



Republic of Bulgaria
ECONOMIC
AND SOCIAL COUNCIL

ANALYSIS

on

"LONG-TERM UNEMPLOYMENT IN BULGARIA"

(own-initiative analysis)

Sofia, 2016

The Economic and Social Council of the Republic of Bulgaria included in its Action Plan for 2016 the elaboration of an **analysis on "Long-term unemployment in Bulgaria."**

The elaboration of the analysis it was assigned to the Labour, Incomes, Living Standard and Industrial Relations Commission.

The draft analysis was accepted by the committee and submitted for discussion and adoption by the Plenary Session of the ESC.

At the Plenary Session, held on 24 November 2016, The Economic and Social Council adopted this analysis.

I. Introduction

1. Economic and Social Council (ESC) believes that long-term unemployment remains one of the most serious problems facing the recovery of the labour market. Despite the observed trends of decreased unemployment during the period 2013-2015,
 - 1.1. ESC notes that if in 2008 the overall level of unemployment in the country was 5.6%, in 2013 this level rose to 13%, i.e. more than twice.
 - 1.2. There are alarming trends in long-term unemployment, which was 2.9% in 2008 and more than doubled, reaching 7.4% in 2013
2. According to ESC, overall trends in long-term unemployment are similar to those of total unemployment in the country - both during the crisis (2008-2013) and in the next period until the end of 2015 during which signs of recovery in the labour market are observed.
 - 2.1. ESC found that the overall rate of unemployment in the beginning of the crisis increased with higher rates as compared to the level of long-term unemployment.
 - 2.2. In this regard, the dynamics of change in the unemployment rate in Bulgaria after 2009 testifies to the presence of processes of restructuring of the Bulgarian economy, which in turn is likely to be the main reason for retaining or enhancing the future of long-term unemployment in the country.
3. Overall, ESC found that both in total as well as in long-term unemployment there has been an increases during the period 2008-2013, after which both types of unemployment decreased. However, ESC believes that the high levels of long-term unemployment present a serious problem which is connected not only with the loss of labour resource for the economy, but also with higher public spending. This is, on the one hand, the cost of social benefits for the long-term unemployed who have no other income and, on the other, higher costs of active

employment policies, in order to attempt continued integration of long-term unemployed in the labour market.

4. ESC notes that besides the long-term unemployed, there is a group of economically inactive people who want to work but have been unemployed for more than a year or have never worked - a significant part of them fall under the definition of the term "long-term discouraged workers"¹. And although methodologically long-term discouraged workers are not counted among long-term unemployed, since they are not actively seeking work and are not registered in employment offices, ESC proposes that they should also be studied and targeted by social policies.
 - 4.1. Official data show that in the period of recovery in the labour market (2013-2015), economically inactive people who want to work, begin to actively seek work and thus "flow" into the totality of the unemployed or directly in that of the employed by starting work.
 - 4.2. According to ESC, long-term discouraged workers demonstrate similar problems in the process of finding employment as the long-term unemployed. It is possible that these common problems are mostly related to inadequate knowledge and skills or lack of such at all, loss of work experience, lack of work motivation, etc.
5. In this regard, ESC expresses its position that the analyses and policies for the long-term unemployed should sufficiently cover the long-term discouraged workers as well.
6. ESC believes that it is particularly important in the design of analyses and relevant policies to clearly identify the main reasons why the economically inactive persons and especially those who have remained unemployed for more than a year, or have never worked, are discouraged to actively seek work.
 - 6.1. According to ESC, some of the reasons are the gap between the desired and offered remuneration, as well as the mismatch between the acquired education and training and that required by the employers - a problem that results from the fundamental lack of coordination between education and

¹ For the purposes of this analysis, long-term discouraged workers are those who want to work but have been discouraged to actively seek work for more than one year or have never worked.

training systems as a whole, on the one hand, and the needs of the labour market, on the other.

- 6.2. ESC believes that the consequences of this are not only personal and related to loss of motivation for many people to look for work, but also financial. On the one hand, public resources are invested in the education and training of this part of the economically inactive population, without chances of subsequent return in the form of tax and social security contributions. On the other, further public resources are committed to such persons when direct assistance is needed or in order to aid them acquire new or additional qualifications. The data are available in the Annual Report on the Implementation of the Operational Programme "Human Resources Development" for 2013. - From 99,365 vulnerable persons who started working under the programme, none has kept his or her employment a year later.²
7. Another very important prerequisite for the formation of a contingent of discouraged workers is the lack of appropriate education, training, skills and experience. In its acts ESC has repeatedly stressed that early school leaving is a very important prerequisite for subsequent inability to find work due to the lack of necessary education and even basic literacy. Moreover, ESC proposed a number of additional measures and policies.³
8. An important issue, highlighted by ESC, is the existence in some cases of age discrimination, in which case persons are discouraged from actively seek work as a result of employers' attitudes seeing them as too young or too old for the particular job.
9. Once again, ESC stated that the formation of relevant policies should take into account not only the long-term unemployed, but also discouraged workers who have remained without employment for more than a year or have never worked. Failure to take into account this second contingent of long-term non-working persons practically excludes the possibility of supporting the return to the labour

² Annual Report on the Implementation of Operational Programme "Human Resources Development" 2013, p. 44
<http://www.eufunds.bg/archive/documents/1408029806.pdf>

³ See: Resolution on the "Draft Strategy Measures to Reduce the Share of Early School Leavers (2013-2020)"; Resolution "Measures to Reduce the Share of Early School Leavers"; Analysis "Early School Leaving"; Analysis "Migration Attitudes among Young High-School Graduates in Bulgaria"; resolutions "Integrated Policy for Young People" and "Realization of Young People on the Labour Market."

market of a significant share of people who for certain reasons are not actively seeking work.

9.1. The analysis of ESC shows that in the last year before the crisis (2008) long-term discouraged workers numerically exceed by about 30% the number of long-term unemployed.

9.2. At the same time, in 2015 - a period of recovery in the labour market, the number of long-term discouraged workers is about 20 percent less than the long-term unemployed.

10. ESC believes that long-term unemployed and long-term discouraged workers are not only the most serious problem in the labour market but also possible potential reserves to meet its future needs for labour. Naturally, all this can be done only after creating jobs, establishing economic needs for specific skills and qualifications, and the application of sufficiently targeted and effective policies and measures as a result of which to achieve an adequate change in the educational and professional qualifications of long-term unemployed and long-term discouraged workers in line with current and anticipated needs of the labour market.

II. Key features of the long-term unemployed and long-term discouraged workers

1. ESC notes that in 2008 in Bulgaria there are higher levels of long-term discouraged workers as compared to the corresponding percentage of long-term unemployed. At the same time, the crisis has had a much stronger impact on the growth in the number of long-term unemployed compared to long-term discouraged workers.

1.1. In this connection, it is found that if during the period 2008-2013 the number of long-term discouraged workers increased by 37%, the corresponding number of long-term unemployed during this period increased 2.4 times, as a result of which in 2013 the latter have already exceeded the aggregate number of long-term discouraged workers.

1.2. Moreover, during the recovery period (2013-2015) The labour market decreased long-term discouraged workers, who have remained outside of

work for more than one year, by 16%. The corresponding reduction in long-term unemployed is 25%.

- 1.3. It looks like the overall level of long-term unemployment is more sensitive to the state of the economy as compared to the level of long-term discouraged workers.
2. ESC found certain differences in the structure of the unemployed and the discouraged workers as regards the duration of up to one year and over one year.
 - 2.1. Throughout the period after the onset of the crisis there has been an increase in the share of the long-term unemployed as compared to that of all unemployed, which from 52% in 2008 rose to over 61% in 2015.
 - 2.2. Similar and very close to the general trends of the share of long-term unemployed are observed in men and women. However, while in 2008 the share of long-term unemployed women is higher than that of men, in 2015 the situation is the opposite.
 - 2.3. Also there are similar values in the shares of discouraged men and women who have remained outside employment for more than one year or who have never worked. There are, however, controversial trends of development. As a result, in 2008 the share of long-term discouraged women is higher than that of men, while in 2015 the share of men is higher.
3. There are reasons to conclude that the economic crisis has had a stronger impact on the long-term unemployment of men, rather than that of women. Moreover, during the crisis the less favourable trends in the share of long-term discouraged workers are again observed in men.
4. According to ESC, the economic crisis has affected to a significant extent the duration of unemployment, while its impact on the discouraged workers is smaller.
5. ESC found that long-term unemployment is influenced significantly by the place of residence of the unemployed. As a result of the crisis, long-term urban unemployment rose almost twice over five years, while the corresponding increase in rural areas is about 80%. During the period of recovery in the labour

market 2013-2015 long-term unemployment in urban areas decreased by just over 30%, while the reduction in rural areas is 15%.

