



Bulgarian Programme for Rural Development (2007-2013) : socio- economic outcomes and lessons

**Prof.D.Sc.(Econ.) Julia Doitchinova,
Prof.D.Sc.(Econ.) Ivan Kanchev,
Assoc.Prof. Hristina Harizanova, PhD
University of National and World Economy
Sofia, Bulgaria**

University of National and World Economy

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University of National and World Economy

- established in 1920;
- the oldest and the largest economic university in Southeastern Europe;
- More than **20 thousand students** in regular and distance form per year;
- **40 specialities for educational degree of Bachelor of Science** (ten of them in English);
- **more than 70 Programmes for educational degree of Master** of Science (including the Joint Master Programme with European Universities);
- **more than 300 Bulgarian and foreign students** are educated for acquisition of **Doctoral degree**.
- 8 faculties: General Economics, Finance and Accountancy, Business Faculty, Economics of Infrastructure, International Economics and Politics, Management and Administration, Applied Informatics and Statistics and Law Faculty;



Bulgarian Programme for Rural Development (2007-2013) : socio-economic outcomes and lessons

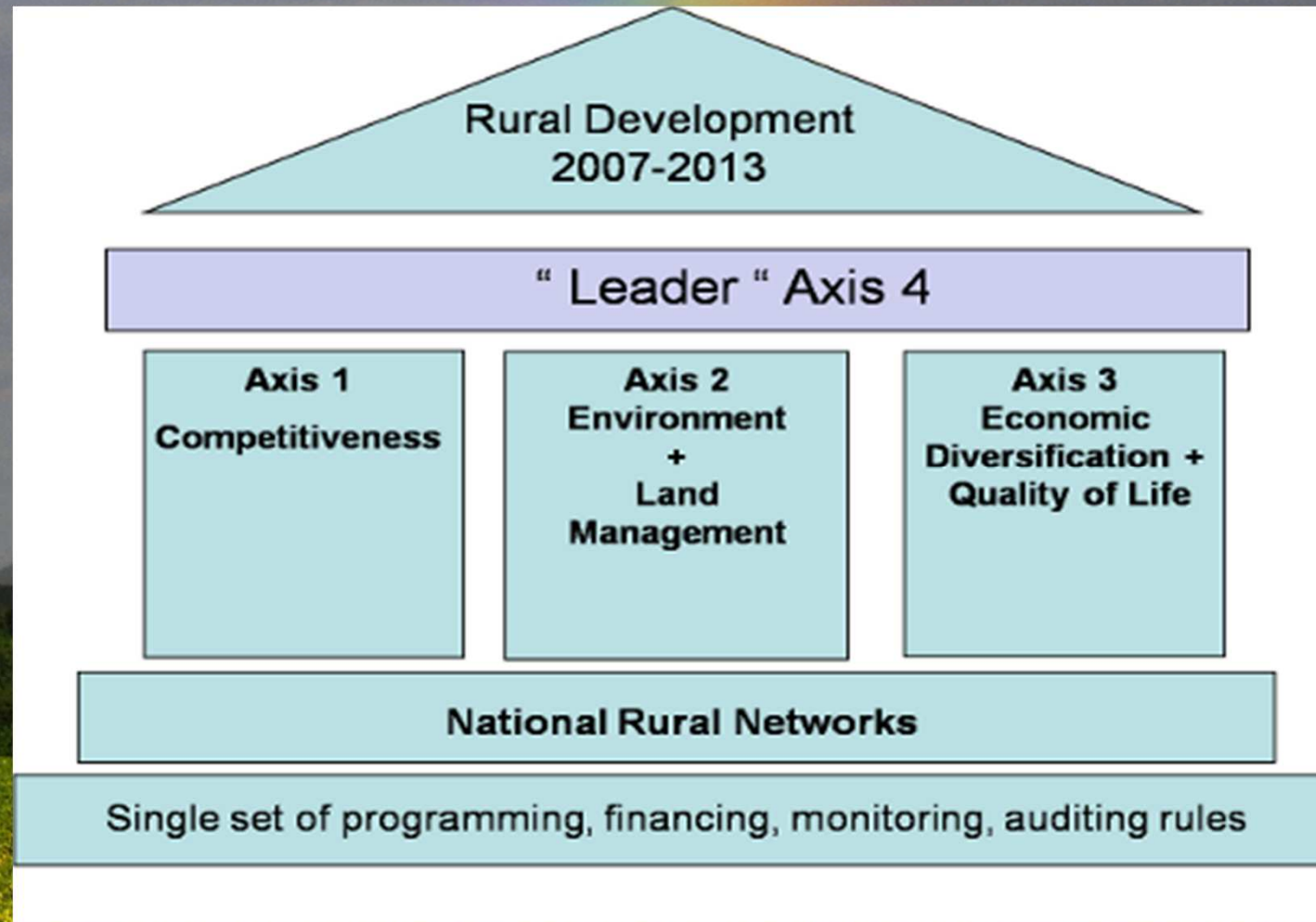
The aim of the paper is to analyze the content and implementation of the “Programme Rural Development” and assess the socio- economic parameters of rural development in 2007-2013



