



FP7-PEOPLE-2013-IAPP Marie Curie
Industry-Academia Partnerships and Pathways
(IAPP)



Changing roles of cooperative movement in Bulgaria - overview through rural development perspective

Coexpthal, Almeria

2014

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ТРАКИЙСКИ УНИВЕРСИТЕТ
СТАРА ЗАГОРА



Euricse
European Research Institute on
Cooperative and Social Enterprises



UCC
University College Cork, Ireland
Coláiste na hOllscoile Corcaigh



BULGARIA

111 000 km²

7.24 million people

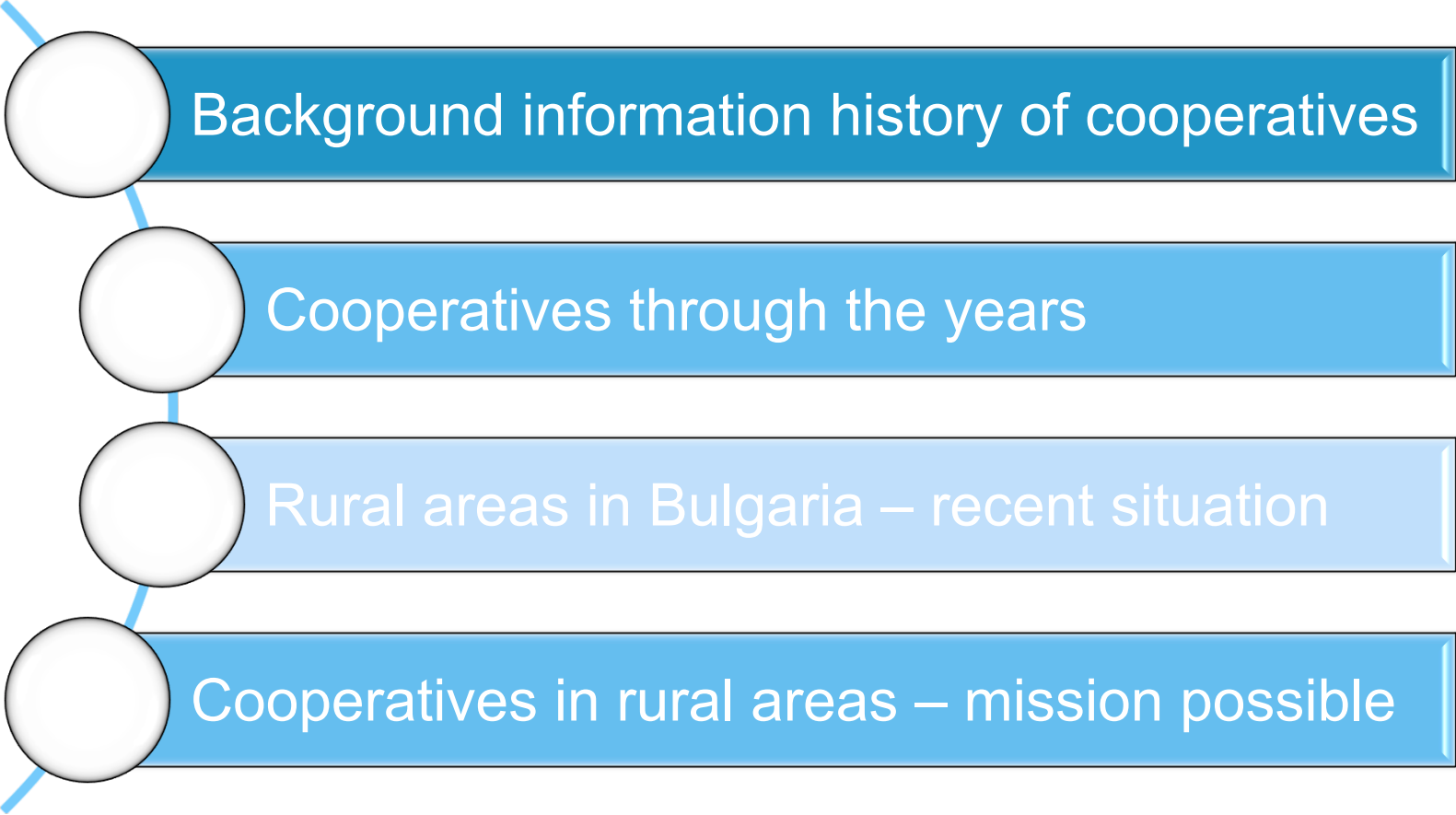
28 administrative regions (NUTS 3)

6 regions (NUTS 2)

264 municipalities (LAU 1)



AGENDA



Background information history of cooperatives

Cooperatives through the years

Rural areas in Bulgaria – recent situation

Cooperatives in rural areas – mission possible

The beginning... 1890



Land ownership in 1934 and in 1946

Land ownership	1934 (%)	1946(%)
0,1 – 1 ha	3,0	14,0
1 – 4 ha	29,4	41,7
4 – 10 ha	47,2	36,6
10 – 20 ha	16,6	6,8
> 20 ha	3,1	0,9
Total	100,0	100,0

Liquidation of land ownership



Village Kaloianovo -1962



Silage (1960-1970)

Village Sokolovo -1961

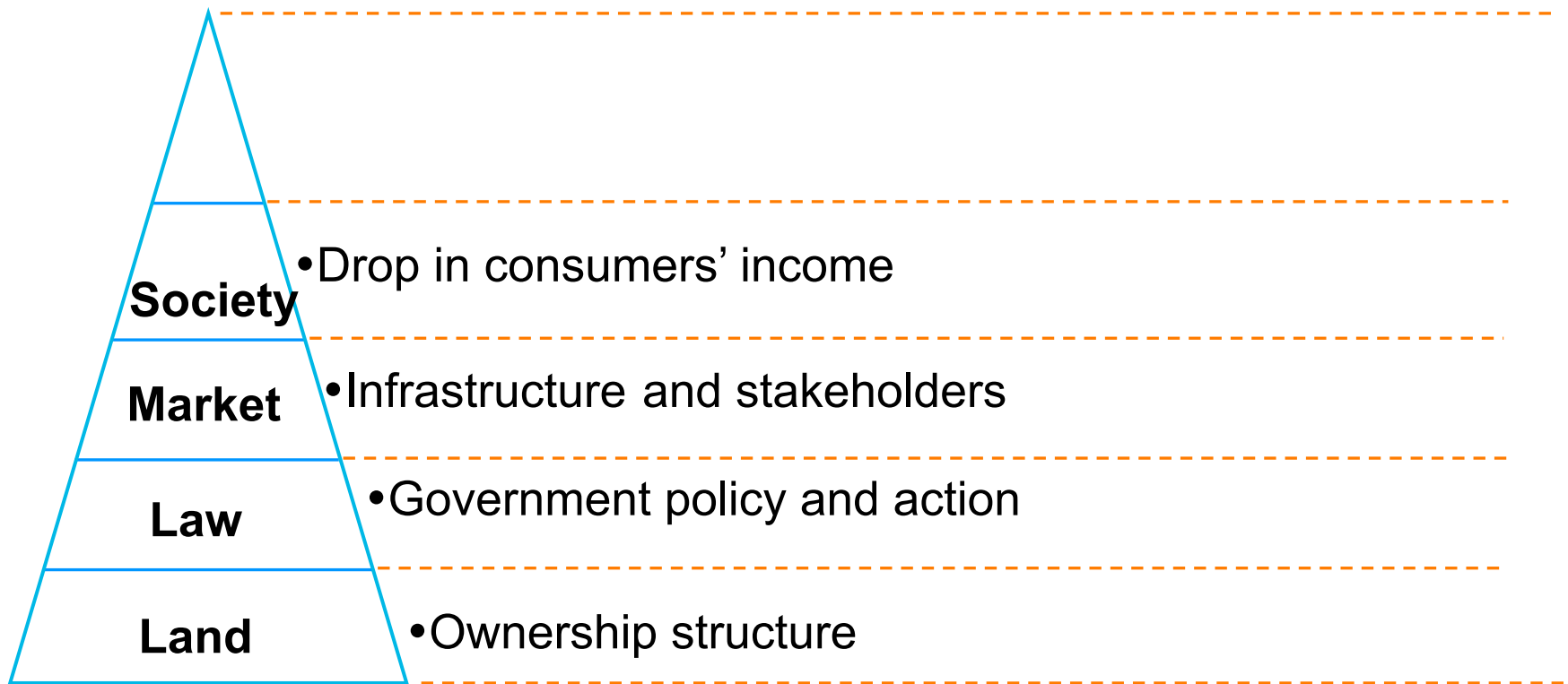


Structure of agricultural holdings and size of land in 1996

	Number of holdings	Agricultural land (thousand ha)	Average size of holdings (ha)
Public-owned	493	1259,2	2554,2
Cooperatives	3475	2158,6	621
Farms	1783495	2758,2	1,6
Total		6203,0	

Transition period

The general overview at that early period signifies that Bulgaria has encountered serious problems stemming from the underdeveloped or even missing market infrastructure, institutional framework and economic stability.