- 5.1. Evidently, the recovery of the labour market through the reduction of long-term unemployment is still a very serious problem for both Bulgarian towns and the villages.
6. There are both common features and some differences in the change of the number of long-term discouraged workers in towns and villages.
 - 6.1. During the period of the strongest negative impact of the crisis on the labour market (2008-2013) the rates of increase of long-term discouraged workers in towns and in villages are similar - respectively 35% and 40%.
 - 6.2. While during the following period 2013-2015 long-term discouraged workers in towns decreased by 26% and went back to the levels of 2008, in villages such recovery was not observed and the decrease is only about 5%.
7. According to ESC, the crisis exacerbated existing major differences in the state of the labour market in towns and villages, as a result of which permanent contingents of long-term unemployed or discouraged workers without substantial chance of ever of this situation form in villages.
8. The analysis of ESC shows that the economic crisis has led to an increase in long-term unemployment in all age groups, but most of its negative impact was observed among older persons. This is the demographic contingent, which is characterized by the highest increase of long-term unemployment during 2008-2013 and the slowest decline during 2013-2015.
 - 8.1. An increase of 2.4 times is observed in the long-term unemployment of young persons (aged 15-29), which is very close to the corresponding rate in the next age range (30-54). However, during the recovery of the labour market, long-term unemployed young people decreased by the highest rate as compared to other age groups.
9. ESC found similar trends also in long-term discouraged workers when studying them according to age group.
 - 9.1. Within the group of the long-term discouraged workers young persons demonstrate some of the slowest rates of increase during the crisis, and also

the most dynamic decrease during the years of recovery (2013-2015). Therefore, in 2015 in their group the number of long-term discouraged workers is already very close to the level of 2008.

- 9.2. During the crisis very high rates of long-term discouraged workers were observed among older persons. They are not offset by the subsequent decrease in this group during the period 2013-2015. As a result, the number of long-term discouraged older persons in 2015 is about 40% higher than in 2008.
10. ESC found that the crisis has affected much more negatively the long-term unemployment of persons with higher education.
 - 10.1. During the period 2008-2013 the number of long-term unemployed university graduates increased 4.4 times, while the increase in this type of unemployment among persons with secondary vocational and secondary general education is respectively 2.9 times and 3.4 times.
 - 10.2. During the period long-term unemployed persons with primary or lower education increased by about 59%, which is a significantly lower rate than that of people with higher education.
 - 10.3. At the same time, ESC notes that before the crisis in Bulgaria the number of long-term unemployed with basic education is higher than the long-term unemployed with general secondary or secondary vocational education.
11. ESC also points out that during the period of recovery in the labour market a decrease in long-term unemployment is more typical among those with secondary education and acquired professional qualifications, which group during the period 2013-2015 decreased by 34%.
 - 11.1. Among university graduates and general secondary school graduates the rates of decline in this indicator are similar, but slightly lower than among vocational secondary school graduates.
 - 11.2. ESC is concerned to find little change in the number of long-term unemployed persons with primary or lower education during the period 2013-2015. While during this period long-term unemployed persons with

elementary education decreased by about 14%, persons with primary or lower education decline is only 2%.

12. ESC regards very seriously the fact that, despite the decrease after 2013 of the number of long-term unemployed persons, regardless of the level of education, during the period since the beginning of the crisis (2008-2015) there is still an observable increase in the number of long-term unemployed persons as a whole.

12.1. ESC emphasizes that during the period of the crisis the highest rate of increase of long-term unemployed persons is observed among the group of university graduates (45%), persons with vocational secondary education (21%) and persons with general secondary education (17%).

12.2. However, the share of long-term unemployed persons with elementary education has hardly increased in the total number of unemployed persons with such education. Nevertheless, it should be borne in mind that, while in 2008 the share of long-term unemployed persons with elementary education was much higher than those with higher education, whereas in 2013 these differences decrease significantly.

12.3. ESC also found that during the initial period of recovery in the labour market the highest increase in the share of long-term unemployed is that among people with primary or lower education and those with general secondary education, as well as those with elementary education.

13. According to ESC, all this shows that despite the ongoing recovery process in the labour market in Bulgaria as a whole, long-term unemployment remains a serious problem for people with lower education and those without qualifications and expertise.

13.1. Most likely the ongoing since 2008 restructuring of the economy leads to the disappearance of a significant number of jobs that do not require special training or higher education.

13.2. On the other hand, people with higher education take available jobs requiring lower educational level, thus producing "crowding out" persons with lower education to long-term unemployed or outside the labour market.

14. ESC puts a serious emphasis on the changed trends among discouraged workers according to level of education and particularly in the case of those who have left their last job more than a year or have never worked.
 - 14.1. ESC is concerned that during the crisis the highest increase in the number of long-term discouraged workers is marked by the group of people with higher education (about 3 times), and then for those with vocational secondary education (70%) and general secondary education (62%). During the same period the growth rate of long-term discouraged workers with primary or lower education is about 10%.
 - 14.2. Despite the fact that there was a decrease in the number of long-term discouraged workers with higher education during the period of recovery of the labour market, the number of this category of discouraged workers is still high. In 2015 The total number of long-term discouraged workers with higher education is two times higher than in 2008, while among those with vocational and general secondary education this number is 21% and 43% respectively.
 - 14.3. At the same time, during the recovery of the labour market the rate of decrease among long-term discouraged workers with primary or lower education is much lower than that among persons with other educational levels. In 2015 the number of long-term discouraged workers with the lowest education is virtually identical to that in 2008.
15. ESC found both a very high rate and a certain similarity in the shares of long-term discouraged workers and all discouraged workers with various educational levels in 2008 - the average rate approximating to 90%.
 - 15.1. In this case, ESC notes that during the crisis there are no significant deviations from the value of this indicator as it was observed in 2008, certain increase is only registered with respect to the long-term discouraged workers with primary or lower education.
 - 15.2. It is interesting to note that during the period of recovery in the labour market there is a noticeable though very slight increase in the share of long-term discouraged workers with all educational levels.

16. ESC also notes a certain similarity in the trends of change in the long-term unemployed and long-term discouraged workers with all educational levels. ESC believes this indicates that both the impact of the crisis and that the recovery in the labour market are very identical in terms of the long-term unemployed and the discouraged workers.

III. Main reasons and sources of long-term unemployment

1. The economic crisis has caused an increase in long-term unemployment not only among persons with previous employment, but also among persons without previous working experience.

I.1. During the period 2008-2013 the number of the long-term unemployed with previous employment grew 2.6 times, while the increase in those seeking their first job was around 73%.

2. Generally, ESC found that in terms of the reasons for leaving the job even in 2015 there is observable influence of the effects of the crisis.

2.1. In this regard, it should be emphasized that during the period 2008-2013 the number of the long-term unemployed as a result of layoffs or dismissals has grown nearly 3.5 times, while during the recovery of the labour market from 2013 to 2015 it decreased by only 36%.

2.2. An increase was observed in the number of long-term unemployed who lost their jobs due to the completion of temporary or seasonal work.

2.3. Moreover, long-term unemployed who left their jobs due to dissatisfaction with working conditions, increased 2.5 times during the crisis, while in the period of initial recovery in the labour market there was a trend of decline and as a result their number in 2015 is 37% higher than in 2008.

3. The analysis of the ESC suggests that in terms of the dismissal of employees, the economic crisis has affected all sectors of the economy. Nevertheless, during the period 2008-2013 the rate of increase of long-term unemployed persons dismissed from the services sector is greater than that of those dismissed from the industrial sector.

3.1. At the same time, laid off and dismissed persons from the service sector have bigger problems and experience greater difficulty in finding work

during the period of recovery of the labour market, as compared with those laid off from the industrial sector.

4. On the other hand, it is found that in regard to the duration of unemployment, the crisis has affected the least the sectors of agriculture, forestry and fisheries.
5. ESC found that in terms of the major occupational groups most affected by the crisis with the risk of falling into long-term unemployment are persons working as administrative support and staff employed in public services, commerce and security.
 - 5.1. During the period 2008-2013 there is an increase of more than four times in the number of long-term unemployed, which in the past eight years have worked and were dismissed or left these professional groups.
6. ESC notes also the heavily impact of the crisis on the long-term unemployment of persons who worked as managers, specialists, technicians and applied specialists. During the period 2008-2013 the total number of the long-term unemployed, who over the previous eight years were exempt from these professional groups has grown 3 times, while in the period of recovery of the labour market the reverse trends are observed. Yet in 2015 the number of this type of long-term unemployed is over 90% higher than the base of 2008.
7. A similar impact of the crisis on long-term unemployment is observed in skilled workers, machinery operators and assemblers.
8. ESC notes that the lowest growth rate of long-term unemployed during the period 2008-2013 (approximately 2.3 times) is typical of those who in the last eight years have left or have been dismissed from jobs that do not require special training. ESC believes that this is not a sign of a better position in the labour market for workers without qualifications and specialty, but rather is evidence that during the crisis after being released these people most often stop to actively seek work and leave the labour market. At the same time, the rate of reduction of long-term unemployment in this type of professional groups is the lowest during the recovery period, proving once again the more serious problems of this professional contingent.
9. According to ESC, the differences in the level of economic development of the regions in Bulgaria has a definite impact on the duration of unemployment.

