

# Employment problems in the rural regions in Bulgaria and possibilities for their solution

YULIANA YARKOVA\*, IVAN GEORGIEV\*

Jel classification: O180, Q180

## Introduction and aim

Under the conditions of the challenges which our country faces in its future development - globalization, transition to economy, based on knowledge, varying age structures of the population, the regional development of Bulgaria makes its principal aim to achieve a sustainable and balanced development of the regions for the period 2005-2015.

The rural regions in Bulgaria are the point of intersection of many problems.

That is why the development policy of the rural regions serves the needs of the whole society. The rural life environment serves the interests not only of the local population, but also those of the society as a whole both because of the big variety and natural value of the rural regions and their rich cultural heritage.

The development policy of the rural regions in EU follows the global directions for sustainable development (Göteborg) and the Lisbon strategy (the European Union's Growth and Jobs Strategy), as well as the decisions of the Salzburg conference (2003). Regulation N:1698 from 20.09.2005 of the Council for the Support to the Rural Regions Development determined the four main axes of the EU Strategic directions for the rural regions development 2007-2013<sup>1</sup>, applied in the policy for the rural regions development in Bulgaria too:

- 1) Improvement of the competitive power of the agrarian and forestry sector;
- 2) Improvement of the environment and the rural landscape;

## Abstract

This contribution gives an overview of the current pressing problem of unemployment in rural Bulgaria and indicates approaches to how these problems might be solved. As similar problems seem to have been a topic in other EU-member countries for years this article also intends to start a dialogue between the Thrakian University at Stara Zagora (BG) and other universities and/or institutes that are involved in this field of research in order to exchange experience and ideas.

**Key Words:** sustainable development, rural policy, employment

## Résumé

*Cet article examine le problème urgent du chômage dans les régions rurales de la Bulgarie et donne des indications sur la possibilité de résoudre ces problèmes. Vu que ces mêmes problèmes ont été vécus par bien des pays membres de l'UE pendant des années, cet article envisage aussi un dialogue entre l'université de Thrakian à Stara Zagora (BG) et les universités et/ou instituts qui sont engagés dans ce domaine de recherche afin de promouvoir un échange d'expériences et d'idées.*

**Mots clé:** développement durable, politique rurale, emploi

3) Diversification of the rural economy and improvement of the life quality in the rural regions;

4) Leader approach (Leader+ initiative).

The employment policy in the rural regions is to be a priority in Bulgaria because it means the achievement of multilateral effects: to contribute to the welfare of the population, to improve the social status, to stimulate the progress, to inspire a bigger confidence in young people for a future realization in Bulgaria.

The aim of this contribution is to describe the current situation of unemployment in rural Bulgaria, to present possibilities to overcome this problem and to start a dialogue with other universities in order to learn mutually.

## 1. Problems concerning the employment in the rural regions of Bulgaria

The process of changes, carried out in Bulgaria during the last 15 years led to the rural regions falling behind which limits the development of the society as a whole. One third of the population in the rural regions lives in big poverty, higher unemployment, lower health and other standards, GDP per capita of the population is twice as lower as that in the urban regions and is 34% lower than the average for the country<sup>2</sup>. The reason is the relatively low value added in the agriculture which is a predominantly economic sector.

The demographic problems in our country are expressed the best in the rural regions. The main reason for the depopulation of the rural regions (outgoing migration) is the decrease in the number of young people which is due to the lack of opportunities for finding work. This leads to the decrease in birth rate - in 2003 the birth rate in the villages is of very big negative value (-12.2 per 1000) while this value is 2.9 per 1000<sup>3</sup> in the towns. According to data of NSI

\* Department of Economics, Thrakia University, 6000 Stara Zagora, Bulgaria

<sup>1</sup> DG AGRI, July 2005

<sup>2</sup> National strategic plan for the development of the rural regions (NSPDRR), March, 2006

<sup>3</sup> NSI, Population and Homes, 2003.