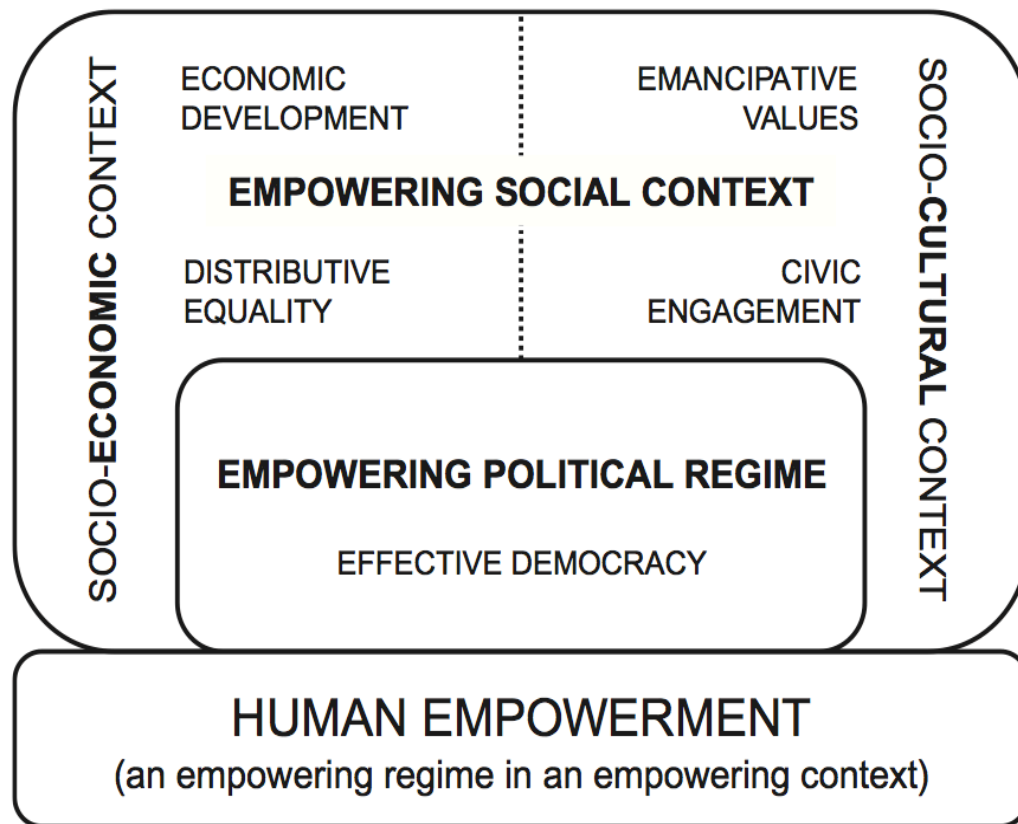


The Basics

What: sustainable and balanced economic growth

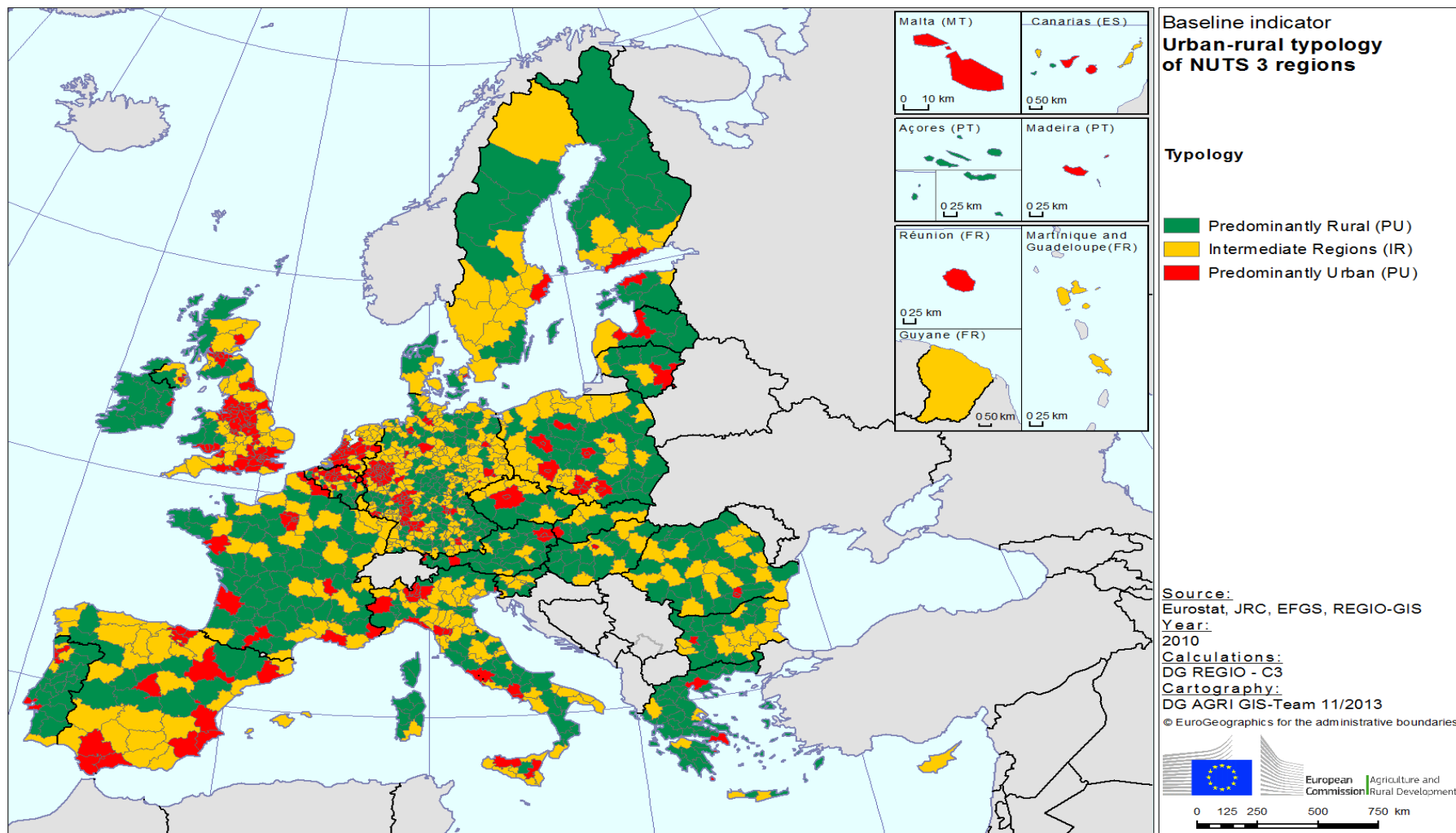
Why: lessening differences between poorest and richest strata of society

How: harmonizing Bulgaria's legislation in conformity with the European requirements



Rural Regions NUTS 3 (Bulgarian districts)

Source: Rural Development in EU, Statistical and Economic Information, European Commission, 2013



**ACCORDING TO THE NATIONAL DEFINITION:
RURAL AREAS (LAU 1):**

**MUNICIPALITIES, WHERE THE LARGEST LOCATION HAS POPULATION
UP TO 30 000 PEOPLE**

This category comprises:

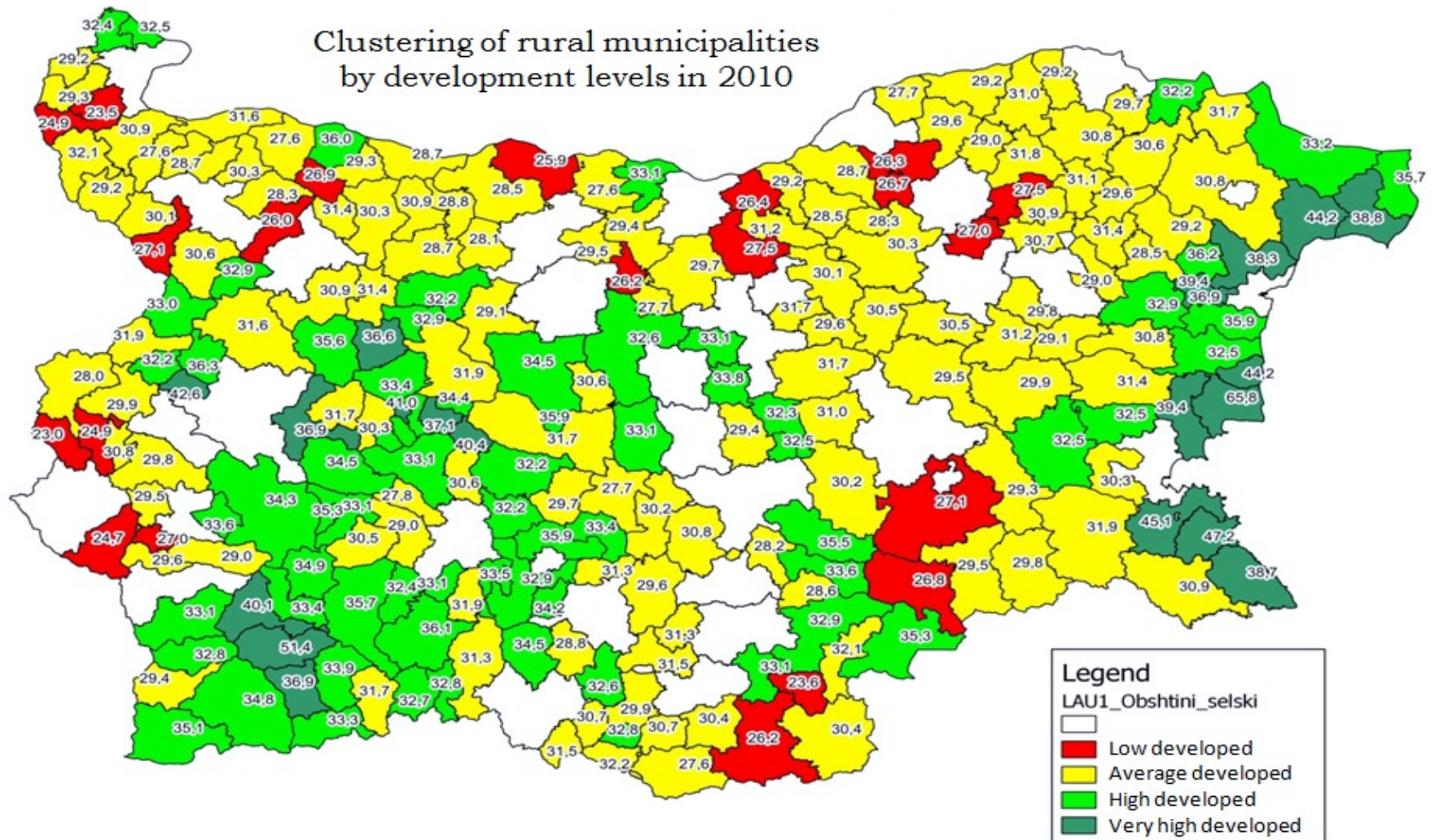
- 231 municipalities - 88% of total municipalities in Bulgaria (264)
- Rural areas - 81% of country's territory

At the end of 2012:

- population is 39% of country's population
- rural areas' density - 31,6 people per square meter and is twice lower compared to the country's average

Rural areas (LAU 1) in Bulgaria

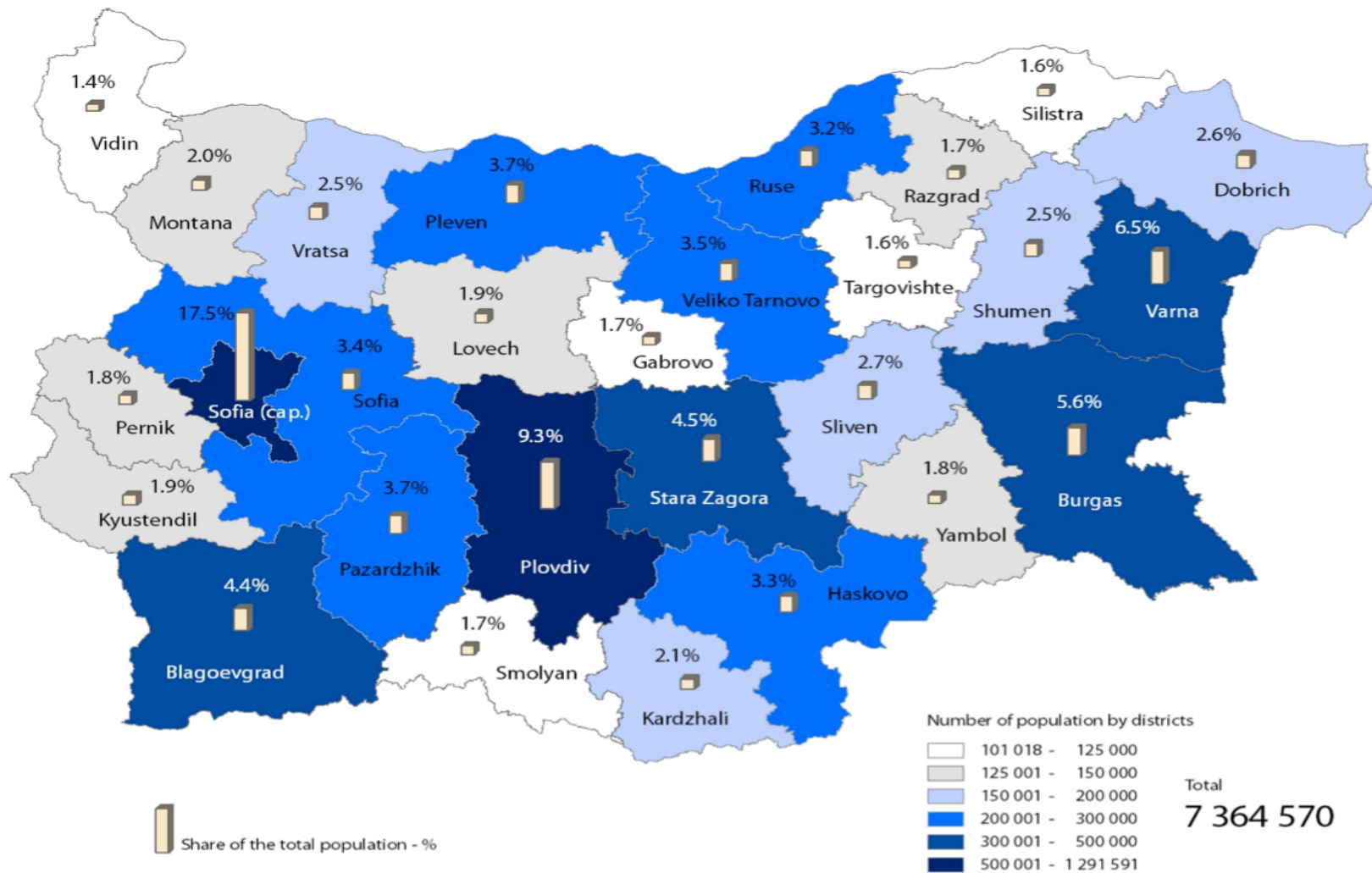
Source: Socio-Economic Analysis for the Operational Programme "Regional Development" for the 2014-2020 ' Stage 2 - Focusing the analysis, project BG161PO001/5-01/2008/055 "Programming of Regional Development for 2014-2020", Union "Regional analysis 2014 +"



