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Abstract: The problem of understanding and evaluation of agrarian governance is among the most topical academic and practical tasks. However, there are huge differences in understandings of the governance among scholars, practitioners, official and business documents. Sometimes it is associated with the top management (country, organization); sometimes it is related to government agencies (public administration); sometimes it encompasses the management outside government entities; sometimes it is synonym of Management or a part of Management of organization, while in some case it is more general than Management including a variety of modes. This article adapts the New Institutional Economics methodology and proposes an adequate definition and framework for analyzing the system of agrarian governance. Based on a critical review of publications and experiences, the agrarian governance is understood as a complex system including: agrarian and related agents involved in making management decisions; rules, forms and mechanisms that govern behavior, activities and relationships of agrarian agents; processes and activities related to making governing decisions; a specific social order resulting from functioning of the system. Analysis includes individual elements for the system, different levels and main functional areas, for which adequate methods of institutional approach are suggested. Personal characteristics of participating agents, institutional environment, transaction costs and benefits, comparative efficiency of alternative governing structures, and "time factor" are considered. First holistic assessment found that Governance of Bulgarian agriculture is at moderate level having in mind EU perspective. Highest performance is attained for principles Equity and Solidarity and Good Working Public Sector while in terms of Working Private Sector and Stakeholders Involvements it is lowest.

Keywords: governance; agriculture; definition; assessment; Bulgaria.

JEL Classification: Q12; Q14; Q15; Q18; Q56; R11.

Introduction

The term Agrarian Governance are widely used in official documents, management practice, and in numerous academic publications around the globe and Bulgaria (Backer 2011; Bevir 2012; Bloor 2022; Boevski 2020; Braun and Birner 2017; Carbone 2017; Chakrabarti 2021; Chhotray and Stoker 2009; Darjaven Vestnik 2020; DFID 2010; Frija et al. 2021; Freidberg 2019; Ganev et al. 2020; Georgiev 2013; German 2018; Herrfahrdth 2006; Katsamunska 2016; Kumar and Sharma 2020; Ledger, 2016; Levi-Four 2012; Muluneh 2021; Morfi 2020; Schwindenhammer 2018; Shand 2018; Tleubayev et al. 2021; Torres-Salcido and Sanz-Cañada 2018; Weiss 2000). The significant academic, public, and private interest in the study of the governance system is dictated by the fact that the effectiveness of the specific governance system ultimately (pre)determines the degree of achievement of the diverse goals and the type of socio-economic development of a given country, industry, region, community, ecosystem, economic organization, etc. The relevance of the problem is also strengthened by the numerous examples of "failure" of the existing governance system on a sectoral, national, and international scale, the major socio-economic and ecological challenges and "crises" of various types, and the strong social "pressure" towards and drive by government, professional and business organizations to "reform" and "modernize" the existing governing system. The experience of Bulgaria and other countries shows that this academic and social problem is far from being solved. One of the main reasons for this is that an adequate holistic approach to understanding, analysing and evaluating the governance system in general and in the agrarian sphere in particular is not yet applied. The aim of the article is to adapt the interdisciplinary methodology.
of the New Institutional Economics and to propose an adequate definition and approach to analyse of the system of agrarian governance in Bulgaria.

1. Content and Evolution of the Understanding of Agrarian Governance

The content of the Governance category is constantly expanding and enriching, which is determined both by the development of theory and the evolution of the forms used in practice, and the needs for evaluation and improvement. In view of its significance, Governance represents a growing interest for independent study by scholars in multiple disciplines - political scientists, legal scholars, sociologists, historians, economists, etc. In parallel, many new (specialized) areas of scientific research and governance practices are being identified and developed depending on the subject, functional area, level or type of management: program governance, contract governance, supply chain governance, environmental governance, agricultural sustainability governance, water, land and landscape governance, e-commerce governance, global governance, etc. Individual researchers and disciplines typically apply their own definitions of this key concept. Recent decades have seen borrowing and mutual enrichment, and interdisciplinarity of approaches to understanding and analyzing Governance from scientific disciplines and social practices.

The term Governance is derived from the Greek word kubernaein ("to steer") and is believed to be used as far back as Plato (Malapi-Nelson 2017). The term was later adopted from Latin, then from Old French, and from there into Medieval English, from where it gained worldwide distribution (Vymětal 2007). In more recent history, this term was used in the sense of "the specific activity of governing the country" (Tyndale and Frith 1831), and as distinguished from individual governance and in relation to institutional structure, originally used by Charles Plummer in The Governance of England (Wikipedia 2023). After the modernization of the late 18th century, when the state became decisive for solving complex socio-economic problems, the term Governance acquired "political significance" (Vymětal 2007). It becomes an expression of government and state policy, reflecting its form and/or the effectiveness of the intervention measures taken. This approach to understanding the category associates it solely associated with power and force, and with the government's activity of direct care, command and control "from above" through public bureaucracy.

As a result of the complexity of socio-economic processes and challenges, the development of globalization, economic integration and democratization, and the numerous "failures of the state" and the fundamental reformation of the public sector, a new understanding of governance has been developing. In this connection, the term New Governance arose, which refers to the changes in the state that began in the 1980s (BRITANICA 2023; Higgins and Lawrence 2005; Planas et al. 2022; Trubek and Trubek 2007). This "broader" understanding is related to the transformation of "services" from public administration to market, private, non-governmental and network structures, increasing the role of outside and above state organizations and civil society, and (the need for) cooperation and interaction of numerous public and private institutions and organizations.

It is generally accepted that Governance is a general, complex, multifaceted concept that is difficult to define in a precise way (Ali 2015; Fukuyama 2016; Higgins and Lawrence 2005; Scmitter 2018; Vymětal 2007). Attempts to define Governance can be grouped into several directions:

First, the traditional understanding of governance as agents (individuals, agencies, organizations, etc.) who govern and/or participate in governance – President, Parliament, etc. (Fukuyama 2016). In a narrower understanding, Governance is seen as a synonym for public administration, and in a broader sense it includes non-sovereign and informal agents outside the state system - international and non-governmental organizations, supra-national institutions such as the European Union, etc. For example, in the popular New Governance paradigm, the question of "Governance without Government" is posed, which means the transfer of many traditional functions from the state to private and non-governmental organizations - provision of public goods, services, regulations, control, (self) organization, etc. In this connection, the various agents are also identified, defined as governing units that can govern - government, formal organization, socio-political, or other informal group of people. In traditional economics, for example, the main governing units that optimize the allocation of resources in accordance with their interests are households and firms.

Second, defining Governance as a process of governing. Many authors accept that governance is the decision-making process and the process by which decisions are implemented (or not implemented) in society or in an organization (Ali 2015; IoG 2003; Planas et al. 2022; UNDP 1997; Wolman et al. 2008). This "processual" understanding of Governance makes a connection with traditional Management, which is essentially a purposeful process of making managerial decisions at different levels of governance. Many international organizations also define governance in this way, mostly in relation to a given country, a certain industry, etc. – "governance
consists of traditions and institutions through which power in a given country is exercised” (World Bank 1992, 2022).

Similarly, economic governance is defined as the processes that support economic activity and economic transactions by protecting property rights, sanctioning contracts, and taking collective action to provide appropriate physical and organizational infrastructure (Dixit 2016). In the traditional economy, the market equilibrium is reached namely through a process of decentralized actions of the economic agents (individuals, firms, households) governed by the "invisible hand of the market". In the New Institutional Economics, in addition to the "public" level Public Ordering) and market management (Market ordering), an important component of the governing process is also private ordering (Williamson 2005).