- 9.1. In 2008 the highest share of long-term unemployed is characteristic of the northcentral and north-western regions, as the levels are identical and are approximately 61%.
- 9.2. During the crisis the highest growth rates of long-term unemployment are found in the south-western region and the southcentral region.
- 9.3. Regardless of the recovery in the labour market in 2015 the share of long-term unemployment in the north-western region reached 75%, while in the northcentral and western region this level is approximately 64-65%.
- 9.4. The analysis of the ESC shows that both during the crisis and the years of recovery in the labour market the highest share of discouraged workers are those who believe that they could not find any work because there are too many unemployed persons. The number of this group of discouraged workers has increased since 2008 by about 70% to 155.5 thousand in 2013 and then decreased by 20% to 124.4 thousand in 2015.
- 9.5. There is a significant number of discouraged workers who are not seeking work because they believe that they do not have the necessary education, training, skills, and their number decreases, ranging from 36 thousand to 26 thousand during the period 2008-2013. Perhaps some of those are early school leavers, who have never completed their education, i.e. they are uneducated or have a low level of education (no degree) and/or no qualifications.
- 9.6. Next come discouraged workers who believe that employers would consider them too young or too old for the job (about 12 to 14 thousand). This case in young persons is probably connected with the lack of professional experience and work habits, while older ones the explanation may be the lack of knowledge as well as skills in foreign languages and information technology.

IV. Policies and measures to reduce long-term unemployment in Bulgaria

1. ESC believes that a substantial reduction in long-term unemployment in Bulgaria is one of the most serious challenges facing the economy and the labour market in the country. Therefore, there is a need for a system of measures and actions

which must be coordinated and complement each other in order to ensure consistent positive results.

2. Generally, maintaining a predictable investment environment and macroeconomic stability, promotion of entrepreneurship and small business are well known conditions that contribute to the overall reduction of unemployment, including long-term unemployment.
3. Boosting the demand for workers on permanent contracts from the private sector by providing tax incentives for investment and economic activity in regions with high levels of long-term unemployment is another direction for further measures and actions.
4. ESC also proposes to discuss the possibility of implementing strategic infrastructure projects that create new jobs in areas with low economic growth and low demand for labour. A crucial time for their successful implementation is the combination with the faster training of people living in these areas for qualifications and professions in which professionals will be sought in the implementation of relevant infrastructure projects.
5. ESC repeatedly offered to discuss further options to provide incentives for private sector employers to hire long-term unemployed persons by reducing labour costs. Incentives can be differentiated according to various characteristics of the unemployed - education, age, duration of unemployment, etc.
6. Increasing funding and improving the quality and scope of intermediary services for long-term unemployed persons who seek employment is another area for further policy development.
 - 6.1. ESC proposes to discuss the possibility of increasing the number of outsourced jobs and mobile offices within the Employment Agency, which will improve access of long-term unemployed persons to mediation services for finding work in more remote locations.
 - 6.2. ESC also supports the idea of setting up specialized teams at certain labour offices, which would include labour mediators, psychologists and managers of individual cases. These teams, in cooperation with profiled mediators (specializing in young persons and Roma persons) can provide

comprehensive support to identify, motivate and activate the long-term unemployed or economically inactive persons.

- 6.3. At the same time, ESC proposes to discuss the possibility of appointing non-profiled mediators for the activation of economically inactive persons with low education and without qualification.
7. Providing good quality and practical training to long-term unemployed persons, so that they can acquire professional qualifications and key competences in accordance with the needs of employers, is a very commonly announced plan and proposal, which has not yet been fulfilled. Therefore, ESC proposes that the planning and organization of this type of training should be conducted on the basis of regular and systematic surveys among employers about their specific needs, as well as by the employers themselves.
8. ESC recognizes the effect of the application of the measure to promote territorial mobility of the long-term unemployed to start work in another village, by providing comprehensive support package of financial incentives.
 - 8.1. In this regard the creation of an integrated information system for current and future labour demand in areas and settlements will lead to better planning of workforce needs.
9. As real and necessary measure ESC recommends wider implementation of programmes for subsidized employment of long-term unemployed persons in socially useful activities, especially in less developed regions with lower labour demand. Such measures are particularly suitable for long-term unemployed and long-term discouraged workers due to their prolonged jobless and loss of work motivation and work habits.
10. Another area of intervention is to promote entrepreneurship among long-term unemployed through comprehensive support, including through centres for start-ups, financial incentives and technical assistance.
 - 10.1. This type of measure can be applied to good effect in older long-term unemployed with higher education and professional experience. In this regard, the measure can be effective especially for former managers, professionals, technicians and applied specialists who have remained without work for a long period.

11. ESC believes that targeting public investment to promote the development of sectors with a lower level of interest from the private sector in some regions, such as culture, amateur sports, tourism, etc. will further stimulate demand for labour and can contribute to reducing long-term unemployment.
12. ESC also offers for debate the possibility of implementing activities that promote labour demand by households and can contribute to reducing long-term unemployment. In this connection it is necessary to develop different options and mechanisms for the provision of basic services by unemployed persons to households as consumers. The remuneration of the long-term unemployed persons can be shared between the households and the state.
13. ESC believes that raising the awareness of employers about the opportunities in the Labour Code for using employment contracts that allow flexible working hours can also contribute to increasing employment among the long-term unemployed.
14. ESC has repeatedly asserted that the development of social enterprises is the main source for the employment of long-term unemployed persons with special needs, particularly those with reduced capacity. Therefore, targeted measures to support social enterprises and specialized support for adapting the workplace and providing health services for long-term unemployed persons with disabilities will promote their integration in the labour market.
15. As one of the strongest measures to reduce long-term unemployment ESC has always put forward prevention. There are numerous examples in ESC's opinions and positions to reduce early school leaving, which is a crucial factor for subsequent long-term unemployment.
 - 15.1. It is necessary to develop and implement other accompanying measures, such as adult literacy, which provide subsequent inclusion of such long-term unemployed persons into training and employment.
 - 15.2. Moreover, ESC notes that in terms of prevention of primary importance are actions to identify, motivate and activate young people who are not in education or employment and their return to education or inclusion in education and employment.

16. Last but not least in importance, ESC proposes to consider very carefully the possibilities for using passive policies for intervening in the labour market and in particular social aid as a tool for preventing long-term unemployment.

16.1. In this regard, it is possible to evaluate the effect of granting compensation received by a registered unemployed person until the end of the granted period, alongside the person's salary, if during this period the person begins work. For example, if the period for compensation of such a person is 10 months and the amount of compensation is BGN 500, in the event of commencement of work during the sixth month, the person would be entitled to receive monthly half of the compensation (BGN 250) over the next five months provided that he or she keeps the job. Thus, if the net monthly salary for example is BGN 400, the total monthly income of the person becomes BGN 650 and is BGN 150 more than total amount of the granted compensation. This approach can be used as a financial incentive to enable such persons to start work before the expiration of the granted period of compensation.

16.2. This idea requires much more detailed estimates on the percentage of compensation, remaining period of its provision and the level of net salary by which most likely sufficient incentives will be created for an unemployed person to start working before the expiration of the granted period of receiving social aid.

16.3. A similar approach can be discussed with regard to the recipients of social aid, but given the low levels of such aid, it is necessary to consider additional incentives for their expected activation on the labour market from unemployment or economic inactivity.

In conclusion, we emphasize once again that, according to ESC, long-term unemployment is one of the most serious and severe problems facing the country not only in terms of the economy and the labour market but also for the development of human capital of the nation. This unemployment leads to very serious consequences, social exclusion and isolation of individuals and their families and is very often transferred to next generations.

Long-term unemployment is the source of, or the step to economic inactivity and hence - the loss of almost all hope of joining the labour market. Long-term unemployed and economically inactive persons need support, including financial

support. In this sense, unemployment is a serious social problem, which poses very serious challenges to the financial stability of the social systems, which must provide ever more funds for an ever larger contingent of long-term unemployed and economically inactive persons. ESC emphasizes that although some of the long-term discouraged workers do not receive any social benefits and do not affect the financial stability of public systems, if no measures are designed and implemented to ensure their employment, this will have a detrimental impact on the national human potential.

Therefore, with this analysis ESC puts once again the question of the need for realistic assessments of the status of long-term unemployment in Bulgaria and timely undertaking strong and effective policies and measures for controlling it and reducing it to socially acceptable levels.