IMPORTANCE OF RURAL AREAS, NUTS 3, 2010

	% Territory			% Population			% Employment			% GVA		
	Rural	Intermediate	Urban	Rural	Intermediate	Urban	Rural	Intermediate	Urban	Rural	Intermediate	Urban
Bulgaria	53.6	45.2	1.2	38.5	45.0	16.5	24.5	35.4	40.2	32.5	42.0	25.5
EU-27	51.6	38.4	9.9	22.6	35.1	42.3	15.6	30.0	54.4	20.6	33.9	45.4

Population by districts and share of districts population, 2012



Problems to deal with:

Economic activity in BG and per rural and urban areas in 2011

	Popu- lation ≥15 y.o.	Economically active						Economi- cally Inac- tive	
		Total		Employed		Unem- ployed			
BG	6 389 298	3 329 683	52,1% ¹⁴	2 834 834	44,4%	494 849	7,7%	3059615	47,9%
Rural Areas	2 563 566	1 171 978	45,7%	937 253	36,6%	234 725	9,2%	1391588	54,3%
Urban Areas	3 825 732	2 157 705	56,4%	1 897 581	49,6%	260 124	6,8%	1668027	43,6%

Low degree of
socialization of
the economic
growth



Increasing
degree of social
polarization



Does not
contribute to
poverty
reduction

Changes in overall population, villages and the rural areas

	2004	2007	2012	Change 2012-2004	Loss 2012-2007	Loss 2012-2004%
Bulgaria	7761049	7640238	7282041	-497008	-358197	-4.7%
Villages	2329203	2237050	1975808	-353395	-261242	-11.7%
Rural areas	3232167	3136451	2848139	-384028	-288312	-10.1%

Age structure of regions in 2012

	Rural			Intermediate			Urban		
	% 0 - 14 y.o.	% 15 - 64 y.o.	% 65+ y.o.	% 0 - 14 y.o.	% 15 - 64 y.o.	% 65+ y.o.	% 0 - 14 y.o.	% 15 - 64 y.o.	% 65+ y.o.
Bulgaria	13.3	66.7	20	13.7	67.2	19.1	12.6	71.5	15.9
EU-27	15.3	66	18.6	15.3	66.4	18.3	16	67	17

Table 2

Consumption poverty (headcount) in Bulgaria, 2008

Item	Bulgaria	Sofia	Regional centers	Municipal centers	Rural communities
Population	7322858	1019342	2687489	1432351	2184409
Poor	10,2	7,1	7,6	11,1	14,4
Very poor	4,7	3,2	3,9	4,1	6,8
Share of population (%)	100	13,5	36,7	19,6	29,8
Number of poor	746932	72373	204249	158991	314555
Share of poor (%)	100	9,7	27,3	21,3	42,1
Number of very poor	344174	32619	104812	58726	148540
Share of very poor	100	9,5	30,5	17,1	43,2

Inherited problems:

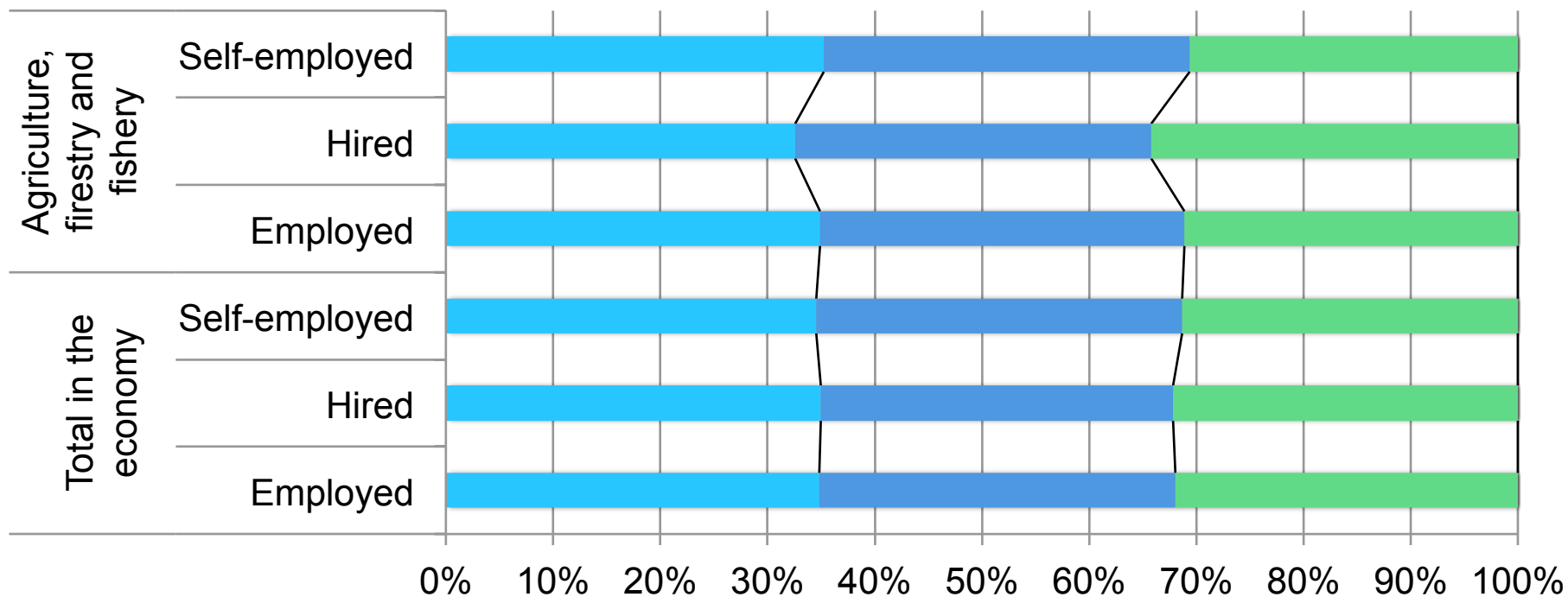
Deindustrialization of rural areas;
Inefficient land reform;
Liquidation of state coops

External problems:

Increased competition;
Globalization of the markets;
Increased requirements

Institutional problems:

CAP support orientation;
Difficult access to market, finance;
Low quality of life in rural areas

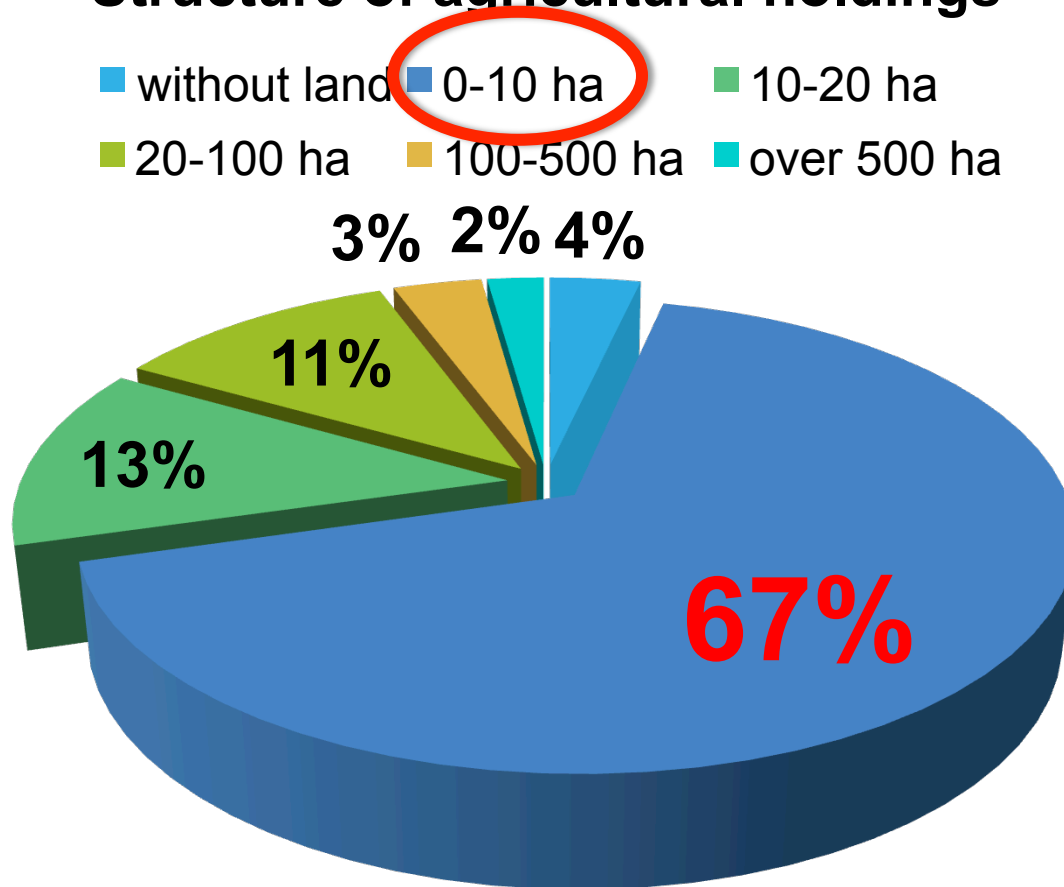


	Total in the economy			Agriculture, firestry and fishery		
	Employed	Hired	Self-employed	Employed	Hired	Self-employed
2007	6165970.6	4584574.6	1581396.1	1084379.6	137706.5	946673
2010	5870019.6	4307059.7	1562959.9	1056284.7	140374.1	915910.7
2012	5650971.2	4216767.3	1434203.9	966621.8	144482.7	822139.1