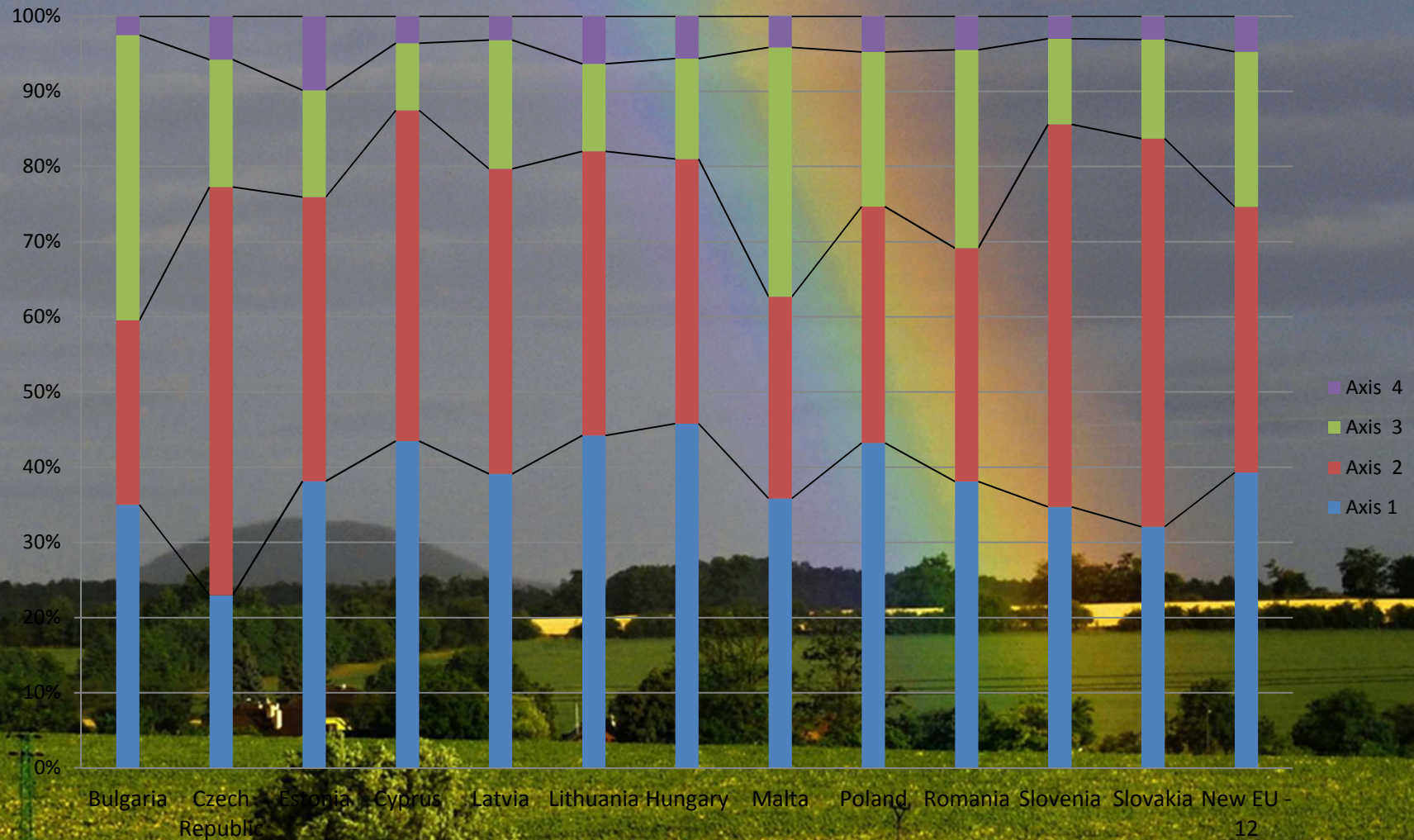
The aim of the paper is realized by following tasks:

- Assessment of “Programme for Rural Development of Bulgaria” compared by other new member states;
- Problems of implementation of the program for rural development and absorption of funds under the various measures;
- Analysis of indicators as:
 - demographic change,
 - income,
 - characteristics of farms,
 - entrepreneurial activity,
 - other indicators connected with rural Bulgaria.
- Lessons learned from the first programming period and opportunities to overcome them in the new “Programme for Rural Development” (2014-2020).

Assessment of “Programme for Rural Development of Bulgaria” compared by other new member states



RDPs in new members



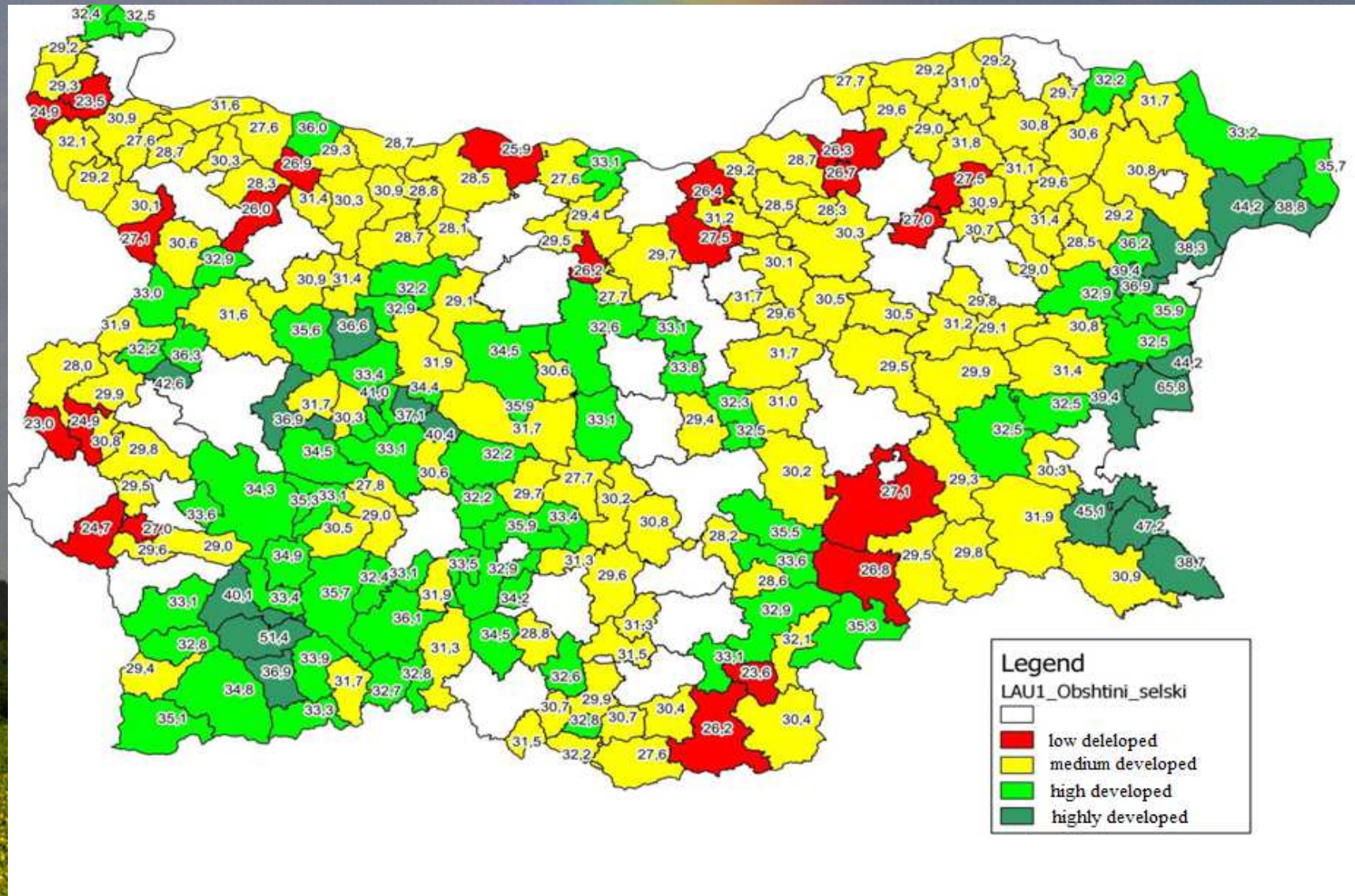
Members of EU

Rural areas in Bulgaria

- National definition - rural areas include the municipalities in which the largest village has a population of 30 000 people;
- 231 municipalities - 88% of Bulgarian municipalities;
- 81% of the territory;
- 39% of the population;
- population density in rural areas - 31.6 people per square kilometers and is twice lower than the national average



