



## Bulgaria's investments and interventions in climate smart agriculture (incl. water management) and digitalisation according to CAP strategic plan

*The CAP strategic plan of the Republic of Bulgaria for the period 2023-2027 envisions the implementation of a variety of financial interventions in support of the rural development, optimisation of agricultural production, innovation and digital transition in the sector.*

*The Plan has been delayed due to political discussions. Following its publication, the European Commission has submitted a list of comments, which Bulgaria is obliged to implement before its Strategic Plan is considered as final.*

The CAP strategic plan (or “the Plan”) of the Republic of Bulgaria pays special attention to activities that will contribute to the overall sustainability of the agricultural sector. The activities aim at increasing the degree of organisation, attracting new and young farmers and contributing to tackling climate change.

The Plan envisions the implementation of various investments to support development of agricultural and rural innovation, as well as dissemination of scientific and innovative solutions, including digital ones. It aims to strengthen the links between science and practice in the knowledge system.

The CAP strategic plan also foresees the provision of modernisation support for farms in the form of investment activities with a renewed focus on environmental and green investments.

The total budget is around EUR 3.5bln, of which:

- EUR 1.41bln is to come from the EU budget;
- the remaining amount of EUR 2.11bln is to be co-financed with national funding.





## I. Bulgaria's envisioned investments and interventions in climate smart agriculture and water management under the CAP strategic plan.

### 1. Investments for the processing of agricultural products

The intervention "**Investments for the processing of agricultural products**" aims at ensuring the necessary quantity and quality of local raw materials to make fuller use of the capacity of enterprises, and increasing the added value and efficiency of food processing enterprises (FPE). According to the Plan, there is a need to provide support for different types of investment in the modernisation of enterprises in the agri-food sector, including the introduction of various innovative solutions. Further, effective investment support, with the intervention targeting enterprises in the agri-food sector and farmers involved in the processing of agricultural products, is key to increasing value added in the agri-food sector. The intervention **will enable enterprises in the agri-food sector to introduce into their production new machinery, plant and equipment, which have a high level of efficiency**. It will also provide **access to the introduction** of different types of innovation, which in turn will favour the acceleration of value-adding processes in the various industries (See Table 1).

**Table 1: Support for investments for processing of agricultural products**

Financial period	Total indicative financial allocation (Total public expenditure in EUR)	Total indicative financial allocation (Total Union Contribution in EUR)	Type of support	Type of intervention
2024 - 2029	299 797 810	119 919 124	Grant	Investments, including investments in irrigation

### 2. Investments for the processing of agricultural products aimed at the protection of the environmental components

The Bulgarian CAP strategic plan sets the objective of **securing renewable energy production from agriculture** (hydro, wind, solar, geothermal and residual/waste biomass from agriculture). To this end, the Plan envisions the implementation of investments for the processing of agricultural products aimed at the protection of the environmental components. The intervention will only **support environment and climate-related investments**, such as: **waste treatment and treatment facilities**,



**facilities for the storage** or recovery of various waste raw materials from agricultural products resulting from processing, **waste water treatment plants** in processing and marketing, **renewable energy installations** for energy production for own consumption, **including those using biomass** (See Table 2).

**Table 2: Support for investments for the processing of agricultural products aimed at the protection of the environmental components**

Financial period	Total indicative financial allocation (Total public expenditure in EUR)	Total indicative financial allocation (Total Union Contribution in EUR)	Type of support	Type of intervention
2024 - 2029	105 810 991	42 324 396	Grant	Investments, including investments in irrigation

### 3. Investments in irrigation infrastructure

According to the CAP strategic plan, Bulgaria sets the objective to achieve **efficient use of water resources** by improving the **water balance and the share of irrigation**, as well as **rehabilitation and modernisation of hydro-improvement infrastructure**. The objective is to be achieved by an intervention, aimed at irrigation infrastructure, through which **economic sustainability** is achieved by increasing the ratio of benefits to the agricultural sector while, at the same time, **environmental sustainability** is achieved through the efficient use of water resources (See Table 3).

**Table 3: Support for investments in irrigation infrastructure**

Financial period	Total indicative financial allocation (Total public expenditure in EUR)	Total indicative financial allocation (Total Union Contribution in EUR)	Type of support	Type of intervention
2027 - 2028	100 000 000	40 000 000	Grant	Investments, including investments in irrigation

#### 4. Investment in non-agricultural activities in rural areas

The investment will stimulate **innovative industries** and the implementation of activities in the industry and information services sectors. The investment will target the introduction of **new technologies and the digitalisation of business processes** that improve the position of micro-enterprises on the local and international market, as well as their profitability (See Table 4).