2007 2010 2012

BULGARIA 2010 CENSUS

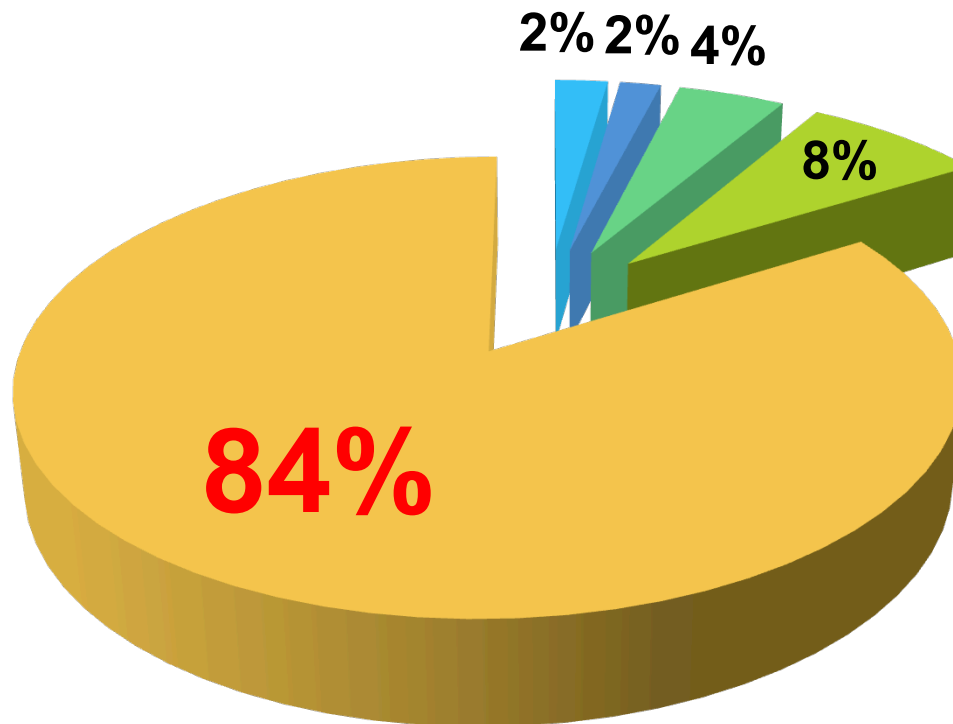
Structure of agricultural holdings



BULGARIA 2010 CENSUS

Structure of UAA by holdings

■ 0-10 ha ■ 10-20 ha ■ 20-100 ha ■ 100-500 ha ■ over 500 ha



HIGH DUALISTIC STRICTURE

Average size is 10,1 ha and increases more than twice last 7 years, but:

67 % of holdings (0-10 ha) use – 2 % of UAA;

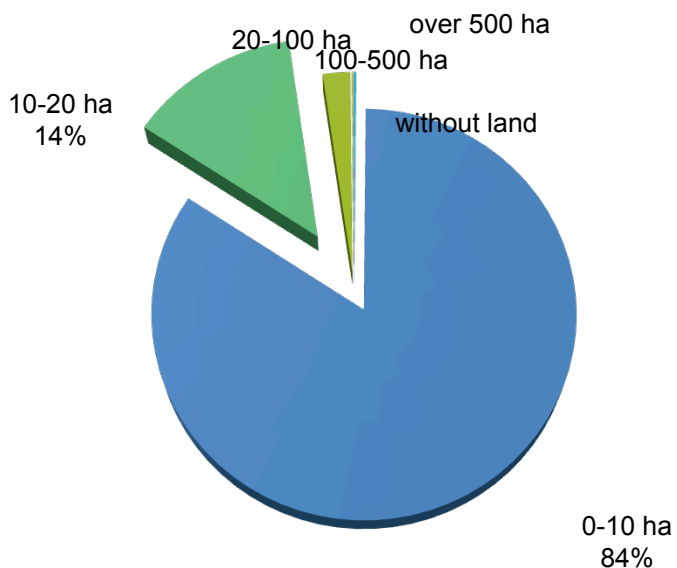
2 % of holdings (over 500 ha) use 84 % of UAA;

70,6 % of holdings (1-2 cows) breed 25 % of cows;

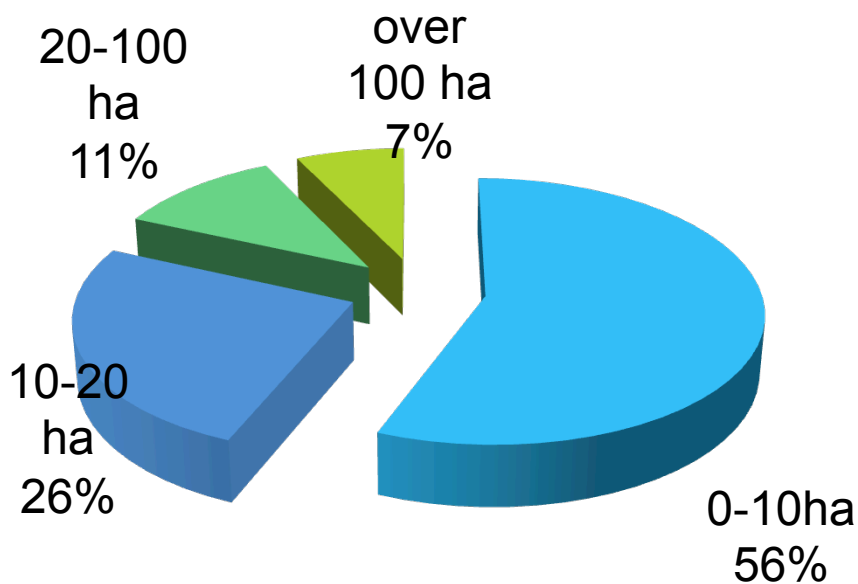
0.8 % of holdings (over 50 cows) – 24.2 % of cows.