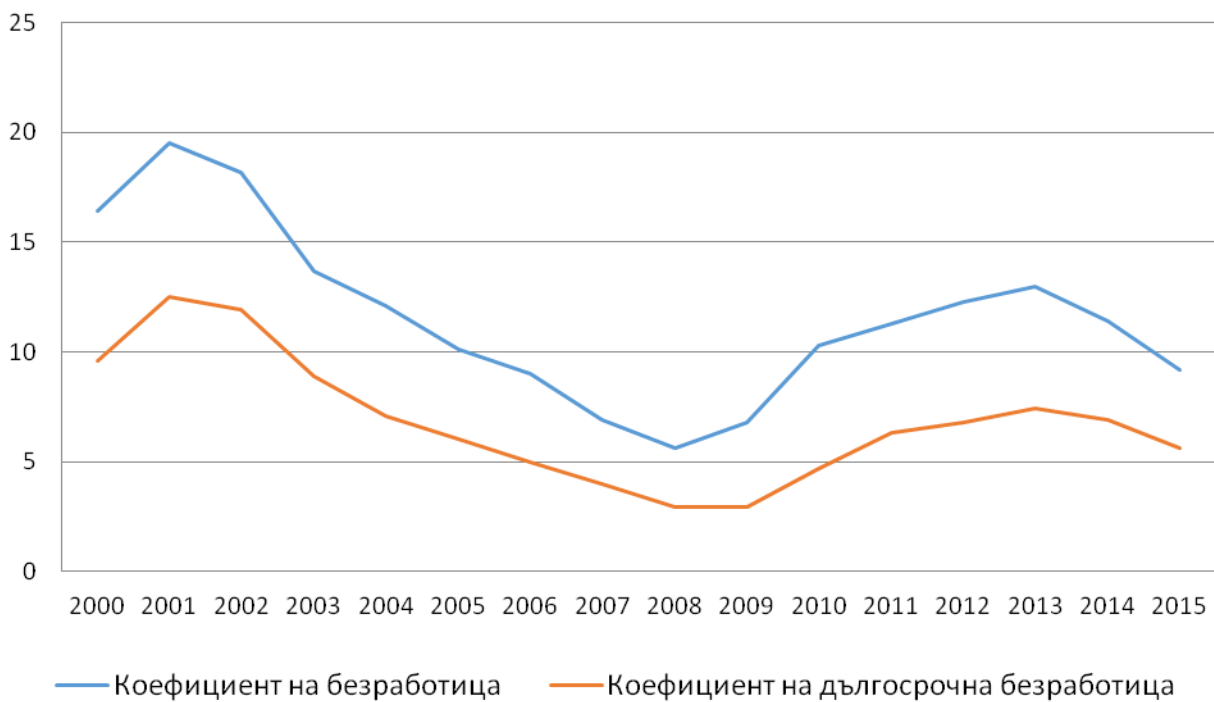
(signed)

Professor Lalko Dulevski, Ph.D

PRESIDENT OF THE ECONOMIC AND SOCIAL COUNCIL

APPENDICES

Chart 1. Unemployment in Bulgaria for the period 2000-2015 (%)



Source: NSI

Chart 2 Structure of unemployment by duration (%)

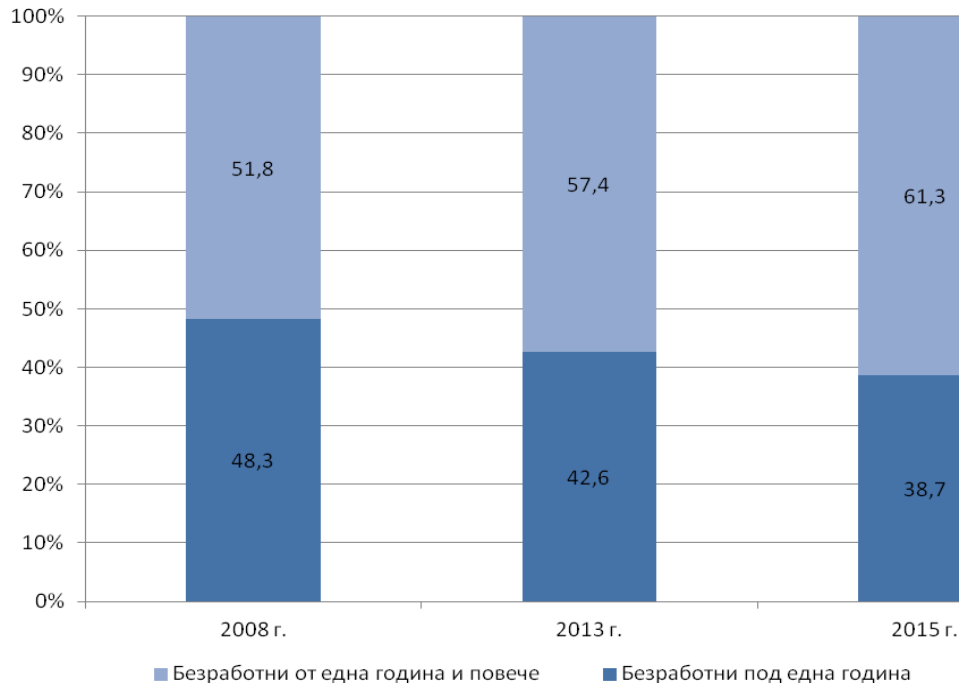
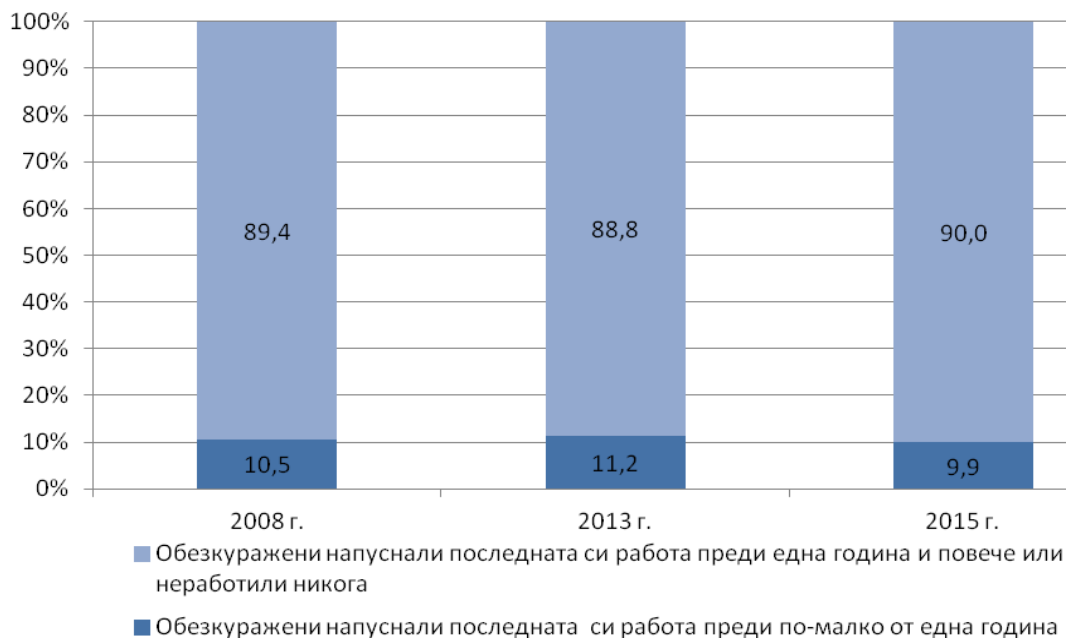


Chart 3 With TRUCTURE of discouraged workers according to length of stay unemployed (%)



Source: NSI

Chart 4 Structure of unemployment by duration according to gender (%)

