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The role of Bulgaria's extension service in supporting the CAP

Kelly Labar, Violeta Dirimanova and
Insa Theesfeld

Abstract: *The Common Agricultural Policy (CAP) was implemented in Bulgaria in 2007. Due to its complexity, farmers requested specific assistance from agricultural extension services. Drawing on interviews with extension service stakeholders, the authors explore the functioning and shortcomings of the current Bulgarian public and private extension systems in assisting farmers to benefit from policy measures. Insufficient staff numbers, a lack of skills and expertise, unclear tasks and responsibilities, and low accessibility for the most vulnerable farmers are identified as issues. The paper highlights the need to reform the Bulgarian Farm Advisory System to cope with these weaknesses in light of the forthcoming CAP Measure 114.*

Keywords: *extension services; rural development; farmers; CAP; Bulgaria*

Kelly Labar (corresponding author) is with La Fondation pour les Etudes et Recherches sur le Développement International (FERDI), 63 boulevard François Mitterrand, 63000 Clermont Ferrand, France. E-mail: kelly.labar@ferdi.fr. Violeta Dirimanova is with Agricultural University Plovdiv, Mendeleev str 12, Plovdiv 4000, Bulgaria. Insa Theesfeld is with IAMO Leibniz Institut für Agrarentwicklung in Mittel- und Osteuropa, Theodor-Lieser-Strasse 2, 06120 Halle (Saale), Germany.

In contrast to other European Union member states, Bulgaria's agricultural sector is characterized by a high degree of land use fragmentation (Dirimanova, 2007), poor access to loans for small and vulnerable farmers and an ageing and poorly educated labour force (Census, 2003; Ciaian and Swinnen, 2006; RDP, 2007). The implementation of the Common Agricultural Policy (CAP) in Bulgaria in 2007 has required agricultural organizations to adapt in order to deal with new agricultural and environmental policies, along with assisting farmers to deal with new CAP support measures. The aim of this paper is to assess the services related to CAP measures offered by the Bulgarian extension system and to identify the challenges that still need to be addressed.

Agricultural extension services typically deal with technology transfer, education, information and innovation dissemination (Rivera and Sulaiman, 2009; Azazi and Filson, 2009). In this paper, we use the definition of Birner *et al* (2006), who define agricultural

advisory services as a set of organizations that support and facilitate people engaged in agricultural production to solve problems and obtain information, skills and technologies to improve their livelihoods and well-being. The advisory sector can be differentiated between public and private provision and financing (Figure 1).

Daku *et al* (2005) reported that in South-Eastern Europe after the 1990s, limited government budgets constrained the development of extension services. Usually, governmental budgets and underqualified staff are the driving forces in privatizing public advisory services (Kidd *et al*, 2000; Rivera *et al*, 2009). Chapman and Tripp (2003) highlight the fact that private extension services have the advantage of being able to react faster to upcoming needs and thus to cover a wider range of emerging service needs. Although it is sensible to try to achieve a public-private extension balance, Daku *et al* (2005) report on the importance of maintaining a continued role for the public sector.

		Providing extension	
		Public provision	Public provision
Financing extension	Public finance	Free public extension	Subsidies to private extension, extension contracts, voucher schemes
	Private finance	Cost recovery by government agents	Private enterprises

Figure 1. Mixed strategies for financing and providing extension.
Source: Kidd *et al* (2000).

EU institutional environment

Since 2003, the EU has requested its member states to set up a Farm Advisory System (FAS) (EC 1782/2003, replaced by EC 74/2009). The regulation states that 'Member States shall operate a system of advising farmers on land and farm management [...] operated by one or more designated authorities or by private bodies'. This requirement is closely linked to the implementation of the CAP, which implies compliance with Statutory Management Requirements (SMRs) and Good Agricultural and Environmental Conditions (GAECs). In the old member states, the FAS has been established for some time, and varies between being fully privatized as in France, and fully public in Northern Ireland (UK), with the coexistence of both types of provision in many other member states (Angileri, 2007, 2009). According to Aggelopoulos *et al* (2008), farmers in Greece, Bulgaria's neighbour, are more satisfied with the services provided by educational research institutions, citizen support centres, development agencies and public regional offices than by private bodies (such as private development agencies or private agricultural consulting firms). In Germany, each federal state has the responsibility for setting up a FAS. This has led to the coexistence of various forms of provision (public, private, farmers' groups or associations) and a different split in each federal German state (Hoffmann *et al*, 1998). All new member states have observed the implementation of the CAP Direct Payments and CAP measures under the Rural Development Programmes, along with the growing role of agricultural extension services. As above, various types of service provision have been implemented, from fully privatized ones in Hungary to the coexistence of private and public services such as in Poland.