SOUTH TYPE OF AGRICULTURE - AVERAGE SIZE 6,8 HA PER HOLDING (GARMEN - SNBG)

**Structure of agricultural
holdings**

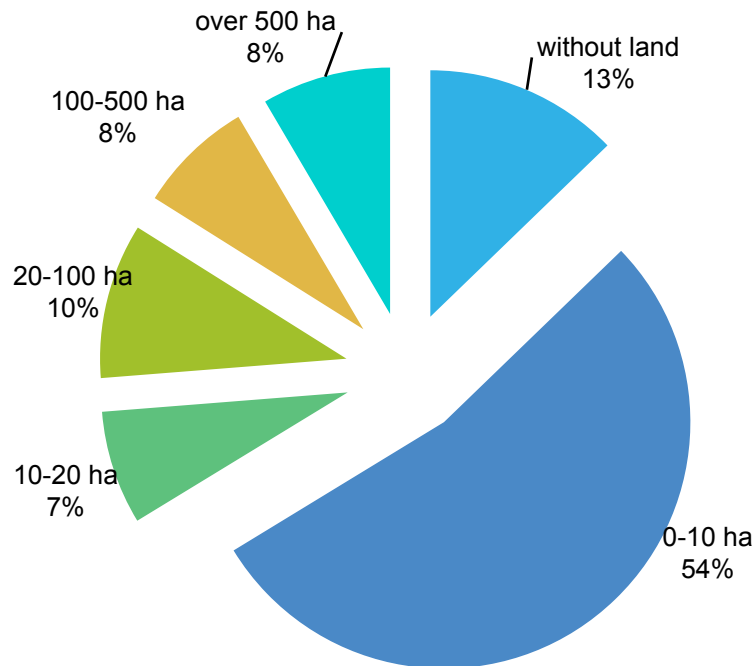


**Structure of UAA by
holdings**

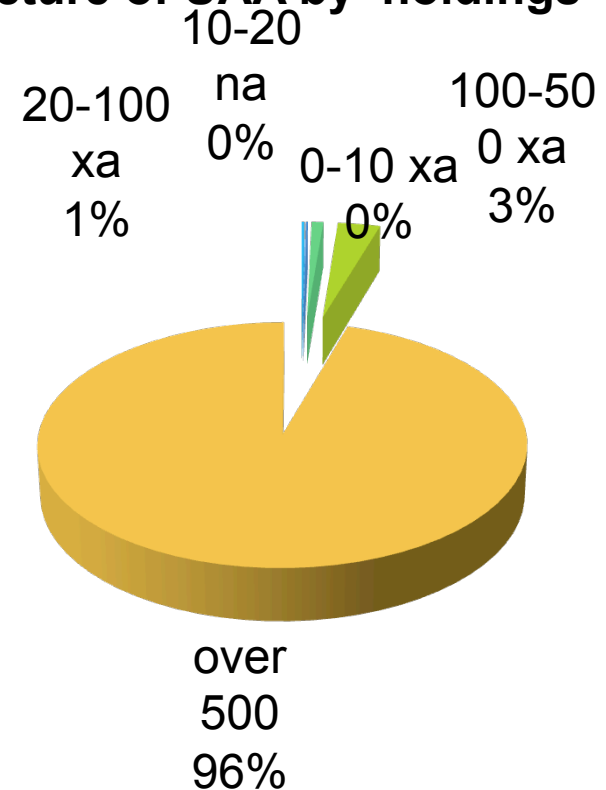


NORTH TYPE OF AGRICULTURE – AVERAGE SIZE 621,5 HA PER HOLDING (BALCHIK - NEBG)

