

LABOR MARKET AND EMPLOYMENT SOURCES IN RURAL AREAS OF BULGARIA

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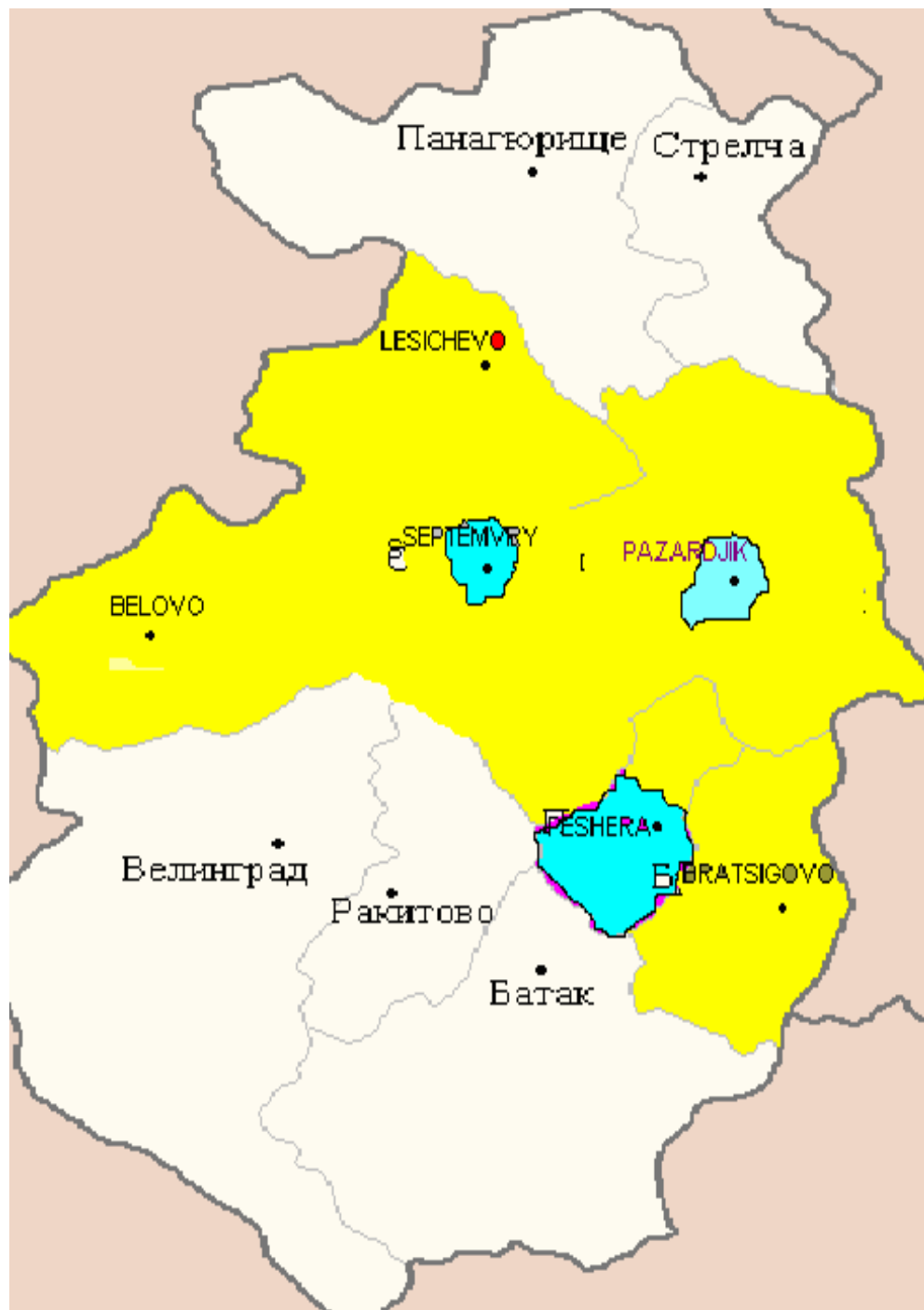
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Objectives

1. To investigate the labour market in rural area and to identify which are the opportunities and drivers for new employment
2. The criteria for selection of the pilot area are:
 - Rural area with a population density below 150 inhabitants/km² (OECD Classification)
 - Intermediate region, where between 15% and 50% live in rural local units
 - Accessible - half of its residents can drive to the centre of a city of at least 50 000 inhabitants within 45 minutes
 - Low GDP
 - Specified labour market



