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The Role of European Union's Agricultural Policy in the Development of Rural Areas in Bulgaria

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ABSTRACT

This article critically examines the role of the European Union's Common Agricultural Policy (CAP) in shaping the development trajectory of rural areas in Bulgaria. Emphasis is placed on the evolution of CAP measures, their economic, social, and environmental impacts, and their contribution to the structural transformation of Bulgarian agriculture since EU accession. The analysis explores key policy instruments under Pillar I (direct payments) and Pillar II (rural development programmes), with a focus on modernization, competitiveness, sustainability, and demographic resilience. Drawing on strategic policy documents, statistical data, and comparative assessments, the study evaluates the extent to which CAP interventions have supported income stability, stimulated employment, enhanced biodiversity protection, and improved infrastructure in rural regions. Findings indicate that EU support has significantly increased farm productivity, diversified local economies, and strengthened environmental practices, although persistent structural challenges, such as land fragmentation, unequal distribution of subsidies, and demographic decline, continue to limit the full realization of rural development objectives. The article concludes by highlighting policy priorities and strategic directions for the post-2027 programming period, including digital transformation, targeted support for small and medium-sized farms, and stronger integration with cohesion and Green Deal policies.

Keywords: *European Union (EU), Agricultural sector, Rural areas, Sustainable development; Competitiveness; Organic farming*

INTRODUCTION

Rural development constitutes a central pillar of the European Union's Common Agricultural Policy (CAP), functioning as a key instrument for promoting socio-economic cohesion, environmental sustainability, and territorial balance across Member States. For new EU members such as Bulgaria,

CAP support has played a pivotal role in restructuring agricultural production, improving rural infrastructure, and mitigating regional disparities. Approximately 81% of Bulgaria's territory is classified as rural, with nearly 39% of its population residing in these areas, underscoring the strategic significance of agriculture and rural policy for the country's overall development trajectory.

Since Bulgaria's accession to the EU in 2007, CAP interventions have become the principal mechanism for financing rural transformation, encompassing direct payments, investment support, agri-environmental schemes, and community-led local development initiatives. These instruments have contributed to modernization and specialization within the agricultural sector, encouraged the adoption of sustainable farming practices, and supported diversification beyond traditional agricultural activities. Moreover, CAP funding has facilitated infrastructure improvements, enhanced social inclusion, and fostered new employment opportunities, particularly for young farmers and rural entrepreneurs.

Despite these achievements, structural and demographic challenges persist. Land fragmentation, uneven subsidy distribution, limited access to innovation, and continued population decline remain significant barriers to balanced rural growth. Furthermore, the concentration of direct payments among large-scale farms has raised concerns about equity and long-term sustainability. These dynamics highlight the need for a deeper assessment of how CAP policies have shaped rural Bulgaria's socio-economic landscape and how future reforms can address emerging challenges.

The aim of this article is to provide a comprehensive and critical analysis of the role of EU agricultural policy in the development of Bulgaria's rural areas. It evaluates the policy's multidimensional impacts—economic, social, environmental, and demographic—based on strategic documents, official statistical data, and comparative analyses. In doing so, the study seeks to contribute to the academic discourse on rural development policy effectiveness in the context of EU enlargement and to offer evidence-based recommendations for optimizing future interventions beyond 2027.

LITERATURE REVIEW

The modernization of Bulgarian agriculture and the transformation of rural areas have been strongly influenced by the mechanisms of the Common Agricultural Policy (CAP). EU funding has facilitated the introduction of advanced production technologies, strengthening farm resilience and economic performance (Kirechev, 2023). During the 2007–2013 programming period, direct payments under Pillar I fostered specialization and concentration within Bulgarian agriculture, while in 2014–2020 the sector received almost €7.4 billion in CAP support, of which €5.1 billion were direct payments (Beluhova-Uzunova et al., 2025). These trends underline the structural dependence of Bulgarian agriculture on CAP instruments.

The concept of **endogenous rural development**, which emphasizes mobilizing internal resources rather than relying solely on external subsidies, provides an important theoretical perspective (Patarchanov & Patarchanova, 2014). This approach is closely connected to the principle of partnership, which fosters bottom-up governance and local community participation in rural transformation. However, empirical evidence suggests that the implementation of this principle in Bulgaria has been uneven, with varying degrees of local engagement and success.

Recent studies further highlight the dual role of CAP payments. On the one hand, they have improved competitiveness, encouraged farm modernization, and supported sustainable practices (Beluhova-Uzunova et al., 2021). On the other, they have exacerbated structural imbalances, as subsidies remain concentrated among larger holdings, while the number of farms declined by 64% between 2010 and 2020 (Beluhova-Uzunova et al., 2024). This reflects a broader debate in CAP literature regarding

the **fairness and distributive outcomes** of agricultural policy, particularly in countries with fragmented land ownership such as Bulgaria (Ivanova, 2023).

The environmental dimension of CAP has also been widely studied. Ivanov (2022) emphasizes the positive contribution of agro-ecological measures to biodiversity preservation and soil fertility, while Stoeva, Dirimanova, and Georgiev (2023) stress the importance of extension and advisory services for promoting environmentally sustainable practices. Nonetheless, the balance between production-oriented objectives and ecological sustainability remains a challenge, as seen in the tensions between large-scale intensive farming and the preservation of high nature value areas.

Another strand of literature focuses on the **social and demographic impacts** of CAP. Patarchanov (2019) argues that rural development requires not only agricultural modernization but also diversification of employment opportunities in industry and services. Without complementary infrastructure investments, depopulation and unfavorable demographic trends are likely to persist. This perspective is supported by studies indicating that inadequate transport and service infrastructure, particularly in peripheral and mountainous regions, exacerbates outmigration and mortality rates (Patarchanov, 2019; Ivanova, 2023).