Third, defining Governance as a means (precondition) and a set of rules, means, methods, structures and mechanisms that govern people's behavior, activity and relationships (Furuboth and Richter 2005; Scsmiter 2018; Vymětal 2007; Williamson 1996; 2005). "Governance has become a buzzword today describing the whole set of approaches and techniques for improving coordination between different levels of society" (Vymětal 2007). Similarly, economic governance refers to the policies and regulations that are put in place by governments to manage the economy, including macroeconomic management and microeconomic management (AAID 2008). Economics is a science that explains the "miracle" of how an order of maximization of private and aggregate product (welfare) is achieved by the actions of millions of individuals who specialize and exchange the products of one or other operations. The answers in Neoclassical Economics are that this is done (directed, coordinated, incentivized, sanctioned) by the "invisible hand of the market" and/or the "visible hand of the manager". Rare cases of "market failure" are found, but all of them are easily overcome with "state intervention".

The Old Institutionalism puts on the agenda the important role of institutions (introduced "from above" or evolved "from below") to "correct" market failures and govern the behavior of individuals. The classics of the New Institutional Economics also consider Governance in this sense: "Governance is the means by which to introduce order, thus mitigating conflicts and realizing mutual benefits" (Williamson 2005, 2009). What is new here is that the "strange world" without transaction costs is left, and the market, hybrids, firms, and bureaus are considered as alternative structures and forms of governance of transactions (Coase 1939, 1991, 1998; Williamson 1996, 1999, 2005, 2009). Although they do not always mention this term, Coase, North, and Ostrom also analyze certain rules, mechanisms, and forms (institutions, structures, social arrangements, etc.) that govern the activities of individual agents and ultimately predetermine economic development (Coase 1937, 1960, 1991; North 1990, 1991; Ostrom 1990, 1999).

Fourth, Governance is seen as a specific social order and the result of process of management - "the state of being governed" and "getting work done by mobilizing collective resources" (Dixit 2016; Fukuyama 2016; Scmitter 2018; Vymětal 2007). Here it is presented rather as a general order and framework that determines the conditions, harmony, and overall effect of decentralized efforts - the management of the activities and relations of agents pursuing their interests. Accordingly, in a given country, regions, industry, etc. different types or models of governance may dominate - "Rule of Law", "Rule of Money", "Rule of Force", etc.

This understanding makes it possible to better distinguish specific governance systems in different countries, industries, eco-systems, organizations, stages of development, etc. The same governance structures and models are known to have unequal results in different countries. Some researchers limit governance only to the social and political order other than that of the state in view of the "new" role of the market, network structures, non-state agents and the informal sector (BRITANICA 2023). The New Institutional Economics analyzes a different kind of principled order – market, private, public, international, etc.

This understanding is largely related to the study of the "quality of management" and the effort to improve the governance system, as "desired" states such as "good", "efficient", "honest", "sustainable", "transparent", "democratic" etc. becomes a criterion for its evaluation and a goal of development (EC 2018; UN 2015). Much of the Good Governance literature focuses on 'Governance as Implementation', namely the government's capacity to provide basic public goods and services (Fukuyama 2016; Osabohien et al. 2020; Ronaghi et al. 2020). Increasingly, these characteristics are also applied to assess governance in the private (corporate, agribusiness, etc.) and non-governmental sectors (Dimitrov et al. 2014; Aguilera and Cuervo-Cazurra 2009; Benz and Frey 2005; OECD 2015; Rodorff et al. 2019; Sacconi 2012; Skerman 2016).

In that "normative" direction, the definitions of international, state, non-governmental and business organizations are also supplemented - for example, the current definition of governance of the World Bank also includes "the process by which governments are elected, controlled and replaced; the government's capacity to effectively formulate and implement rational policies; and respect for citizens and the state of the institutions that govern their economic and social relationships (World Bank 2022). Governance Economics is precisely an
attempt to apply "the study of good order and working arrangements", which includes both - the spontaneous order of the market and the deliberate order of a conscious, deliberate, and purposeful kind (Williamson 2005).

There are also many definitions that combine some of the characteristics of governance described above (EC 2018; WB, 2023). It is rightly noted that "Governance is not only a characteristic, but very often a system, with some subjects, some processes, some prerequisites, causality and results" (Vymětal 2007).

Approaches to defining Agrarian Governance, in the ever-growing literature in this field, are similar to those of Governance in general, following the common logic of development in this dynamic field. Some of the most in-depth analyzes of the agrarian governance system do not even attempt to define this category, which is taken for granted and widely known (James, Klein and Sykuta 2011; Sykuta 2010; Cook 1995; Sykuta and Cook 2001; Sykuta and Parcell 2003).

Agrarian Governance is the governance related to agricultural production. Therefore, it is "easy" to define the object of this "sectoral", along with industry, transport, health care, etc., governance. It order to understand the essence of the Governance category, it is necessary to answer the following questions: Who, Whom, What, Why, How, Where, When, How Much and How Good?

It is obvious that Governance is related to people and human society, for without there is only "natural governance" according to the laws of physics, biology, etc. In a hypothetical example of an individual farmer living alone on a remote island in the ocean, there is no governance, but simply "agronomic and technological" management or Management of "(mutual) relations" with nature. In modern agriculture, however, there are no such examples. Even for a self-subsistent farmer, far from populated areas (a mountain, an island, a desert oasis), there is some "external" control of activity and behavior. For example, there are "vested" and sanctioned property rights (for private possession, usage, management, etc.) over agricultural land by the state, local government, or community.

In modern conditions, there are also a variety of mandatory standards, European Union, local community, etc. regulations on the manner of cultivation and use of the land, standards for the protection of biodiversity and the environment, etc. For example, the use of certain chemicals in agricultural production and the production of cannabis in Bulgaria are prohibited and punishable; changing the use of agricultural land for non-agricultural purposes is inadmissible and strictly regulated, etc. In addition, there are also informal obligations and restrictions for the farmer to respect comfort of the population and guests of the area, protection of air and water, joint use of private resources (for example, free access to the territory for tourists, hunters, scientists, etc.), order for use of municipal lands, etc. With all these formal and informal rules and restrictions (social governance system) the farmer (must) complies in order not to be sanctioned by law enforcement or society.

The farmer, however, is not a passive "participant" in (object of) governance. He lobbies or engages in collective action with other agents in the political process to get new rights, regulations, norms, government support and subsidies, etc. that suit his beliefs or interests. In this way, he becomes an active participant in the governance system of a given ecosystem, region, subsector, or the country as a whole. This simple example already answers the question Who and Whom?

In another example, with a typical market-oriented farmer in a lowland area, the presence and need for (a system of) governing relationships with other agents is much more obvious. For example, the farmer-entrepreneur must manage his relationships with landowners, labor, suppliers of inputs and services, credit, buyers of produce, etc. in order to effectively organize the production and sale of produce. For the coordination of a large part of these relations, various types of private contracts are used for supplying the necessary resources and marketing the product - contracts for purchase, hiring, borrowing, selling, provision of a loan, etc. In the conditions of developed markets, much of the farmer's activity and his relations with other agents is coordinated and "managed by the invisible hand of the market" - the "movement" of (free) market prices and market competition.

Along with this, there are also a variety of formal, informal and business rules, regulations, norms, and standards that the farmer observes or complies with - for product and service quality, specifics of technological operations, labor and product safety rules, norms for the protection of natural environment and biodiversity, animal welfare standards, etc. In addition, the farmer creates and/or joins different types of collective actions and organizations to coordinate and govern more effectively his relationships with other agents or authorities - registered agricultural holdings, companies, cooperatives, associations, lobbying and interests groups. He also

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1 The activity and behaviour of even the solitary Robinson Crusoe is "governed" by the native (English) ideology, beliefs, traditions and other "institutions" that he brought to the island and subsequently spread - Christianity, slavery, rights, etc.
The theoretical and practical research in economic fields has his own or accepts other beliefs, ideologies, views, norms, etc. – for example, for an ecologically sustainable farm, which also (self-) manage its behavior, actions and relationships.

