



National Report BULGARIA

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COOPILOT Project

Template Host Countries (HC)

Bulgaria, Cyprus, Greece, Romania and Slovenia

Country: Bulgaria

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PART 1: COOPERATIVES ECOSYSTEM

1.1 General statistics

Number of cooperatives: 2000

Industries- repartition of the number of cooperatives by industry:

242 agricultural sector

29 - Cooperative union

Employment (full time equivalents) - total and by industry:

50 000 members

2 000 – people with disabilities

Existing federation/network: Central cooperative union

1.2 Historical background and recent evolutions

The first Bulgarian cooperative was founded on 26 October 1890 in the village of Mirkovo, Sofia district - Mirkovo lending, savings and agricultural company "Oralo". In 1895 the first consumer cooperative in the city of Shumen was established - the Expert Employer of the Economical Society and the first labor-producing cooperative in the town of Gabrovo - the Workers' Sewing Company "Napredak". A major role for the development of the cooperative organizations was played by the adoption of the first cooperative law in our country - the "Cooperative Associations Act" of 1907, which is a powerful legal incentive to develop an initiative for the establishment of many and different types of cooperatives. In 1960 on the basis of the administrative-territorial division of the country, consumer cooperatives are united in district cooperative unions, and they become members of the Central Cooperative Union, as they are today.

For 120 years - since its establishment until today, the Bulgarian cooperatives have undergone many trials and crises, not only succeeding in adapting to different socio-economic conditions, but also maintaining their socio-economic nature unchanged and proving themselves as a subject of the social economy in Bulgaria.

The Economic Council (EC) considers that since the economic, financial and human resources are concentrated in the cooperative system, its own reform since 1989 has played a significant role in the successful transition of the country into a market economy and has consolidated cooperative organizations as a significant element of the new economic system of Bulgaria.

EC highlights the fact that today more than a third of the country's population connects the satisfaction of their daily socio-economic interests with the cooperative system.

1.3 Legal context

While cooperatives are considered equal to capital structures, there are insufficient legal instruments to act as actors of the social economy, which is why there are some problems in implementing a number of policies. That is why the Council joins the efforts of the Bulgarian state, which, through the Ministry of Labor and Social Policy, developing a National Concept for Social Economy. The concept refers to the understanding of the social economy reflected in EU documents and other international documents and is a real contribution to achieving the objectives of the Europe 2020 Strategy. According to her, the social economy includes all kinds of enterprises that, regardless of their legal form, are created and act to achieve certain social goals. Among them are the cooperatives.

- Important legal recognition of cooperatives as a type of social enterprise is contained in the Cooperatives Act (CA), which was developed with the active involvement of national cooperative unions.

According to him:

- The cooperative is an association of individuals with variable capital and a variable number of members who, through mutual assistance and cooperation, carry out commercial activities to satisfy their economic, social and cultural interests (Article 1 of the CA);
- Regardless of the share contribution, each member has the right to one vote (Article 19 of the CA);
- In carrying out their activities, cooperative organizations must comply with cooperative principles and values.

Cooperatives, regional cooperative unions and cooperative trading companies are organized in four national cooperative societies that operate on the basis of the Cooperatives Act:

- Central Cooperative Union (CCU), which unites the consumer cooperatives in the country. It represents 155,000 cooperative members and 10,300 employees, members and workers in 808 cooperatives and 34 regional cooperative unions.

Organizations within the CCU system develop a multilateral economy (trade in basic necessities, bread production, agriculture, purchasing), social and community activities in about 3,000 settlements scattered all over the country.

- National Union of Agricultural Cooperatives (National Association of Agricultural Cooperatives), Representing the agricultural cooperatives for production and services.

The existing 903 agricultural cooperatives were built in the period 1992-1994 after the liquidation of existing collective structures. They bring together 240,000 members, provide 16,000 permanent jobs, handle nearly 7 million declares of land and produce much of the necessary amount of grain to feed the population.

- The National Union of Labor Productive Cooperatives combines small and medium-sized cooperative enterprises for the production of industrial goods and services with over 20,000 member- cooperatives. Approximately 15,000 people are employed, including about 11,000 disabled person

- National Union of Inhabitants' Cooperatives, which unites cooperatives of people with disabilities.

1.4 Public policy

Participation of Cooperative Organizations in Social Dialogue notes that national cooperative unions are involved in social dialogue at national level, directly or indirectly, as employers' or branch organizations. In this respect, their membership in the Economic and Social Council of the Republic of Bulgaria, the Bulgarian Chamber of Commerce and Industry and the Bulgarian Industrial Association is fully in line with the recommendations of the European Commission and the European Economic and Social Committee. However, there is a need to increase the number of representatives of cooperatives in government and others.

