

CHALLENGES AND PERSPECTIVES OF BULGARIAN SMALL FARMS

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CONTAIN

- 1. Introduction**
- 2. Current situation of small farms**
- 3. Factors of future development**
- 4. Conclusions**

1. Introduction

- The structure of agricultural holdings in Bulgaria is dualistic.
- Large number of small farms cultivating small part of the utilized agricultural area (UAA) and a small number of large farms processing a significant part of the UAA.
- Small farms are important in terms of providing an employment in rural areas and they play major role as a social buffer in times of economic crisis.

1. Introduction

- The purpose of this study is to identify the main challenges and perspectives of Bulgarian small farms in term of new CAP.
- First: to identify specific characteristics of small farms and it's development (Census of Agriculture Holdings, 2010)
- and second, to identify factors for future development (8 focus group 2014).

2. Current situation of small farms

National Definition of the Term “Small Farm”

- Economic size measured in a standard output volume (SOV) from EUR 2,000 to EUR 7,999, and
- Size of utilised agricultural area (UAA) up to 10 hectares.

2. Current situation of small farms

Unless otherwise referred to, all data in the analysis has been taken from the Agricultural Census in Bulgaria carried out in 2010.

Small Farms Number and Territorial Distribution

- The number of small farms total is 85,770, which is 23.2% of all farms (370,490) in Bulgaria.
- Almost all of the small farms are physical persons, only 0.6% registered as a legal persons.
- The economic size of 69.3% of the small farms does not exceed EUR 3,999, while the economic size of the remaining 30.7% is within the range of EUR 4,000 to EUR 7,999.

2. Current situation of small farms

In the period between 2005 and 2010, the number of the small farms dropped significantly by about 68 thousand, which is 44.3% of all small holdings.

Indicators	2005	2007	2010	2005/ 2010
Bulgaria	534,610	493,130	370,490	-30,7%
Small farms	153,900	119,590	85,770	-44,3%
<i>SOV from EUR 2,000 to 3,999</i>	<i>108,720</i>	<i>81,490</i>	<i>59,480</i>	<i>-45,3%</i>
<i>SOV from EUR 4,000 to 7,999</i>	<i>45,180</i>	<i>38,100</i>	<i>26,290</i>	<i>-41,8%</i>