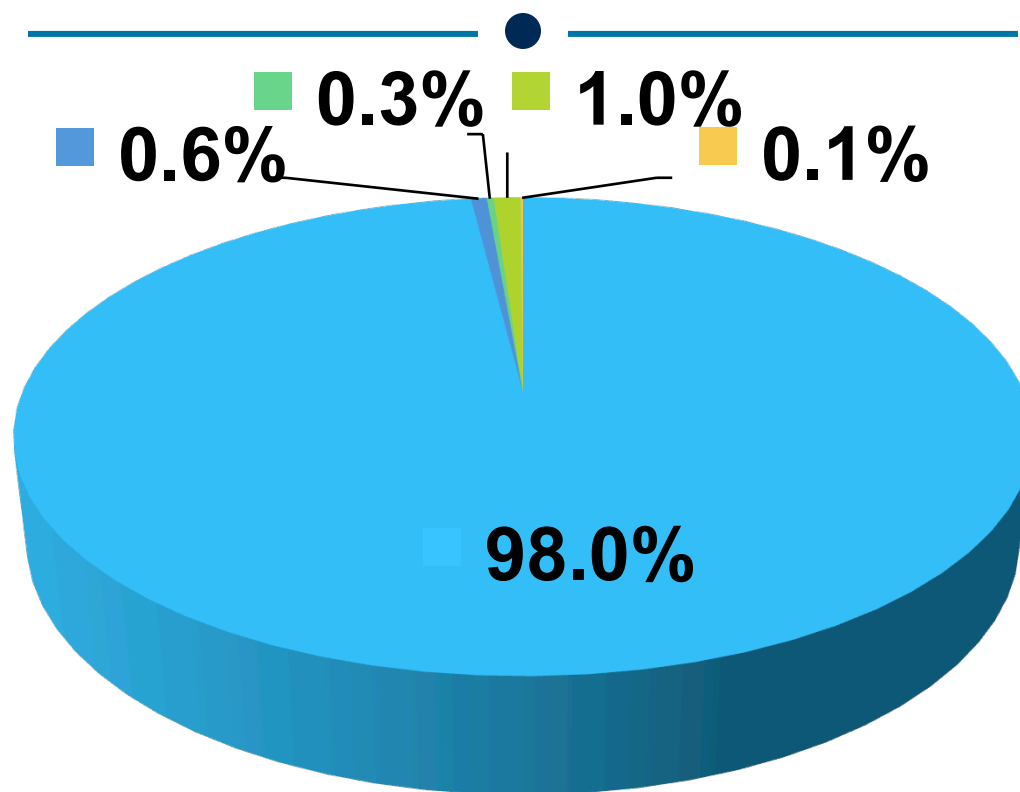
Structure of agricultural holdings



Structure of UAA by holdings



Distribution of farms according to their legal status 2010, Bulgaria

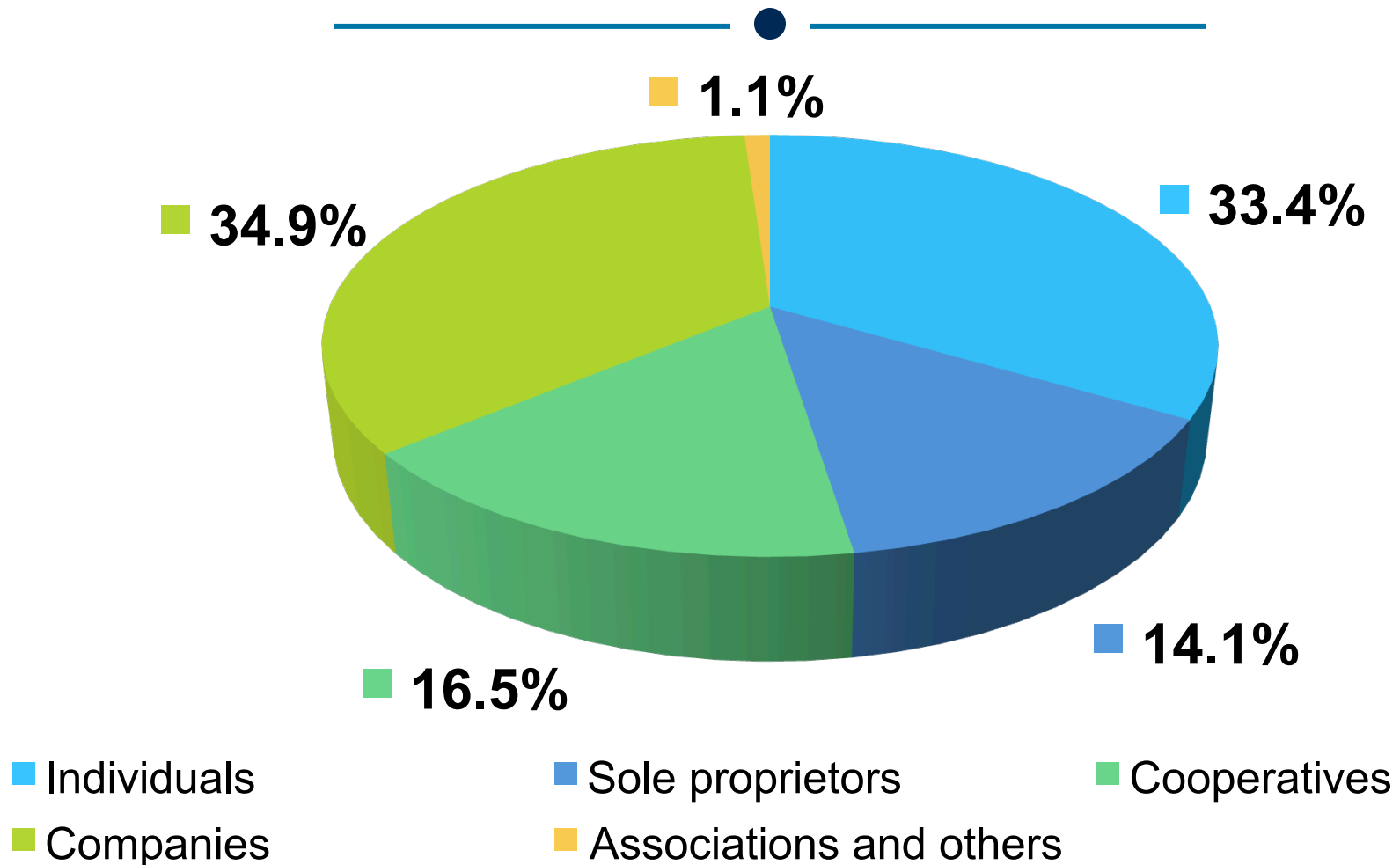


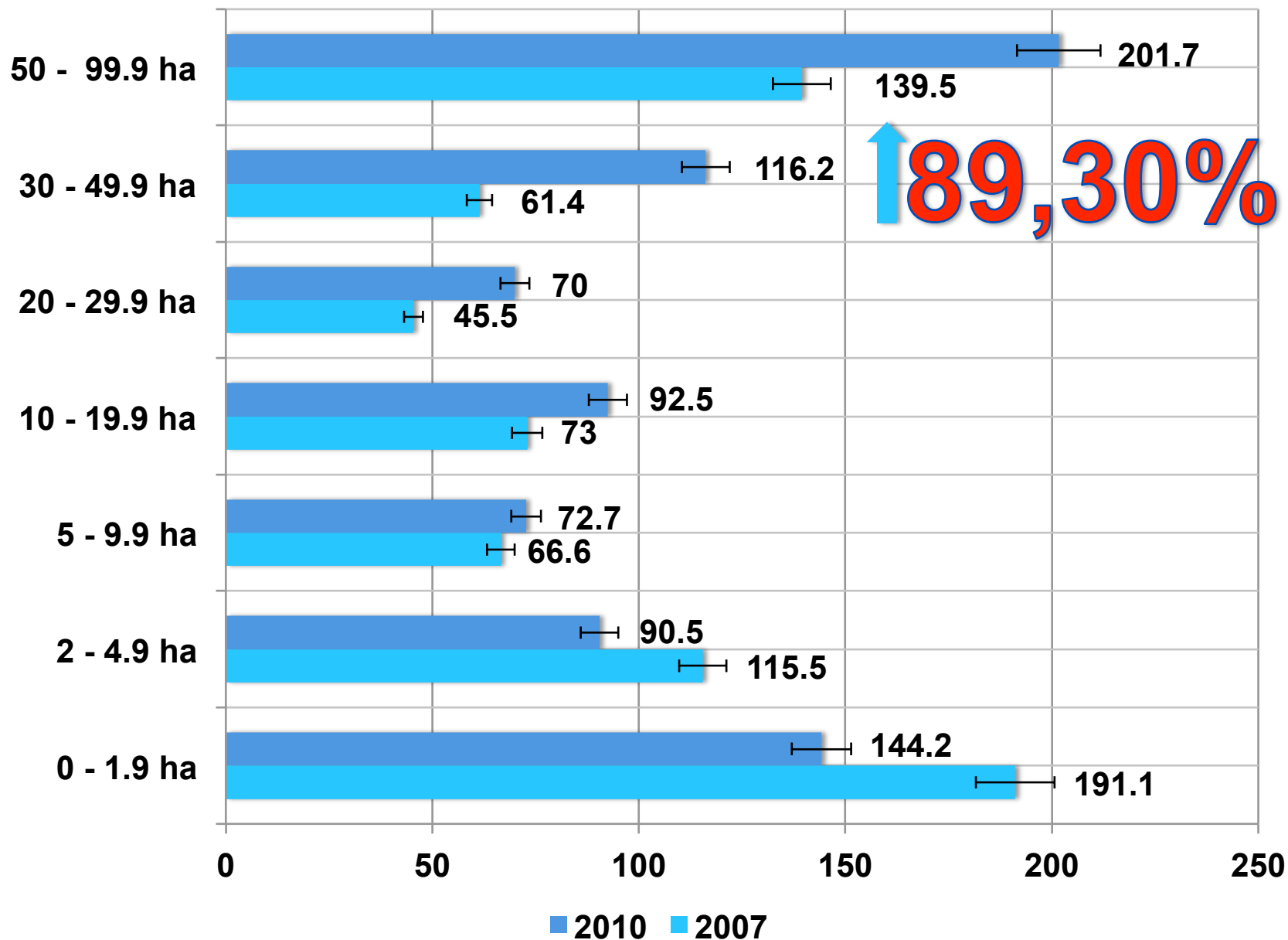
■ Individuals
■ Companies

■ Sole proprietors
■ Associations and others

■ Cooperatives

Distribution of farms according to the UAA (2010)





1

Encouraged to produce all kinds of agriculture products to ensure year-long employment for at least one of the parents

Encouraged to add value to their produce (process it) and participate in quality food schemes and organic production

Encouraged to cut energy costs by using RES

Allowed direct sales of their finished products to final customers

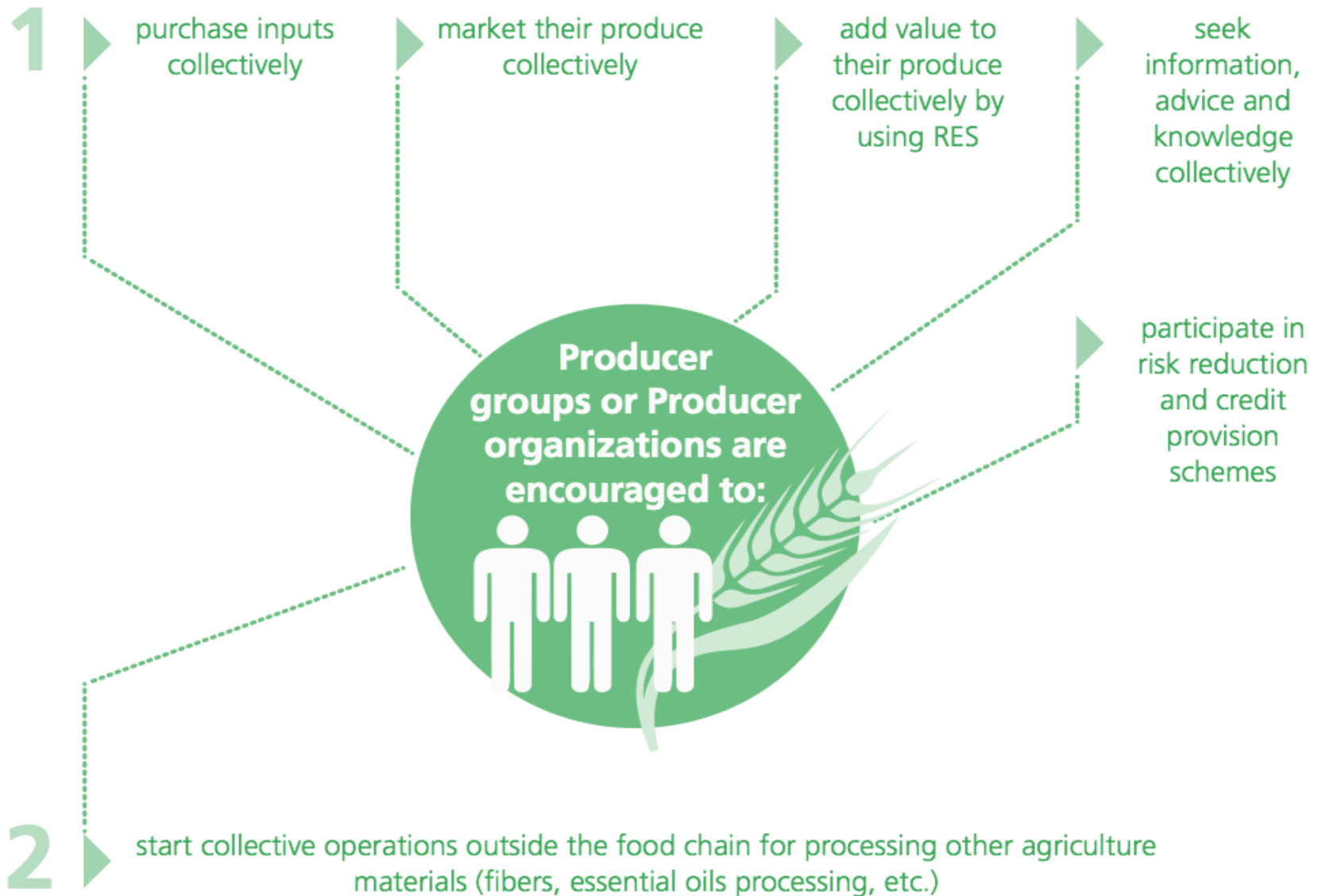


Family farms are:



2

Encouraged to join local Producer groups / Producer organizations



COOPERATIVE UNIONS IN RURAL AREAS

1. **Central Cooperative Union**
2. **National Union of Agricultural cooperatives in Bulgaria**

3. **National Union of worker cooperatives**

4. Other:

- ✓ Cooperatives “Mutual Agricultural Credit Associations of Private Farmers;
- ✓ The Cooperative Union
- “Union of Popular Funds“;
- ✓ The National Cooperative Union
- “Evrostart“;
- ✓ The Cooperative Union
- “Association of Popular Funds on the Internet“;
- ✓ The Cooperative “Nachala”



CENTRAL COOPERATIVE UNION

- ❖ 795 cooperatives and
- ❖ 33 regional and 1 branch cooperative unions;
- ❖ close to 150 000 members;



❖ COOP retail chain stores count of 794 and the regional bakeries are 75.

❖ Additionally –
the serviced settlements are
2 742 and the employed people
are more than 9 000.



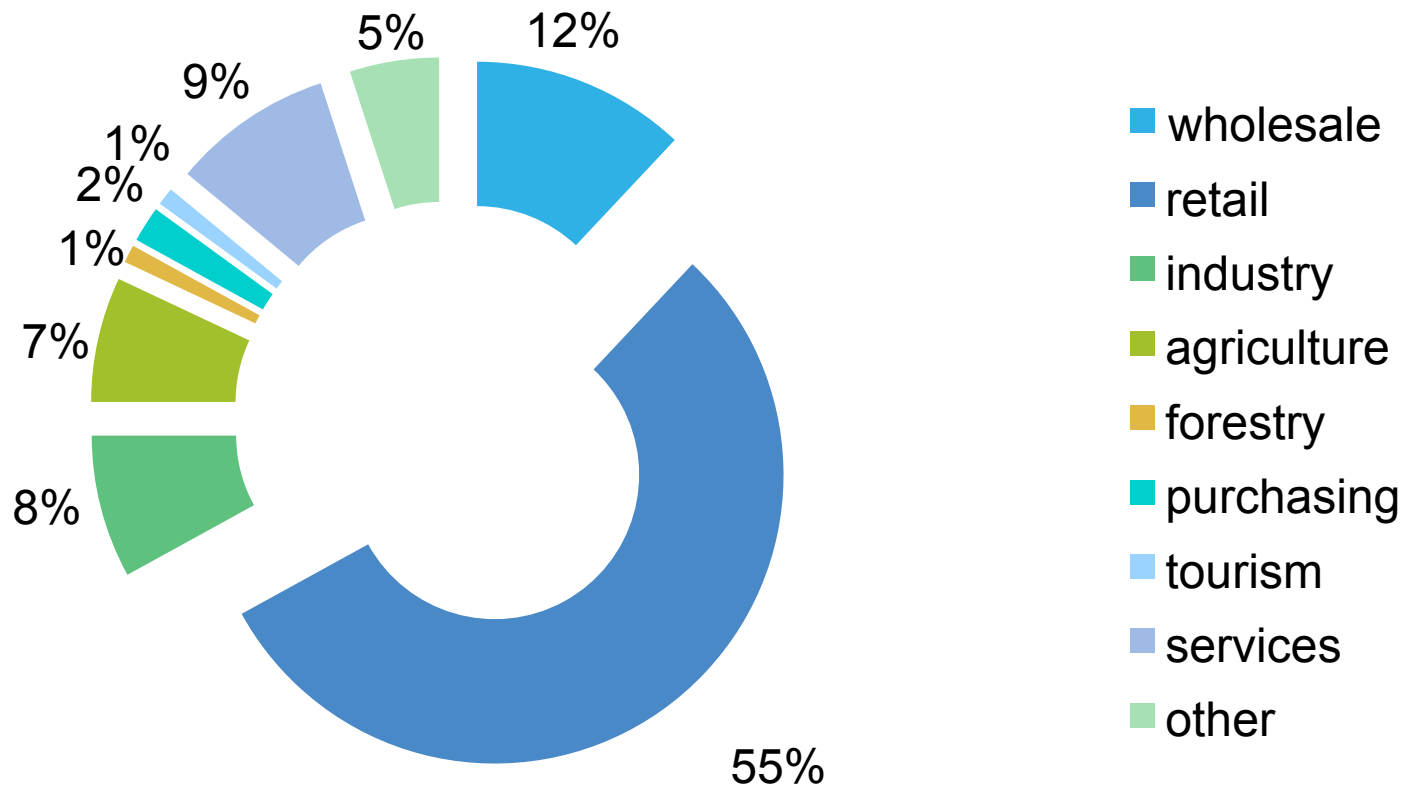
CENTRAL COOPERATIVE UNION – MAIN SECTORS

- ❖ Cooperative trade
- ❖ Cooperative industry - bottling of mineral water and production of soft drinks, bread production and production of bread and sugar products, meat and meat products, production of non-foods.
- ❖ Agriculture
- ❖ Forestry – 7 cooperatives manage 9.14 thousand ha of forests.
- ❖ Purchasing - 77 cooperative organizations purchase production for 5 mln. euro - grain and wheat cultures, herbs, bee products, fruits, berries, forest fruits, grapes, walnuts, vegetables, milk, snails, tobacco etc.
- ❖ Tourism – The objective is establishment of the hotel complexes as a chain operating under The "COOP - your place for holidays" brand.



CENTRAL COOPERATIVE UNION

Structure of revenue of cooperatives in CCU (2012)



PRODUCTION COOPERATIVES

Year	Number	Average size (ha)	Share in UAL (%)
1998	3269	760	40.3
2003	1963	587	40
2007	1115	651	23.8
2010	900	711	17.7



After 1998 annually between 150 and 600 cooperatives stopped their activity. As a result in 2010 - the relative share of the used by them lands for the whole country decrease 4 times, and for several regions – more than 10 times.

PRODUCTION COOPERATIVES

has a constantly decreasing
significance for Bulgarian rural areas.

In 2010 were functioning only around 27,5 %
of the existing in 1998.

The reasons for the current status are:

- ❖ economical crisis
- ❖ their specificity as organizational form as well.
- ❖ the members' structure,
- ❖ the division mechanisms,
- ❖ the quality of the personnel and others.



In Bulgaria are applied several types of **production cooperatives**:

- ❑ Production cooperatives mainly oriented towards the production activity of their members;
- ❑ Market-oriented production cooperatives, which produce competitive agricultural products with high extent of use of mechanized services;
- ❑ Vertical integrated productive cooperatives, which apart from the production of agricultural products are specialized in processing and marketing activities.



PRODUCTION COOPERATIVES - PROBLEMS

Four groups of members:

- ❖ Land, capital and labour and the members live on the same territory;
- ❖ Capital and labour and members live on the same territory;
- ❖ Land and capital and members live on the same territory;
- ❖ Land and capital and members don't live on the same territory – about 80 % - 90 % of members;



Due to the small size of the land plots, for last groups of landowners participating in a cooperative is only a temporary decision.

They have low degree of motivation for participating in the collective managerial boards, lack of interest for the future development of the cooperative and others.

Cooperative statutes do not guarantee stability of the organizational form.



NATIONAL UNION OF WORKER COOPERATIVES

- ❖ **221** worker cooperatives
- ❖ **31** cooperatives for people with disabilities.
- ❖ **14 000** cooperative members including **1,180** members with disabilities



- ❖ The cooperatives are small and medium manufacturing and service enterprises employing between 7 and 500 people (most of them – 30 - 100 employees).



PO “BULGARIAN PEACH”







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THANK YOU!



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