National committees and bodies involved in developing strategies and Programs for the development of the country's economic and social sphere.

It notes that in the elaboration of policies for social assistance and protection of workers, the existing principle difference between cooperatives and commercial companies, which requires different types of protection for the members in the dual role of employed and owners, is not taken into account. The practice of negotiating Minimum Insurance Benefits by staff groups for employees in cooperative organizations continues. They achieve a level playing field for workers' minimum social security and create conditions for paying their actual labor costs, which is a key motivating factor for retaining good staff and attracting young and highly qualified specialists.

A significant role for the recognition of cooperative organizations as an active social partner of the state has their participation in a number of socially and socially important causes. By providing financial aid for injured organizations and disadvantaged people, donations of food products and equipment to auxiliary schools, community centers, social homes for children, homeless, poor and socially disadvantaged people, sponsorship and participation in charity initiatives and labor exchanges for children, deprived of parental care, taking care of traveling polyclinics for health care, cleaning and upbringing of settlements and many others, co-operative organizations show their strong social commitment even and during a crisis.

With more than 700 members of cooperatives from 300 co-operative organizations, the Central Cooperative Union has actively participated in the life of nearly 600 settlements in the country through the elected bodies of local self-government.

1.5 Mechanisms

One of the mechanisms operating in favor of cooperatives in Bulgaria is the Central Cooperative Union. It was founded in 1947. And is a national alliance of voluntarily united cooperative unions and through them consumer and other cooperatives which, on the basis of cooperative principles and values, support their organizational and financial and economic development and carry out commercial activity in their mutual interest and in the interests of their members. The Central Cooperative Union unites and protects the interests of 132,230 member cooperatives, united in 750 cooperatives, members of 31 cooperative unions.

For the 2007-2010 period only, the total number of National Union of Labor Productive Cooperatives staff involved in training is over 10,000. National Vocational Training Centers are developing new programs that aim at developing an intelligent, sustainable and inclusive cooperative economy with high levels of employment, productivity and social cohesion.

In this sense, as a positive one, it is possible to determine the established practice each year the Central Cooperative Union and the national branch trade unions of the Confederation of Independent Trade Unions (CITUB) and Podkrepa LC to negotiate minimum income for the Central Cooperative Union system by groups of personnel, Line in Appendix No. 1 to Article 8 of the State Social Security Budget Act.

1.6 Public awareness

Society in Bulgaria is aware that there are different types of cooperatives, but their awareness is not at the right level. The population is aware of the existence of the Central Cooperative Union.

1.7 Public knowledge

The level of knowledge about the basic features of cooperatives is low compared to that for private firms.

1.8 Media

In general, the media is positive about the different types of cooperatives, and it can be noted that special attention is paid to the so-called "Parental Cooperatives" and the various food cooperatives.

1.9 Role models

The Central Cooperative Union is a good example of a role model. The cooperative business model is built on the principles of solidarity and mutual assistance and works to the benefit of members and the community. This distinguishes it from other business structures and defines cooperatives as an important factor for the economy, social activities, sustainable development and employment in all regions of the country.

The recognition of consumer cooperatives for a successful business and social development model draws attention to the fact that today they carry out a variety of business activities, one of which is trade. Cooperatives from the CCU system perform a large part of their economic and social functions in the small and remote settlements, namely by owning more than 3,000 retail outlets. Of these, 750 are fully reconstructed and modernized and are part of the national COOP trade chain. According to data released in November 2011 with 4.03% market share TV COOP is ranked 7th among nearly 30 retail chains in the country. In addition, by its number of sites, it is the largest in the country.

As a result of the reorganization, in the system of the Central Cooperative Union, 100 district centers for bread production were set up, which were modernized and complied with all the European regulations regarding the sanitary and hygienic requirements in the food production and the HACCP system. Through them and the objects of the COOP chain, the

consumer cooperatives supply 192 high-mountain and 1,733 settlements with a population of less than 500 inhabitants with bread and basic food products. To this end, the Central Cooperative Union negotiates annually with the government the granting of subsidies to cover the transport expenses of natural and legal persons for their direct deliveries of basic foodstuffs. The Union has been the administrator of these funds since the early 1990s, and the order and modalities for allocating and utilizing assigned funds from the budget is regulated by joint instructions with the Ministry of Finance.