Rural areas – level of development

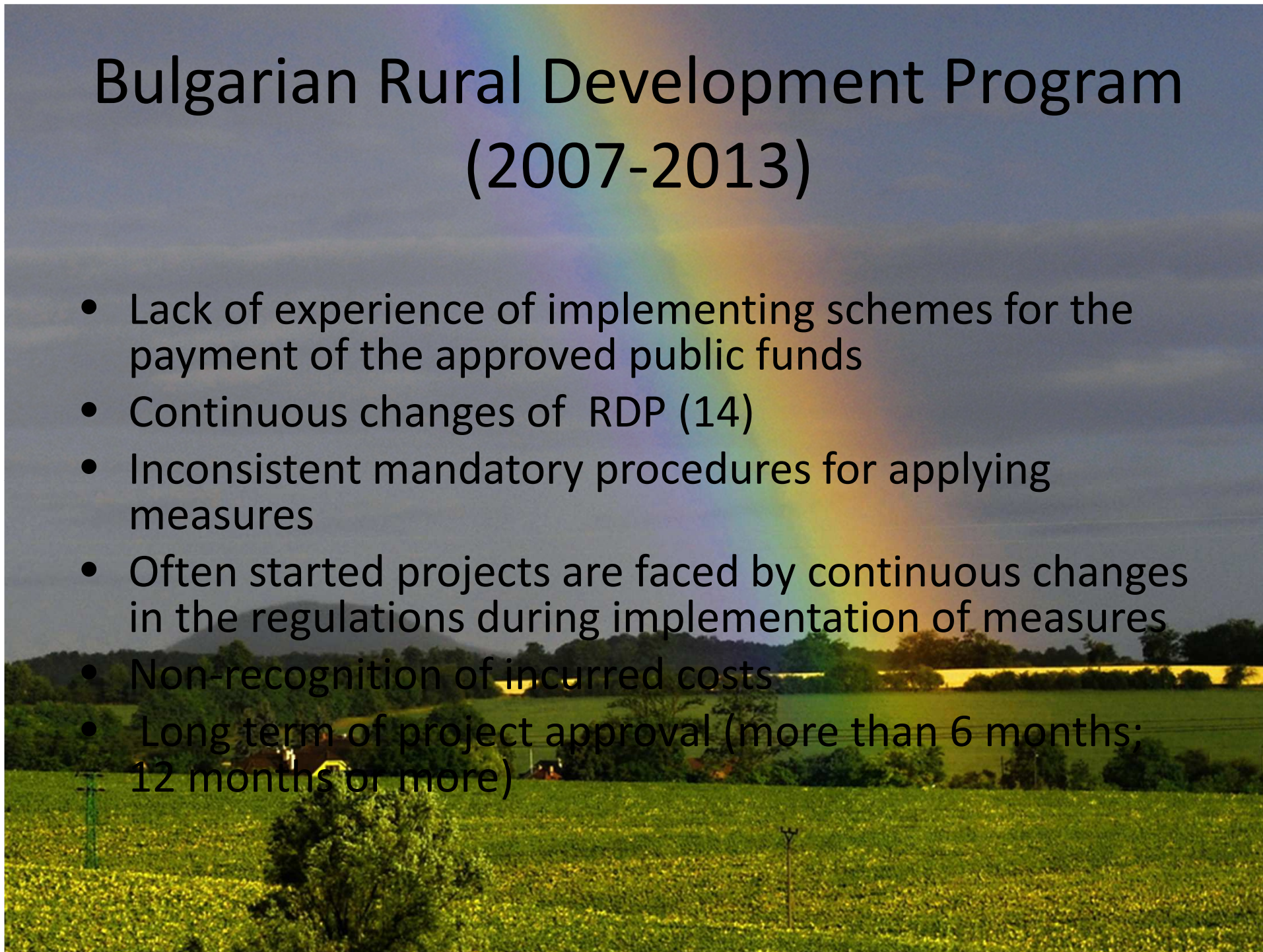


Problems of implementation of the program for rural development and absorption of funds under the various measures

- Limited experience of the pre-accession period – SAPARD and Projects funded by various European programs;
- Lack of institutions;
- Insufficient administrative capacity;
- Delayed start the program (The Rural Development Program (RDP) in Bulgaria for the period 2007 – 2013 was officially approved on 19 February 2008 by Commission Decision No 755);
- First call launch in 2008, but some of the measures were open in 2011.

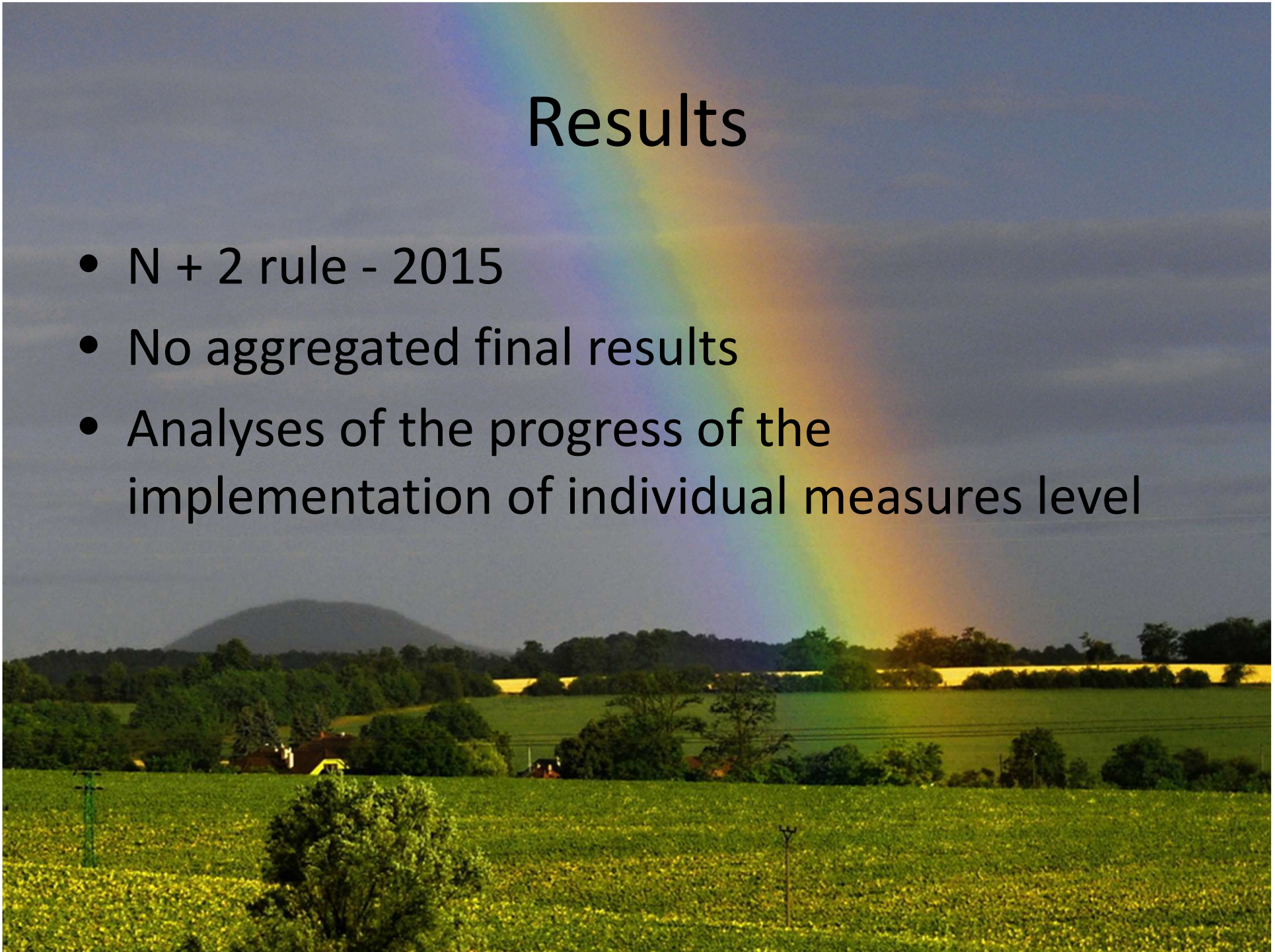
Bulgarian Rural Development Program (2007-2013)