Finally, the governance dimension is central to understanding policy effectiveness. The success of CAP implementation in Bulgaria is strongly shaped by institutional capacity and coordination between national authorities and EU institutions (Georgiev, Stoeva & Dirimanova, 2023). Weaknesses in administrative efficiency, transparency, and monitoring mechanisms limit the full potential of CAP-funded measures, highlighting the need for improved governance structures.

Overall, the literature suggests that while CAP has been indispensable for Bulgaria’s rural development, its outcomes are mixed. Achievements in modernization, competitiveness, and environmental protection coexist with structural inequalities, demographic decline, and governance challenges. This creates a clear gap for further academic inquiry into how CAP interventions can be better targeted, integrated, and adapted to Bulgaria’s specific rural realities

MATERIALS & METHODS

Key policy and strategic documents were analyzed to extract data on national priorities, financial allocations, and specific interventions in the agricultural sector and rural development. The followmary sources were utilized:Strategic Plan for the Development of Agriculture and Rural Areas of the Republic of Bulgaria for the period 2023–2027 (CAP Strategic Plan) – the core national implementation document for the CAP, containing objectives, SWOT analyses, identified needs, intervention strategies, and funding allocations;

National Reform Programme 2024 (NRP 2024) – Which outlines Bulgaria’s broader economic and structural reform agenda, including EU funds management and sustainability goals;

Strategy for the Development of Human Resources in the Social Sphere 2024–2030 – analyzed to understand the social dimension and human capital aspects linked to rural services and social inclusion measures in agricultural regions.

Thematic content analysis was conducted on these documents to identify and categorize CAP priorities related to income support, rural employment, environmental sustainability, and generational renewal.

Statistical Data Review

Quantitative data on funding volumes, beneficiary structures, and rural demographic dynamics were gathered from: The National Statistical Institute (NSI); Publicly available EC CAP monitoring dashboards; National databases on rural development project implementation. The data was used to trace trends in CAP funding absorption, sectoral impact (especially for young farmers and ecological practices), and regional disparities.

Comparative Regional Analysis

The study includes a regional case assessment of selected rural municipalities in Bulgaria's Southwest Planning Region (Yugozapaden raion za planirane), with a focus on the Blagoevgrad district. This area was chosen due to its socio-economic diversity and active participation in CAP-funded measures under both Pillar I and II.

Local development strategies (CLLD), LEADER initiatives, and rural business support under EAFRD were qualitatively assessed based on secondary reports and regional profiles.

Methodological Limitations

The research relies primarily on secondary data and official documents, which may be subject to institutional reporting bias or limited transparency on micro-level implementation. Future studies could integrate field surveys or interviews with stakeholders (farmers, local administrations, and NGOs) for deeper insight.

EU-funded investment support has played a key role in enabling Bulgarian farms to modernize their production technologies and strengthen their economic resilience (Kirechev, 2023). Beluhova Uzunova et al. (2025) emphasize that during 2007–2013, CAP direct payments fostered substantial specialization and concentration within Bulgarian agriculture. In the following programming period (2014–2020), almost €7.4 billion was allocated to the sector and rural areas through the CAP, of which €5.1 billion consisted of direct payments.Data has been visualized through line and bar charts comparing EU funding levels to employment, young farmer support, and rural poverty reduction.

Strategic and Financial Framework of CAP in Bulgaria

The Rural Development Programme (RDP) 2014–2020. Total budget: EUR 3.8 billion (EUR 3.1 billion EU, EUR 0.7 billion national). Focus: competitiveness, environmental protection, rural vitality. 3705 young farmers supported, 4000+ small-scale farmers modernized. 113,000 hectares under agroecology and Natura 2000 support.

Endogenous development emphasizes strengthening local capacities and mobilizing internal resources instead of depending exclusively on external subsidies (Patarchanov & Patarchanova, 2014).

Strategic Plan 2023–2027

Priorities: sustainable income, environmental protection, digital innovation. Includes results-based eco-schemes, generational renewal, and support for marginalised regions. New measures: carbon farming pilots, broadband rural access, circular economy projects.

Pillar I – Direct Payments

Direct support per hectare (SAPs), eco-schemes, and coupled support for livestock and protein crops €1.7 billion allocated for 2023–2027 under Pillar I

According to Beluhova-Uzunova et al. (2025), the First Pillar of the CAP predominantly favors large-scale farms, thereby deepening inequalities in Bulgarian agriculture, while small and medium-sized farms obtain only a marginal share of direct payments.

Earlier research by the same author (Beluhova-Uzunova et al., 2019) highlights that although

small farms—representing over 86% of all holdings in Bulgaria—play an important role in rural employment and biodiversity preservation, their share of utilized agricultural land and standard output declined between 2010 and 2016.

National Co-Financing and Complementary Measures

Co-financing of irrigation modernization: 80 projects under M4.3. €225 million allocated for innovation and smart farming.

Complementary state aid for volatile markets and short-term credits (2022–2024). Strategic Priorities by Specific Objectives (SO1–SO9) According to the CAP Strategic Plan for 2023–2027 (SP за РЗСР 2023–2027), Bulgaria aligns its rural development vision with nine EU-defined specific objectives:

- SO1: Viable farm income and sector resilience – Focus on direct income support and competitiveness
- SO2: Enhance market orientation and competitiveness – Investment in physical assets, modernization
- SO3: Strengthen position in the value chain – Support for producer organizations and short supply chains
- SO4: Climate change mitigation – Carbon farming, biodiversity incentives, and energy efficiency
- SO5: Sustainable resource use – Organic farming, precision irrigation, and agroforestry
- SO6: Protect biodiversity, enhance ecosystems – Natura 2000 and High Nature Value farming support
- SO7: Attract and retain young farmers – Grant schemes, generational renewal training
- SO8: Promote employment and local development – LEADER/CLLD projects, rural SMEs
- SO9: Ensure food safety and animal welfare – Veterinary services, traceability, and quality schemes

Table 1: CAP 2023–2027 Interventions by Specific Objective. Source: Strategic Plan for Agriculture and Rural Development 2023–2027.