Providing affordable social services also includes co-operative tourism, which, through the hotel chain "COOP - your place of rest", offers tourism products for recreation, intended for children, students, pensioners and people with special care and medical surveillance.

Up to 120 million BGN have been invested in the upgrading of economic activities in the CCU system during the last four years. They are own funds of the cooperative organizations and loans from the Mutual Assistance Fund "Investments" to the Central Cooperatives, which are entirely focused on the implementation of projects with high economic, social and social significance.

The recognition of the results achieved by the consumer cooperatives is the two-time award for the "National Structure with Contribution to the Economic Development of Bulgaria", with which the Central Cooperative Union was awarded in 2004 and 2006 and the Gold Medal and Diploma awarded by the Bulgarian Industrial Association Union in 2011 to contribute to the Bulgarian economy with the construction of the Commercial and Logistics Center COOP in Sofia.

1.10 National publications

<https://www.cks.bg/bg/news/522-Koopieratsiitie-i-mladitie-Vzmozhnost-zaietost-anghazhiranos.html> - Publication of the Global Cooperative Forum in Bulgaria, 2016. Good practices from the regions of the International Co-operative Alliance - Europe, Asia-Pacific, the Americas and Africa were presented and discussions were held with the participation of members of the Co-operative Alliance.

<http://priateli.info/> - The Association for Parent Cooperatives (APC) unites the existing civic initiatives in Bulgaria, which implement the parent cooperative model according to the official definition of APC, represents their interests and supports them in improving their activities by formulating and sharing good practices for raising children In preschool age, proven at an international level. Each parent cooperative is autonomous in choosing pedagogy and organizing its activities, so APC's role can only be to give recommendations and support its members with non-binding views and document templates.

http://www.capital.bg/biznes/kompanii/2016/10/02/2836637_hrankoop_otvori_magazin_z_a_hrana_ot_fermi_v_mol_serdika/ - Publication of the Hrancoop Cooperative. The Hrancoop Cooperative, where manufacturers offer clean food directly from farms

<http://www.localfood.bg/business-guides-and-resources> - LocalFood.bg Foundation, Incubator for small start-up business initiatives in the food sector.

1.11 National web sites

<https://www.cks.bg/bg/>

<https://farmhopping.com/buyer-groups/BG>

<http://www.hrankoop.com/hrankoop/%D1%85%D1%80%D0%B0%D0%BD%D0%BA%D0%BE%D0%BE%D0%BF%D0%B1%D1%83%D1%80%D0%B3%D0%B0%D1%81/>

PART 2: COOPERATIVE/ENTREPRENEURSHIP EDUCATION

Part 2.1: Cooperative Education – Not applicable

Part 2.2 : Entrepreneurship Education

Name	Support for entrepreneurship https://eumis2020.government.bg/
Providers	Public provider (Ministry of Labor and Social Policy) The operation is part of the overall support provided by OP "Human Resources Development 2014-2020" for start-up entrepreneurs and employment through self-employment.
Target	Preparation of individuals wishing to develop their own businesses, including the unemployed and working, for planning and starting a self-employed business and self-employment.
Content	Providing a set of trainings and services to assist target groups in developing and assessing their entrepreneurial ideas, acquiring knowledge and skills needed for business management and business development, and developing business ideas in viable plans for the realization of real business activities.
Learning practices	
Indicate if those programs include specific action related to <u>cooperatives</u>	
Indicate if those programs include specific action towards young people	The program is indicated also to young people.

2.2.2 Needs of entrepreneurship educative actors to cover cooperative entrepreneurship

One of the things we think would be useful is the organization of seminars in schools and universities to present the idea of a cooperative business model - an idea that is very attractive to young people because creating a cooperative they themselves take responsibility for its management.

2.2.3 Needs of entrepreneurship educative actors to reach young people

It is necessary to show young people what opportunities are offered by cooperatives and that today they are significantly different from the agricultural cooperatives typical of the time of socialism.



The cooperative business model provides better opportunities for attracting young people than other business forms. Democratic governance structure and business goals, which are much higher than maximal profit maximization, are factors that help unleash the potential of young people and attract them to dialogue in making decision-making. In this way they show more creativity, develop their entrepreneurial and management capacity.

A campaign (training) is needed to demonstrate how young people can meet their needs, contribute to the development of society by creating craft, social and production cooperatives.