- Lack of experience of implementing schemes for the payment of the approved public funds
- Continuous changes of RDP (14)
- Inconsistent mandatory procedures for applying measures
- Often started projects are faced by continuous changes in the regulations during implementation of measures
- Non-recognition of incurred costs
- Long term of project approval (more than 6 months; 12 months or more)



Results

- N + 2 rule - 2015
- No aggregated final results
- Analyses of the progress of the implementation of individual measures level



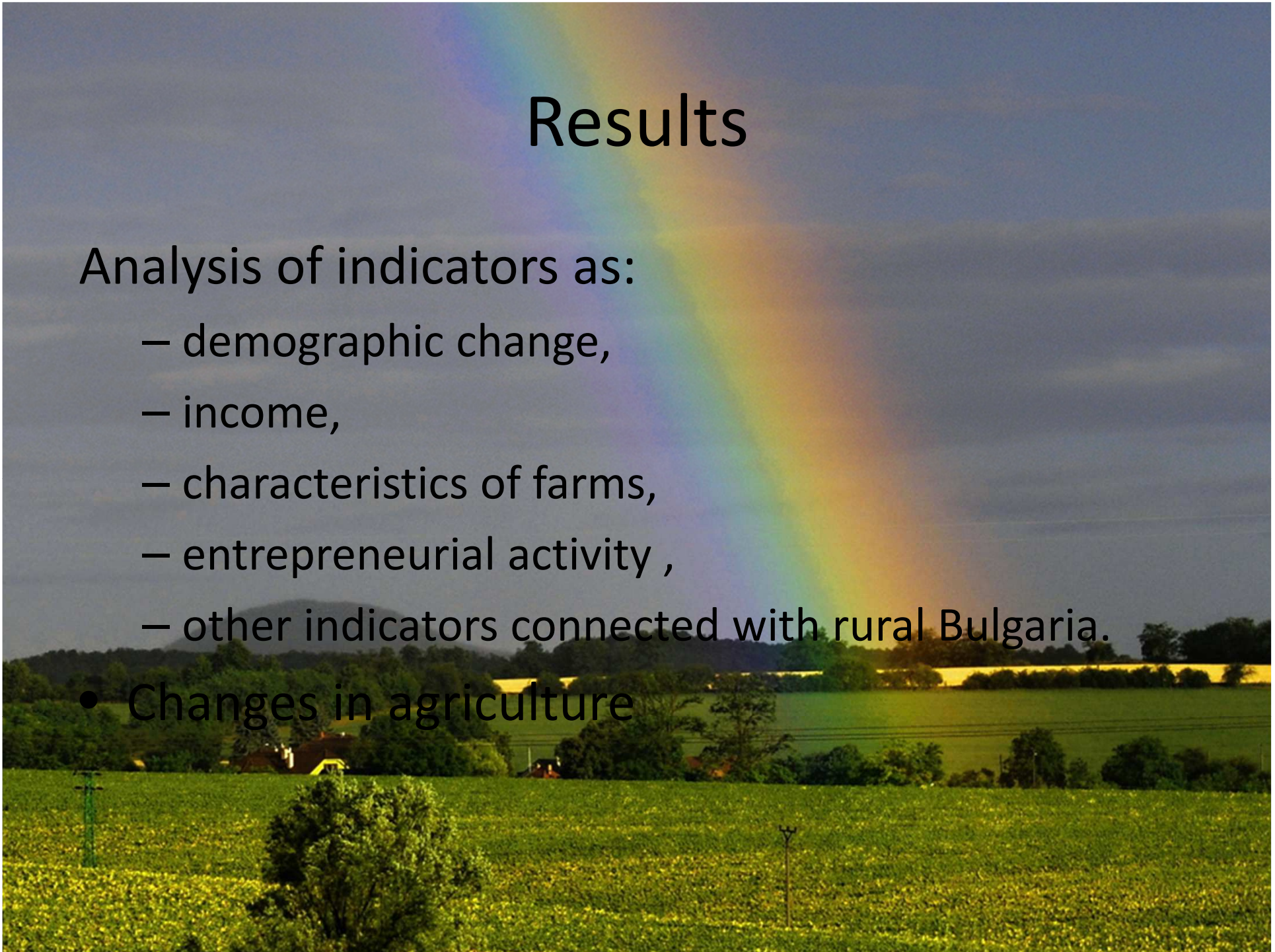
Provisional figures for achieving the objectives of the measure (public expenditure on the basis of contracts)

Overflowing implemented		Implemented		Failed measures	
Measures	%	Measures	%	Measures	%
112 Young Farmers	134.9	226 Restoring forestry potential	72,5	111 Education	35,5
121 Modernization of agricultural holdings	107.3	311 Diversification into non-agricultural activities	61.2	141 Use of advisory services	0,3
123 Adding value to agricultural and forestry products	103,7	312 Support for micro enterprises	95.0	122 Improvement of the economic value of forests	3,33
321 Basic services for the population and the rural economy	802.2	313 Encouragement of tourism activities	84.1	142 Establishment of producer organizations	3,67
		41 Implementation of local development strategies	98.6	223 First afforestation of agricultural land	27,8