2. Current situation of small farms

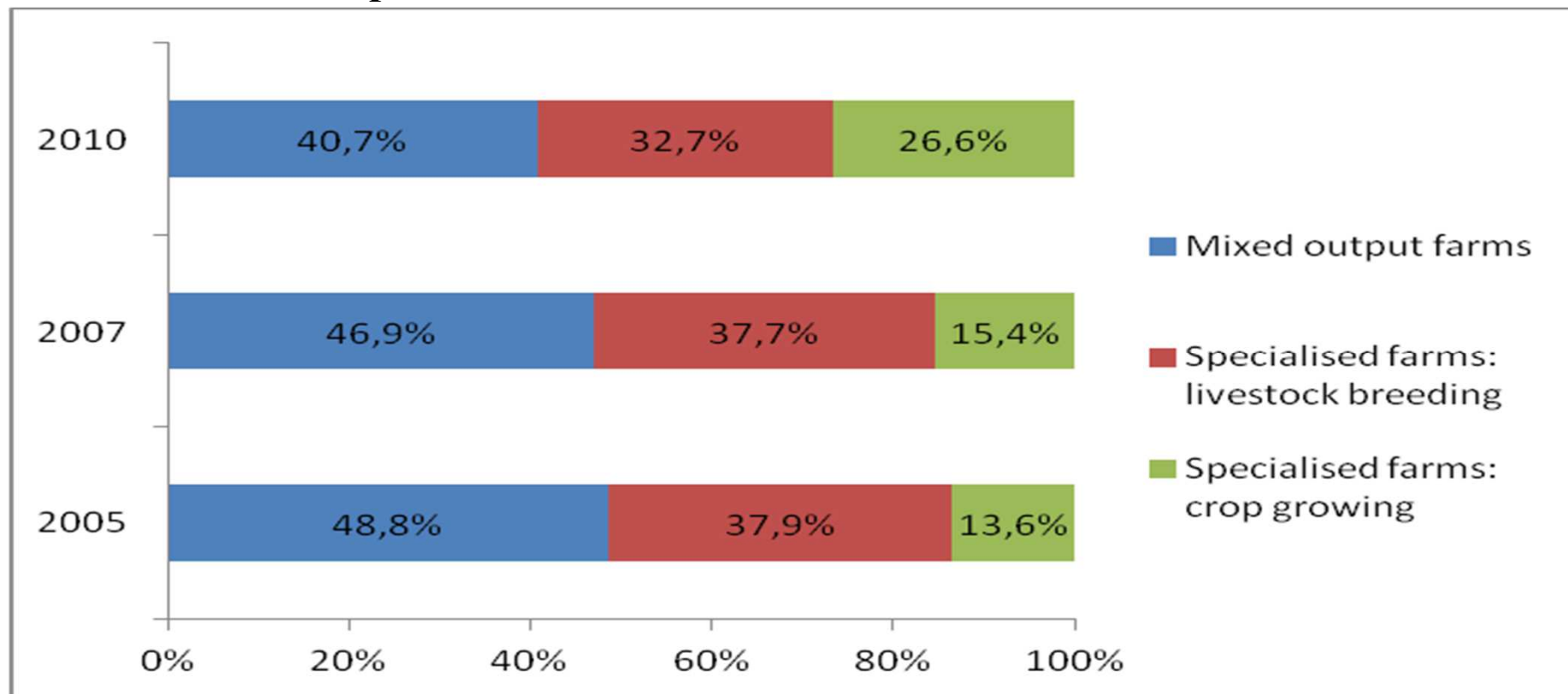
Small Farms Utilised Agricultural Area and Overall SOV

- The utilised agricultural area (UAA) of the small farms amounts to 203,930 hectares or about 5% of the total UAA in Bulgaria.
- The distribution of the areas by utilisation type generally corresponds to the average figures for the country:
 - 64.3% is the arable area,
 - 26.0% is the permanent grassland,
 - 8.4% are the permanent crops, and 1.2% is the gardens.
- The average size of the UAA in the small farms is 2.4 ha, compared to the average of 12.1 ha.
- In the period 2005-2010, the UAA in the small agricultural holdings declined by about 20%.
- significant increase of the average size of the UAA per small farm from 1.6 to 2.4 ha.