Specific Objective	Core Interventions	Indicative Budget (EUR million)
SO1	Direct payments, coupled support	950
SO2	Investments M4.1, M6.1	650
SO3	Producer groups, short chains	140
SO4	Eco-schemes, agri-environment	510
SO5	Organic support, water projects	280
SO6	Natura 2000, AES	210
SO7	Start-up aid for young farmers	160
SO8	LEADER, diversification, training	310

SO9	Quality schemes, vet measures	120

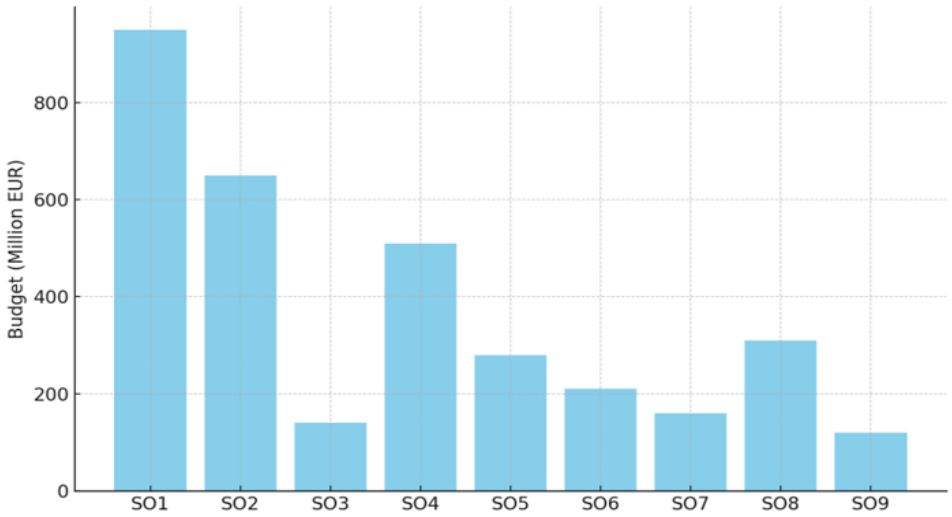

Figure 1: Budget Allocation by CAP Objectives (SO1–SO9). Source: Strategic Plan for Agriculture and Rural Development 2023–2027.

Cross-Cutting Objective (XCO): Knowledge and Innovation The CAP Plan also outlines a cross-cutting objective (XCO) on fostering innovation, digital transition, and knowledge exchange. The strategy includes: Establishing regional advisory centres and digital platforms. €95 million for farm innovation projects under EIP-AGRI. Partnerships with academic institutions for agri-research

In spatial development, the partnership principle plays a pivotal role by encouraging bottom-up strategies and actively engaging local communities in the process (Patarchanov & Patarchanova, 2014).

Consistency with the EU Green Deal and Farm to Fork Strategic coherence is ensured through:

Reduction of greenhouse gas emissions in livestock by 12% by 2027. 25% of utilised agricultural area (UAA) under organic farming by 2030

Climate-resilient varieties and carbon sequestration pilots (e.g., GAEC standards and eco-schemes). Monitoring Framework and Result Indicators The CAP Plan includes 44 result indicators to track: Farm income variation

Employment levels in rural areas. Adoption of environmental practices (e.g., AES uptake, organic ha). Youth participation in farming. Linkages to National Plans and Recovery Instruments CAP strategic design integrates objectives from:

National Recovery and Resilience Plan (NRRP): irrigation, digitization, energy transition

National Programme for Reforms (NPR): modernization, access to finance, rural entrepreneurship. Strategy for Human Resources in the Social Sector 2024–2030: improving rural service delivery, care for vulnerable populations.

Institutional Framework and Implementation Bodies**.** Managing Authority: Ministry of Agriculture and Food**.** Paying Agency: State Fund Agriculture (SFA)**.** Monitoring Committee: Composed of government, NGO, and EU observers.

These strategic, institutional, and thematic integrations illustrate a highly structured approach to CAP implementation in Bulgaria, reinforcing rural development as a multidimensional process blending economic growth, social resilience, and environmental protection.

The following sections examine the real-world outcomes of these policies, linking funding to measurable changes in Bulgaria's rural landscape.

Measurable Impacts and Outcomes of CAP Implementation in Bulgaria

Agricultural Production and Farm Competitiveness Thanks to CAP investment under SO1 and SO2, farm income in Bulgaria has improved steadily. According to the Agrarian Report 2024:

Gross agricultural output grew by 6.2% between 2020 and 2023. Average net farm income per agricultural holding increased by 13.8%. 68% of supported farms adopted new technologies, including precision agriculture

Direct payments under the Common Agricultural Policy have played a central role in restructuring Bulgarian agriculture, fostering competitiveness and encouraging sustainable rural development (Beluhova-Uzunova et al., 2021).

Youth and Employment in Rural Areas SO7 and SO8 interventions led to: 3,705 young farmers supported under Measure 6.1. 600+ LEADER local action groups funded. Employment in rural regions increased by 4.5% (2015–2023) *Extension and advisory services play an important role in enhancing farmers' knowledge and promoting environmentally sustainable farming practices in Bulgaria.(*Stoeva, Dirimanova & Georgiev, 2023).

Table 2: Rural Employment Trends and CAP Support. Source: Bulgarian National Statistical Institute and CAP Monitoring Reports.

Year	Rural Employment (%)	Young Farmer Beneficiaries	LEADER Jobs Created
2015	39.5	1000	200
2017	40.2	1800	320
2019	41.0	2800	430
2021	41.8	3500	550
2023	42.3	3705	600

Environmental Sustainability and Climate Impact Support for SO4, SO5, and SO6 enabled:

Over 52,000 hectares under organic certification. 113,000 hectares managed under agri-environmental schemes. 1,400 farmers engaged in carbon sequestration pilot projects

Recent evidence indicates that, despite the CAP's post-2023 focus on reducing disparities, the number of farms in Bulgaria declined by 64% between 2010 and 2020, while direct payments remained concentrated among large holdings, casting doubt on the fairness of rural development (Beluhova-Uzunova et al., 2024).