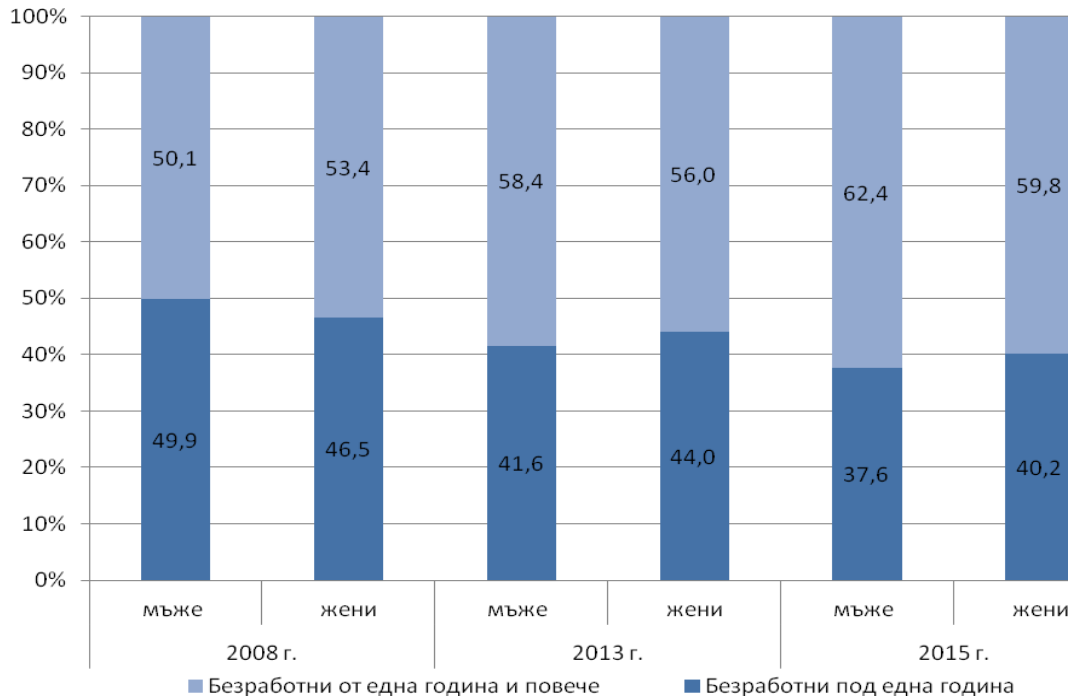
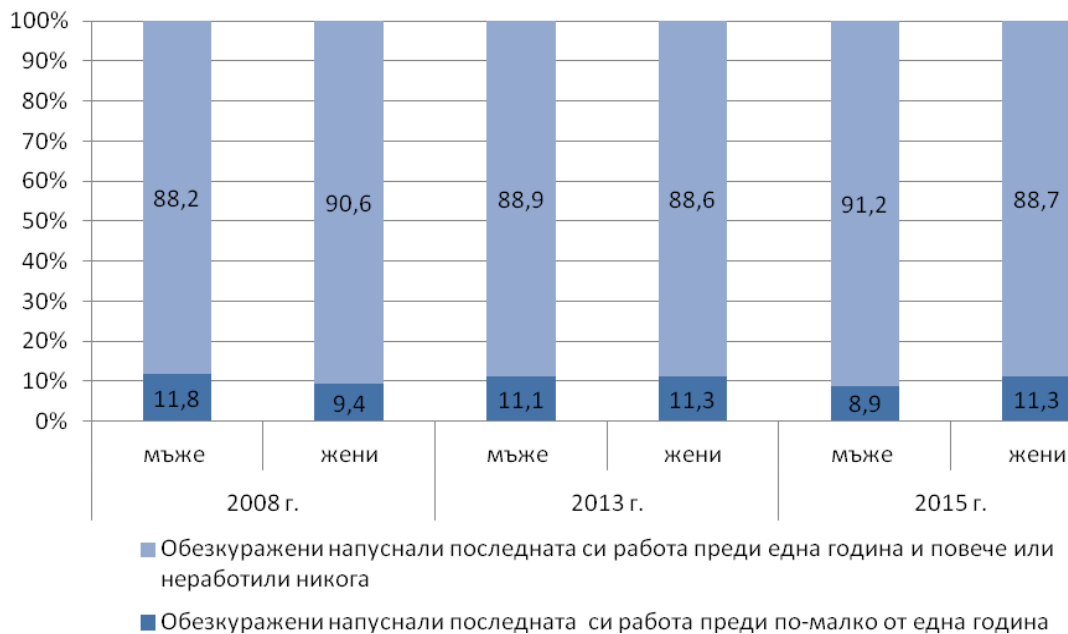


Chart 5 Structure of discouraged workers according to the length of stay without a job by gender (%)



Source: NSI

Chart 6 Structure of unemployment according to length by residence (%)

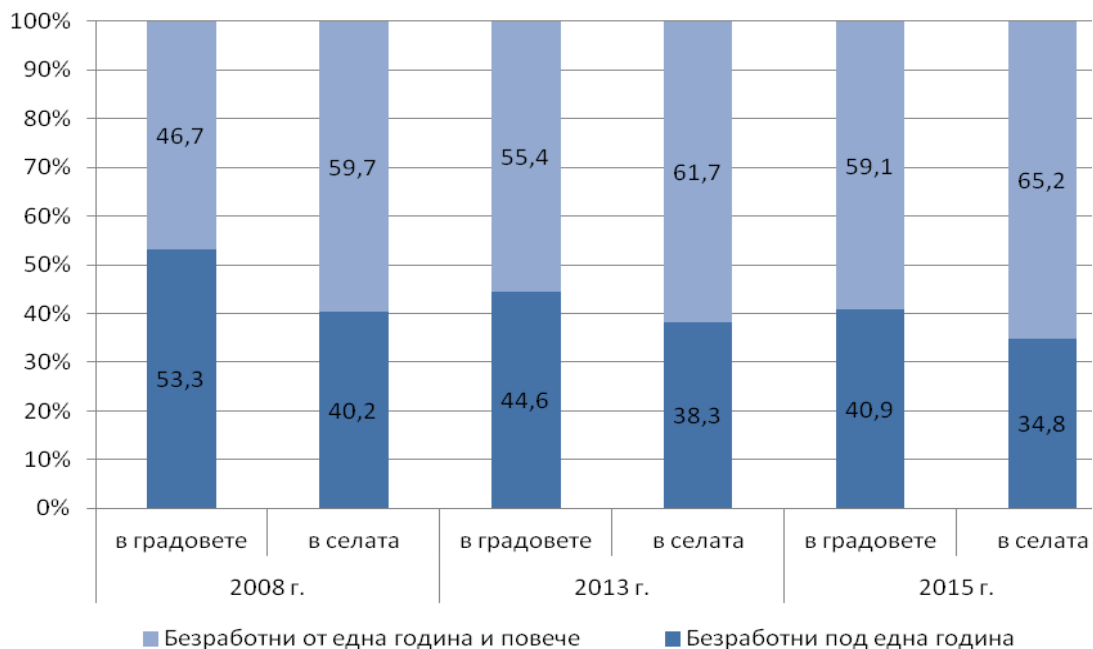
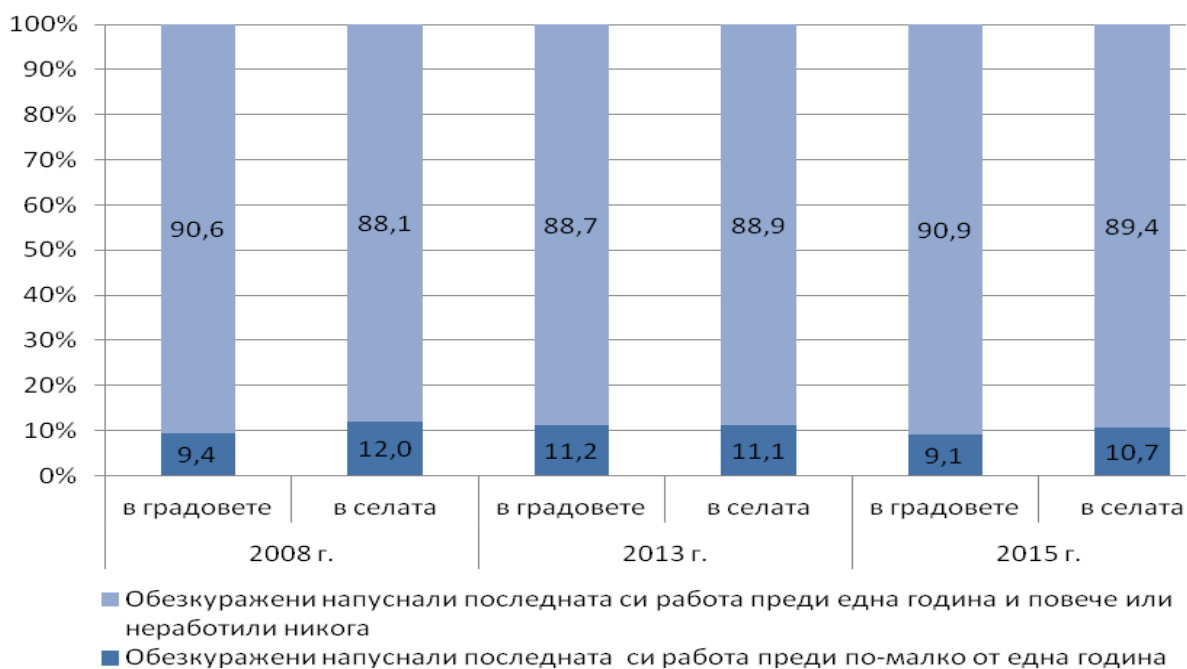


Chart 7 Structure of discouraged workers according to the length of stay without a job by residence (%)



Source: NSI

Chart 8 Structure of unemployment by duration according to age (%)