2. Current situation of small farms

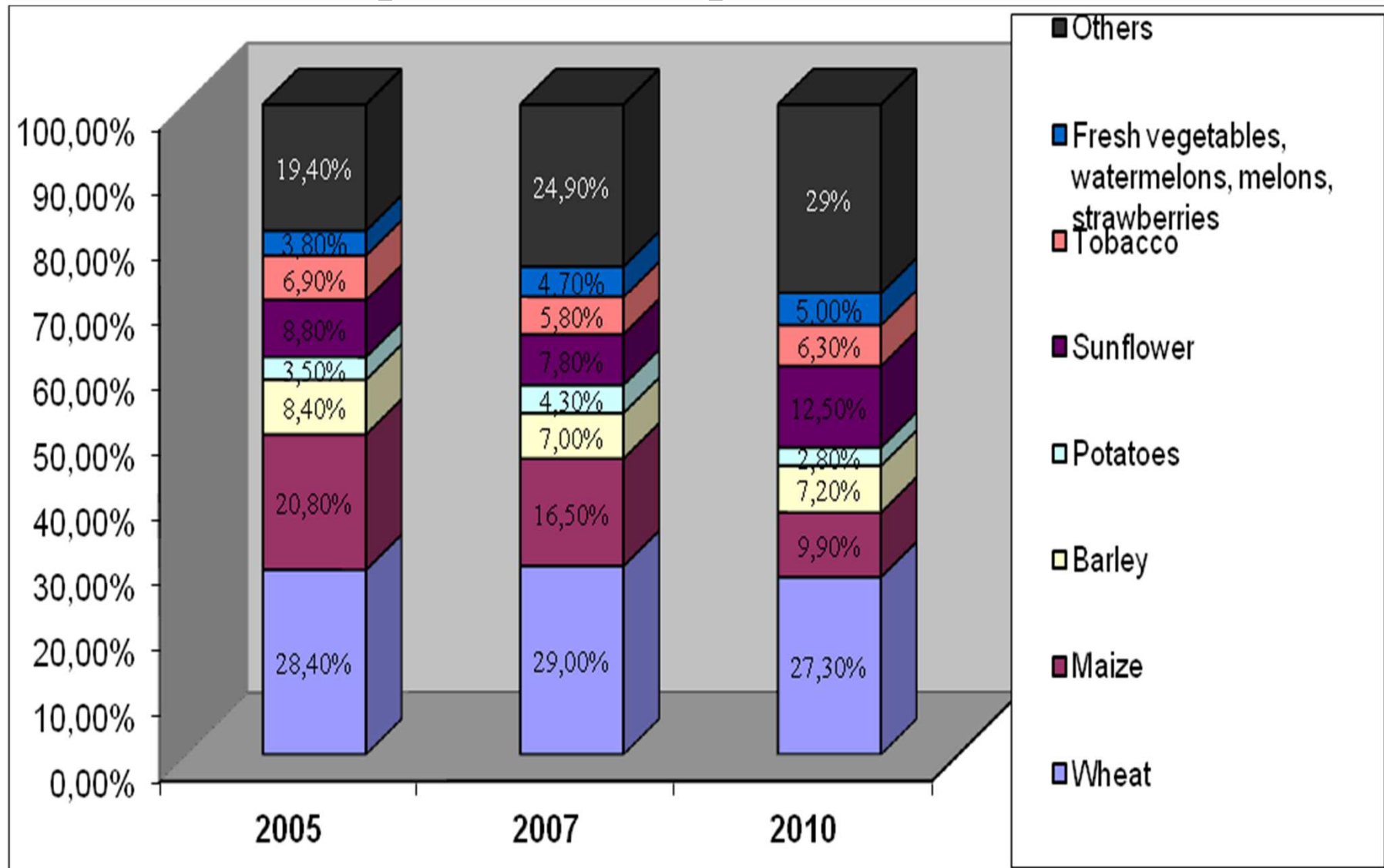
The overall standard output volume (SOV) in the small farms is 308.8 million EUR, which is 12.2% of the overall national volume.