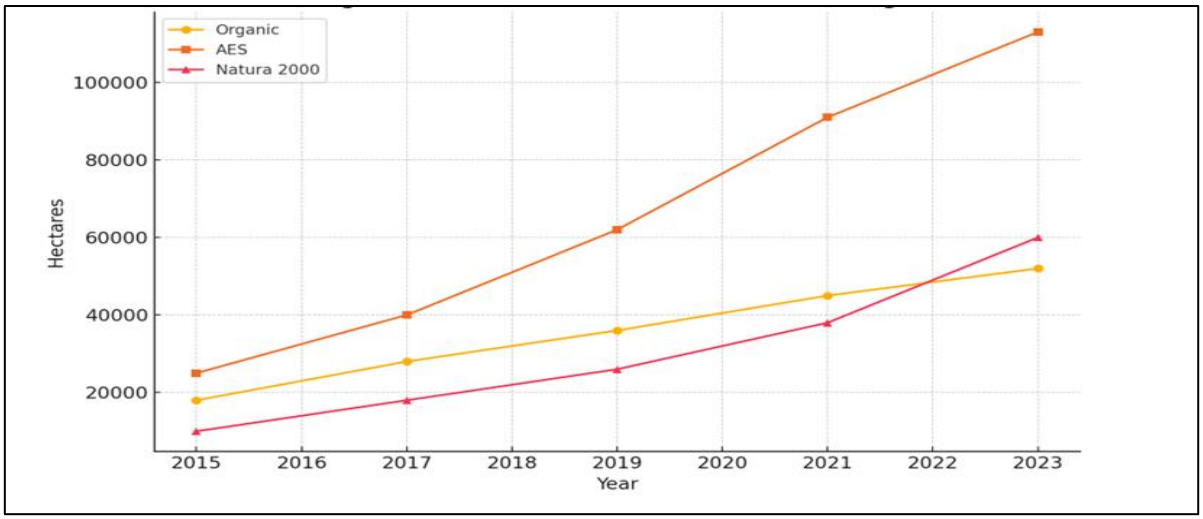

Figure 2: Area (ha) Covered by CAP Environmental Interventions (2015–2023) (Line chart comparing organic, AES, and Natura 2000 land areas over time. *Source: EC CAP Indicators Dashboard.*

Social Inclusion and Infrastructure Modernization SO8 and NRRP-linked CAP investments delivered: Renovation of 280 schools, 94 community centres, and 1,500 km of rural roads

Improved healthcare outreach in 30 municipalities via mobile rural units. Gender-balanced participation: 45% of LEADER project leads were women. Policy Coherence and Integrated Rural Transformation CAP measures were aligned with national strategies (NPR 2024, NRRP) and enhanced by: Cross-financing of irrigation infrastructure (M4.3, NRRP, Green Deal). Rural digitalization through CAP XCO and NRRP digital hubs. Training programs funded under the Social Strategy 2024–2030 and CAP

DISCUSSION

Strengths:Significant rise in farm modernization and productivity. High alignment between CAP and national reform priorities. Growth in employment, youth inclusion, and digitalization

Weaknesses: Bureaucratic procedures hinder timely access to funds. Fragmented land structure limits economies of scale. Uneven CAP benefits across regions (e.g., Northwest Bulgaria underfunded)

Opportunities:Scaling carbon farming through eco-schemes. Further integration with EU Green Deal financing. Rural tourism and ecosystem services as diversification paths.

In the absence of effective government policy, economic integration may result in deindustrialization of peripheral regions, which is why infrastructure development should primarily focus on internal needs (Patarchanov & Patarchanova, 2014).

Threats: Climate extremes impacting yields. Aging farming population despite SO7 efforts. Risk of overlapping measures under multiple instruments (CAP, NRRP, cohesion funds) The positive outcomes of CAP funding are evident in infrastructure, employment, and ecological results.

However, challenges remain: Complexity in administrative procedures and digital platforms.Structural fragmentation and aging farmer population. Unequal regional access to innovation and credit

Table 2: Rural Employment Trends and CAP Support. Source: Bulgarian National Statistical Institute and CAP Monitoring Reports.

Year	EU CAP Funding (Billion EUR)	Rural Employment Rate (%)	Number of Young Farmers Supported	Biofarming Area (ha)
2015	2.9	39.5	1000	18,000
2017	3.2	40.2	1800	28,000
2019	3.4	41.0	2800	36,000
2021	3.6	41.8	3500	45,000
2023	3.8	42.3	3705	52,000

Rural development policies in Bulgaria face significant obstacles, as land fragmentation and ownership disputes continue to hinder improvements in agricultural productivity (Ivanova, 2023). Greater coherence is needed with the EU Biodiversity Strategy and Farm to Fork Strategy.

Also, regionalized monitoring and participatory planning must be enhanced. Bioenergy as diversification: Biomass offers potential for income and employment, but only under strict criteria – using residues and avoiding competition with food production. Adaptive policies via IA: Regular impact assessments at measure and regional level, with transparent indicators, improve policy effectiveness and accountability.

Table 3*:* CAP Funding vs Rural Employment Rate (2015–2023). Source: Bulgarian National Statistical Institute and Ministry of Finance Reports.