CAP implementation and extension services in Bulgaria

Core organizations involved in CAP implementation

In Bulgaria, the CAP is mainly implemented by the Ministry of Agriculture and Food (MAF) in collaboration with the European Commission (EC) and by the central paying agency. The MAF is the 'competent authority' responsible for the accreditation of the paying agency, the

determination of the Certifying Body and monitoring and control of the paying agency. The MAF is represented at the district level by the District Directorates for Agriculture and at the municipal level by the Agriculture Municipal Services. The State Fund for Agriculture is the Paying Agency (PA) for CAP measures in Bulgaria, with 11 district offices, 28 regional offices and 11 local technical inspectorates throughout the country. The implementation of the CAP in Bulgaria required strong information campaigns as well as assistance for farmers. Staff from the municipal services or from the district offices of the PA were often available to answer questions from farmers or extension workers regarding eligibility criteria or application procedures. However, as shown later, shortcomings still persist in the communication between the different entities.

Bulgaria's agricultural extension sector

In Bulgaria the public extension services to farmers are currently delivered by the National Agricultural Advisory Service (NAAS). It was established in 1999 and benefited from different 'twinning projects' and programmes to prepare its staff for the new duties linked to the CAP. However, a survey by Nikolov and Hughes (2000) demonstrated that the public sector extension services in Bulgaria were still in their very early stages of development and were not popular among farmers. The reinforcement of the advisory services linked to Bulgaria's accession to the EU aimed to meet the requirements of EC Regulation No 1782/2003 regarding the setting up of a FAS. The main mission of NAAS was to provide farmers 'with up-to-date information, specialized extension and consultancy services and expert support to ensure effective and competitive agriculture in line with the established EU standards' (RDP, 2007). Since the launch of the Rural Development Programme (2007–2013), NAAS has provided services in the context of Measure 143, 'Provision of farms advisory and extension services in Bulgaria and Romania'. This measure is one of the adaptations from which Bulgaria and Romania benefited at the time of their accession. The MAF chose NAAS to be the single provider of services in Measure 143, which covered assistance to farmers (mainly small and medium-sized farmers) in its application for five rural development measures. These were: the setting up of young farmers, modernization of agricultural holdings, semi-subsistence farming, setting up producer groups and agro-environmental payments. Experts also support farmers in achieving cross-compliance requirements in terms of GAECs. Under Measure 143, services delivered to farmers by NAAS are free of charge and funded through European and national budgets. However, until recently, only 20 to 25% of registered farmers have benefited from the assistance of public advisory services.

NAAS has 28 district agencies, termed the Regional Agriculture Advisory Services (RAAS). They are composed of agricultural engineers, agro-economists or agronomists, and until 2009 were responsible for writing applications for CAP measures and business plans for farmers and advising them on agricultural techniques. To cope with the increase in RAAS duties linked to CAP implementation, external experts have also been hired to support the writing of applications for rural development

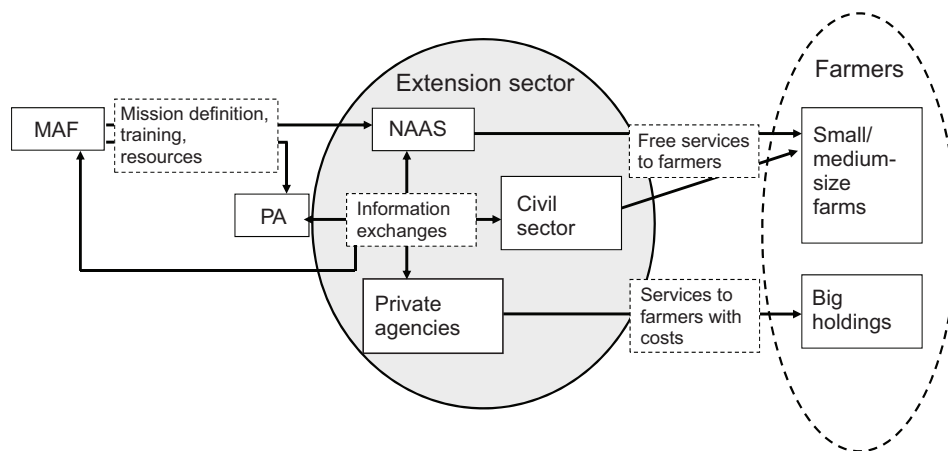


Figure 2. Relationships between the main actors involved in CAP implementation in Bulgaria.

measures. Alongside the existing public extension service, private extension services are emerging due to the increasing opportunities to gain support through rural development measures and to meet the requirements for cross-compliance. Their activities range from writing applications for financial support to technical assistance. These private services are mainly used by large-scale farmers. Farmer associations and non-governmental organizations (NGOs) at the national and subnational levels are involved in advice provision to farmers, which in most cases focuses on certain types of farming (for example, organic farming) or on ethnic minorities (that is, the Roma). Some members of farmers' associations now also participate in the Committee Granting Agreements regarding applications to rural development measures. They are thus in contact with both the stakeholders and decision makers and particularly experienced with the CAP. Measure 143 was intended to be replaced by Measure 114, 'Use by farmers and forestry holders of advisory services', which was to be implemented by 2011.