(2004)<sup>4</sup> the age structure of the population in these regions is becoming more and more unfavorable - the part of the elderly people over 65 years is increasing and is higher (17.1%) than that of the young people under the age of 15 (13.8%). The percentage of the elderly population above working age is considerably higher (2005-25.6%) than that in the towns (2005-13.6%).

of the increasing unemployment after 1990 - restructuring of the economy, unsatisfactory investment level, etc., and on the other hand the economy in the rural regions is characterized by the lack of some main services, it is considerably more dependent on the agriculture as a principal source of income, the circle of employment opportunities is limited and it is complemented by deepening social isolation.

Approximately 78% of people, occupied with agriculture work in the rural regions<sup>5</sup>. The high employment of the population from the rural regions in the agriculture does not succeed in solving the income problem because a great part of the economies are natural and do not generate working places. Only 24% of the population occupied with agriculture work full-time - this fact clearly outlines the necessity of creating conditions for a more complete employment of the work force.

According to the definition, made by the National Strategic Plan for the Rural Regions Development (NSPRRD) (corresponding to the definition, adopted by OECD); out of all municipalities the rural regions enclose 98.8% from the territory of the country and 84.7% from the population in Bulgaria. The distribution of the territory and the population according to region types is represented in Table 2. The data show 76.5% of the territory and 58.4% of the population live in regions of predominantly rural type.

The density of the population in the rural regions (35.5 people/sq km) is twice as lower as the average value of this index for the country (70.3 people/sq km). The final definition of a rural region will be well-founded and represented in the Program for the Rural Regions Development 2007-2013 which may lead to a change in the data, shown in Table 2.

The Regulation for Determination of the Regions for Purposeful Influence and their Territorial Range<sup>6</sup> makes it

Table 1: *Work force and coefficients of economic activity, employment and unemployment according to residence in December\**

Residence	Work force			Persons not included in the work force thousand	Coefficient of economic activity %	Coefficient of employment	Coefficient of unemployment
	Total (thous.)	Empl. (thous.)	Unempl. (thous.)				
2000							
Total	3272.2	2735.5	536.7	3617.8	47.5	39.7	16.4
In the towns	2454.9	2097.8	357.1	2219.3	52.5	44.9	14.5
In the villages	817.2	637.7	179.6	1398.5	36.9	28.8	22.0
2001							
Total	3262.7	2628.2	636.5	3527.2	48.1	38.7	19.5
In the towns	2469.2	2033.8	435.5	2200.6	52.9	43.6	17.6
In the village	795.5	594.4	201.0	1326.6	37.5	28.0	25.3
2002							
Total	3248.6	2704.4	544.2	3461.1	48.4	40.3	16.8
In the towns	2471.6	2090.0	381.6	2172.3	53.2	45.0	15.4
In the villages	777.0	614.4	162.7	1288.8	37.6	29.7	20.9
2003							
Total	3237.1	2825.6	411.4	3439.7	48.5	42.3	12.7
In the towns	2450.9	2167.3	283.6	2190.7	52.8	46.7	11.6
In the villages	786.1	658.3	127.8	1249.1	38.6	32.3	16.3
2004							
Total	3302.8	2911.9	391.0	3377.6	49.4	43.6	11.8
In the towns	2516.0	2242.7	273.3	2138.8	54.1	48.2	10.9
In the villages	786.8	669.2	117.6	1238.8	38.8	33.0	15.0
2005							
Total	3310.9	2982.3	328.5	3364.8	49.6	44.7	9.9
In the towns	2529.0	2307.3	221.8	2138.0	54.2	49.4	8.8
In the villages	781.9	675.1	106.8	1226.8	38.9	33.6	13.7

\* Data are from NSI. Main results from the observation of work force <http://nsi.be>

\* Data are from NSI, Main results from the observation of work force <http://nsi.bg>

There is unambiguous evidence for the presence of higher unemployment in the rural regions. The coefficients of employment and unemployment for the period 2000-2005 are presented in Table 1. In spite of the total trend for decrease in the unemployment level lasts 5 years (2000-22%; 2005-13.7%) its level in the rural regions continues being 3.8 points higher than this index on the average for the country in 2005. The employment coefficient in the villages (2005-33.6%) is considerably lower than the average value (10.7 points) and than in towns (15.3 points).