Part 2.3: Learning Coop Entrepreneurship Education Practices – Not applicable

PART 3: OPPORTUNITIES

3.1. Youth

The most striking of the young people is the pursuit of independence and self-realization - an emphasis on individual solutions and an individual approach to life. Research shows that while the psychological independence of the young person in our country is growing strongly, its social and economic dependence on the parental family is much stronger than it was 20 years ago. Over the last decade, youth activity has radically shifted from social and political life to the private economic sector.

One of the peculiarities of the young man is that his desire for self-realization is supported by enthusiasm and mobility less inherent to the elderly and if the native state does not provide the environment for this self-realization many of the active young people will search for her abroad.

A second feature of young people is that they are looking for better qualifications sought by the labor market.

A third peculiarity of young people is the high entrepreneurial spirit among young people, which is a clear signal that this untapped potential for small business development should evolve.

3.2. Youth unemployment

Unfortunately, Bulgaria ranks first in the EU by the number of young people who are not covered either by the educational or the social and labor system. They are 167,670 among 751,900 people aged 15-24 living in the country - or about 22%. This is the largest share in the European Union, where average levels are about 12.9 per cent.

Unemployment is one of the most important indicators of the degree of social exclusion of young people. This is because unemployment almost always means a lack of legal income, a lack of social security, income to meet basic needs, personal development, family planning, and so on.

According to data from the National Institute of Statistics for the first quarter of 2017, youth unemployment of 15 to 24 years, measured in thousands, is 19.6 thousand, and in a percentage ratio of 12.8% and from 25 to 34 years - 55.7 thousand, which is -



7.7%. Compared to the previous 4 quarters of 2016, in the first quarter of 2017, there is a tendency of a decline in youth unemployment.

Quarter	Age	Unemploy- ment - Thousand	Unemployment - %
1Q2016			
	15-24	29,9	18,4
	25-34	74,4	10,1
2Q2016			
	15-24	24,3	14,4
	25-34	65,0	8,7
3Q2016			
	15-24	30,4	18,8
	25-34	56,2	7,6
4Q2016			
	15-24	26,4	17,4
	25-34	56,1	7,8
1Q2017			
	15-24	19,6	12,8
	25-34	55,7	7,7

3.3. **Youth intentions** towards entrepreneurship

A survey by the Economic Policy Institute shows that between 15% and 20% of students who have taken part in a small business program during their secondary education subsequently start their own business. Their number is three to five times higher than the number of entrepreneurs as a percentage of the total population. Higher education in the field of entrepreneurship can stimulate the creation of high-tech enterprises and companies with intense growth, supporting the development of economic "ecosystems", partnerships and sectorial associations.

3.4. **Uncovered social needs**

Bulgaria ascends two positions up from last year to 41st in the world in terms of social progress. This is the latest Social Progress Index 2017 of the Social Progress Imperative, the US Progress Index 2017, quoted by Investor.bg. One of the uncovered social needs that young people encounter is limited access to the labor market. Because of the limited number of jobs, especially in periods of economic crisis, young people with no experience will be in the worst position in terms of increasing labor supply in the global financial crisis. Young people with low education and qualifications are expected to be among the first to be affected by worsened economic conditions.



Another factor is that, in most cases, young people have no practical and working experience in the field of postgraduate education, but are directly involved in the labor market.

Lack of a retraining program for unemployed people who could retrain and move from the place of structural unemployment to the place of active young people who have the appropriate and necessary knowledge and skills for the labor market.

3.5. **Youth sensibility**

Young people in Bulgaria are one of the latest in the labor market compared to other EU countries. After completing their education, most of the young people in Bulgaria have no practical and working experience, leading to their harder entry into the labor market. Young people often face the inability to accumulate work experience. They fall into a vicious circle - they do not appoint them because they do not have an internship, but they cannot accumulate it once they do not hire them. To overcome this serious problem, it is necessary for all - the state and the society - to work together to break the vicious circle of low social and economic confidence faced by young people.

When young people remain out of the labor market, the consequences are serious and their scope - significant. Among them, along with the increased emigration and the deepening of demographic problems, are the households' impoverishment due to the maintenance of the unemployed young people, the scarce tax revenues and the lower receipts in the pension funds. Adding to this the shrinking of the real sector and job cuts, the barriers to labor market youth remain serious and the start of work is becoming a big challenge.

The problem of the missing link between the labor market and our educational system is also acute. By completing their education, young people are not prepared to practice the knowledge they have. It is necessary to work towards the improvement and adequacy of the coordination of the training of staff and their professional realization so that the preparation and qualification of the young people is in line with the requirements of the available vacancies of the labor market. In this respect, it would be useful to introduce student and student practices to provide an opportunity to combine theoretical and practical training. Curriculum updating curricula in the education system may also be developed in relation to the requirements of the labor market. In this way, business will be given the opportunity to work with the management of educational establishments to prepare such curricula that will give adequate professional qualification to the staff.

