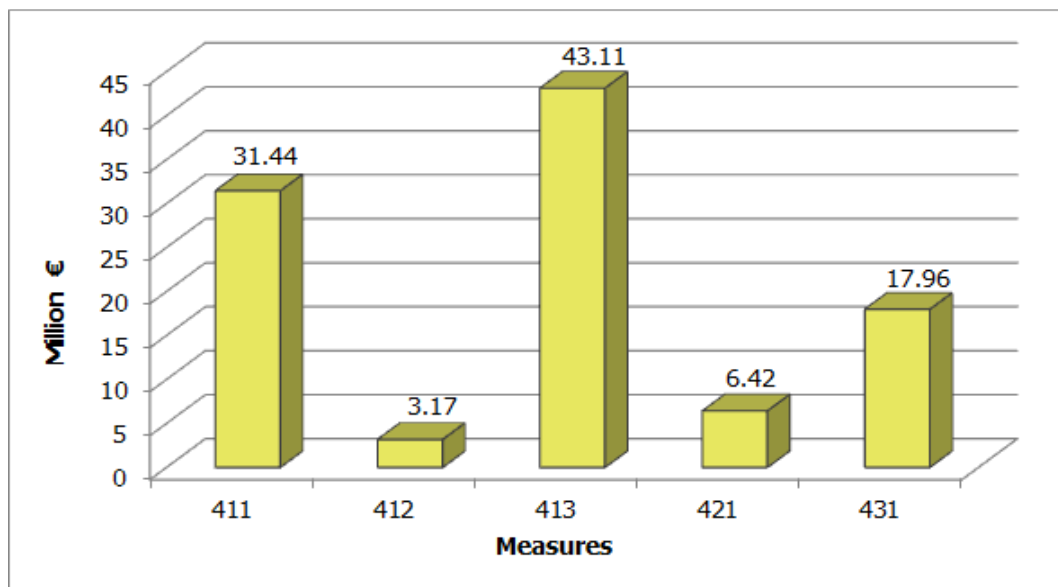
Axis 4 objectives: Leader

The table below provides an indication of the RDP's axis 4 priorities.

Strategic objectives	Specific objectives
To build local capacity and to improve local governance	<ul style="list-style-type: none"> - To build local capacity for implementation of the LEADER approach - To support implementation of local development strategies

The interventions under the Leader Axis aim to build a sustainable capacity at local level for rural development policy design, implementation, monitoring and evaluation. The main priority under axis 4 is on local development strategies that promote quality of life actions and diversification of rural activities (measure 413) and accounts for 42% of the total axis budget allocation. Other support is targeted at the implementation of competitiveness actions (measure 411, 31%) and at running the local action group (LAGs), skills acquisition and animation (measure 431, 17.6%).

Axis 4 indicative budget breakdown by measure: Total allocated budget 2007-2013 (including regional/national public funds + EAFRD + private funds) of €102,100,080⁵ - indicative



⁵ For measure 431 no private spending has been allocated.

Indicatively, the result indicator targets for assessing axis 4 implementation include a gross number of 300 jobs created (measures 411, 412 and 413), and a number of 18,000 participants that successfully ended a training activity under measure 431. For further information on specific output and results indicators please refer to the indicator tables in the RDP programme.

102 "pre-LAGs" were selected during 2008-2009 for support under the specific preparatory sub-measure (within measure 431) provided under the Accession Treaty for Bulgaria and Romania in period 2007-09. This aims to help develop capacity and assist potential LAGs in setting up partnerships and prepare local development strategies in order to apply for full recognition as LAGs. The first call for proposals for selection of LAGs under measure 41 was launched in January 2010.

There are no modifications in relation to Axis 4 following the modification of the RDP in context of the EERP.

Technical assistance and Complementary direct payments

Technical assistance funds have been allocated to provide the resources required for effective management and implementation of the RDP. This budget will be used in accordance with Article 66 of Council Regulation (EC) No 1698/2005 for actions related to the preparation, management, monitoring, evaluation, information and control activities of programme assistance only. The total budget for axis 5 is €123,181,289 (€98,545,031 EAFRD + €24,636,258 national/regional public funds). An indicative breakdown of TA budget by core groups of actions allocates: 79.3% to activities to support management, monitoring and evaluation, training of staff, implementation of the RDP; 15% to information and publicity actions; and 5.7% for the National Rural Network.

Complementary national direct payments (CNDP) are financed both by the national budget, and by a transfer from EAFRD for the period 2007-2009 (year 2007 - 25%, year 2008 - 20% and year 2009 - 15% of the respective annual allocation originating from the EAGGF Guarantee Section as referred to in Article 34(2) of the Act of Accession of Bulgaria and Romania. The total budget allocated to this transitional measure for the 3 year period is €181,841,021 (€145,472,817 Community contribution + €36,368,204 National co-financing).