**Table 4: Support for investments in non-agricultural activities in rural areas**

Financial period	Total indicative financial allocation (Total public expenditure in EUR)	Total indicative financial allocation (Total Union Contribution in EUR)	Type of support	Type of intervention
2024 - 2029	98 756 927	39 502 770	Grant	Investments, including investments in irrigation

#### 5. Investments in agricultural holdings

According to the CAP strategic plan, Bulgaria has set the objective to enhance market orientation and increase farm competitiveness, both in the short and long term, and **improve the focus on research, technology and digitalisation**. The intervention "**Investments in agricultural holdings**" will address the need to modernise and introduce innovation and digitalisation on sustainable farms, promote links between producers and science and create conditions for knowledge exchange.

The intervention "Investments in agricultural holdings" will be applied to **accelerate digitalisation**. It will support the **introduction of new technologies** that are market-oriented and aimed at investment and diversification of production. Support will be provided for the **purchase of machinery, plant and equipment, applications and web tools for the digitalisation of agriculture**, as well as **new technologies and innovative solutions** enabling it to produce high quality products at better prices. Due to the difficulties in securing labour for agricultural production, opportunities will be provided for **the automation of work processes** in order to increase the productivity of livestock and crop farms.

The possibility of access to digitalisation of agriculture and the introduction of automation and robotics of production using high-performance machines and digital technologies will provide farmers with the opportunity to organise farm work more efficiently (See Table 5).

**Table 5: Support for investments in agricultural holdings**

Financial period	Total indicative financial allocation (Total public expenditure in EUR)	Total indicative financial allocation (Total Union Contribution in EUR)	Type of support	Type of intervention
2024 - 2029	246 892 314	98 756 925	Grant	Investments, including investments in irrigation

## 6. Investments in tangible and intangible assets, research and experimental and innovative production methods and other actions

### 6.1 Interventions in the fruit and vegetable sector

6.1.1 Investments in research and development on sustainable production methods, including **pest resistance** and **climate change mitigation and adaptation**, **innovative practices** and **production techniques** promoting economic competitiveness and strengthening market development.

To this end, CAP outlines the following interventions:

(a) Investment in **systems and equipment (including software and hardware)** for the collection, processing and analysis of data and information from the different phases of cultivation, production, storage and marketing of fruit and vegetables.

According to the Plan, the **systems and equipment** must be used to collect, process and analyse data on irrigation rates, fertiliser rates, soil and crop conditions, yields, productivity and other data directly related to the agricultural product being produced.

(b) Investment in plant identification systems, navigation systems, GPS devices, controllers, sensors and meters.

(c) Investment in **digital devices** and equipment for incorporation into various types of **agricultural machinery** that improve the process of growing fruit and vegetables and reduce the volume of fertilisers, chemicals and other inputs used in production.

According to the Plan, other inputs used in production are: other GPS devices, automatic controls, controllers, sensors and instruments for controlling spraying, fertilisation, treatments, fertilisers and farmyard manure in soils, for controlling and managing soil treatments, and other for similar purposes

#### 6.1.2. Interventions aimed at promoting, developing and implementing **environmentally sound practices and methods**.

Bulgaria plans to support the following actions for the sustainable use of natural resources, in particular the protection of water, soil and air, as well as the protection of biodiversity:

a) Purchase and installation of new systems enabling the **treatment of waste water** and the **reuse of treated water** in the preparation of fruit and/or vegetables for marketing.

b) **Investment in irrigation facilities and equipment**, including those purchased through financial leasing, for the rehabilitation and/or improvement of the existing network on the farm, **including new pipelines, drip irrigation systems, sprinkler systems, small pumping stations, technical means and equipment for water storage and/or conservation**.

#### 6.1.3. Investments in tangible and intangible assets, research and experimental and **innovative production methods**.

a) Purchase, including through financial leasing, and/or installation of machinery, plant and equipment necessary to improve the production process, **such as specialised production/harvesting/packaging machinery** and other activities to increase **labour efficiency** (e.g. planting and harvesting platforms, weighing and packaging equipment);

b) Purchase or adaptation of **hardware and software**, as well as purchase and commissioning of advanced information and communication systems, **including plant nutrition software** (See Table 6).

**Table 6: Support for interventions in the fruit and vegetable sector**

Financial period	Planned annual unit amount (Total Union expenditure in EUR)	Total indicative financial allocation (Total Union expenditure in EUR)	Type of support	Type of intervention
<b>2024 - 2027</b>	283 004 (2024)  377 339 (2025-2027)	1 415 022	Grant	Investments in tangible and intangible assets, research and experimental and innovative production methods and other actions

## 7. Investments in tangible and intangible assets, research and experimental and innovative production methods and other actions

### 7.1 Interventions in the milk and milk products sector

7.1.1. According to CAP, Bulgaria has set the objective to invest in research and development on **sustainable production methods**, including animal diseases and climate change mitigation and adaptation, innovative practices and production techniques promoting economic competitiveness and strengthening market development.