All these (management) structures, forms and mechanisms are an integral part of the governance system of agrarian production at the modern stage of development and should be analyzed. Moreover, the governance system in a given country, sub-sector, region, supply chain, ecosystem or organization is highly specific and dependent on multiple socio-economic, personal, natural, etc. factors. It is well known that the Common (agricultural, economic, environmental, etc.) policies of the European Union are applied in specific “Bulgarian way” in the conditions of Bulgaria. Identifying and evaluating these specific structures, forms, and mechanisms answers the What, Why, and How?

The process of agrarian governance takes place in different time periods and spatial-territorial, organizational and hierarchical boundaries. Governance analysis should always specify these dimensions and answer the Where and When questions to be precise. In addition, the Economists ask another question related to the analysis of agrarian governance, namely How much? Different forms and structures of governance have different advantages, disadvantages and costs for individual agents, the latter known as “transaction costs” (Coase 1937, 1960; Williamson 1996). Agrarian agents optimize not only production costs (related to production technology), but also transaction costs related to governing relationships with other agents. Governing structures have an important economic role - to rationalize, structure, and minimize the costs of human relations (North 1990; Williamson 2000). The "discovery" of transaction costs does not change, but only adds to the Economic science subject of optimal allocation of limited resources.

Last but not least important is the question of the quality of the system of governance - there is a good governance and there is a bad governance, and multiple Levels between these two extremes.

Therefore, agrarian governance is to be studied as a complex system that includes four principle components (Figure 1): (1) agrarian and related agents involved in the governance decision-making; (2) rules, forms, and mechanisms that govern the behavior, activities, and relationships of agrarian agents; (3) processes and activities related to making managerial decisions; and (4) a specific social order resulting from the governing process and functioning of the system.

Figure 1. Components and Relations of the System of Agrarian Governance

The agrarian governance system is a part (subsystem) of the social governance system and other important governance subsystems such as economy, primary industry, food, rural or urban areas, agro-ecosystem, tourism, energy, etc. The impact of and relationships with other systems of society largely (pre) determine the type of dominant system of agrarian governance and the “logic” of its development. For its part, agrarian governance is a set of different governance subsystems, differentiated depending on the type of production (plant breeding, animal breeding, fruit growing, agro-ecosystem services, etc.), the type of resources (land, water, technology, lab The agrarian management system is a part (subsystem) of the social management system and other important management subsystems such as economy, primary industry, food, rural or urban areas, agro-ecosystem, tourism, energy, etc. The impact of and relationships with other systems of society largely

Source: author.
(pre) determine the type of dominant system of agrarian governance and the "logic" of its development. For its part, agrarian management is a set of different management subsystems, differentiated depending on the type of production (plant breeding, animal breeding, fruit growing, agro-ecosystem services, etc.), the type of resources (land, water, technology, labor, finance, etc.), the functional area (inputs supply, innovation, marketing, risk management) etc. All of them should be studied in order to identify their specificity and role for the development of agrarian governance in general. Agrarian governance consists of (carried out at) different levels (farm, collective organization, ecosystem, subsector, national, transnational, European, global), which are to be analyzed to understand the functioning and development of agrarian governance in Bulgaria.

2. Framework for Analyzing and Assessing Agrarian Governance in Bulgaria

In a traditional closed subsistence economy, transaction costs do not exist because there is (almost) no division and specialization of labor, and therefore no need for exchange (transactions) between agents. In modern agriculture, however, agrarian agents specialize in certain productions and/or activities and trade products or services, thereby increasing productivity many times over (economies of scale and scope, and production costs, improving quality, increasing production volume, etc.).

In an unrealistic world of "zero transaction costs", the optimization of the allocation and use of agrarian resources is achieved quickly and costlessly according to the "marginal rule". Here, there is only one mechanism (the market and market competition) that effectively governs the individual and overall activities of agents. The farm, firm and household are studied as a "black box" that adapts instantly and costlessly to market price dynamics. With zero transaction costs, the form of governance has no economic significance, since agricultural activity is equally well (most efficiently) coordinated through the market (adaptation to changes in free market prices), and through mutual private bargaining between agents (special contract), and through cooperation (collective decision-making), and in an internal organization (direction by a manager), and in a single national private or state hierarchy/company (Bachev 2012).

In a real agrarian economy, however, there are significant costs associated with transactions between agents: for finding the best prices and markets, paying commissions and fees, finding a reliable partner, negotiating terms of exchange, writing and registering contracts, controlling of opportunism before signing and in the process of implementing agreements, adapting contracts to changes in production and exchange conditions, dispute resolutions, including by hiring lawyers, arbitration, court, etc., failed deals, fraud, etc. Agrarian agents also pay significant (transactional) costs for studying and implementing formal regulations related to resource use, production, technology, trade, nature conservation, etc. Farmers also have significant costs for formal registrations, certifications, licenses, applying for public support, paying fines, bribes, etc. Many agrarian agents also have coalition costs (partnership, cooperative, firm, corporation) related to the need for more efficient joint supply and use of resources, marketing, protection from monopoly, lobbying for government intervention in their favor, etc. The creation and development of these formal and informal organizations is associated with significant costs of initiation, negotiation, formation, organizational enhancement, information, management decision-making, controlling the opportunism of coalition members, reorganization and closure, etc.

The positive transaction costs often limit efficient farm expansion to a size that allow exploitation of possible technological economies of scale and scope. In other cases, high "external" transaction costs necessitate excessive intra-firm integration to overcome serious transactional difficulties and/or extract additional transactional benefits. Very often, high transaction costs even block an otherwise mutually beneficial exchange of resources, products and services, and lead to low productivity and under-utilization of resources on an enterprise and societal scale. Therefore, instead of "the first best", in practice we usually have "second best", "third best", etc. allocation of resources and governance of aggregate agrarian activity.

Agrarian economy is a Transaction costs economy, and the question is to optimize the total production AND transaction costs of the farm. This is a trade-off between transactional and production costs and benefits. Following the logic of Coase, the farm integrates additional transactions, increases its size and profits from internal integration of resources and activity, while the transaction costs of this are less than or equal to the costs of organizing these same transactions in the market or by another organization (Bachev 2012). Governance "matters" and "rational" agents select the most efficient form of governance for each transaction among practically possible alternatives (Williamson 2005). In the New Institutional Economy, the transaction and related costs are the "basic unit of economic analysis", and the criterion for choosing the most effective form of governance of
agrarian transactions and activity is the minimization of transaction costs and the maximization of transaction benefits.²

Moreover, the "problem of social costs" that has troubled traditional economists does not exist in a setting of zero transaction costs and well-defined private property rights (Coase 1960). The state of maximum efficiency is always achieved regardless of the initial distribution of rights between individuals through cost-free private negotiations - "internalization of externalities" without the need for state intervention. In a world of zero transaction costs, the definition (redistribution) of new rights and rules by individuals, interest groups, and society, and the effective sanctioning of these rights and rules, would be also easy (costless). However, when transaction costs are significant, the initial distribution of property rights among individuals and groups, and their well-defined and sanctioned nature, are critical to overall efficiency (Coase 1960). For example, if the "right to a clean and preserved natural environment" is not well defined and enforced, it creates great difficulties for effective eco-management - costly disputes between polluters and affected agents; significant environmental issues and challenges; disregarding the interests of certain groups or generations, etc. (Bachev 2020).