There are no modifications in relation to TA and CNDP following the modification of the RDP in context of the EERP.

Monitoring and evaluation strategy

Monitoring and evaluation is based on the guidance contained in the EU Commission's Common Monitoring and Evaluation Framework (CMEF) and monitors progress against the common indicators relating to the baseline situation as well as the inputs, outputs, results and impact of the RDP. The objective of the monitoring and evaluation system is to provide the institutions and partners engaged in RDP management with reliable information about programme outputs, results and impacts so as to enable them to take pertinent management decisions.

Based on the results of the ex-ante evaluation, and with the help of the on-going evaluation activities, information will be collected on the baseline indicators. This will include data on the economic development of the respective sectors country/region-wide and the socio-economic characteristics of the rural areas. This system will deliver sufficient and appropriate information enabling the Bulgarian authorities to take decisions on the basis of the analyses described in the EC evaluation/monitoring guidelines. The evaluation work will be organised on a continuous basis leading from the ex-ante evaluation to the mid-term evaluation in 2010 and the ex-post evaluation in 2015 in accordance with Articles 85 and 86 of Council Regulation (EC) No 1698/2005.

Communication and publicity

The overall objectives of the RDP Communication Plan are to:

- inform potential beneficiaries of the opportunities offered by the RDP and to encourage them to take advantage of the provided support;
- to popularise the EU contribution to sustainable rural development among the beneficiaries and the general public, as well as providing transparency concerning support granted to beneficiaries under the European Agricultural Fund for Rural Development (EAFRD), and;
- to inform the general public about the role played by the EU in the RDP and the results obtained.

The communication plan has the following targets: potential beneficiaries; economic and social partners; trade and business organisations; regional, local and public authorities; non-governmental organisations, including environment protection groups and organizations promoting gender equality and non-discrimination; consultants; media; and the general public.

Information actions will use the following support measures: seminars, courses and trainings of trainers; information seminars; lectures; printing of information materials; mass media; information points and Internet.

Finally, the timing and focus of the communication effort will be tailored to the different stages in the programme cycle, specifically:

- Phase 1 (RDP preparation phase) – introducing the Programme to potential beneficiaries and the general public (2006-2007);
- Phase 2 (RDP implementation) – keeping beneficiaries abreast with measure requirements and the public informed about progress in Programme implementation (2008-2012);
- Phase 3 (RDP final phase) – summing-up experience (2013-2014).

Annex I– Measures

Measures offered by the RDP Measures selected by the updated RDP

Axis 1 - Improving the competitiveness of the agricultural and forestry sector	<i>Promoting knowledge and improving human potential</i>	111	Vocational training and information actions
		112	Setting up of young farmers
		113	Early retirement
		114	Use of advisory services
		115	Setting up of management, relief and advisory services
	<i>Restructuring and developing physical potential and promoting innovation</i>	121	Modernisation of agricultural holdings
		122	Improvement of the economic value of forests
		123	Adding value to agricultural and forestry products
		124	Cooperation for development of new products, processes and technologies in the agriculture and food sector and in the forestry sector
		125	Infrastructure related to the development and adaptation of agriculture and forestry
	<i>Quality of agricultural production and products</i>	126	Restoring agricultural production potential
		131	Meeting standards based on Community legislation
		132	Participation of farmers in food quality schemes
	<i>Transitional measures</i>	133	Information and promotion activities
		141	Semi-subsistence farming
142		Producer groups	
Axis 2 - Improving the environment and the countryside	<i>Sustainable use of agricultural land</i>	143	Providing farm advisory and extension services
		211	Natural handicap payments to farmers in mountain areas
		212	Payments to farmers in areas with handicaps, other than mountain areas
		213	Natura 2000 payments and payments linked to Directive 2000/60/EC
		214	Agri-environment payments
		215	Animal welfare payments
	<i>Sustainable use of forestry land</i>	216	Non-productive investments
		221	First afforestation of agricultural land
		222	First establishment of agroforestry systems on agricultural land
		223	First afforestation of non-agricultural land
		224	Natura 2000 payments
		225	Forest-environment payments
		226	Restoring forestry potential and introducing prevention actions
		227	Non-productive investments
Axis 3 - Quality of life in rural areas and diversification of the rural economy	<i>Diversify the rural economy</i>	311	Diversification into non-agricultural activities
		312	Support for business creation and development
		313	Encouragement of tourism activities
	<i>Improve the quality of life in rural areas</i>	321	Basic services for the economy and rural population
		322	Village renewal and development
		323	Conservation and upgrading of the rural heritage
		331	Training and information
	341	Skills-acquisition and animation measure with a view to preparing and implementing a local development strategy	
Axis 4 - Leader	<i>Implementing local development strategies</i>	411	Competitiveness
		412	Environment/land management
		413	Quality of life/diversification
		421	Implementing cooperation projects
		431	Running the LAG, skills acquisition, animation