

The trends, role and importance of extension services for the development of land relations in Bulgaria

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Abstract

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The land reform has been a key element of the agricultural transformation during the long-term transition in Bulgaria, which aims to create favorable conditions for the establishment of market economy by decentralizing the process and restoring the right of ownership to all owners and their heirs. Ever since the crucial 1989, the agricultural sector has experienced some serious changes, the most important of them being the implementation of the land reform and restitution of land in its real borders, and it has also faced some serious issues, such as destruction of the old production structures, privatization, as well as the lack of purposeful government policy or support for Bulgarian agriculture.

The concept of agricultural extension services is to support the development of human resources, as well as to provide a good source of information necessary to solve the current issues that farmers in rural areas are facing today.

The role of consultancy, which consists in creating an environment that favours the development of agriculture and rural areas, including incentives to support agricultural production, political stability and the system for land resource use, will guarantee the producer benefits that derive from the improvements made to their agricultural practice.

Keywords: consultancy; land relations; land reform

Introduction

The land reform has been a key element of the agricultural transformation during the long-term transition in Bulgaria, which aims to create favorable conditions for the establishment of market economy by decentralizing the process and restoring the right of ownership to all owners and their heirs (Mihailova, 2020). Ever since the crucial 1989, the agricultural sector has experienced some serious changes, the most important of them being the implementation of the land reform and restitution of land in its real borders, and it has also faced some serious issues such as destruction of the old production structures, privatization, as well as the lack of purposeful government policy or support for Bulgarian agriculture.

In a national aspect, the dynamics in the development of land relations in Bulgaria and their status determine the

value of the agricultural sector in our economy (Yovchevska, 2021). According to Dirimanova the role of consultancy, which consists in creating an environment that favours the development of agriculture and rural areas, including incentives to support agricultural production, political stability and the system for land resource use, will guarantee the producer benefits that derive from the improvements made to their agricultural practice (Dirimanova, V., 2023).

The development and implementation of the extension services in a national system depends on the policy that is laid down in the legislative framework and that enables the extension services to offer knowledge and information, as well as to serve as a bridge between educational institutions and agricultural producers. The concept of agricultural consultancy is to support the development of human resources, as well as to provide a good source of information necessary

to solve the current issues that farmers in rural areas are facing today (Dirimanova, V., 2023).

The national policy in most countries maintains agricultural consultancy organizations that aim to offer additional assistance services to farmers. The legislation should set out the objectives and scope of the consultancy activity, focusing on the way of development of rural areas. Changes in government structures, whether carried out through a democratic approach such as elections or not, often lead to significant changes in consultancy organizations. The lack of quality extension services or changes in the structure of these organizations may in fact result in inexperienced or insufficiently qualified staff or changes in the services they offer.

The large number of small-scale agricultural farmers is typical for Bulgaria and the main reason for this is the land reform carried out in the 1990s, when the land was returned in real borders to its owners and their heirs. The small-scale agricultural production is result not only of the land reform, it has also its traditional roots in Bulgaria. In the past, before the process of collectivization, landowners cultivated small plots of land that were sufficient to produce enough agricultural produce and food to satisfy their own needs. Nowadays, Bulgaria is characterized by a number of small-scale farmers who use 203 930 ha of agricultural land, or 5% of the total agricultural land in the country. The average size of small-scale farms is 2.4 ha compared to 12.1 ha for all agricultural producers (Dirimanova, V., 2023).

The purpose of this article is to analyze the role of consultancy in the development of land relations, as well as the variety of extension services in this sphere in relation to the legal, social and economic environment in Bulgaria.

Materials and Methods

Theoretically speaking, in Bulgaria there is no comprehensive study on the state of land relations in the implementation of the CAP policy and, in particular, the consultation of farmers. The relevance and need for development of a methodology related to the study of land relations in Bulgaria is derived from the link between the land management and the increasingly dynamic regional and national processes related to circular economy policies, bio-economy and food security.

Payment per unit area provokes a number of imbalances in agriculture. Fewer and fewer farms cultivate more and more land. Accordingly, they receive an increasing part of the financial flows intended to support income, which is in dissonance with the philosophy of the Community agricultural policy and the main idea of the founding documents of the EU.

Receiving European subsidies and financial support to the income of Bulgarian farmers deforms the economic en-

vironment in our country. The European subsidies are a key motive and priority for farmers.

Methodology

In Bulgaria, there is no comprehensive study on the state of land relations in the implementation of the CAP policy and, in particular, the consultation of farmers. The relevance and need for development of a methodology related to the study of land relations in Bulgaria, is derived from the link between the land management and the increasingly dynamic regional and national processes related to circular economy policies, bio-economy and food security (Koteva, Mihailova, Yovchevska, 2022). The study is focused on the role of extension services in the development of land relations in Bulgaria, as well as the range of extension services related to the social, economic, management and legal environment in Bulgaria. To achieve the aim, we have done interviews with 18 layers and notary and 7 administrators/consultants. Total interviewers are 15. Method of conducted interviews is face-to-face. The main questions are related to numbers of meetings and consultations among farmer(s) and/or lawyer for finalizing the land transaction. We separate the type of consultations in three groups: (1) initial consultation among the actors, (2) meetings to negotiate the terms and conditions for land contract(s) and (3) final meeting for signing the contract. The main type of questions relates to transaction costs for organizing a meeting and the specifics of organizing the transaction itself. Research design represents interviews with 18 layers and notary, 7 administrators/consultants. Total interviewers are 15. Method of conducted interviews is face-to-face.