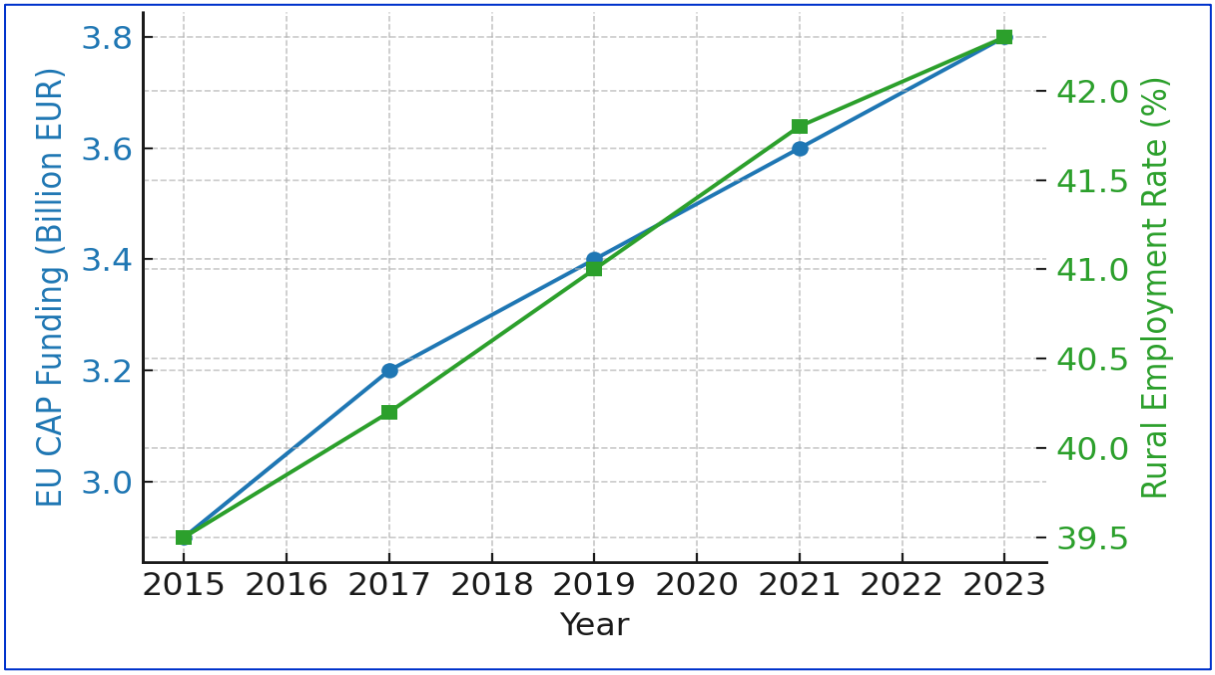

Figure 3: CAP Funding vs Rural Employment Rate (2015–2023). *Sources: Ministry of Agriculture and National Statistical Institute of Bulgaria..*

Table 4: Key Measures and Achievements from CAP Implementation. Source: Agrarian Report 2024.

Measure	Objective	Achieved Output (2020–2023)
M6.1	Support for Young Farmers	3705 beneficiaries
M4.1	Investment in Physical Assets	6000+ farm projects
M7.2	Infrastructure in Rural Areas	1500 km roads, 280 schools renovated
M10	Agroecological practices	113,000 ha environmentally managed land

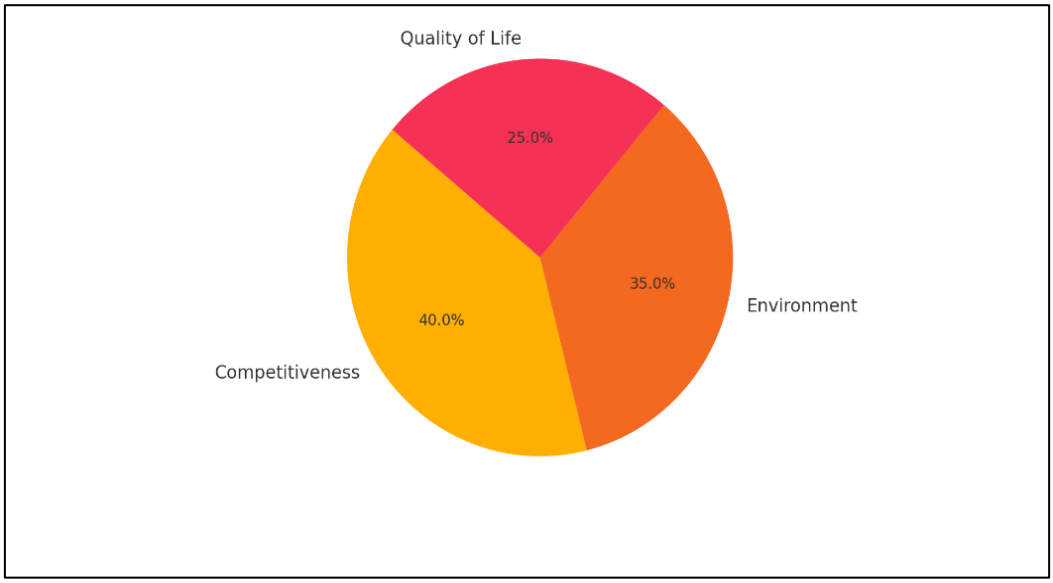

Figure 4: Distribution of CAP Pillar II Investments by Axis (2020–2023) (A pie chart illustrating % distribution for competitiveness, environment, and quality of life. *Source: CAP Monitoring Dashboard, 2024.Agro-ecological schemes introduced through the CAP have played an important role in maintaining biodiversity and enhancing soil fertility in Bulgaria's rural areas (Ivanov, 2022).*

Impact on Rural Areas

CAP funding has significantly improved infrastructure and basic services in Bulgaria's rural regions. Broadband access has expanded to more than 2,200 villages, reducing the digital divide and enabling new economic opportunities. Water supply systems have been modernized in 43 municipalities, contributing to improved living standards and public health.

These developments have increased the attractiveness of rural areas for both residents and investors, helping to mitigate some aspects of depopulation.

Economic Diversification and Job Creation

Support under measures such as M6.4 and LEADER strategies has encouraged diversification of rural economies beyond agriculture. As a result, over 3,500 jobs have been created in small and medium-sized enterprises, and approximately 600 positions have been generated through community-led local development projects. Such diversification reduces dependency on primary agricultural activities and enhances regional economic resilience.