Small Farms Specialisation and Economic Situation



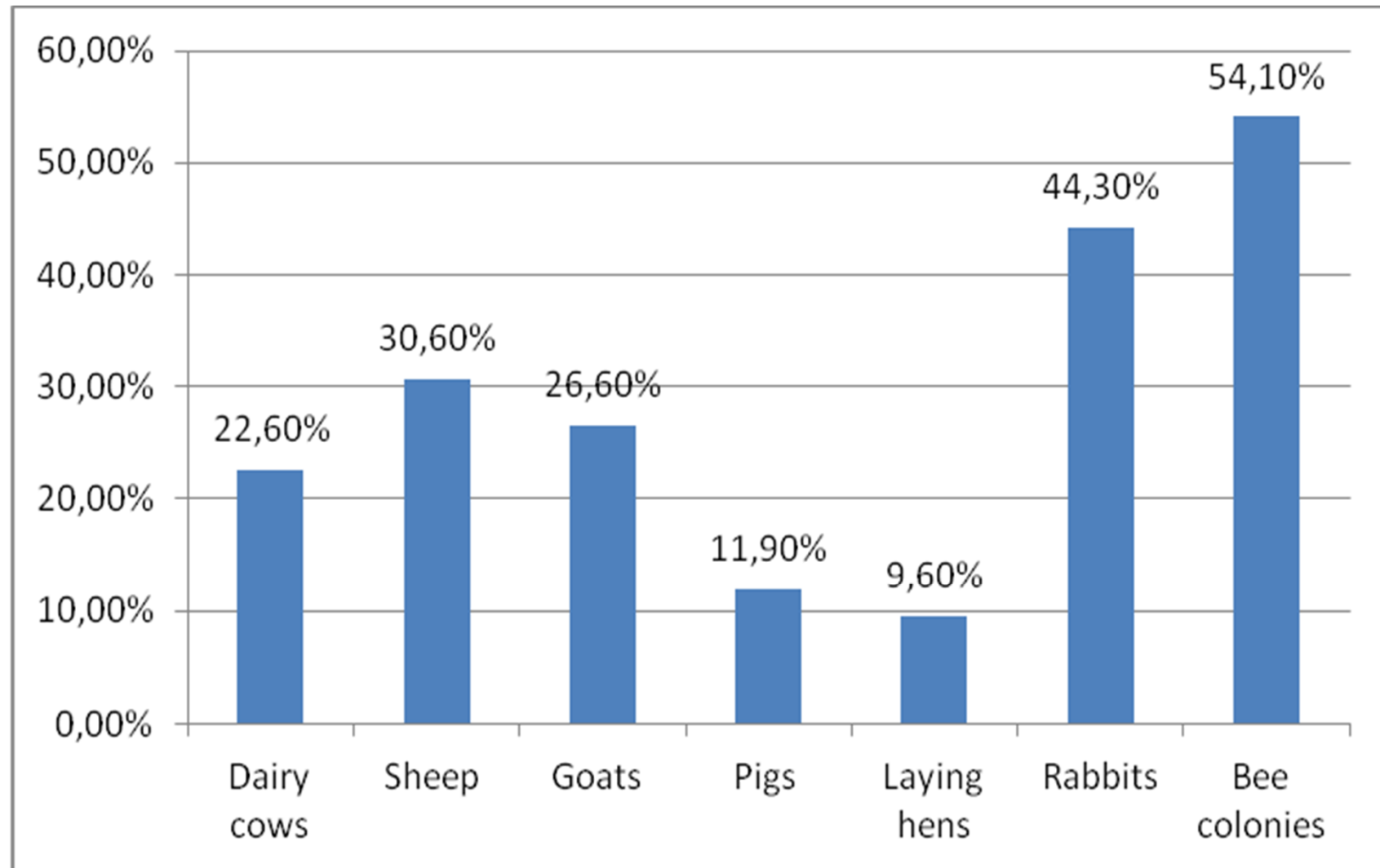
2. Current situation of small farms

Arable area and permanent crops