For the research analysis we shall apply the scientific approach as well as the following methodological approaches, such as: complex, structural and value-measuring. The study focuses on the role of consultancy in the development of land relations in Bulgaria, as well as the range of extension services related to the social, economic, management and legal environment in Bulgaria.

Results and Discussions

Land-related transactions are now steadily entering the digital age. Digital transactions are easier and far more convenient and, last but not least, they are associated with significant reduction of transaction costs. There are already digital land management platforms which offer a large range of agricultural land transactions that can be carried out almost entirely on-line – from the purchase or sale of land, rental and leasing, swapping, to lending and financing agricultural land transactions. In recent years, the process has become even more digitized, which saves considerable money and,

above all, time for the parties. The platforms offer almost all services in digital form which does not require office visits or physical consultations with legal or institutional intermediaries.

According to Coase (1988) and Arrow (1969), transaction costs underpin the functioning of the economic system. On the one hand, transaction costs organize prices (Coase, 1937), and on the other hand, their analysis help answer questions related to the interests of market participants – who wants to receive what from the contract, what the guarantees for the implementation of the contracts are, the positive and negative non-market effects (Coase, 1960). Demsetz (1988) considers them as part of the exchange of resources, while Williamson (1985) regards them as a result of opportunistic behavior, and Allen (1999) calls them costs of maintaining property rights.

Such dualism in understanding what transaction costs are often leads the authors to the idea of measuring them depending on the analytical framework, with which they study the organization (Williamson, 1996; Bachev, 2010). This, however, effectively means that the objective and subjective aspects of the actions of the participants in the economic system are mixed in the organization. Transactions can be predetermined in the form of administrative fees with a predetermined market price, i.e., part of a secondary market or dependent on the individual time spent, technology or personal effort of the participants (Benham and Benham, 2000, Wang, 2003, Williamson, 2002).

The institutional environment in Bulgarian agricultural sector is a complex system of relationships, dynamically changing under the influence of national and sectoral legislation. The administration of land relations, land use in particular, often sets important boundary conditions for land markets.

Despite the trend of increase in the number of transactions related to land relations, their duration does not necessarily

increase. There has been a steady trend towards the replacement of physical transactions (face to face) with digital ones. The main factor that stimulates this type of transaction is connected with the increase in the possibilities for electronic payments, which in turn reduces transaction costs. This trend is evident and has intensified during the post-COVID period. Some of the transaction costs for consultancy are borne by the legal intermediaries. The number of transactions related to land relations is increasing steadily, but the duration of the consultation carried out remains a constant value. On the one hand, there has been a steady decline in face-to-face consultations, but on the other hand the number of remote consultations is increasing. The transfer of documents and data is carried out mainly via digital and social platforms, and this has especially intensified during the pandemic and post-COVID period.

Conclusions

The importance of agriculture to the economic stability and prosperity of Bulgaria has been proven many times during the last century. In the context of a global economic and food crisis, Bulgarian agricultural policy needs an efficient approach that will guarantee sustainable development and competitiveness of Bulgarian agriculture (Yovchevska, 2021, Mihailova 2022). After the crucial 1989 the agricultural sector has experienced some serious changes, the most important of them being the implementation of a compulsory land reform and restitution of land in its real borders; the sector has also faced some serious issues such as destruction of the old production structures and lack of new ones to replace them, privatization, absolute abdication of the state from agriculture as well as lack of purposeful government policy or support for Bulgarian agriculture. The overall study and analysis of land relations represent a constant condition for

Table 1. Number of formal and informal consultations between landowner/uses and legal intermediators or administrators

Type of consultations	Extension/administrative services	Lawyer	Notary
Initial meeting for consultations	1	4–5	0
Meetings to negotiate the terms and conditions of the land contracts	2–3	10–13	0
Final meetings	0	1–2	1

Source: Own research

Table 2. Number of consultations with administration and legal intermediators during different COVID-19 periods

	Before COVID-19	During COVID-19	After COVID-19
Face-to-face communications	8–10	1–2	1–2
Digital communications (phone, messaging software applications, social medias, etc.)	2–3	8–9	10–15

Source: Own research

studying and presenting their impact on the socio-economic processes in Bulgaria. The comprehensive research of land relations is a constant condition for studying their impact on the socio-economic processes in Bulgaria. The impact of consultancy is closely related to solving the problems of agricultural producers and the established trust between the consultants and clients. The role of the consultant is to show the effect a certain policy will have on the welfare of agricultural producers.

- The importance of agriculture to the economic stability and prosperity of Bulgaria has been proven many times during the last century;
- The impact of consultancy is closely related to solving the problems of agricultural producers and the established trust between the consultants and clients;
- The role of the consultant is to show the effect a certain policy will have on the welfare of agricultural producers;
- Increase level of digital consultations and communication after ex-post COVID-19 period;
- Increase knowledge and learning process of digital platforms and Social Medias for all actors;
- Decrease costs of taxes for some administration costs using e-payment platforms;
- Decrease transaction costs with increase the number of digital meetings;
- COVID-19 increase learning ability and knowledge of landowners/users and administrative and legal intermediators as well.

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