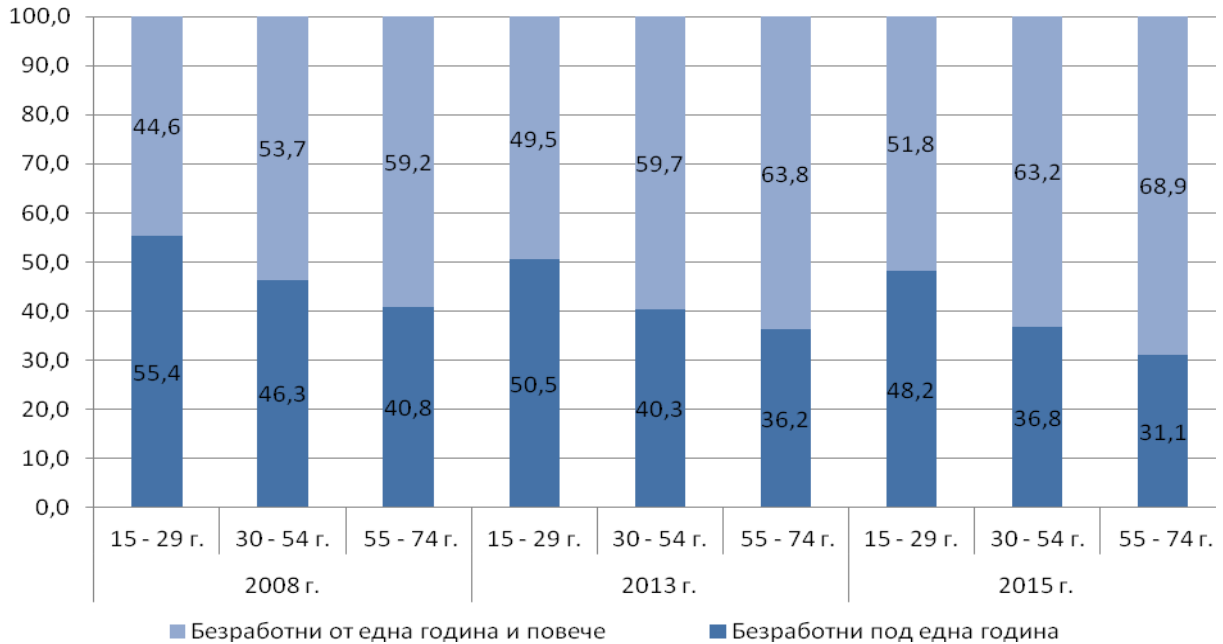
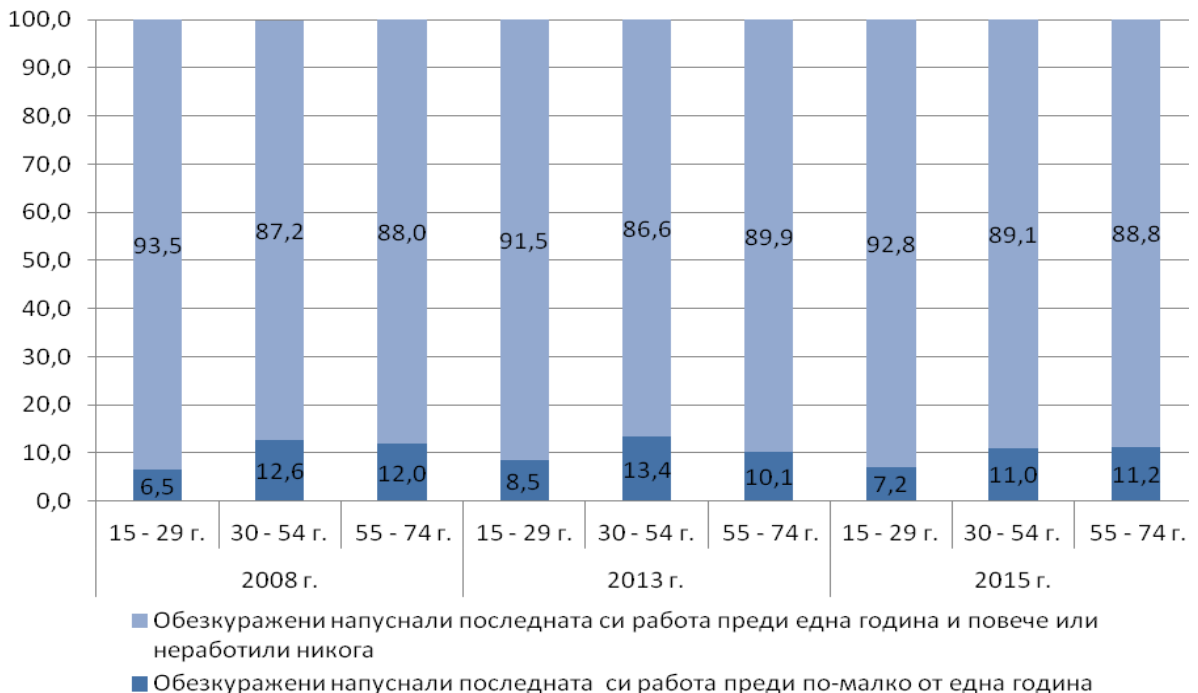
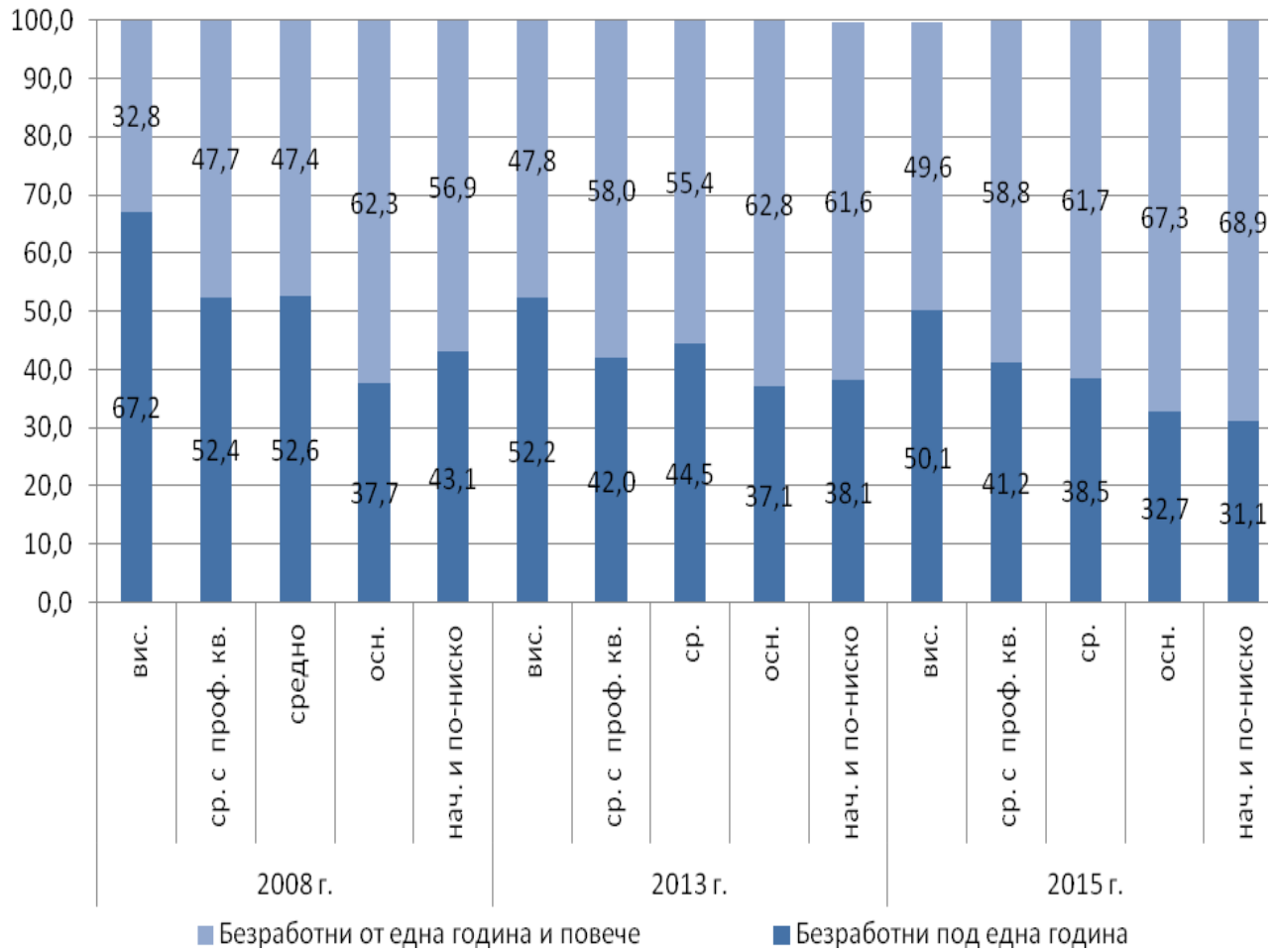