Imperfect institutional arrangement (undefined and/or poorly defined and enforced by the state authority rights and obligations), creates additional transaction costs for individuals and society, and leads to inefficient agrarian development. In Bulgaria, for example, the restoration of private rights to agricultural land after 1989 lasted more than 10 years, which greatly deformed the development of agriculture during this period - lack of incentives, destruction of assets, dominance of short-term leases, preference for annual crops, primitive and unsustainable structures (farms for self-sufficiency or in the process of privatization), degradation of agro-ecosystems, etc. There are numerous examples of private rights not protected by the state even now, which lower the efficiency and hinder the development of the sector - non-compliance with the laws, ineffective legal protection, direct encroachment (theft) of agrarian property, etc.

Therefore, institutions are an important means of (agrarian) governance by creating a certain social order, structuring human relationships, increasing predictability, reducing uncertainty, predetermining (increasing or decreasing) the amount of transaction costs, and ultimately determining the possibilities, type and extent of socio-economic development (North 1990; Williamson 2000). Given a certain institutional environment, the market often "fails" to effectively govern agrarian activity and resources. However, this does not necessarily mean "state intervention", as is the rule in Neoclassical Economics. Agrarian agents develop a variety of private forms, mechanisms and "institutions" to overcome market imperfections and to effectively govern their behavior, activities and relationships. The correct approach in the New Institutional Economics is to make effective choices between various alternative modes of (market, private, and public) governance, all of which have their own disadvantages and costs.

Figure 2. Agents of Agrarian Governance in Bulgaria

Source: author.

² Eventually, the choice of governance form is predetermined by the logic of minimizing not technological but transactional costs (Williamson, 2005).
The analysis of the country's agrarian governance system is to include several stages. First, it is necessary to identify the various agents of agrarian governance and the specific nature of their relationships, interests, goals, opportunities, power positions, dependencies, effects, conflicts, etc. The farm entrepreneur or farmer is the main figure in agriculture who manages resources, technology and activity, and therefore the "first" component in the analysis of agrarian governance (Figure 2).

Other agents also directly or "indirectly" participate in the governance of the agrarian sphere by negotiating and/or imposing relevant conditions, standards, norms, demand, etc. These are the owners of land, labor, material, financial, intellectual, etc. resources that are interested in their effective agricultural use and preservation. Often, they participate in various coalitions with the farmer entrepreneurs (informal partnership associations, formal firms, cooperatives, etc.) to realize more benefits. In turn, individual farmers form a variety of professional (business, not-for-profit, etc.) organizations and collective actions (initiatives, professional standards, lobbying, etc.) to better realize their goals and profit from joint activity.

This is the agriculture-related business (suppliers of materials, equipment, finance and technology and/or buyers of agrarian products) and end users. These agents impose socio-economic and environmental standards, specific support and demand for farming activities and services. For example, a large number of large processors and food chains implement (voluntary and/or mandatory) standards for "quality", "eco-friendliness", "fairness", etc., which are their initiatives, generally accepted industry "codes of conduct" or the result of consumer pressure to "contribute" to socio-economic and environmental sustainability.

Next, it is the residents, visitors to rural areas, and the various interest groups that "set" the conditions (pressure, demand) for environmentally friendly, socially responsible and economically viable agrarian activity and areas. Finally, it is the state and local government, international organizations, etc. that support the agrarian sustainability initiatives of the various agents and/or impose mandatory (social, economic, environmental, etc.) production and consumption standards.

At this level of analysis, special attention is to be paid to the "personal" characteristics of individual agents involved in governance, since transaction costs have two "behavioral" origins - the bounded rationality and tendency of individuals for opportunism (Williamson, 2005). Agrarian agents do not have all the information about the economic system (price differentiation, demand, trade opportunities, development trends) because collecting and processing such information is very expensive or impossible (multiple markets, future events, partner's intention to cheat etc.). In order to optimize decision-making, they incur costs to "increase their imperfect rationality" - data collection, analysis, forecasting, training, consulting, etc.

Besides, agents are also "opportunistic", and if there is an opportunity to obtain additional benefit with impunity from using institutions, contracted or market exchange, they are likely to take advantage. Agrarian agents are to protect rights, investments and transactions from the risk of opportunism by: ex-ante efforts to find a secure partner and design a form of effective partner cooperation; and ex-post investments to prevent (by monitoring, controlling, incentivizing cooperation) possible opportunism at the contract implementation stage (Williamson 2005).

Figure 3. System of Agrarian Governance

Source: author
It is also necessary to analyze other significant factors of individual agents such as personal preferences, "discipline", ideology, knowledge, capabilities, propensity to take risks, reputation, trust, "contracting" power, etc.

Second, it is necessary to identify, distinguish, characterize and evaluate the principal mechanisms and forms that govern the behavior and activities of individual agents. These include (Figure 3):

- The analysis has to distinguish the all possible types of opportunism: pre-contract (Adverse Selection), when a partner takes advantage of the "information asymmetry" and negotiates better terms of exchange; post-contractual (Moral Hazard), when a partner takes advantage of the impossibility of fully controlling his activity (by the other partner, a third party) or receives a "legitimate benefit" from unexpected changes in the terms of exchange (costs, prices, regulations); and "free riding" type inherent in the evolution of larger organizations – since individual benefits are not proportional to individual costs, there is a tendency for each to expect others to invest in organizational development and to benefit in case it is successful.

The institutional environment or the "rules of the game" - this is the distribution of rights and obligations between individuals, groups and generations and the system for enforcement of these rights and rules (North 1990; Furubotn and Richter 2005). The spectrum of rights may include tangible and intangible assets, natural resources, activities, working conditions and wages, social protection, clean nature, food and eco-security, intra- and inter-generational justice, etc. Sanctioning of rights and rules is carried out by the state (administration, police, court, etc.), public pressure, trust, reputation, private forms, or is self-sanctioned by the agents themselves.

Part of the rights and obligations are determined by formal laws, normative documents, standards, court decisions, etc. There is usually strict government regulation of ownership, use, trade, etc. of agricultural lands and other natural resources, mandatory standards for product safety and quality, working conditions, protection of the natural environment, animal welfare, etc. There are also important informal rules and rights established by tradition, culture, religion, ideology, ethical and moral norms, etc., which are to be analyzed. In Bulgaria, many of the formal rights and rules "do not work" well and the informal "rules of the game" predetermine ("govern") the behavior of agents in society, and there is also a huge informal ("gray", "black") sector.

Institutional development is initiated by public (state, community) authorities, international politics (agreements, assistance, pressure) and private and collective actions of individuals. Bulgaria's membership in the European Union is related to the adaptation of modern European legislation (Acquis Communautaire) and better enforcement (external monitoring and sanctions in case of non-compliance by the Union). In the modern stage, many of the institutional innovations are also the result of the pressure or initiatives of certain interest groups - eco-associations, consumer organizations, etc. In the analysis, a qualitative characterization of the formal and informal institutional arrangement in agriculture is to be made, the effectiveness of the system for its sanctioning is to be assessed, and the incentives, limitations, costs and impact for a certain type of behavior and actions of the various agents is to be specified.

Institutional "modernization" is a long historical process, and individual components of the institutional environment have their own "logic" of development and life cycle lasting decades and centuries. In short periods of "normal" development, however, the institutional environment is usually "stable" because individuals can have little influence on institutions and institutional change. This is a major advantage because there is stable order and predictability, and therefore low transaction costs for agents. On the other hand, it is a significant drawback in the case of poor institutional arrangements, when the situation does not improve as "quickly" as the majority expects.