Demographic and Social Effects

CAP interventions have also influenced demographic dynamics. Youth retention in rural areas improved by 6.2% according to NSI (2023), while the rural poverty rate declined by 4.3 percentage points between 2015 and 2022. However, insufficient transport infrastructure — particularly the lack of adequate rail networks — continues to restrict access to essential services and remains a barrier to reversing depopulation trends (Patarchanov, 2019).

Environmental and Climate Results

Environmental outcomes demonstrate CAP's contribution to sustainability. Over 60,000 hectares of land within Natura 2000 zones have received compensatory payments, and 1,400 farmers are participating in carbon sequestration pilot schemes. These measures contribute to climate change mitigation, biodiversity conservation, and improved soil management practices.).

The Role of CAP in Addressing Demographic Decline and Territorial Disparities

Population Loss in Rural Regions

Bulgaria's rural municipalities experienced a population decline of approximately 13% between 2007 and 2023 (NSI). CAP measures aim to counteract this through grants for young farmers (SO7), community-led local development (LEADER/CLLD) strategies targeting depopulated municipalities, and investments in social infrastructure such as healthcare, education, and digital connectivity.

Regional Development Disparities

Significant regional imbalances persist, with northwestern regions such as Vidin, Montana, and Vratsa historically receiving less investment. In response, the CAP Strategic Plan 2023–2027 mandates that at least 15% of rural development funding be allocated to "lagging regions." Additionally, projects from NUTS-3 regions with GDP per capita below 50% of the national average receive priority scoring, promoting more equitable territorial development.

Table 5: Territorial Allocation Measures for Disadvantaged Regions (2023–2027). Source: Strategic Plan for Agriculture and Rural Development 2023–2027.

Region	Designation	CAP Measures Applied	Budget Share (%)
Northwest BG	Most disadvantaged	M4.1, M6.1, M7.2, M19 (LEADER)	17
South-Central	Moderately lagging	M4.1, M10, M11, XCO (digital innovation)	13
Southeast BG	Border rural region	M6.4, M7.4, M16 (cooperation projects)	12

Cross-Sectoral Synergies with EU and National Instruments

The CAP works in close alignment with the NRRP to amplify the effects of rural development investments. For instance, €200 million in water infrastructure funding complements CAP-supported irrigation projects, while €90 million allocated to agri-digital transformation enhances precision farming and e-voucher systems.

Joint initiatives with the national social strategy aim to improve care access for elderly and vulnerable populations in rural regions. CAP Measure M7.4 co-finances integrated rural service hubs, and early-childhood service centers have been introduced in depopulating villages. These efforts support inclusive rural development and social cohesion.

CAP eco-schemes and conditionality standards are aligned with Green Deal objectives, including reductions in pesticide use, improvements in soil carbon sequestration, and biodiversity protection. Collaborative projects under the LIFE programme further support peatland preservation and grassland restoration, enhancing the environmental impact of CAP measures.

Future Outlook: CAP Beyond 2027

As the EU prepares for the next programming period (post-2027), Bulgaria's priorities should include: Expanding digital tools and AI in rural advisory systems. Enhancing landscape-scale climate adaptation schemes. Integrating rural development into broader territorial cohesion policy. Introducing multi-annual social contracts for rural depopulation reversal.

Looking ahead, the post-2027 programming period will require a stronger emphasis on innovation, climate adaptation, and demographic resilience. Key priorities should include expanding digital tools and artificial intelligence in rural advisory services, implementing large-scale climate adaptation schemes, and integrating rural policy more closely into the EU's territorial cohesion framework. Additionally, multi-annual social contracts could be introduced to directly address population decline and improve service provision in depopulated areas.

Conclusion

The CAP has clearly transformed rural Bulgaria in multiple dimensions – economic, environmental, and social. Yet the road ahead requires refinement of targeting and administrative efficiency. A "place-based" approach, recognizing the diversity of rural areas and their needs, is vital.

Key messages: Maintain strong CAP budget allocations, especially for Pillar II

Invest in social infrastructure and care economy in rural areas. Enhance synergies with cohesion and digital policies. Prioritize data-driven decision-making and participatory planning.

Insights from the National Reform Programme" and "Comparative Analysis

The NRP 2024, prepared by the Ministry of Finance, outlines strategic commitments aligning national priorities with CAP funding and instruments. Key agricultural and rural development insights include:Alignment with Council Recommendations (2023): CAP targets directly address the socio-economic disparity, employment, and green transition noted in EU recommendations. Public Investment Forecast (2024–2027): Over €1.5 billion in rural infrastructure, 40% of which overlaps with CAP funding (e.g., irrigation, roads, digital hubs).

Rural Human Capital: Vocational training for 12,000 rural residents is planned under ESF+, harmonized with CAP measures M1 (training) and M2 (advisory services). Sustainable Development Goals (SDGs): CAP directly contributes to Bulgaria's progress on SDG 2 (Zero Hunger), SDG 8 (Decent Work), and SDG 13 (Climate Action).

Social Dimensions and Human Resource Strategy (2024–2030)

The "Strategy for the Development of Human Resources in the Social Sphere 2024–2030" addresses gaps in rural human capital, labor motivation, and care infrastructure. CAP supports these goals via:

Measure M7.4: Co-investments in rural social services (care centers, childcare)

Cross-Sectoral Training Programs: Joint funding with M1 and the National Employment Agency

Career Development Pathways: CAP helps align farm diversification (M6.4) with employment in social and care-based entrepreneurship

Projection (2026–2030) Three scenarios for the evolution of Bulgarian rural areas were developed, based on the proposed index:

1. Baseline ("inertia"): modest improvement of economic indicators; slow income convergence; ІУРСР rises by +5–8 points.
2. Green Diversification (preferred): targeted support for small/medium farms, eco-investments, controlled bioenergy from residues; ІУРСР rises by +12–18 points, especially in governance and social pillars.
3. Stagnation (risk): weak IA and policy targeting; persistent disparities; ІУРСР stagnates or declines in social dimensions.