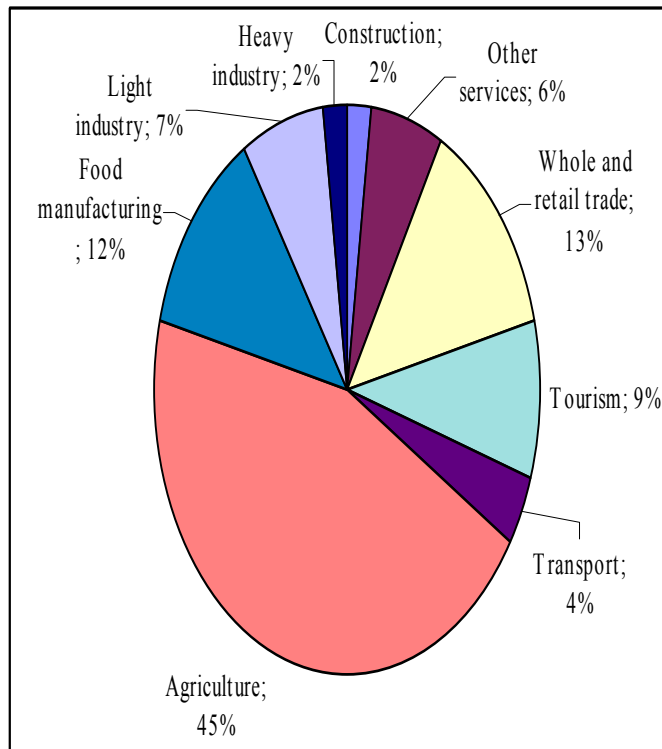
1. 6 municipalities from Pazardjik region NUTS 3
2. Density – 104 people/km²
3. 45,4% rural dwelling LAU2 (2007)
4. Low GDP – 2771 EUR per capita (2007)
 - o 73% from national average
 - o 11% from the EU mid
5. Specified labour market – over 86% of employees engaged in the pilot area
 - o Around 14% work either in or out the region

Demographic structure

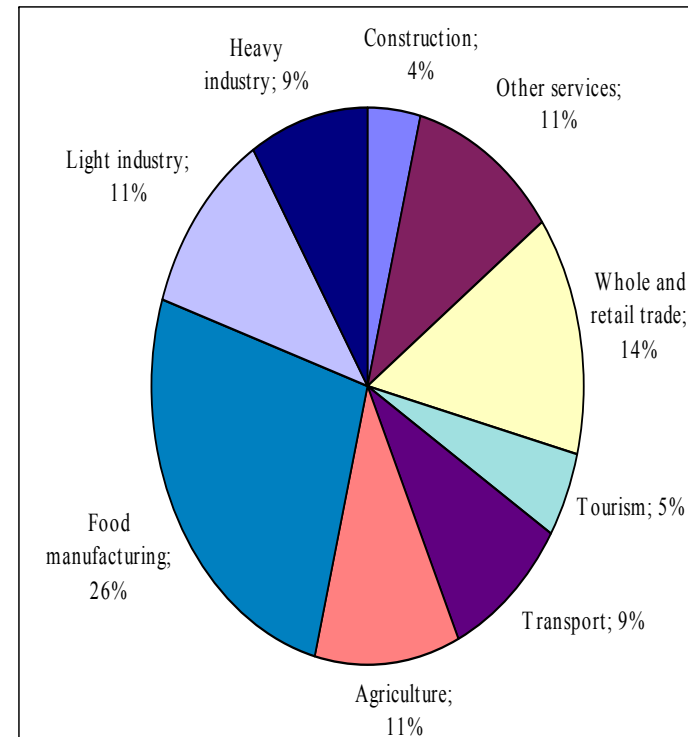
1. In 2007, the pilot area population ran to 198 055 inhabitants – decrease with 3,4% for the period 2000 – 2007
2. For the three towns in the region with population over 5 000 people – Pazardzhic, Peshera and Septemvry this decrease is 2,5%, while for the village territory it numbers nearly 5%
3. The natural growth of the population in the urban and rural parts of during the period 2000-2007 are:
 - Urban - 0,87‰ and - 0,13‰
 - Rural - 0,42‰ and - 4,57‰
4. Reasons: population aging and the persistent migration of young people to the urban zones