3.6. **Industries or social needs** with high potential for cooperative entrepreneurship

Bulgaria is the most developed service sector that continues to grow and is on a competitive level in which the most developed are:

- Information services;
- Activities in the field of information technologies;
- Administrative office activities and other ancillary services
- Servicing the business
- Other professional activities
- Post and courier activities



- Travel agent and operator activity;

The ICT sector continues to grow even during the crisis. Since 2006, its revenue has increased by 14% a year, and profits - by as much as 83%. ICT accounts for 47 per cent of exports of business services. This is the sector with the highest innovation intensity and the highest number of registered patents. Bulgaria really has a lot to be proud of in this field - many Bulgarians are leading executives in the most successful IT companies, and very good companies have already begun to develop.

3.7. Do you think those are suitable for youth entrepreneurship?

Recent Eurostat surveys indicate that around 70,000 people work in Information Technology, or about 2.3% of total employment in Bulgaria. For comparison in the other countries of the European Union, the average indicator is around 3.5%.

According to the country data, the average specialist working in the field of information and communication technologies is under 35 years of age. This characterizes the Information and Communication Technology sector of predominantly young and highly educated young people looking for development.

3.8. **Industries** or **social needs** with high potential for **youth** entrepreneurship

The industries that are most suitable despite the already existing competition they have continued to grow at a steady rate of growth are:

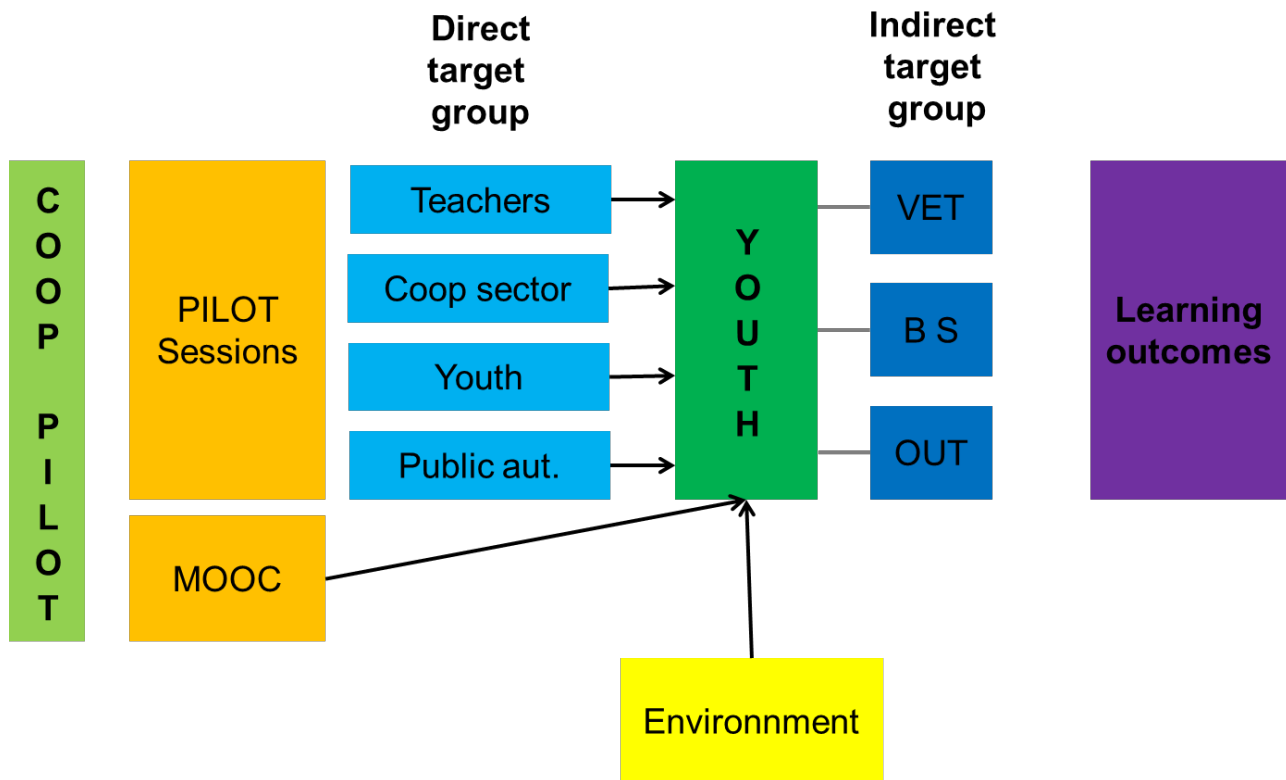
- Information services;
- Activities in the field of information technologies;
- Administrative office activities and other ancillary services to the business
- Other professional activities
- Post and courier activities
- Travel agent and operator activity;