Comparative Analysis: Bulgaria and Selected EU Countries

The objective of this comparative analysis is to contextualize the impact of the Common Agricultural Policy (CAP) on rural development in Bulgaria by means of a direct comparison with several representative EU Member States. This comparison aims to: assess the extent to which the trends observed in Bulgaria are country-specific or reflect broader regional patterns, identify policies and instruments that demonstrate greater effectiveness, and validate the proposed indicators within the National Rural Development Programme (NRDP).

Selection of Countries for Comparison

For conducting a meaningful and productive comparative analysis, the following countries have been selected: Romania — shares a similar agricultural structure and transitional experience; suitable for regional/Balkan comparison. Hungary and Poland — Central European countries with more advanced agricultural modernization and significant access to investment support. Greece — a Southern European country with a high proportion of small farms and specific rural challenges. Spain — an example of pronounced regional disparities, with a strong role of environmental measures and bioenergy in certain regions. Comparative benchmark: EU average / EU-27 (for standardized reference).

Period of Comparison

The analysis focuses on two key periods: a retrospective view of 2007–2015 (capturing the early post-accession effects) and the 2014–2020 period (the current programming cycle), with a brief projection or indicative assessment towards 2030 based on scenario analysis.

Comparative Overview (Key Observations)

The comparative analysis of agricultural productivity and rural development highlights several important trends across the selected EU Member States. In Bulgaria, agriculture remains an economically significant sector, contributing approximately 3–4% of national GVA in certain years; however, GVA per worker and rural household incomes have grown more slowly than the EU average, reflecting a persistent lag in rural income development (European Commission, Agriculture and Rural Development).

Poland and Hungary exhibit higher GVA per worker and more intensive agricultural modernization, resulting in stronger economic outcomes within the sector. Romania displays structural characteristics and challenges similar to those of Bulgaria, including a high share of small and family farms and GVA per worker that generally remains below the EU average, albeit with notable regional variations. Spain demonstrates pronounced regional disparities, with some regions achieving high productivity supported by environmental and investment programs, while eastern and mountainous areas experience demographic decline and weaker economic performance.

Agricultural Productivity (GVA per Worker)

Bulgaria: Agriculture remains an economically significant sector, contributing around 3–4% of national GVA in certain years. However, GVA per worker and rural household incomes have grown more slowly than the EU average, reflecting a lag in rural income development (European Commission, Agriculture and Rural Development).

Poland and Hungary: These countries exhibit higher average GVA per worker and more intensive agricultural modernization, resulting in relatively stronger economic outcomes in the agricultural sector (European Commission, Agriculture and Rural Development).

Romania: Similar structural challenges to Bulgaria exist, including a high share of small and family farms. GVA per worker often remains below the EU average, although significant regional disparities are observed (European Commission, Agriculture and Rural Development).

Spain: Strong regional differences are evident. Some regions demonstrate high productivity and successful eco-investment programs, while eastern and mountainous areas experience demographic decline and weaker economic performance (Financial Times).

Interpretation: Bulgaria lags behind the “modernized” new Member States (Poland, Hungary) in terms of agricultural productivity and rural incomes, partially resembling Romania regarding structural challenges.

Access to Investment Support and Inequality

Data from FADN and analytical assessments indicate a strong concentration of investment support in larger, more professional farms across most countries, including Bulgaria. Small farms often fail to access measures, resulting in asymmetrical impacts: modernization benefits larger farms, while smaller farms are disadvantaged (capreform.eu; European Court of Auditors).

In Poland and Hungary, complementary programs for farm cooperatives and young farmers partially improved access for small and new entrants. In Bulgaria, such effects were less pronounced during the observed period (European Commission, Agriculture and Rural Development).

Interpretation: The model of support concentrated in large farms is common in Central and Eastern Europe. Countries with additional cooperative or young farmer schemes achieve a more equitable distribution of benefits.

Social Risks: Poverty and Rural Employment

Bulgaria: Rural areas face a high risk of poverty and social exclusion, estimated at 35–40%, significantly higher than urban areas. This pattern is typical for Balkan and Eastern European countries (European Commission). Romania: Similarly high levels of rural poverty are observed, occasionally exceeding those in Bulgaria.

Poland, Hungary, Spain: Despite regional variations, average rural poverty risk is generally lower than in Bulgaria and Romania, reflecting stronger economic performance and more effective structural transformation (European Commission, Agriculture and Rural Development).

Interpretation: Social vulnerability remains a key challenge for Bulgaria, suggesting that CAP and NRDP measures should strongly target employment, services, and income support.

Demographic Pressure and Long-Term Vulnerability

Eastern European countries, including Bulgaria and Romania, experience pronounced demographic erosion in rural areas: population outflows, aging, and challenges in maintaining services. This limits the capacity to leverage investment effectively. Recent analyses indicate significant rural population losses in EU countries between 2014 and 2024 (Financial Times; European Commission).

Bioenergy and Environmental Diversification

Spain, and certain regions in Poland and Hungary, have more advanced agricultural bioenergy and eco-investment projects. In Bulgaria, the potential exists (biomass, residues), but implementation requires careful planning to avoid competition with food production. Scientific reviews caution against unsustainable deployment of bio-crops (ScienceDirect; European Commission, Agriculture and Rural Development). Interpretation: Bulgaria can utilize bioenergy for diversification, provided it is based on residues and adheres to targeted environmental requirements.

Consolidated Key Findings

Bulgaria shares many structural weaknesses with Romania, including a high share of small farms, elevated poverty levels, demographic decline, and slower GVA growth. Meanwhile, Poland and Hungary demonstrate stronger modernization and more balanced support distribution due to cooperative models and young farmer initiatives. Across the EU, CAP support tends to consolidate productivity but risks increasing inequality if compensatory policies are absent.