Linking actors in Bulgaria's extension sector

In the context of CAP implementation, organizations involved in extension have to interact with those supervising the implementation process: that is, MAF and PA. In this paper, we distinguish between three types of relationship (Figure 2): (i) the relationship between the MAF and other public organizations (PA and NAAS), consisting of defining and delegating missions, training staff and providing resources, (ii) the interdependency between the MAF, PA and diverse extension services providers, and (iii) the relationship between extension service providers and farmers. Each of these is considered below.

Methodology

In this paper, besides considering institutions at the national level, the Plovdiv district in south-central Bulgaria was chosen, with evidence drawn from a project in 2009 by the Leibniz Institute of Agricultural Development in Central and Eastern Europe for the World Bank (Labar *et al*, 2009). Our findings are also based on partici-

pation by one of the authors in the Twinning Project 'Strengthening the Capacity of MAF for Developing the Farm Advisory System' between January and June 2010. A survey was conducted with 20 farmers from the Plovdiv district (Marquardt *et al*, 2009), complemented by 14 expert interviews at various administrative levels. At the national level, experts from the Directorate for Rural Development and from the Directorate for European Integration and International Relations at the MAF, the deputy executive director of the PA responsible for the implementation of rural development measures, plus leaders of two national farmer associations (Council of the Bulgarian Agricultural Organizations and the Association of Oil and Protein Crops Producers) were interviewed. At the regional level, interviews were conducted with the PA, RAAS, a private extension service (Center for Agricultural Advisory and Rural Development) and an NGO (the foundation 'Land, Source of Income'). At the local level, an expert from an Agricultural Municipal Service was included. Experts were asked open-ended questions whilst the farmers answered both closed and open-ended questions. The expert questionnaire was structured according to (i) an organization's capacity to carry out its duties in terms of service delivery – this covered human resources and system capacities (Verheijen, 2007), and (ii) the three types of relationship identified in Figure 2. The farmers' questionnaire related mainly to their opinions on the availability and quality of the services.

Shortcomings in delivery of advice to farmers

Capacity of public extension services

Internal organizational resistance is usually the result of an employee's fear of a loss of power through organizational change. One concept to explain internal organizational resistance is 'administrative inertia' (Theesfeld *et al*, 2010). This can happen as a result of civil servants being faced with high transaction costs relating to, for example, time, meetings and memos in the process of familiarizing themselves with new policies and new implementation procedures, such as new applications procedures within the CAP measures. 'Path dependency'

– meaning that available alternatives are limited through institutions and ideologies of the past – is another important concept to help explain the reluctance often observed within public organizations.

Limited staff resources were raised as one of the major factors constraining good public service delivery to farmers at the regional level. Even when external experts were involved, the extended duties of NAAS led to an overcharge of work that was not in balance with the salary paid. Furthermore, by hiring additional external experts, confusion in the duties and responsibilities of existing employees (internal and external) occurred. As bonuses are conditional on the success of an application, those handed over to several advisers led to unfair additional salaries in some cases. One major problem is the low wage levels compared with the private sector that negatively influence the motivation of employees from the public sector, who frequently leave to create their own private advisory enterprises. Regarding skills and expertise, the quantity of training was considered to be sufficient, but the high staff turnover led to high training expenditure in the public sector.

Relationships between actors

Relying mainly on public sector services seems risky. When different authorities need to work together across different levels, ambiguity often exists in the definition of their respective central and local responsibilities. Often the central level tries to retain control over local decisions. The way Measure 143 has been implemented was not well appreciated by all actors involved in extension service delivery. Indeed, the MAF delegated delivery of advice under Measure 143 only to the public actor (NAAS). This has been described by one of the key informants as 'risky', given the low quality of services delivered by public providers and their scarce staff resources. Furthermore, frequent changes in public sector organizational structure can destabilize employees in public organizations. Foreseen insecurity affects the motivation of staff. Allowing private extension services to deliver supported assistance to farmers could mitigate this problem.

Lack of transparency and information on application processing weakens the trust of applicants in both public and private extension actors. First, information regarding changes in legislation or application forms does not reach advisers in a timely manner. NGOs as well as private extension services are sometimes bound to repeat an application due to unexpected changes in administrative documents. Second, data used to make and process applications are not updated. This leads to misunderstandings in the reasons for an application rejection and suspicions regarding the legal basis of decisions.