3.9. Do you think those are suitable for coop entrepreneurship?

A co-operative is a great model of enterprise for combining skills and sharing risk and reward. This makes it ideally suited for graduates since it allows them to tackle the difficulties of minimal capital or professional experience through collective action.

A group of self-employed IT graduates could form a consortium co-operative to tender for larger contracts. For example, an industry IT project might need the skills of a graphic designer, software developer and web developer. The formation of a consortium co-operative would allow individuals with these skills to collaborate on this project.

PART 4: NEEDS



4.1 Needs in terms of expected learning

4.1.2 VET students

Learning outcomes	Entrepreneurship	Cooperative
ATTITUDE Examples: self-confidence, sense of initiative, problem solving mind, cooperation ability, listening capacity, empathy...	6	4
SKILLS Examples: creativity, planning, financial literacy, managing resources, managing uncertainty, and risk, teamwork, co-construction, communication, decision making...	2	3
KNOWLEDGE Examples: assessment of opportunities, role of entrepreneurs in society, entrepreneurial career options, legal	5	1

framework of coop, coop ecosystem, funding sources for coop...		
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¹ The aim of this question is to grasp the whole reality of your country. Questions 4.2 and 4.3 in turn are related to the pilot session as such.

4.1.2 Universities scholars and business management students

Learning outcomes	Entrepreneurship	Cooperative
ATTITUDE Self-confidence, sense of initiative, problem solving mind, cooperation ability, listening capacity, empathy...	5	6
SKILLS Creativity, planning, financial literacy, managing resources, managing uncertainty, and risk, teamwork, co- construction, communication, decision making...	3	1
KNOWLEDGE Assessment of opportunities, role of entrepreneurs in society, entrepreneurial career options, legal framework of coop, coop ecosystem, funding sources for coop...	4	2

4.1.3 Young people out of education

Learning outcomes	Entrepreneurship	Cooperative
ATTITUDE Examples: self-confidence, sense of initiative, problem solving mind, cooperation ability, listening capacity, empathy...	6	2
SKILLS Examples: creativity, planning, financial literacy, managing resources, managing uncertainty, and risk, teamwork, co-construction, communication, decision making...	4	1

KNOWLEDGE Examples: assessment of opportunities, role of entrepreneurs in society, entrepreneurial career options, legal framework of coop, coop ecosystem, funding sources for coop...	5	3
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4.2 **Target audience** that will attend the pilot session:

- Teachers/Universities: 30%
- Coop sector/Business: 20%
- Youth/VET Students: 40%
- Public authorities/Institutions: 10%

4.3 **Expected learning outcomes**

	VET student	Universities scholars and business management students	Young people out of education
Entrepreneurship ATTITUDES	6	5	4
Entrepreneurship SKILLS	6	4	4
Entrepreneurship KNOWLEDGE	6	6	4
Cooperative ATTITUDES	4	5	6
Cooperative SKILLS	4	6	6
Cooperative KNOWLEDGE	4	4	6



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European think & do tank POUR LA SOLIDARITÉ - Belgium, Project coordinator
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National school of political studies and public administration - Romania (<http://www.snspe.ro>)

Federazione trentina della cooperazione - Italy (<http://www.cooperazionetrentina.it>)

Fundacion Escuela Andaluza de Economia Social - Spain (<http://escueladeeconomiasocial.es>)

Mladinska zadruga Krektor, Z.B.O., Socialno podjetje - Slovenia

Social Economy Institute - Greece (<http://www.social-economy.com>)

Scuola Nazionale Servizi Foundation - Italy (<http://www.scuolanazionale.servizi.it>)

Association des agences de la démocratie locale, ALDA - France (<http://www.alda-europe.eu>)

Chamber of commerce and industry Vratsa sdruzhenie - Bulgaria (<http://www.cci-vratsa.org>)

Authority for Cooperative Societies - Cyprus (<http://www.cssda.gov.cy>)

For more information: <http://www.coopilot-project.eu>



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