On the one hand the problems of employment in the rural regions are a result of the common factors

Table 2: *Territory and Population in the rural Regions according to a Definition of OECD\**

Territory according to region type			Population according to region type		
Predominantly rural	Considerably rural	Predominantly urban	Predominantly rural	Considerably rural	Predominantly urban
% of the total territory of the country			% of the total population of the country		
76.5	22.3	1.2	58.4	20.2	13.4
Territory at NUTS III level, with density of the population under 150 people per sq km. Source: Eurostat, 2005					

clear that 77 communities in rural regions in Bulgaria have fallen behind the other in their development.

As of the moment the quality of the work force is insufficiently good to respond to the challenges of the contemporary economic development. As regards the educational

<sup>4</sup> NSI, publications, Bulgaria 2004 - socio-economic development.

<sup>5</sup> According to data from the Census of the agricultural farms in Bulgaria, carried out by the Ministry of Agriculture and Forestry, 2003

<sup>6</sup> The Regulation for Determination of the Regions for Purposeful Influence and their Territorial Rang, SJ 53, 11.06.1999.

level and the professional qualification in the rural regions only 3% of their population possess a diploma of higher education while this part is 12% in the towns and the persons possessing a diploma of secondary education in the rural regions are hardly 37% of the population against 60% in the towns. The low educational - qualification level of the population in the rural regions has a negative effect not only on the development of a modern and efficient agriculture, but also decreases the chances for starting non-agricultural activities.

In 2004 the World Bank carried out a survey of the needs and priorities of the rural regions in Bulgaria. Although the survey is not representative from a statistical point of view it reveals the diversity of the geographic, demographic and socio-economic conditions in the country. In 14 communities and 56 villages interviews with 490 households, 71 entrepreneurs as well as 70 group interviews were carried out; particular cases in 9 villages were studied.<sup>7</sup>

The survey gives an idea about the life in the rural regions and shows the present disadvantages on the basis of which recommendations about development strategies formulation are made. Out of all interviewed households 62% (graph 1) show as a predominant concern the lack of employment. In the households with a constant income source the unemployment and the lack of income sources are a first-rate problem for 66% of them, while in those without constant income sources this problem is the principal one for 94% of them. The unemployment in the surveyed rural regions amounts to an average of 39% (it ranges between 8 and 80%) which reflects considerable regional differences.

The study has found out that the interviewed people have no plans and wishes about the future. People try just to survive, and the only hope of some others is to ensure good education for their children so that they can leave and make a better living for themselves.

The World Bank Survey has found out that 80% of the rural population works in subsistence farms, while the manufacturing industry and the service sector hardly exist in the rural regions.

In spite of the actions under the EU pre accession funds, national and international donor programs and projects there are still serious problems that have to be solved after the date of the official membership of Bulgaria in EU:

1. Lack of demand - the local rural market is characterized by a limited purchasing power and the businesses have difficulties to reach the scattered settlements.

2. The infrastructure is unsuitable – among others the deficiency of water, water-supply restrictions, bad quality of the water; lack of sewerage system, deteriorated roads etc. – all hindrances to enhance economic activities.

3. The local labor force needs more knowledge and new skills to be able to work in market conditions and in order to work in a non agricultural area of the business (moreover the local conditions for life and work are still not attractive for external worker). The stagnation in the employment in the agriculture has not been overcome. This deteriorates the economic status of the villages and does not help to reduce migration of agricultural workers and their families. People in the countryside do not have enough knowledge and experience in entrepreneurship under market conditions. They do not know how to legally register a firm, they do not possess the abilities for managing a small enterprise, for marketing, the requirements of the foreign markets for the goods' quality, legal requirements for firm management and their financing; lack of spirit of enterprise of people in the villages;

4. Limited access to information and advice, including information about and access to existing financial services – e.g. micro credits.

5. Necessity of increasing the employment of some social groups: under-privileged groups, women and other, through stimulating both the specific social groups and the employers.