structure in the small farms



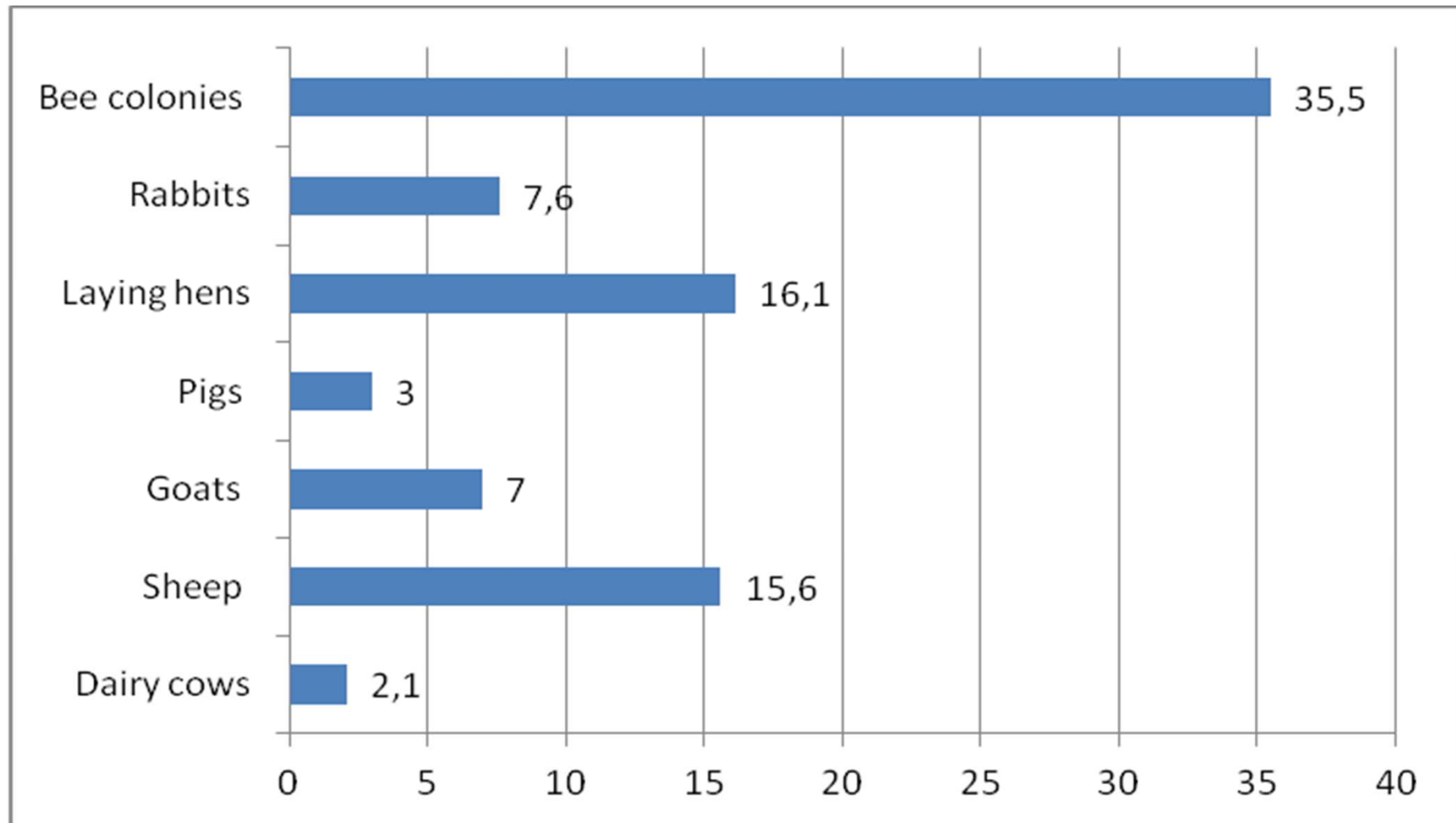
2. Current situation of small farms

Share of small farms in livestock production (nbr)