Results

Analysis of indicators as:

- demographic change,
 - income,
 - characteristics of farms,
 - entrepreneurial activity ,
 - other indicators connected with rural Bulgaria.
- Changes in agriculture



Demographics changes

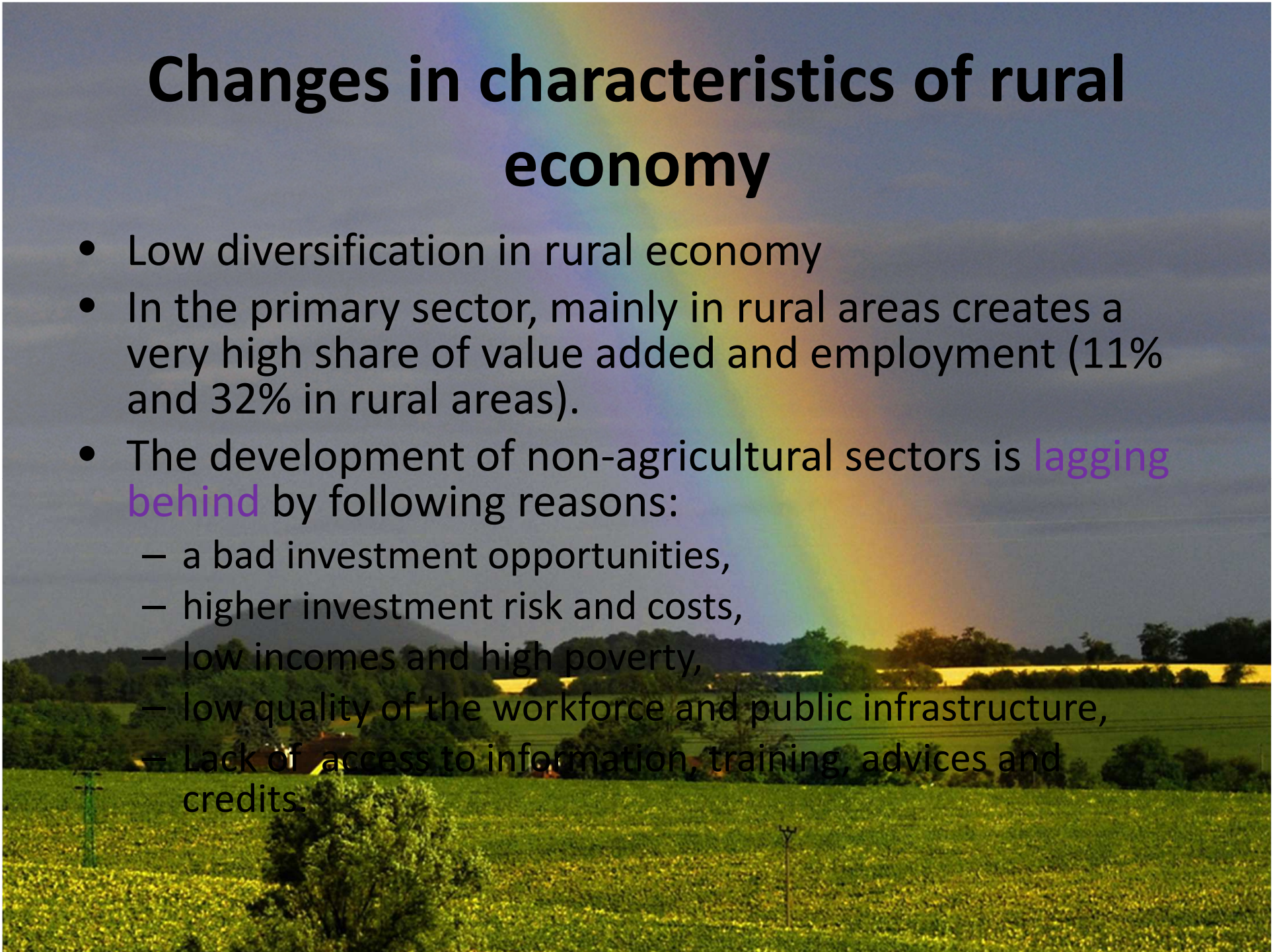
- continued decline in the number and population density;
- increases the risk of depopulation of large territories in rural areas;
- population mainly in rural areas decreased by 8%, which is significantly higher than the national average (5%).
- About 70% of the decline in population due to the negative natural growth, and the remaining 30% by migration
- Aging process in Bulgaria. The population ageing leads to increase of the middle-aged population. It increased from 40.4 years in 2001 to 41.2 years in 2005 and reached 43.2 years at the end of 2014. In urban areas the middle-aged population is 42.1 years, compared to 46.0 years - in rural areas.

Changes in income and entrepreneurial activity

- Economic development of rural areas, as measured by GDP per capita is among the lowest in the EU (28% of the EU average) due to underutilisation of the labour force, structural problems of the economy and lower productivity. Rural areas still lagging behind in economic development of urban areas in the country.
- In rural areas, operate 97.6 thousand companies, which give employment of 501 thousand employees (25% of employment in 2012).
- The majority of companies are micro companies - 90 thou with about 170 thou employees.
- The company density in rural areas is 34 companies per thou population, which is nearly two times lower than in urban areas 61.
- Investments and labour productivity in the rural economy are low.