6. Low management capacity of local authorities in the rural communities. A tendency for passive participation in activities and initiatives in the framework of national institutions is observed. There are no innovative approaches in conformity with the specific challenges and local opportunities<sup>8</sup>, including lack of approach “from the bottom to the top”.

7. In some regions of the country (for example the Rhodopes<sup>9</sup>) the access to EU funds and donor programs, including the Alternative Employment Program, is limited, because they have not been made clear to the population.

8. There are regions<sup>10</sup> which are not covered by the employment programs and projects and they need additional further support: 20km along the west border, the Strandzha-Sakar Mountains, the Eastern Stara Planina Mountains without the Black Sea coast, some areas of Rhodope Mountains.

9. The programs for employment increase is not still totally coordinated with the other priority fields, a complete complementation and coordination between the activities, financed by the different programs and funds, has not been achieved yet.

## Conditions and opportunities to increase the employment rate in rural regions of Bulgaria.

The following factors have an influence upon an increase of the employment-rate in rural regions in Bulgaria:

Strengths: Favorable soil and climatic conditions for the production of various products; Rich traditions in the production of a number of agricultural raw materials and processed products well renowned at the international mar-

<sup>7</sup> World Bank, Bulgaria: Survey of the needs of rural regions development, sustainable development of the environment and the social ambience, Region Europe and Central Asia, April 2004.

<sup>8</sup> Zarkova M. Results and conclusions from a survey on the problems of employment in the rural regions, Report at the Jubilee scientific conference with international participation, 85 years higher agrarian education in Bulgaria, 4-5, May, 2006, Stara Zagora, Bulgaria

<sup>9</sup> Bulgaria 2003/04- 937.11.01- Alternative employment, MLSP

<sup>10</sup> Report Results of a Round Table. Sustainable Development of the Rural Regions in Bulgaria, organized by the MAF with the support of the German Society for Technical Cooperation of the UN Development Program, 3 June 2004, Sofia.

kets; Rich, various and preserved nature in the rural regions; Rich cultural and historical heritage.

**Weaknesses:** Unfavorable demographic trend in the rural regions; bad basic infrastructure (lack of sewerage, good enough and constant water supply; waste treatment); low productivity in agricultural farms; the economy strongly depends on agriculture; people face a lack of alternative forms of employment and income sources; inefficient and unstable utilization of natural resources; erosion, pollution, deserted lands.

**Opportunities:** Expanded access of Bulgarian producers to the EU market; support to the agricultural producers' income; creation of employment outside the agriculture;

**Threats:** Increased competitive pressure on the domestic market; deepening of the development differences of the urban and rural regions; negative consequences of natural disasters; dropping out of entirely depopulated villages from the network of the villages.

## Conclusion: Ways to increase employment in the rural regions of Bulgaria:

1. The quality of the working places offered (stability, income level, social integration) and the competitive power of the work force (education, skills, and attitude) are the two main factors determining the future success of any policy for employment increase in the rural regions. For this purpose:

The consolidation of the local economy should be based on its own protection and on creating business opportunities by investment drawing in, facilitating of entrepreneurship, focusing on the small and medium enterprises, linked both to traditions of local population and to modern technologies

A priority should be given to the active measures on employment such as lifelong education, acquiring and enhancement of the professional qualification, improvement of the workforce skills in order to achieve the aims, related to a bigger competitive power.

2. Competitive power promotion of the enterprises from the agrarian and forest sector, adaptation of the production to the hygienic, veterinary and ecological requirements of the European legislation, improvement of the manufacturing and marketing, value adding to the primary agricultural products. This includes the compensation of the agrarian producers' incomes. A more purposeful support to the reorientation of the agrarian sector to the social needs (like preservation of natural landscape and local culture and traditions)

with adequate financial compensation for the services provided for to society.

3. Improvement of the whole business environment by the improvement of the rural infrastructure and services.

4. Carrying out of activities for the preparation of the local approaches to the resource management. Building and support of: partnership between the different interests and needs of the rural communities, horizontal and vertical networks for rural development.