Low qualification levels of employees dealing with applications for rural development measures at the PA (such as lack of agronomic knowledge) generate delays in processing or unjustified rejection. This is particularly linked to the rural development measures that require an investment plan. Applied agricultural knowledge is often missing and thus resources and inputs in the investment plan are often questioned by the PA

evaluators. Even if experts can be used to check for business plans linked to specific cases – for example, wine production – there is a lack of expertise regarding the production techniques for common agricultural products. This often leads to repetitive communication between extension workers and the PA to understand the investment plan, or in the worst case, its rejection.

Given the restricted number of people working in the RAAS, the public extension services cannot support all farmers who request it. Private extension services usually collect fees for their services, which represent a share of the amount of subsidies received by farmers from the rural development measures. Poor farmers, who cannot afford to pay fees, are disadvantaged. The fees to use private services and limited access to public ones are the main factors hampering farmers in gaining proper access to extension services, and thus negatively influence their access to rural development measures or direct payments (Marquardt *et al*, 2009).

Farmers find the documents difficult to understand. Interviewees agreed that the required documents for rural development measures were too complicated to prepare without advisory help. In turn, young well educated farmers who participate in rural development measures identified their need for better information regarding the penalties they will encounter if they do not fulfil the business plan they proposed to obtain the subsidies.

Office locations at subnational level do not always adhere to the one-stop-shop principle. In the district of Plovdiv, the District Directorate for Agriculture and RAAS are in the same building. In other regions of Bulgaria, this is not always the case. The PA regional office was, nevertheless, located in another part of the same town. The foundation 'Land, Source of Income' and another private extension service have chosen to be located in the same building as RAAS. The private extension service argued that, due to its location, people disappointed by RAAS services could easily find it.

Summary

In the public extension sector, the capacities of human resource management are deficient. This impedes the delivery of an effective, good quality service to farmers. Lack of transparency in the implementation of Measure 143 casts doubt on the system, and the insecure public organizational structure still discourages public sector staff, thus having a severe effect on their quality of work. Remote, small, old and uneducated farmers tend to be excluded from agricultural services. In terms of advisory quality, the lack of clarity regarding application procedures and selection criteria for funding impedes the efficient work of advice providers, who are themselves sometimes lost in the nebula of changes in procedures. Such shortcomings have to be taken into consideration in the design of the future FAS in Bulgaria. The future engagement with Measure 114, 'Use by farmers and forest holders of extension services' was discussed. This measure is based on services delivered by public and/or private providers against fees partially financed by EU and national funds. The current development of this

measure should lead to various improvements, but is subject to changes.

An immediate improvement will be provided by the involvement of the private sector in the implementation of Measure 114. Indeed, once accredited by the responsible institution (designation still under discussion), private extension services will be listed as advisers providing advice partially reimbursed to farmers by the EU and national funds (this can reach 80% of the advice cost). Farmers will consequently be able to appeal for advice from private agencies without being charged for the entire cost. Moreover, through accreditation, the quality of service delivered should be secured. Among the accreditation criteria/requirements are education and experience in the fields of advice to be delivered. Service providers have to prove their capacities (both in human resources and the system) to deliver such advice.

However, some factors can impede these elements: first, it is still unclear whether or not public extension services will go through the accreditation process. It is worth noting that some member states have chosen to mix accreditation of private actors with designation of public advisers. If we assume that the accreditation process, compared with the designation one, leads to a higher quality of public service delivery and increases the trust of farmers in such services, designating public services instead of accrediting them would not increase the reliability of the public system. A second and critical threat to the implementation of Measure 114 is the pace of its preparation. One noticeable characteristic of the implementation of the CAP in new member states is the rapid definition of a rural development programme to fulfil EC requirements, but often lacking in ownership and background strategy. Delays in the implementation of certain measures or problems in the accreditation of the PA reflected the disadvantages of opting for such rapid paths of implementation. There is a risk that the preparation of Measure 114 will suffer from similar time pressures.

The Twinning Project was meant to assist the Bulgarian MAF in setting up Measure 114 using the experience of the FAS in Lower Saxony (Germany). However, differences in organizational structures, costs of living, farm structures (farm size, land fragmentation) existed between the two regions. They have to be considered in the design of the measure. A further challenge will be that in order to involve existing private sector services in the implementation of Measure 114, the private sector first has to be assessed. Finally, during discussions between partners involved in the Twinning Project, on both the German and Bulgarian sides, preliminary steps (such as group training) have been explored to identify options that would increase outreach to small and remote farmers. Given their share in the agricultural population and the importance of small-scale agriculture for social security in post-socialist countries, this should be an issue more specifically considered by the Bulgarian government in designing Measure 114.

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