Chart 9 Structure of discouraged workers according to the length of stay without a job by age (%)



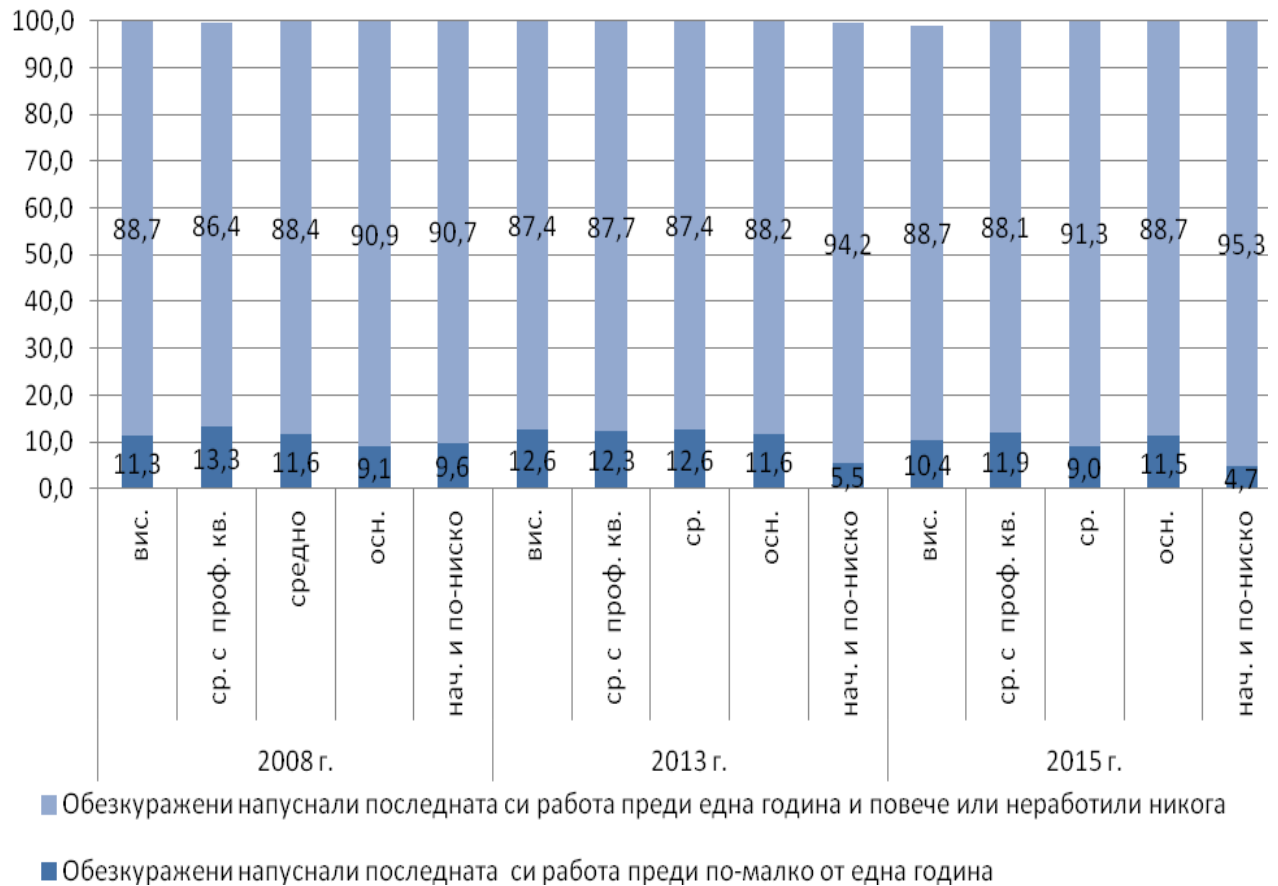
Source: NSI

Chart10 Structure of unemployment according to the length of education (%)



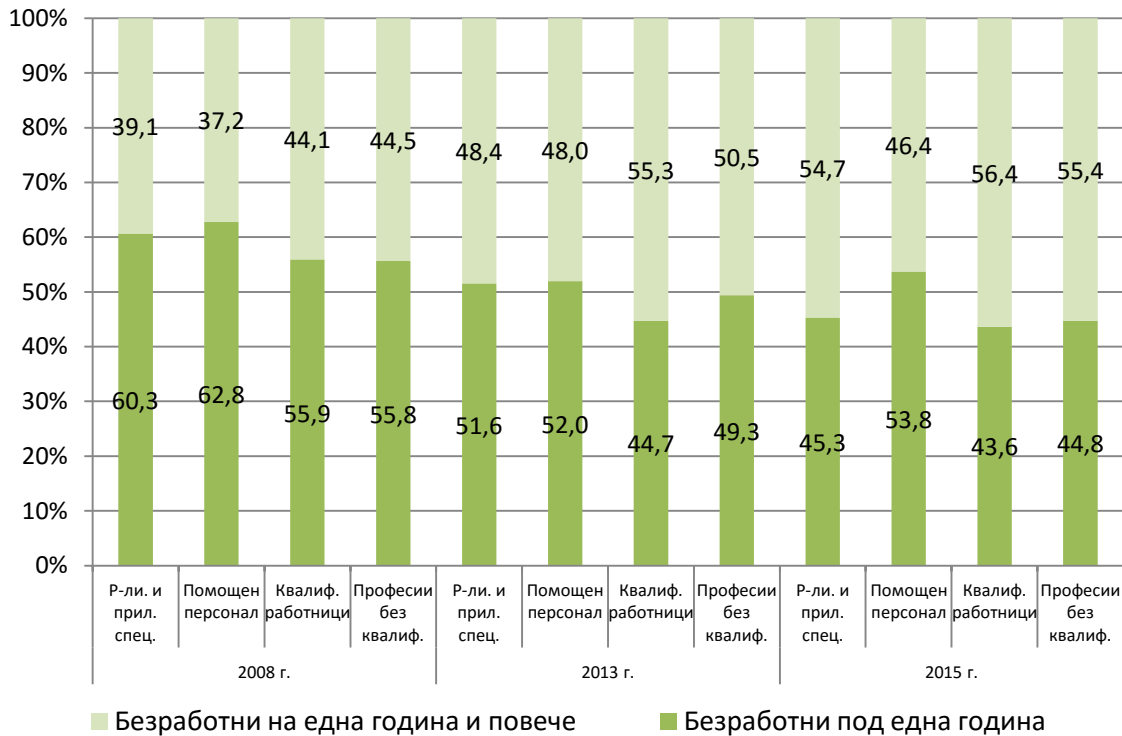
Source: NSI

Chart11 Structure of discouraged workers according to the length of stay without work by education (%)