To this end, the CAP strategic plan outlines the following investments:

(a) Investments related to **the construction/upgrading/equipment** on the farm of automated systems used **in the different phases of animal husbandry/feeding, milking**, etc. (including related software; automated and/or robotic systems used in the different phases of animal husbandry in rearing, feeding and milking, such as **automated/robotic feeding systems, automated/robotic milking systems**, milking parlours, milking facilities, identification systems, herd management and monitoring systems, electric herders, drones, milking management software, etc.)

(b) Investments in **equipment for collecting, processing and analysing** data on animal health, feeding rates, productivity, as well as **systems for animal identification**.

(c) Investments related to the **development or adaptation of software and the implementation of innovative practices** used to optimise the activities of individual members and, respectively, of the producer organisation, association of organisations or producer group (See Table 7).

**Table 7: Interventions in the milk and milk products sector**

Financial period	Planned annual unit amount (Total Union expenditure in EUR)	Total indicative financial allocation (Total Union expenditure in EUR)	Type of support	Type of intervention
2024 - 2028	184 067	920 339	Grant	Investments in tangible and intangible assets, research and experimental and innovative production methods and other actions

**II. Other envisioned investments and interventions in digitalisation and new technologies under the CAP strategic plan:** Cooperation with specialised bodies for the implementation of research programmes in the field of beekeeping and bee products.

The intervention "**Cooperation with specialised bodies for the implementation of research programmes in the field of beekeeping and bee products**" aims to stimulate cooperation between beekeepers, nationally and regionally representative sectoral organisations and specialised bodies to implement research programmes in beekeeping, introduce **innovations and new technologies** in the cultivation, selection and market organisation of honey and bee products, **stimulate digitalisation** and increase the competitiveness of producers (See Table 8).



**Table 8: Support for cooperation with specialised bodies for the implementation of research programmes in the field of beekeeping and bee products**

Financial period	Planned annual unit amount (Total Union expenditure in EUR)	Total indicative financial allocation (Total Union expenditure in EUR)	Additional information to the type of support	Type of intervention
2023 - 2027	10 225	51 129	The amount of public aid shall be 100 % of the eligible costs incurred and approved under 40% of the funds are from the EAGF and 60% from the state budget.	Cooperation with specialised bodies for implementation research programmes in the field of beekeeping and bee products

### III. Comments of the European Commission on the CAP strategic plan presented by Bulgaria regarding the planned investments, concerning new technology and digitalisation.

According to the European Commission, there is insufficient ambition to "modernise" the rural areas, due to the lack of a stronger emphasis on support for non-agricultural enterprises, innovation and digitalisation. The Plan does not consider **extending broadband coverage in rural areas**.

The European Commission considers that a strategic approach to tackling fragmentation of the Bulgarian agricultural knowledge and innovation system, and the planned support in the area of knowledge, training, innovation **are insufficient** to address the **growing information and training needs of farmers**, to improve the capacity of existing extension services and provide support for innovation. Bulgaria should **strengthen extension services** significantly. The Commission encourages Bulgaria to further develop its digitalisation strategy and consider how to efficiently support digitalisation in agriculture and areas.

According to the European Commission, Bulgaria should provide **additional details** regarding the following:

- the quality of service of **4G mobile networks in rural areas**, and how/when the target of **5G mobile networks** in all locations in 2030, in particular in rural areas outside CAP, will be achieved;



- **how digitalisation will be approached by Bulgaria.** Bulgaria would need to specify the actions to support digital transformation of the agricultural sector and rural areas, digital innovation, including the digital strategy budget, to explain how the digital divide between small and large farms (even if it is overcome outside the CAP), and how other divides will be overcome (e.g. sectoral, rural, age).

**Reaction of Bulgaria's government on the comments of the European Commission is expected – it remains to be seen whether and what types of new investments will be introduced.**





## Useful links

[The CAP strategic plan 2023-2027](#) - Government of the Republic of Bulgaria (Available in Bulgarian)

[Observation letter on Bulgaria's CAP strategic plan 2023-2027](#) - European Commission (Available in English)

[Annex of the Commission's observation letter on Bulgaria's CAP strategic plan](#) - European Commission (Available in Bulgarian)

[Observation letters and other documents on CAP strategic plans](#) - European Commission

[Bulgaria's comments on the European Commission's observation letter](#), 9th of June, 2022 - Government of the Republic of Bulgaria (Available in Bulgarian)

[Commission recommendations for Bulgaria's CAP strategic plan of 18th of December, 2020](#) - European Commission (Available in English)

## List of abbreviations

CAP - Common Agricultural Policy

EC – European Commission

EU – European Union

FPE – Food Processing Enterprises

MS – Member State

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