It is necessary to highlight and analyze the main elements of the institutional framework and their compliance with the European ones, take into account informal rules and restrictions important for the sector, assess the aggregate or (if possible) particular influence on the behavior, actions and relations of the agents, and effect in terms of transaction costs, and highlight the driving factors of institutional modernization (such as the Green Deal of European Union, reforming CAP, etc.) during the period.

- Market forms or the "invisible hand of the market" - these are the various decentralized initiatives governed by the movement of "free" market prices and market competition: spotlight exchange of resources, products and services, classic contract for purchase, rental or sale, trade with special high-quality, organic, etc. products and origins, agrarian and ecosystem services, etc. Individual agents use (adapt to) markets, profiting from labor specialization and mutually beneficial exchange (trade), while their voluntary decentralized actions "direct" and "correct" the overall distribution of resources among different activities, sectors, regions, ecosystems, countries etc.

However, there are many examples of lack of individual incentives, choice and/or unwanted exchange, and unsustainable development in the agrarian sector - missing markets, monopolistic or power relationships,
positive or negative externalities, disparity in income and working and living conditions in rural and urban areas, etc. Therefore, the free market "fails" to effectively govern the overall activity, exchange and investment in the agrarian sphere and leads to low socio-economic and environmental sustainability. The analysis is to establish whether markets for agrarian resources and products work "well" (many sellers and buyers), ascertain the costs and benefits associated with market forms for different agents, and identify cases of "market failure" in contemporary conditions.

- Private and collective forms or "private or collective order" - these are various private initiatives and special contractual and organizational forms: long-term supply and marketing contracts, voluntary eco-actions, voluntary or mandatory codes of conduct, coalition (family, company, corporate, etc.) farms, partnerships, cooperatives and associations, trademarks, labels, etc. Individual agents take advantage of economic, market, institutional, and other opportunities, and overcome institutional and market imperfections by choosing or designing new (mutually) beneficial private forms and rules for governing behavior, activity, and relationships. Private forms negotiate their own rules or accept (enforce) an existing private or collective order, transfer existing or grant new rights to the partner, and protect the absolute (provided by the institutional environment) and contracted (given or exchanged by the participants) rights of agents.

At the modern stage, much of the agrarian activity is governed by voluntary initiatives, through private negotiations, the "visible hand of the manager", collective decision-making, or complex hierarchical internal management structures. However, there are many examples of the "failure" of the private sector to govern socially desirable activities - for example, preferred eco-conservation, preservation of traditional family farms and productions, preservation and renewal of rural areas, etc.

Figure 4. Principal forms for governing agrarian transactions

<table>
<thead>
<tr>
<th>Free Market</th>
<th>Special contract</th>
<th>Internal Organisation</th>
<th>Third-party intervention</th>
<th>Public intervention</th>
</tr>
</thead>
<tbody>
<tr>
<td>✗</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
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<td>✗</td>
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<td>✗</td>
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<td>✗</td>
<td></td>
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</tbody>
</table>

THE MOST EFFECTIVE MODE

<table>
<thead>
<tr>
<th>Frequency</th>
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<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td></td>
<td></td>
</tr>
<tr>
<td>High</td>
<td></td>
<td></td>
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</tbody>
</table>

CRITICAL DIMENSION OF TRANSACTION

<table>
<thead>
<tr>
<th>Uncertainty</th>
<th>Low</th>
<th>High</th>
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</thead>
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<tr>
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<td></td>
<td></td>
</tr>
<tr>
<td>High</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Asset Specificity</th>
<th>Low</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Appropriability</th>
<th>Low</th>
</tr>
</thead>
</table>

Source: author.

The analysis is to identify and evaluate the advantages and disadvantages of the various private forms of governance dominant in Bulgarian agriculture - main types of farms (individual, family, cooperative, firm, company, etc.), special contractual forms (purchase, hiring of assets, borrowing, insurance, sale, interlinked transactions, etc.), collective organizations outside the farm gates, etc. For some of the transaction costs of these forms, there is available (statistical, reporting, etc.) or it is possible to collect reliable information from farm managers.

However, for much of the transaction costs lack the necessary information and it is necessary to apply qualitative Discrete Structural Analysis (Williamson 2005) to determine the comparative efficiency of alternative governance forms. This is done on the basis of determining the "critical dimensions" of transactions - these are the factors that determine the changes of transaction costs in the specific economic, institutional and natural environment. Since transactions have different critical characteristics and the governance forms have different

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3 frequency of transactions with the same partner, uncertainty associated with transactions, specificity of assets to support a particular transaction (Williamson, 2005), and appropriability of rights associated with transactions (Bachev, 2010) have been identified as four critical dimensions of (agrarian) transactions and activities.
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comparative advantages it is to “align” transactions (which differ in their attributes) to governing structures (which differ in terms of costs and competence) in a discriminating (mainly transaction cost-saving) way” (Williamson 2005). Depending on the combination of the specific characteristics of each activity/transaction, different most effective modes of governance of this activity will be efficient – market, contract, internal, trilateral, etc. (Figure 4).

While examples of “good” institutional environment evolution are few (in a small number of highly developed democracies with prospering populations), examples of “successful” modernizations in “institutions of governance” are numerous (Williamson, 2000). In the specific institutional, market and natural environment, agents usually choose or design the most efficient private forms for governing their relationships and activities. Therefore, the identification of the dominant forms of private governance in the agrarian sphere or its individual areas gives a good idea of the (most) effective forms for the specific stage of development.

- Public forms or “public order” - these are diverse public (community, government, international) interventions in the market and private sector such as: public recommendations, public regulations, public assistance, public taxation, public financing, public provision, public modernization of the institutional environment (rights and rules), etc. The role of public (local, national, European, etc.) governance is growing along with the intensification of activity and the exchange, and mutual (inter)dependence of socio-economic and environmental protection activities.

In some cases, it is possible that the effective governance of individual activity and/or the organization of certain activities through market mechanisms and/or through private negotiation may take a long period of time, be very expensive, fail to reach the socially desired scale, or may not be possible to be accomplished at all. Then centralized public intervention could reach the desired state faster, with less cost and more efficiently. However, there are many cases of poor public involvement (inaction, improper intervention, excessive regulation, corruption), leading to significant problems for sustainable agrarian development in Bulgaria and around the world.

The analysis of the agrarian governance in the country is to establish whether the “needs” for public intervention (the identified cases of market, private and collective failure) are effectively filled with the necessary public interventions, whether the most effective form of public intervention has been chosen among (politically, administratively, financially, etc.) feasible alternatives, and also to identify the cases of dominant public failures at the modern stage of development of the sector.

- Hybrid forms – some combination of the above three, such as public-private partnership, public licensing and inspection of private bio-farms, etc.

In the long term, the specific system of governance of agrarian sector (pre)determines the type and nature of socio-economic development (Figure 3). Depending on the effectiveness of the established agrarian governance system, individual farms, sub-sectors, regions, agro-ecosystems, and countries achieve unequal results in socio-economic development, with various challenges in the economic, social and ecological sustainability of individual farms, sub-sectors, regions, ecosystems and agriculture in general.

Third, like any economic process, agrarian governance is a complex, multi-layered, polycentric and multidimensional process that takes place over time and involves numerous agents who develop and use diverse forms and mechanisms of governance. A detail analysis of this process is to be done in relatively distinct governance subsystems - different levels (from farm level to national and European), functional areas (supply of labor, land, capital, etc.), farm types and organizations etc., establishing their specificity, needs and efficiency (Figure 5).