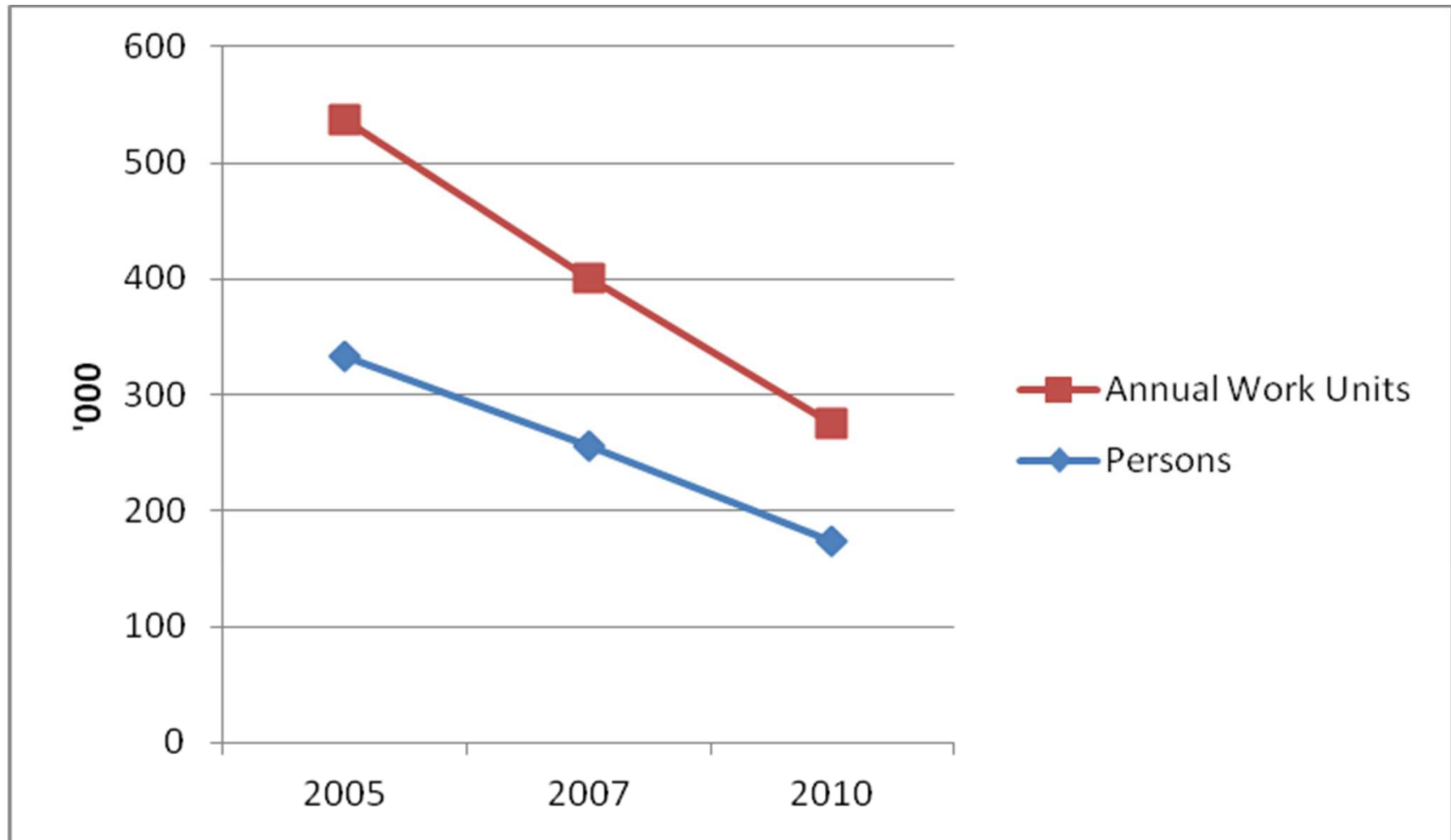
2. Current situation of small farms

Average number of livestock in small farms.