Changes in characteristics of rural economy

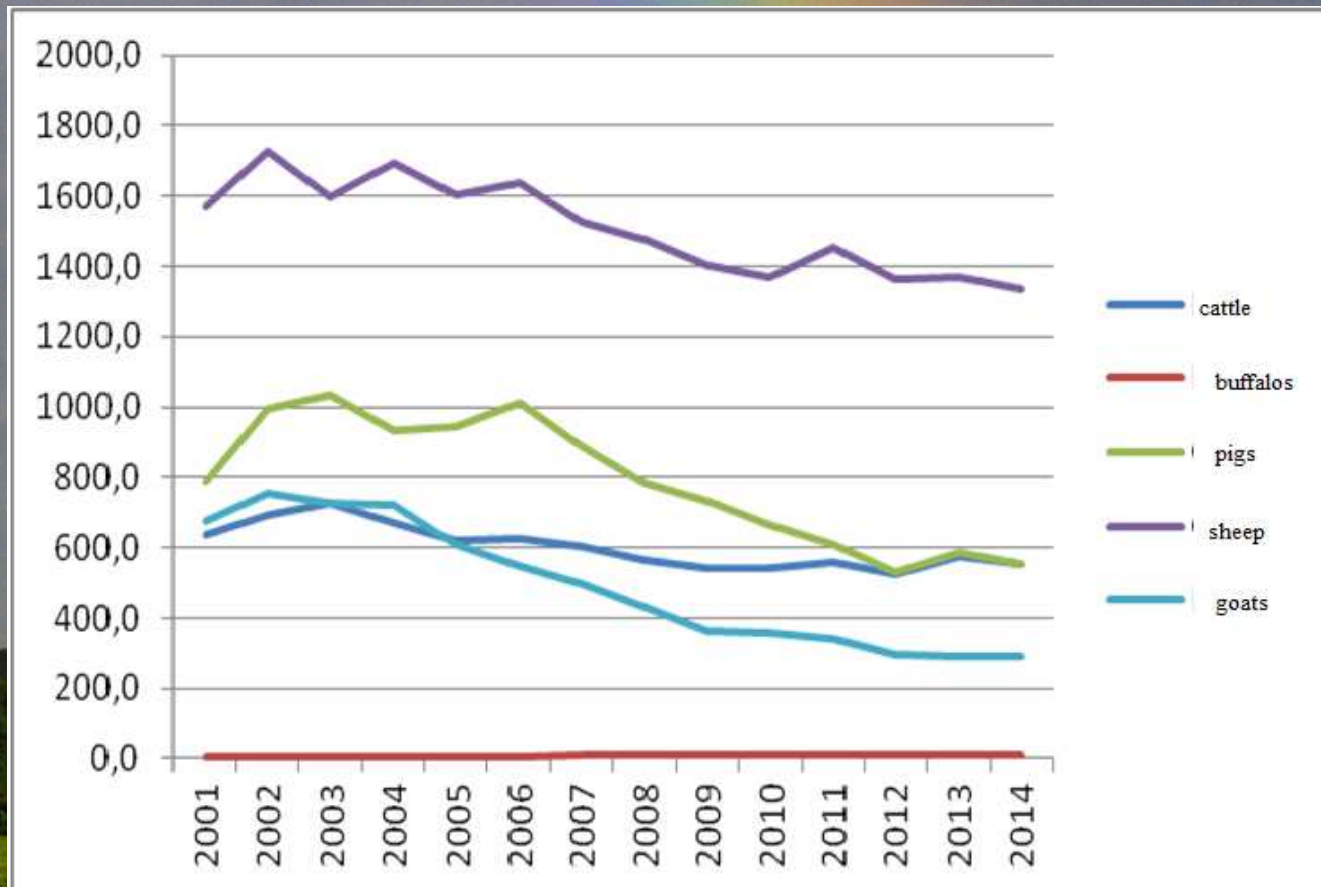
- Low diversification in rural economy
- In the primary sector, mainly in rural areas creates a very high share of value added and employment (11% and 32% in rural areas).
- The development of non-agricultural sectors is **lagging behind** by following reasons:
 - a bad investment opportunities,
 - higher investment risk and costs,
 - low incomes and high poverty,
 - low quality of the workforce and public infrastructure,
 - Lack of access to information, training, advices and credits.



Changes in Sector - Agriculture

	2007	2014	%
BDS for sector Agriculture, forestry and fishery (million Euro)	1443	1607	11%
Share of BDS for sector “Agriculture, forestry and fishery” of the total BDS	4.7	4.8	2%
Production from horticulture (million Euro)	1,566	2,485	59%
Production from livestock breeding(million Euro)	1,246	1,087	- 13%
Value of production from horticulture and livestock breeding(million Euro)	2,812	3,572	27%
Production of agricultural service(million Euro)	225	247	10%
Production from branch “Agriculture”(million Euro)	3,315	4,009	21%

Number of changes in the number of livestock (th.)



Employees in agriculture

decreases by 8 %

- 2007 – 723.9 thou – 19 % of total employees in Bulgaria
- 2014 - 666.5 thou - 19 % of total



Hired – increases by 11,5 %

- 2007 – 81.4 thou – 11,2 % of employees in agriculture
- 2014 – 90.8 thou – 13,6 % of employees in agriculture