Figure 4. Framework for Analysis of the Agrarian Governance System

Source: author
Particular attention is to be given to the identification and assessment of the dominant (most frequently used) forms of governance in the main functional areas of different types of farms, and which are related to: supply and use of labor, land and natural resources, services, material assets, equipment and biological inputs, knowledge and know-how, innovation, finance, insurance and risk management, and realization (utilization, processing, marketing, etc.) of agricultural products and services. In addition, the diverse "collective actions" (organizations) in which farmers participate to induce private and/or public intervention in the market and private sector in their own interest are to be analyzed. In this way, all forms of internal and external economic integration in the agrarian sphere will be identified, analyzed and evaluated. In addition, other organizations in agrarian governance are to be analyzed - state, international, non-governmental, etc.

It is necessary to take a snapshot (short video) in order to be able to thoroughly analyze the diverse structures and processes in agrarian governance at the current stage. Where reliable information is available, comparisons is to be also made with previous assessments of governance at the farm level to see the dynamics during the period of the country's integration into the European Union and implementation of the Union's Common Agricultural Policies.

The identification of applied and other realistically possible forms of governance of transactions in different types of farms is to be the subject of a special micro-economic study. For this purpose, primary information is to be collected from farm managers and farmer organizations (including through the official agro-statistics) about the employed or preferred governing modes, factors for managerial choice, costs related to the governance of the main types of transactions, and the efficiency of governance of farming enterprise.

Fourth, the analysis of the agrarian governance system is to end with an assessment of the (final) result of this process - the state of the system and the final efficiency of the functioning of the agrarian system. If the welfare of the farmers is growing and the shops are full, there is "agrarian governance", otherwise there is "no governance". At this stage, depending on the scope of the analysis, a variety of data characterizing various aspects of the state of the agricultural sector and its subsystems are to be used - farm competitiveness, product and productivity dynamics, quality of lands, agrarian ecosystems, etc.

However, this approach allows seeing only the aggregate "current" (static) effect of diverse (governing) mechanisms and forms, and long-term (governing) processes and activities of numerous agents. An important methodological issue is considering the "time factor", since many effects are the result(s) of old governance system(s), while many new and promising forms have not yet realized their potential effect(s). One of the directions for overcoming this problem is an assessment of the level of agrarian sustainability, which by definition is "future-oriented" (Bachev, 2010). Another direction is an "immediate" assessment of the compliance of the country's agrarian governance system with the principles of "good governance" - for example, those in the European Union (Ivanov and Bachev, 2023). A third approach seeks a solution in extending the period of analysis – for example, the Programing Period for the implementation of the European Union Common Agricultural Policy. None of these approaches, however, solves the challenge arising from the time factor in the analysis of socio-economic processes. Agrarian governance is a multi-layered dynamic system, and any "one-sided" assessment in "short" periods of analysis cannot claim to be inclusive.

3. Assessing the Quality of Agrarian Governance in Bulgaria

A "new" and constantly evolving concept of “Good Governance” has been increasingly used in the last three decades by the international, public, non-governmental and business organizations (AAID 2008; ACML 2020; DFID 2010; Council of Europe 2022; IFAD, 1999; OECD 2015; World Bank 2022), and is been a topic of "hot" academic debates of scholars in politics, economics, organization, development studies, international politics, behavioral sciences, socio-legal studies, etc. (Aguilera and Cuervo-Cazurra 2019; Ali 2015; Andrews 2008; Bayyurt, Serin, Ankan 2015; Cheshire, Higgins, and Lawrence 2007; Dasgupta and Roy, 2016; Fukuyama, 2016; Higgins and Lawrence 2005; Narzary 2015; Riegnier 2012; Steffek and Wegmann 2021; Tripathi 2017; Weiss 2000). The critical role of the (good) governance in facing important (economic, social, environmental, etc.) challenges and achieving organizational, business, community, and social (including global) goals has been well recognized by the scientists, decision-makers, and public at large (Coase, 1991; Bayyurt, Serin, Ankan 2015; Ostrom 2014; North 1990; Williamson 2005). Subsequently, attempts have been multiplying to specify and measure “how good or bad” that important factor of social development is. Furthermore, there is increasing acceptance that the good governance is a broader category than administration, business, economic, etc.

4 Usually before any major crisis there is "normal governance", and conversely, a quick exit from the crisis requires "good governance".
efficiency, and (besides the Government) it is to include multiple agents and ("universal") social, environmental, etc. dimensions and goals. Thus, good governance is to be studied and assessed simultaneously as a means, a goal, and a result of "sustainable" socio-economic development (Bachev, Ivanov and Sarov 2020).

The major principles of "good" governance were initially introduced by the World Bank and become a benchmark related to "the manner in which power is exercised in the management of a country’s economic and social resources for development". Since 1996 the Worldwide Governance Indicators have been reported annually including six governance dimensions: Voice and Accountability, Political Stability and Absence of Violence/Terrorism, Government Effectiveness, Regulatory Quality, Rule of Law, and Control of Corruption (World Bank 2022). In addition, principles of "good" Corporate governance were introduced by OECD in 1999 including Discipline, Transparency, Independence, Accountability, Responsibility, Fairness, and Social Responsibility (OECD 2015). Since its introduction, the content and principles of good governance have been specified, enriched, and widely adopted by international, governmental, business, non-governmental, and other organizations. In the EU a larger set of principles for good "regional" governance have been formulated, monitored, and enforced including Fair Conduct of Elections, Representation and Participation, Responsiveness, Efficiency and Effectiveness, Openness and Transparency, Rule of Law, Ethical conduct, Competence and Capacity, Innovation and Openness to Change, Sustainability and Long-term Orientation, Sound Financial Management, Human rights, Cultural Diversity and Social Cohesion, Accountability (Council of Europe, 2022).

Subsequently, many of these principles have been enshrined in national laws and regulations and/or accepted as voluntary (organizational, business etc.) standards for behavior in the Union and beyond.

Despite its widespread use still, there is no consensus about the content of the good governance and a unified approach to its "measurement". There have been suggested and applied multiple methods for assessing the compliance with the principles (standards, codes, characteristics, dimensions, best practices, etc.) of good governance at global, regional, national, corporate, NGO, sectoral scales, at different functional areas of activity (e.g. internet, R&D, environmental management, etc.), and management of major resources (land, water, etc.) and social challenges (e.g. climate change, biodiversity preservation, etc.). Applied approaches for understanding and evaluating the system of governance mostly depend on the objectives of involved organizations and/or incorporated "methodological" frameworks. For instance, the assessments of the World Bank and some international and national donor agencies focus predomnately on the public economic governance (extent of services provision, efficiency, corruption, etc.) in beneficiary countries; the framework applied by the EU, OECD, UN, and other organizations prioritize democracy, human rights, etc. aspects as well; the corporate sector puts primary attention on the safeguarding the of shareholders and (increasingly) stakeholders and social interests, etc. Similarly, political scientists and political economists are mostly interested in the "model" of governance and power relations, low scholars' study mainly formal legal "order", economists primarily investigate the (program, investment, transaction, third-party, etc.) costs and benefits, etc. The variation in the chosen "principles" and employed indicators for evaluating the "goodness" of governance creates confusion among different users and brings up criticism (Fukuyama 2016). There is also a big criticism on applying a "Nirvana" approach which compares the real situation to some (Western, ideal, etc.) norms rather than to (an)other feasible "social arrangement(s)" (governance alternatives) in the specific conditions of a particular country, sector, region, agents, etc.

The holistic framework for assessing agrarian governance includes several steps: defining the components of the agrarian governance system; formulating the principles of good agrarian governance; specifying the assessment aspects for each principle; identifying the best indicators for each aspect; selecting the criteria and reference values for assessing the quality of agrarian governance for each indicators; and deriving the good governance assessment score (Ivanov and Bachev 2022; Bachev and Ivanov 2023).