To address these disparities, Bulgaria should prioritize targeted funding for small and young farmers, streamline administrative requirements, and integrate social services into rural development strategies. Annual monitoring and transparent impact assessments would further improve policy adaptability and ensure that support reaches its intended beneficiaries. Promoting cooperatives, local processing, and sustainable bioenergy initiatives can enhance value creation and resilience in rural economies..

Practical Recommendations (Comparative-Informed)

Based on good practices and comparative observations: Targeted Funding for Small and Young Farmers: Apply bonuses and networked funding mechanisms while minimizing administrative barriers (Polish and Hungarian best practices). Combine Investments with Social Infrastructure: Include services, childcare, and digital connectivity to address demographic decline (European analyses on rural revitalization; Financial Times). Annual Monitoring and Publication of IA/Indicators: Track who benefits from support and adjust programs accordingly—a critical tool for adaptive policy (European Commission). Support for Cooperatives and Local Processing: Reduces dependence on large farms and increases local added value (capreform.eu).Sustainable Bioenergy Development: Use only residues/waste and avoid competition with arable land; combine with biodiversity protection measures.

Fiscal Coordination and National Budget Contributions

Effective implementation of the Common Agricultural Policy (CAP) in Bulgaria relies on a robust financial framework that integrates both EU and national budgetary contributions. According to the

Fiscal Strategy 2025, the country's co-financing structure for CAP interventions amounts to approximately €2.45 billion from EU funds and €740 million from the national budget for the 2023–2027 programming period. This partnership underlines the government's commitment to aligning domestic fiscal policy with EU agricultural priorities.

A significant share of this funding is directed toward infrastructure development and technological innovation. For example, irrigation modernization projects are financed through a combination of 65% CAP funds and 35% national and NRRP contributions, ensuring the modernization of water management systems crucial for climate resilience and productivity. Similarly, €65 million from national innovation funds complements CAP's cross-cutting objectives (XCO) by supporting the digital transformation of agriculture and the introduction of precision farming technologies.

Public procurement reforms have also been introduced to improve the efficiency and transparency of CAP-related tenders. Monitoring through the Agency for Public Procurement (AOP) aims to prevent delays and irregularities, enhancing the effectiveness of rural development projects and safeguarding EU financial interests.

Administrative and Regulatory Frameworks

The governance of CAP implementation in Bulgaria is supported by a comprehensive regulatory framework designed to ensure transparency, compliance, and effective use of resources. Key elements of this framework include:

- **AFKOS (Anti-Fraud Coordination Service):** Coordinates national efforts to protect EU financial interests and prevent misuse of CAP funds.
- **GIS-Based Monitoring Systems:** Utilize satellite technology for real-time monitoring of agri-environmental measures, ensuring compliance and improving data accuracy.
- **Public Procurement Compliance (ZOP):** Ensures that rural development projects adhere to national procurement legislation and EU standards.
- **E-Voucher Portals:** Reduce digital exclusion by providing smallholders with simplified access to support schemes, particularly in training and advisory services under Measures M1 and M2.

These regulatory mechanisms collectively enhance the credibility of CAP implementation, improve administrative efficiency, and ensure that financial resources are used effectively to achieve rural development objectives.

Governance and Stakeholder Involvement

Strong governance structures and inclusive stakeholder engagement are essential for the successful implementation of CAP measures. The *Monitoring Committee for CAP 2023–2027* includes a broad range of stakeholders, such as:

- **Public institutions:** Ministry of Agriculture and Food, Ministry of Finance, Ministry of Regional Development and Public Works, and Ministry of Labour and Social Policy.
- **Civil society and NGOs:** Environmental groups, women's organizations, and farmer associations.
- **Academic institutions:** Research institutes and universities providing policy expertise and data analysis.
- **Private sector representatives:** Agribusiness chambers and cooperative associations.

This participatory governance model strengthens policy legitimacy, improves project relevance, and facilitates regionally tailored implementation strategies. It also enhances feedback mechanisms, allowing for the continuous refinement of CAP measures based on stakeholder input and real-world outcomes.

CONCLUSION

The Common Agricultural Policy has been a fundamental driver of rural transformation in Bulgaria, contributing significantly to economic modernization, environmental sustainability, and social cohesion. Direct payments, rural development programs, and agri-environmental schemes have improved farm productivity, diversified rural economies, and enhanced infrastructure and service provision. These achievements have supported broader national priorities, including employment generation, social inclusion, and progress toward the Sustainable Development Goals.

Nevertheless, several structural challenges persist. Land fragmentation, uneven distribution of subsidies, demographic decline, and unequal regional development continue to limit the full potential of CAP interventions. Administrative complexity and disparities in access to innovation and financial resources further constrain small and medium-sized farms, which are essential for sustainable rural development.

To address these challenges and maximize CAP's future impact, several strategic recommendations emerge from this analysis:

1. Simplify administrative procedures and expand digitalization of CAP portals to reduce barriers for beneficiaries and improve fund absorption.
2. Target support to vulnerable regions and farm types, particularly in Northwest Bulgaria and remote mountainous areas, through tailored measures and enhanced co-financing mechanisms.
3. Strengthen innovation incentives for women-led and youth-led cooperatives, promoting entrepreneurship and demographic renewal in rural communities.
4. Enhance monitoring and evaluation frameworks, including real-time dashboards and annual impact assessments at the regional level, to improve transparency and adaptive policy-making.
5. Promote "smart bioenergy" solutions based on agricultural residues and waste, balancing diversification with food security and biodiversity protection.
6. Invest in social infrastructure and care economies to improve quality of life, support vulnerable populations, and counteract demographic decline.
7. Encourage cooperative models and short supply chains to enhance the bargaining power of small producers and increase local value creation.

By pursuing these policy directions, Bulgaria can build on the achievements of the CAP and move toward a more balanced, inclusive, and resilient model of rural development. A place-based, data-driven approach that integrates economic, environmental, and social dimensions will be essential to achieving sustainable growth and improving the long-term vitality of rural regions.

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