Economic characteristics

- **Sector pattern in rural areas, 2007**



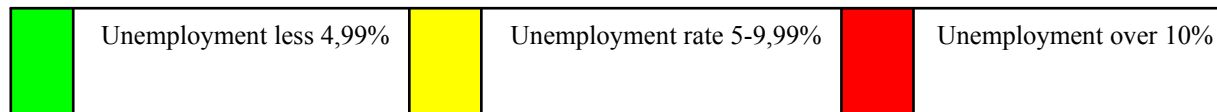
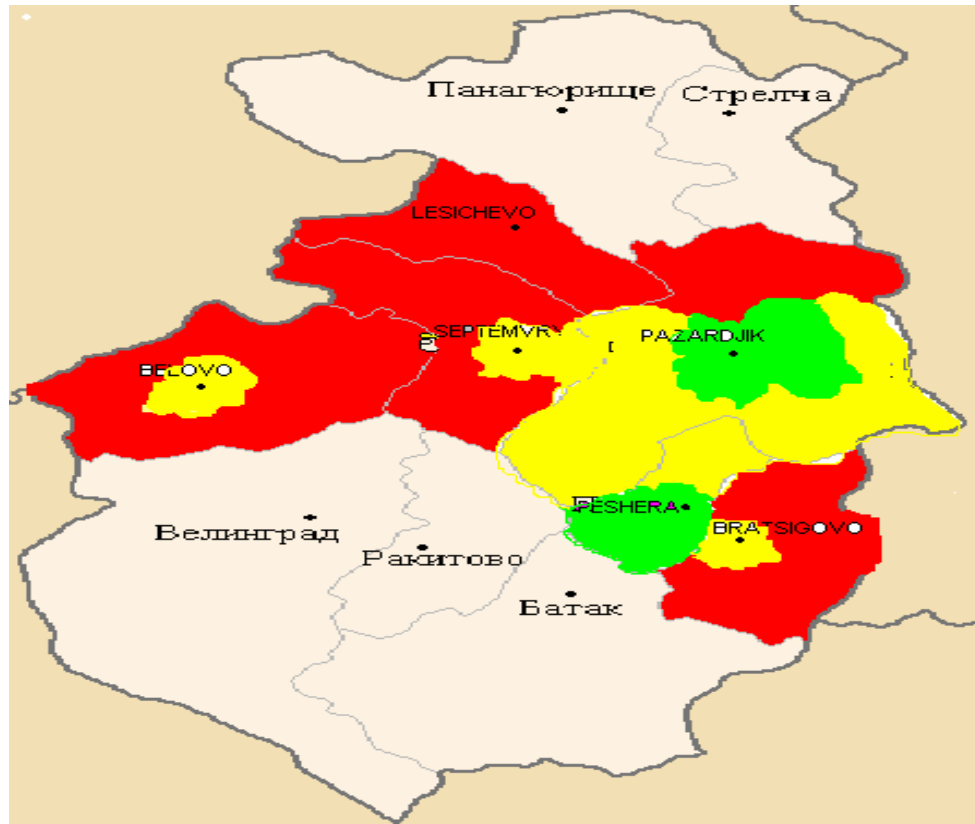
- **Whole area pattern of sectors, 2007**



Employment and unemployment features

1. Unemployment 16% in rural parts (2007)
2. 25% of economic active population of rural population commit daily to urban centres for work
3. None-participation rate of economic active population in the labour market is 24%, exceeding this percentage in urban realms
4. For the whole territory the youth unemployment (less than 29 years old) is quite high 22% during 2007
5. The long term unemployment is growing from 47% during 2000 up to 58% in 2007
6. The average remuneration of male work in the rural parts is by 36% lower than the counterpart remuneration in urban zones
7. The males may not rather find well-paid work in the rural areas and prefer commuting to urban centres or self-employed

Employment and unemployment features



Strengths and weaknesses

- Availability of productive arable land
- Genial geographic and transport location.
- Relatively higher density of road infrastructure and network.
- Availability of several points with mineral and hot water springs.
- Archeological heritage with the ancient origin.
- Potential for provision of leisure labour force.
- Uncompetitive agriculture -.
- Unsatisfied work of the public funds.
- The road infrastructure at 3 and 4 classes is in despicable condition.
- Administrative barriers.
- Pazardjik currently may not bid attractive occupations for workers.
- Closure of schools and hospitals.
- Migration movement.

Opportunities for new employment

1. Organic and eco agriculture
 - o About 35% of production is organic-like
 - o About 21% of the working active population in the pilot area is occupied in the agriculture
 - o Dualistic production structure
 - o Feasible advantage in public good system
2. Added value in food processing
 - o The pilot area is lacked from can and manufacturing industry and producers are cumbered to realize their production
 - o Food processing will promote the incomes of rural people
 - o Integrating local producers, as the food processing enterprises should be linked with the local producers

Opportunities for new employment

3. Logistic and storage sector
 - o Favourable geographic and infrastructural location
 - o Warehouses, logistic centres and premises for thermal processing of agricultural stocks
 - o Employment in construction and maintenance
4. Renewable Energy Sources
 - o Long-term investment payback откупване
 - o Few but proficient staff
 - o The RES are assumed to be a part from the so-called ‘green economy’, which will create possibility for setup of new economic cycles in rural areas

5. Cultural and natural-based tourism

- o Utilization of mineral springs and historical value places
- o Public – private partnership
- o Loosing of concession and permission conditions for usage
- o Development of weekend and other forms of residency

6. Consultancy and service sectors

- o Attractive for vacancy settlements
- o Expertise for LEADER and other Rural development measures
- o Needs from improvement of utility and other infrastructure

Conclusions

1. Theory of path dependency – economic stagnation leads to higher unemployment whence migration and desolation of rural regions
2. Regardless the natural resources, the lack of investment and complex policy and measures (not only by funding) eventuates in latency of this potential
3. The employment in rural areas might be boosted up by granting some privileges to investors and exogenous capital
4. The basic investments in infrastructure, utility equipment and healthy services are essential and entice more entrepreneurs and improve the quality of life

Political-oriented recommendations

1. The increase of the administrative efficiency at municipal level and autonomy and self-governance
2. Creating opportunities for co-financing and financial decentralization
3. Particularly important to carry out projects of the type LEADER, using “bottom-top” approach
4. Improving the access of rural inhabitants to social services and working positions in the municipal and urban centers developing transport links and communications