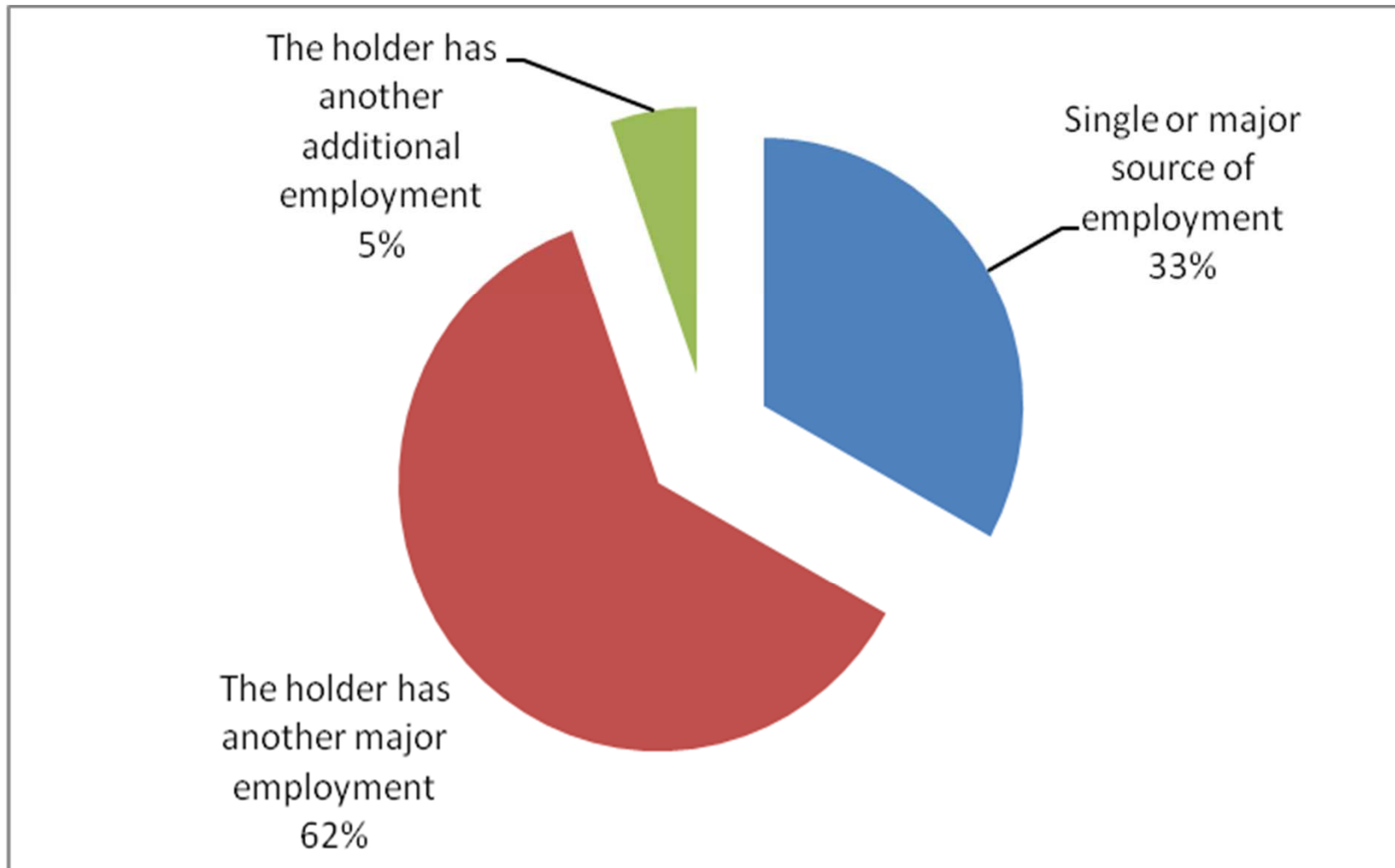
2. Current situation of small farms

Trends in family work force on small farms – people employed and working time spent on the farm.