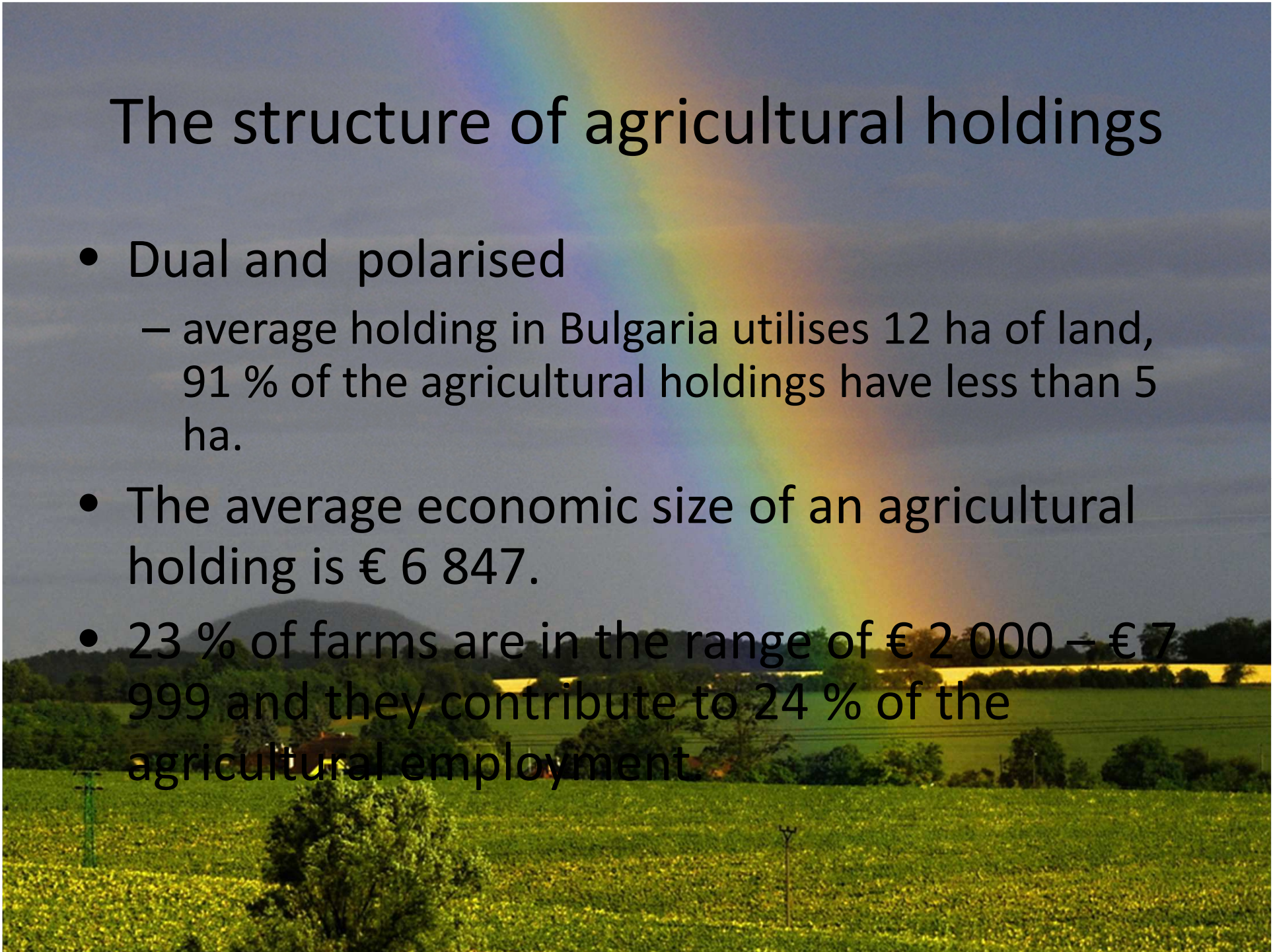
Self-employed decreases by 10 %

- 2007 – 642.5 thou – 89.8 % of employees in agriculture
- 2014 - 575.6 thou – 86.4 % of employees in agriculture



The structure of agricultural holdings

- Dual and polarised
 - average holding in Bulgaria utilises 12 ha of land, 91 % of the agricultural holdings have less than 5 ha.
- The average economic size of an agricultural holding is € 6 847.
- 23 % of farms are in the range of € 2 000 – € 7 999 and they contribute to 24 % of the agricultural employment.



Results:

Changes in number of farms by legal status

Legal status	2007	2010	2013	% 2013/2007
Agricultural holdings - total	481 920	371070	244594	- 49.25
Natural persons	476 956	363620	237317	-50.25
Sole traders	1 828	2270	1871	2.35
Cooperatives	1156	940	811	-29.85
Companies	1 763	3900	4323	145.2
Associations	217	340	272	25.34

Lessons learned from the first programming period and opportunities to overcome them in the new Programme for Rural Development (2014-2020)

- *to improve the transparency of procedures for implementing;*
- *to improve coordination between the Ministry of Agriculture and Food, Fund "Agriculture" and the beneficiaries;*
- *Improvement of local self-government, which is an important factor in mobilizing local communities and rural areas development and for the increase of public participation at local level.*
- *Increasing the capacity of local authorities and participants in LAG in order to achieve better implementation of the project cycle and increase the knowledge and skills for developing and managing various projects.*



The Bulgarian Rural Development Programme (2014-2020)

- was formally adopted by the European Commission on 26 May 2015, outlining Bulgaria's priorities for using € 2.9 billion of public money that is available for the period 2014-2020 (€ 2.4 billion from the EU budget, including € 28 million transferred from the Bulgarian envelope for CAP direct payments and € 0.5 billion of national funding).



Aims of the RDP 2014-2020

- Increasing the competitiveness of agriculture and farm viability, increase producers' income and ensure the delivery of quality food products;
- Ecosystem protection and sustainable management and use of natural resources in agriculture, forestry and food industries;
- Socio-economic development of rural areas, providing new jobs, poverty reduction, social inclusion and a better quality of life.



Priorities of RDP

Priority	Name
1	Stimulating knowledge transfer and innovation in agriculture, forestry and rural areas
2	Increasing the viability of farms and the competitiveness of all types of agriculture
3	Promote the organization of the food chain, including processing and marketing of agricultural products
4	Restoration, preservation and enhancement of ecosystems related to agriculture and forestry
5	Promoting resource efficiency and supporting the shift to sustainable climate change
6	Promoting social inclusion, poverty reduction and economic development in rural areas

The first objective –
improving the competitiveness
and balanced development of the country's
agri-food and forestry sectors



- approximately 3 500 agriculture holdings and
- about 120 companies active in the forestry sector are expected to receive investment support.
- More than 4 000 small farmers will receive support to develop their farms and
- 1 630 young farmers will receive start up aid to launch their businesses.

The second objective of protection and sustainable management of ecosystems, efficient use of natural resources and mitigation and adaptation to climate change, support for conversion and maintenance of organic farming



- Will cover about 46 000 ha (out of which 23 000 ha will cover conversion to organic farming).
- Agri-environment-climate measures will be implemented on 113 000 ha and 60 000 ha in designated Natura 2000 areas will benefit from compensatory support.



The third objective of socio-economic development of rural areas



- more than 4 200 jobs will be created through diversification and development of small enterprises, and
- another 600 jobs via the implementation of local development strategies.
- One third of the rural population will benefit from improved infrastructure.