The Good Governance Principles are "universal" and relate to the best (desirable) state of the individual components of the governance system and the system as a whole. They are based on the widely accepted universal principle of good governance formulated by the international organization (EU, UN, FAO, etc.) and adapted to the specific conditions of agriculture. For instance, for the "specific" contemporary conditions of European Union (and Bulgarian) agriculture 11 (good governance) principles related to the individual component of agrarian governance have been selected by a Panel of Experts – Good Legislation, Respectful Informal Rules, Good Working Public Sector, Good Working Private Sector, Good Working Markets, High Transparency, Good Involvement, High Efficiency, Good Leadership, Equity and Solidarity, and High Synergy.

The Aspects are precise standards ("measurement approaches") for each of the Principles representing a resulting state of the evaluated system when the relevant good governance Principle is realized. For contemporary Bulgarian conditions for every Principle 17 specific Aspects with their desired position have been
identified by Panel of Experts – Supportive administration, No administrative deadweight, Efficient private sector, Accessible market, Fair competition, Confident level of awareness, Participatory decision-making, High return, Low transaction costs, High competency, Recognized promotion model, Gender equity, Fair distribution, High GAV agriculture, Stable employment, Competitive trade, and Resilient environment (Table 1).

The Good Governance Indicators are quantitative and qualitative variables of different types which can be assessed in the specific conditions of the evaluated system allowing measurement of compliance with a particular Aspect. The set of Indicators provides a comprehensive picture of the state of individual components of agrarian governance and the system as a whole. For the selection of the Governance Indicators a number of criteria, broadly applied in the sustainability assessment literature and practices, were used: “Relevance”, “Discriminatory power”, “Analytical soundness”, “Intelligibility and synonymity”, “Measurability”, “Governance and policy relevance”, and “Practical applicability” (Bachev, Ivanov, Sarov 2020). For the specific conditions of Bulgarian agriculture 36 indicators have been selected by the Panel of Experts (Table 1).

For assessing the particular goodness level, a system of specific Good Governance Criteria (best norms, range, standards, practices, etc.) for each Indicator are used. They are based on modern scientific research, European Union practices and standards, existing social contracts, etc. in the Bulgarian agriculture or in the evaluated subsystem of country’s agriculture. Good Governance Criteria are the practically possible levels for each Indicator for the specific conditions of the evaluated agro-system. They assist the assessment of agrarian governance by giving guidance for achieving (maintaining, improving) the best feasible standards for the particular components and the overall agrarian governance. Depending on the extent of the Criteria achievement the evaluated agro-system could be with a “good”, “satisfactory” or “bad” governance. For instance, a higher or similar to the EU level corresponds to good governance for a particular indicator, and vice versa.

Assessment and analysis of compliance to the principles of good agrarian governance are done for each indicator. Very often individual Indicators for each Aspect and/or different Aspect and Principles of governance with unequal, and frequently with controversial levels. That requires a transformation into a “unitless” Governance Index and integration of estimates. Diverse quantitative and qualitative levels for each indicator are transformed into a Governance Index applying an appropriate scale for each Indicator. Initial assessment of the governance of Bulgarian agriculture was done is the end of 2022 using data from statistical and other official sources as well as assessments of an 8-member Panel of Experts including leading scholars, and representatives of governmental and farmers organizations. The difference between used two types of indicators is the estimation modes, as the later ones are based on scores of Experts from a 5-level ranking scale (Very low, Low, Middle, High and Very high). The assessment score of each indicator is determined by the desired state derived from the principal aspects and indicator criteria interpretation, which means that in some cases, “Very low” is equivalent of 0, whereas in other cases might refer to 1. For the remaining indicators of governance, the Relative Comparison Assessment Method is employed (Ivanov, 2022). The statistically generated data are from different databases on macro and farm level, including Eurostat, FADN database averaging for 3-year period (2018-2020) whole experts’ judgments is done having in mind the recent years.

Table 1. System of Principles, Aspects, Indicators, and Criteria for Assessing the Quality of Governance of Bulgarian Agriculture

<table>
<thead>
<tr>
<th>Principles</th>
<th>Aspects</th>
<th>Indicators</th>
<th>Estimation mode</th>
<th>Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Good Legislation</td>
<td>Comprehensive legislation</td>
<td>Completeness of the legislation (1)</td>
<td>Experts assessment</td>
<td>Ranking score</td>
</tr>
<tr>
<td></td>
<td>Justified enforcement</td>
<td>Degree of implementation and abide with legislation (2)</td>
<td>Experts assessment</td>
<td>Ranking score</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Level of regulation costs for get acquainted and to be enforced (3)</td>
<td>Experts assessment</td>
<td>Ranking score</td>
</tr>
<tr>
<td>Respectful Informal Rules</td>
<td>Mutual Trust</td>
<td>Level of trust between subjects in the agriculture (4)</td>
<td>Experts assessment</td>
<td>Ranking score</td>
</tr>
<tr>
<td></td>
<td>Good Manner</td>
<td>Conflict level and contradiction state within agriculture community (5)</td>
<td>Experts assessment</td>
<td>Ranking score</td>
</tr>
<tr>
<td>Good Working Public Sector</td>
<td>No administrative deadweight</td>
<td>Level of unlawful payments and embezzlement (6)</td>
<td>Experts assessment</td>
<td>Ranking score</td>
</tr>
<tr>
<td></td>
<td>Supportive administration</td>
<td>Satisfaction degree from administrative services (7)</td>
<td>Experts assessment</td>
<td>Ranking score</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Level of governmental spending for agricultural public administrating (agr-governmental expenditure unto total governmental spending) (8)</td>
<td>RCA method</td>
<td>Percent</td>
</tr>
<tr>
<td>Principles</td>
<td>Aspects</td>
<td>Indicators</td>
<td>Estimation mode</td>
<td>Units</td>
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<td>----------------------------------------------------------------------------</td>
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<tr>
<td>Good Working Private Sector</td>
<td>Efficient Private Sector</td>
<td>Effectiveness of contracting among agents in agriculture (9)</td>
<td>Experts assessment</td>
<td>Ranking score</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Equality in the opportunities for development of different organizations forms (10)</td>
<td>Experts assessment</td>
<td>Ranking score</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Propensity to external contracting (contractual work to total output) (11)</td>
<td>RCA method</td>
<td>Ranking score</td>
</tr>
<tr>
<td>Good Working Market</td>
<td>Accessible market</td>
<td>Level of entry and exit market costs (12)</td>
<td>Experts assessment</td>
<td>Ranking score</td>
</tr>
<tr>
<td></td>
<td>Fair competition</td>
<td>Competition fairness and avoiding price rigging (13)</td>
<td>Experts assessment</td>
<td>Ranking score</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Degree of market orientation (farm use and farmhouse consumption unto total output (14)</td>
<td>RCA method</td>
<td>Share</td>
</tr>
<tr>
<td>High Transparency</td>
<td>Confident level of awareness</td>
<td>Information awareness of stakeholders and agents in agriculture (15)</td>
<td>Experts assessment</td>
<td>Ranking score</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Costs level for information access of stakeholders and agents (16)</td>
<td>Experts assessment</td>
<td>Ranking score</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Decision-making transparency extent (17)</td>
<td>Experts assessment</td>
<td>Ranking score</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Symmetric between decisions taken and public expectations in agriculture (18)</td>
<td>Experts assessment</td>
<td>Ranking score</td>
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<tr>
<td>Good Involvement</td>
<td>Participatory decision-making</td>
<td>Plurality level in decision –making process in agriculture (19)</td>
<td>Experts assessment</td>
<td>Ranking score</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Level of unacceptable lobbying impairing third parties (20)</td>
<td>Experts assessment</td>
<td>Ranking score</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Scope of farm access to public agricultural support (% farms with direct payment/all farms) (21)</td>
<td>RCA method</td>
<td>Percent</td>
</tr>
<tr>
<td>High Efficiency</td>
<td>High return</td>
<td>Total spending of means and efforts for dealing with other economic agents and administration in agriculture (22)</td>
<td>Experts assessment</td>
<td>Ranking score</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Price rewarding potential (price index outputs/price input index) (23)</td>
<td>RCA method</td>
<td>Index</td>
</tr>
<tr>
<td></td>
<td>Low transaction costs</td>
<td>Level of transaction costs in the agriculture (total farm overhead costs/total input) (24)</td>
<td>RCA method</td>
<td>Share</td>
</tr>
<tr>
<td>Good Leadership</td>
<td>Recognized promotion model</td>
<td>Level of achieving own advantage on the expense of others through legal and illegal means (25)</td>
<td>Experts assessment</td>
<td>Ranking score</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Correctness and decency in the business relationships in agriculture (26)</td>
<td>Experts assessment</td>
<td>Ranking score</td>
</tr>
<tr>
<td></td>
<td>High competency</td>
<td>Degree of competency and expertise of agents in agriculture (27)</td>
<td>Experts assessment</td>
<td>Ranking score</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Entrepreneurship abilities and level of self-improvement of agents (28)</td>
<td>Experts assessment</td>
<td>Ranking score</td>
</tr>
<tr>
<td>Equity and Solidarity</td>
<td>Ethnical, religious and bigotry equity</td>
<td>Level of discrimination on the ethical, religious and bigotry causes (29)</td>
<td>Experts assessment</td>
<td>Ranking score</td>
</tr>
<tr>
<td></td>
<td>Fair distribution</td>
<td>Fairness in the remuneration of employees in agriculture (compensation of employees/factor income) (30)</td>
<td>RCA method</td>
<td>Share</td>
</tr>
<tr>
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<td></td>
<td>Balance in the public support distribution in agriculture (Gini coefficient) (31)</td>
<td>RCA method</td>
<td>Coefficient</td>
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<tr>
<td>High Synergy</td>
<td>Stable employment</td>
<td>People engagement in agriculture (share of population employed in agriculture) (32)</td>
<td>RCA method</td>
<td>Percent</td>
</tr>
<tr>
<td></td>
<td>High GAV agriculture</td>
<td>Significance of agriculture in the economy (GAV of agriculture per capita) (33)</td>
<td>RCA method</td>
<td>Euro</td>
</tr>
<tr>
<td></td>
<td>Competitive trade</td>
<td>Importance of agriculture in the trade (agriculture export/agricultural import) (34)</td>
<td>RCA method</td>
<td>Index</td>
</tr>
<tr>
<td></td>
<td>Resilient environment</td>
<td>Contribution of agriculture to climate change mitigation (% of greenhouse gases from agriculture in total GHG) (35)</td>
<td>RCA method</td>
<td>Percent</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Soil protection and control of nitrogen pollution (quantity of nitrogen fertilizers use) (36)</td>
<td>RCA method</td>
<td>Kg per ha</td>
</tr>
</tbody>
</table>