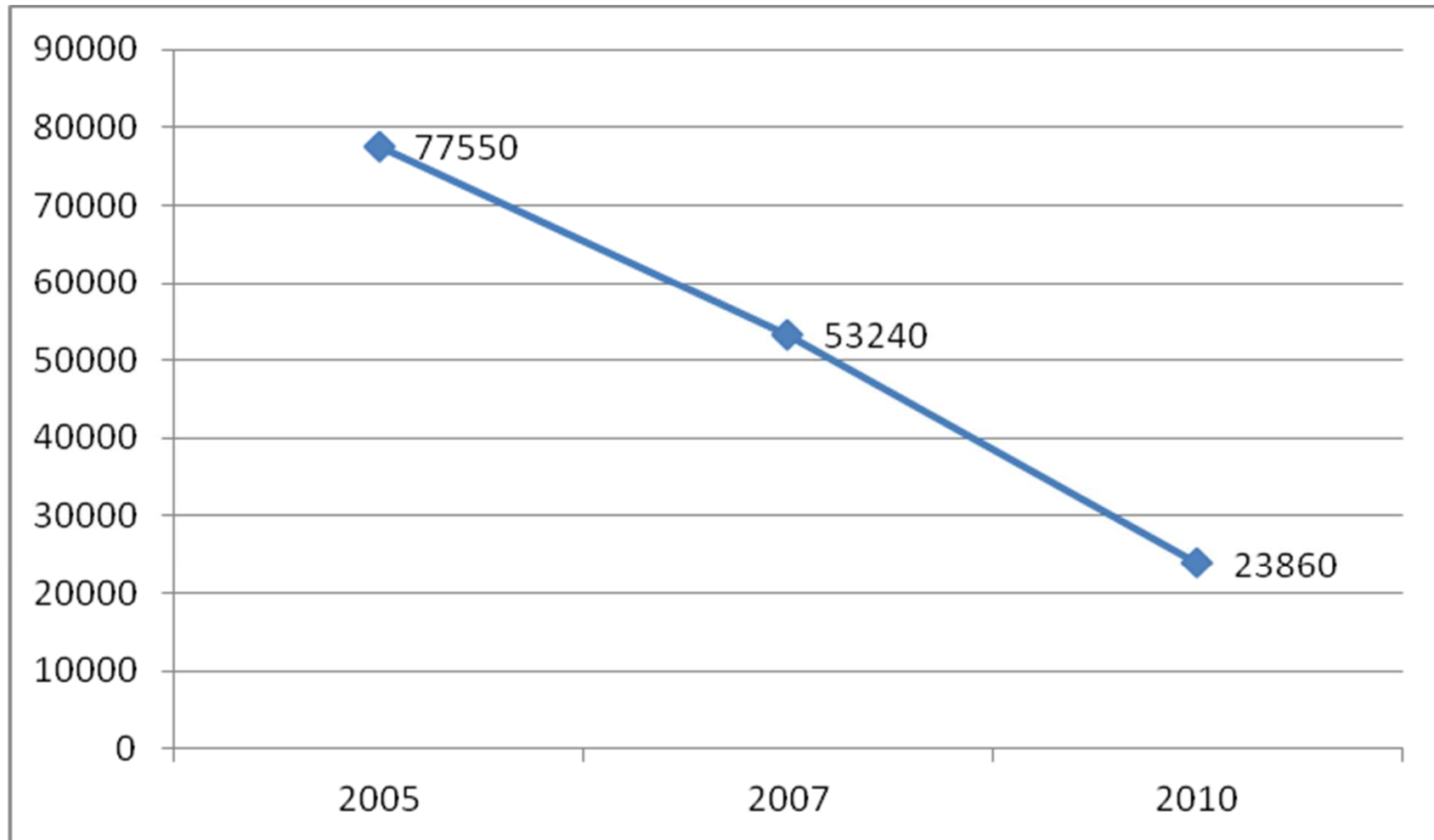
2. Current situation of small farms

Employment of the farm holder



2. Current situation of small farms

Number of small farms consuming more than half of their output.



3. Factors of future development

Collaboration and networking:

- Improve access for members to raw materials and achieve increasing market power.
- They also allow achieving the overall risk reduction through portfolio diversification effects.

3. Factors of future development

Access to credit:

- Credit cooperatives are an excellent solution for small farms. In Bulgaria in 1996 was created 33 credit cooperatives with membership of 14 000 people.
- The lack of an appropriate legal framework that defines the deposit and credit cooperatives as part of the formal financial sector limits their further spread and development. According to the Bulgarian National Bank there are registered 26 credit cooperatives in 2013.

3. Factors of future development

Consultancy and education:

- According to the annual reports of the NAAS in 2012 over 88% of the provided consultations provided are intended for small farmers.
- From the perspective of meeting the needs of consulting small farms should strengthen the role of NAAS and institutes of agricultural academy.

4. Conclusions

- Increasing the size of small farms by development of the land market.
- Developing marketing services like information systems, supply chain, marketing and processing. These tasks can be achieved effectively by stimulating collaboration and networking.
- Should continue efforts to develop credit cooperatives as a source of financial services for small farms.
- Finally should be expanded the role of NAAS in consulting small farms.

Thank you for your attention!