The specific measures are due to the characteristics of the region (strength, weaknesses, opportunities, threats) and its resources (human, material, ecological, cultural, informational, institutional, etc).

The principal directions and measures for successful implementation of the suggested ways are represented in Table 3.

The financial sources of all the measures on the implementation of the suggested activities and initiatives are: the European Regional Development Fund, the European Social Fund, the Cohesion Fund, EAFRRD, the European Fisheries Fund, the state budget, international donor programs and projects on: unemployment in the rural areas

Table 3: Principal directions and measures for employment increase in the rural regions in Bulgaria

Investment in agricultural farms, food industry and the forestry enterprise	Support for the underprivileged regions	Diversification of the economic activities	Implementation of Leader approach	Improvement of the infrastructure
Modernization of young farmers' farms	Compensation of these producers incomes by the measures of NAEF	Technical assistance for small and family business-advice, consultations about alternative marketing variants and training on general and financial management	Information, training, acquiring and development of skills and correct attitude of the local administration	Improvement of the roads-village streets, country roads, access to agricultural, forestry and other properties
Assistance in implementation of food safety standards, improvement of the quality and categorization of foods	Support of the biological productions by training, investment and producers' organizations	Attracting more young people and women by support programs	Creation of local initiative groups for development (LIGD) for the approach implementation from the low to the high levels	Improvement of the water-supply and the quality of the drinking water
Integration of science-agriculture-processing for innovation transfer		Creation of computer clubs and information centers	Participation in a national and European network for rural areas development	Improvement of sewerage construction
Enhancement of the educational and qualification level of raw materials and food producers		Stimulation of honey making, collection and processing of herbs	Improvement of the administrative structure, the relationship between local, regional, national and European institutions, related to the rural areas development and the employment in them	Ensuring stationary and mobile phone service
Building of management skills in farm managers		Development of bio-fuels production	Promoting the dialogue between the urban and rural regions	Ensuring quick Internet connection
Enhancing the viability of the semi-commercial enterprises in agriculture		Tourism development recruitment of guides, animators, etc.		Creation of a comfortable connection with airports
Stimulation of low technological productions-vegetables, wine, milk		Development of local crafts, renovation and conservation of the cultural heritage		

and lack of income opportunities; rural tourism; professional training of farmers and manufacturers; support for the organic agricultural development; support for the creation and promotion of agricultural producers' organizations; building the managing capacity of the local institutions and communities for their participation in the regional development; support for non government and branch organizations; stimulation of the economic initiative at a local level.

If the rural areas have been the stage of depopulation and increasing unemployment up to now, in a future period we should expect: 1) A mosaic of successful and losing regions and a lot of borderline cases; 2) The agriculture should not be considered as the backbone of the rural economy, but productions from other sectors, services should be included in it; 3) The involvement of the local operating institutions in external networks means that the rural areas will be under the influence of all sorts of local, national and global forces.

## References

DG AGRI, July 2005

Zarkova M. Results and Conclusions from a Survey on the Problems of Employment in the Rural Regions, Report at

the Jubilee scientific conference with international participation, 85 years higher agrarian education in Bulgaria, 4-5, May, 2006, Stara Zagora, Bulgaria.

MAF, data from the Census of the agrarian farms in Bulgaria, 2003.

MAF, Report Results of a Round Table "Sustainable Development of the Rural Regions in Bulgaria", organized by the MAF with the support of the German Society for Technical Cooperation of the UN Development Program, 3 June 2004, Sofia.

MLSP, BG2003/004-937.11.01- Alternative employment.

NSI, Population and Homes, 2003.

NSI, publications, Bulgaria, 2004 - socio-economic development.

National Strategic Plan for the Rural Regions Development (NSPRRD), March 2006.

Report of ONUDP, 2003, based on data of NSI, 2000-2001 and survey of ???, February-March 2004.

The Regulation for Determination of the Regions for Purposeful Influence and their Territorial Range, SJ 53, 11.06.1999.

World Bank, Bulgaria: Survey of the needs of rural regions development, sustainable development of the environment and the social ambiance, Region Europe and Central Asia, April 2004.