Structure of funding



The competitiveness of agriculture and farm viability

- 1007,1 mln. Euro (35,4%)
- Measures 4, 6, 8, 9, 14



Protection of ecosystems and sustainable management and use of natural resources

- 517,1 mln Euro (18,2%)
- Measures 10, 12, 15, 17

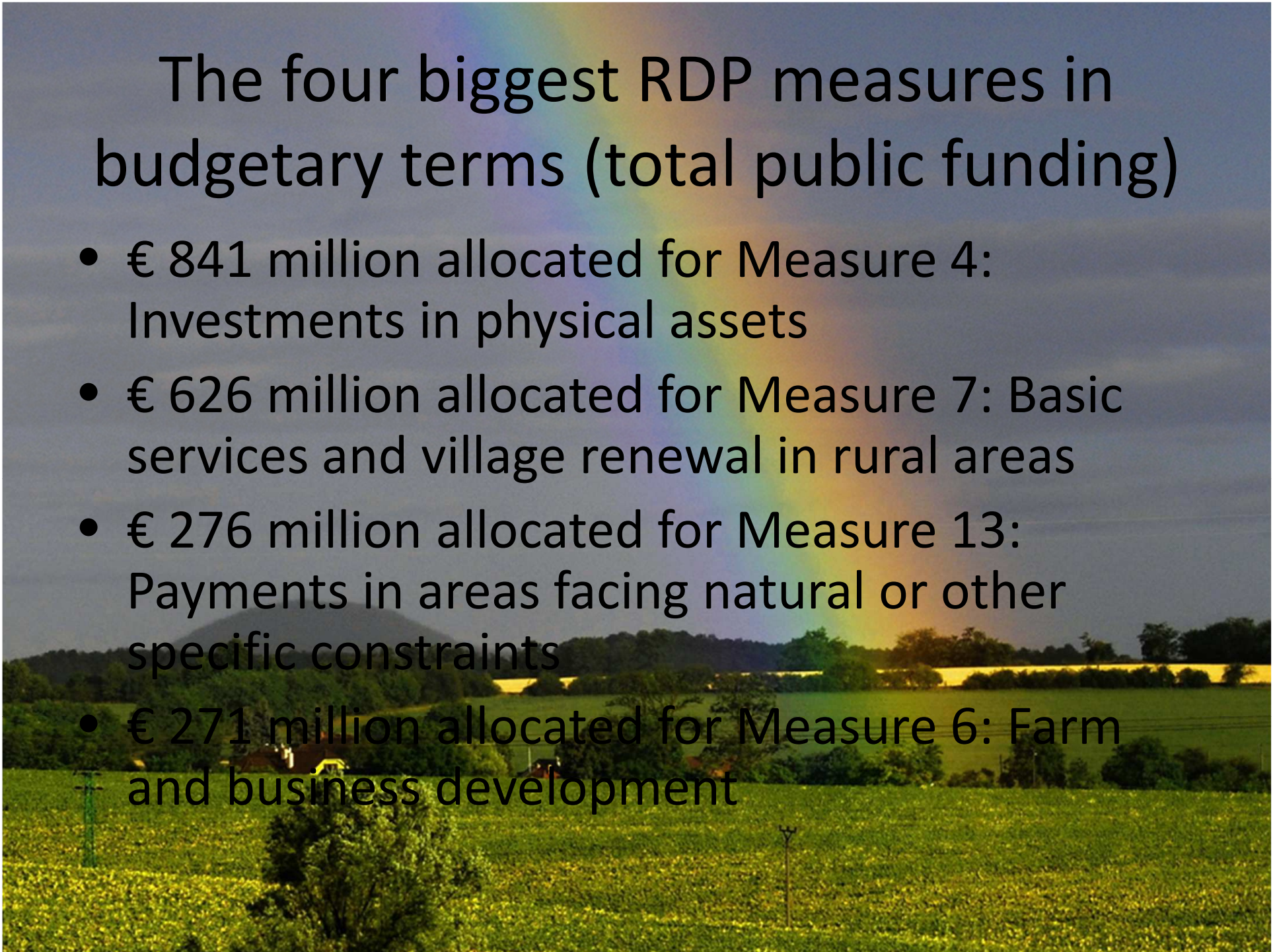


Socio-economic development of rural areas

- 927,6 mln Euro (32,6%)
- Measures 7, 13, 16

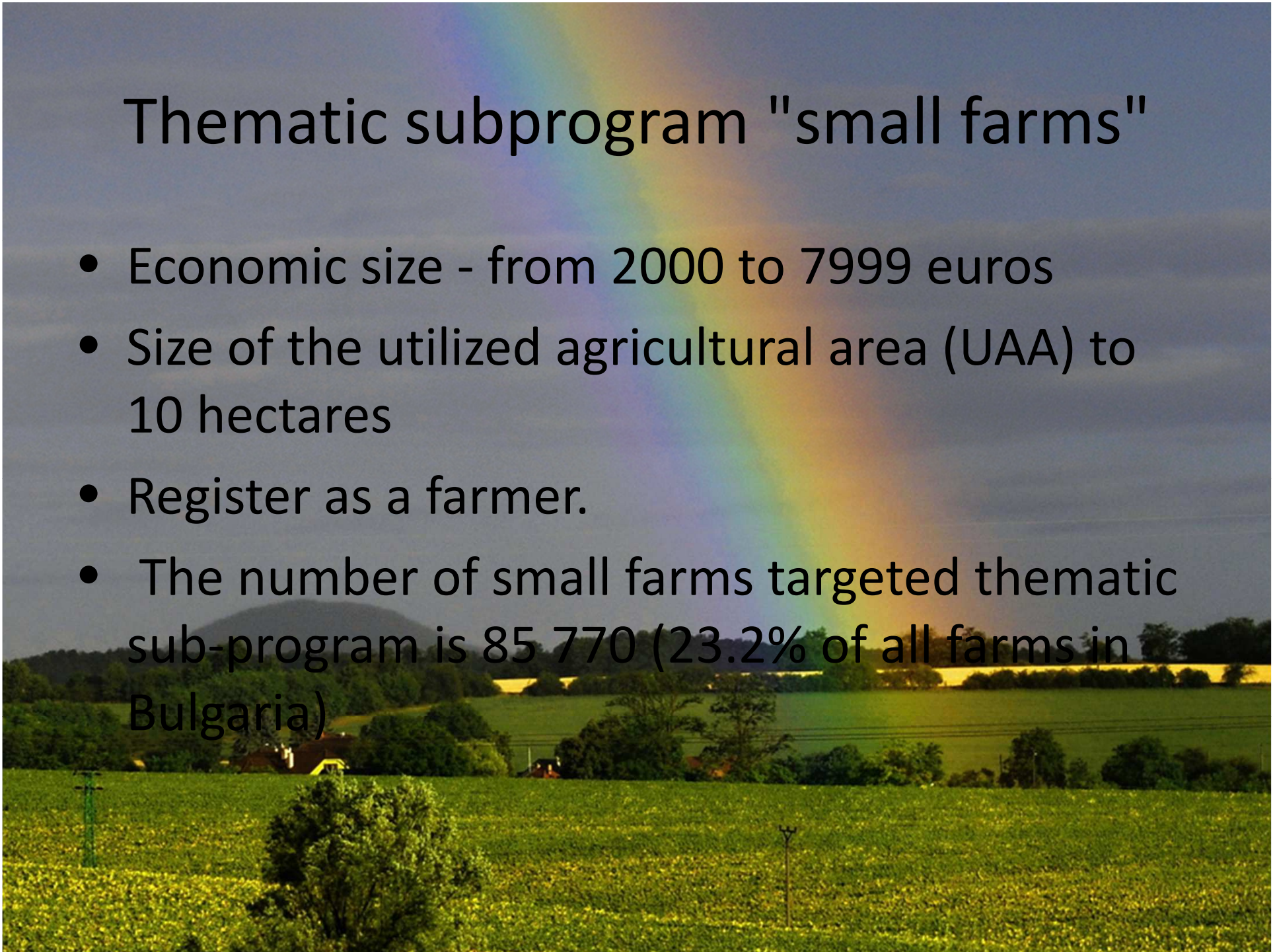
The four biggest RDP measures in budgetary terms (total public funding)

- € 841 million allocated for Measure 4: Investments in physical assets
- € 626 million allocated for Measure 7: Basic services and village renewal in rural areas
- € 276 million allocated for Measure 13: Payments in areas facing natural or other specific constraints
- € 271 million allocated for Measure 6: Farm and business development



Thematic subprogram "small farms"

- Economic size - from 2000 to 7999 euros
- Size of the utilized agricultural area (UAA) to 10 hectares
- Register as a farmer.
- The number of small farms targeted thematic sub-program is 85 770 (23.2% of all farms in Bulgaria)



Thank you for attention!