Source: Bachev and Ivanov, 2023.

The common criteria used in this assessment is the average EU level and the medium EU situation, which is applied to provide the measurability and comparability of the assessment scores. The Good governance reference values are the practically observed indicators values on the counterpart EU average indicators. The
later assist the assessment of agrarian governance by giving guidance for achieving (maintaining, improving) the best feasible standards for the components and the overall agrarian governance.

The Integral Governance Index is computed through weighting Principal score assessment based on the principle number and component count. The Integral Governance Index of Bulgarian agriculture is represented by a qualitative score, which ranges from 0 to 1 that might be converted into qualitative assessment. For the purpose of this research are formulated five categories that Governance Index implies: “very good”, “good”, “moderate”, “satisfactory” and “bad” governance. These qualifications are linked to: Index range 0.81-1 for a “Very Good” governance; Index range 0.56-0.80 for a “Good” governance; Index range 0.46-0.55 for a “Moderate” governance; 0.21-0.45 for a “Satisfactory” governance and Index range less than 0.20 – referring to ‘Bad or Unsatisfactory” agrarian governance. The governance assessment is oriented to the EU level, and therefore the Moderate rate is with a shorter range (plus or minus 0.05 deviation from the “average” EU value), while the extreme (Very Good or Bad) levels are kept in the normal 0.2 range in the 5 level Governance scale. Detailed explanation and justification of applied approach is done by Ivanov and Bachev (2023).

Initial approbation of the suggested framework has found out that the Integral Governance Index of Bulgarian agriculture is at moderate level having in mind the EU perspective. The highest performance is attained under the principles of Equity and Solidarity and the Good Working Public Sector while in terms of the Working Private Sector and the Stakeholders Involvements it is the lowest (Figure 6).

Figure 6. Quality Level of Agrarian Governance in Bulgaria for Major Principles of Good Governance

Source: author calculations.

Analysis of individual indicators demonstrates that the strongest points of agrarian governance system in the country at the present stage of development are: Level of governmental spending for agricultural public administrating (agri-governmental expenditure unto total governmental spending), People engagement in agriculture (share of population employed in agriculture), Level of discrimination on the ethnical, religious and bigotry causes, Effectiveness of contracting among agents in agriculture, Importance of agriculture in the trade (agriculture export unto agricultural import), Degree of market orientation (farm use and farmhouse consumption unto total output), Completeness of the legislation, Level of regulation costs for get acquainted and to be enforced, and Correctness and decency in the business relationships in agriculture (Figure 7).

Figure 7. Quality Level of Agrarian Governance in Bulgaria for Individual Indictors for Good Governance

Source: author calculations.
At the same time, the weakest point of the governance system of Bulgarian agriculture are identified as: Propensity to external contracting (contractual work to total output), Equality in the opportunities for development of different organizations forms, Satisfaction degree from administrative services, Scope of farm access to public agricultural support (percent of farms with direct payment unto all farms), Level of trust between subjects in the agriculture, Symmetric between decisions taken and public expectations in agriculture, and Degree of competency and expertise of agents in agriculture. In all these directions the efforts of responsible officials, farm and agribusiness managers, professional organizations, and other stakeholders have to be directed through policies instruments, administration reforms, improvement of private and collective management, international assistance, etc. in order to improve the governance of agrarian sector in the country.

Conclusions and Further Research

In this paper, we have tried to prove that agrarian governance is a complex system that includes agrarian and related agents involved in management decision-making; rules, forms and mechanisms that govern the behavior, activities and relationships of agrarian agents; processes and activities related to making governance decisions; a specific social order resulting from the governing process and functioning of the system. Adapting the methodology of the New Institutional Economics allows to better understand, analyze and evaluate this complex system and its individual components. The analysis is to include the individual elements for the system, different levels of governance and the main functional areas of the farming, for each of which appropriate quantitative or qualitative methods of the institutional approach are to be used.

This study also demonstrated that the (quantitative) assessment of the governance system of Bulgarian agriculture and the level of its compliance to the principles of “Good governance” is possible. The latter is a “work in progress” and further refinements are necessary in terms of perfection of the hierarchical system of governance principles, aspects and indicators, its broader application into analysis of the governance system in major subsectors of Bulgarian agriculture (crop, livestock, etc.) and international comparisons between EU countries, as well as in appropriate data collection, including through official agri-statistics system.

Systematic theoretical and empirical research in this “new” field should be expanded to better understand this complex category and refine approaches to its economic analysis. For a better distinction and a more complete definition, a wider use of the term Governance (гавърнанс) in languages like Bulgarian (where there is no specific term to distinguish it from Management) is necessary, as is already the practice both in scientific circles and in colloquial speech.

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