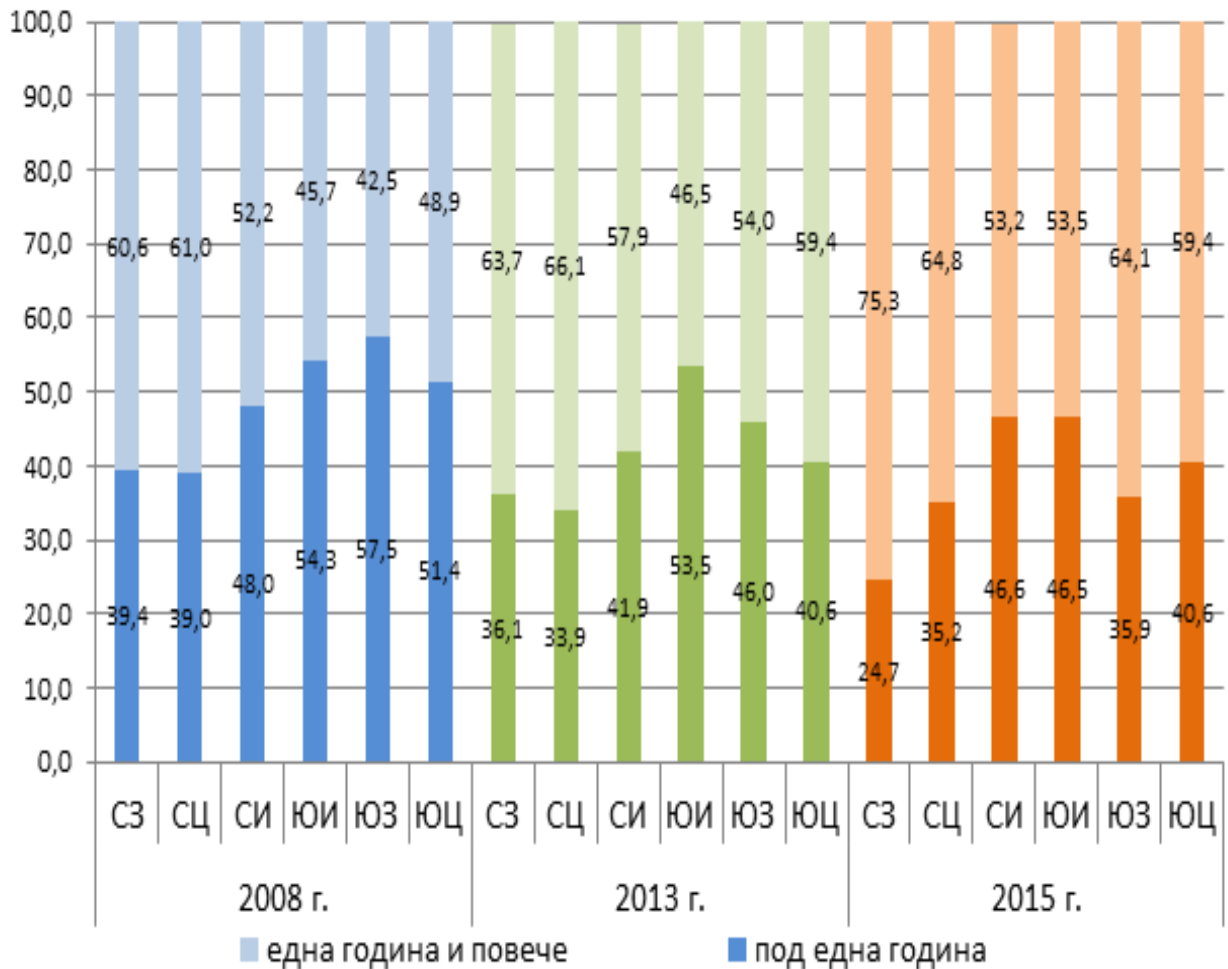
Source: NSI

Chart 12 Structure of unemployment by duration according to classes of professions (%)



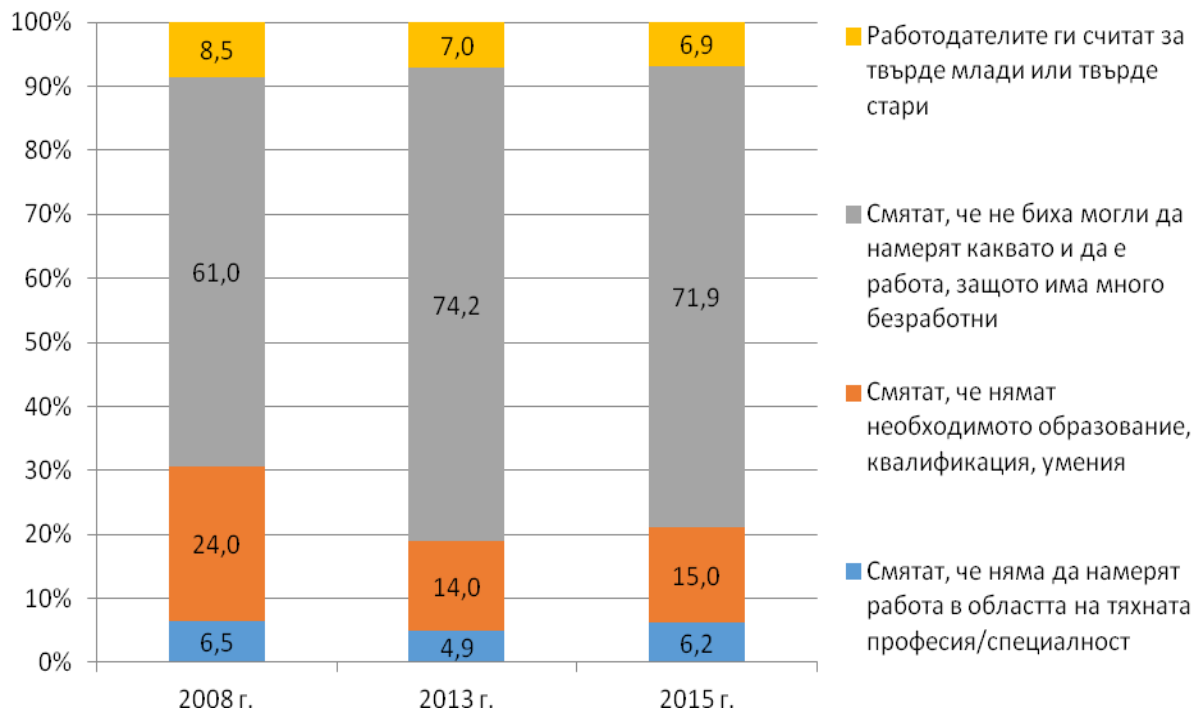
Source: NSI

Chart 13 Structure of unemployment according to its duration by statistical regions (%)



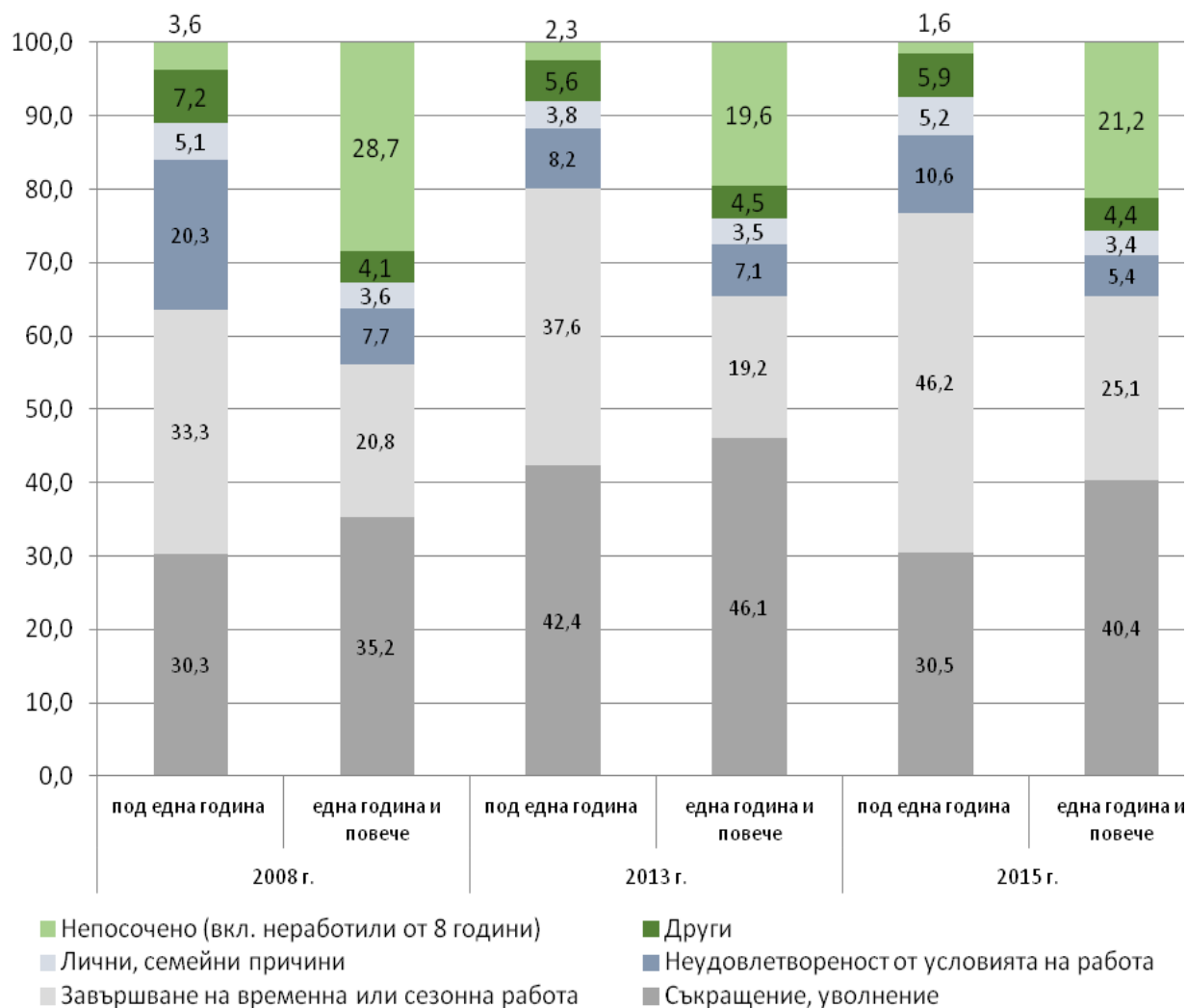
Source: NSI

Chart 14 Structure of discouraged workers by stated reasons not to seek employment (%)



Source: NSI

Chart15 Structure of unemployed people who have been without a job for under one year and above one year by stated reasons for leaving the job (%)



Source: NSI