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CONNECTING PEOPLE WITH JOBS. REACHING OUT AND ACTIVATING INACTIVE AND UNEMPLOYED PERSONS IN BULGARIA

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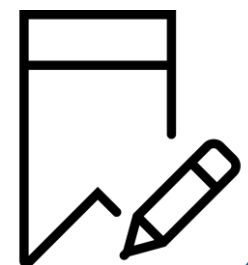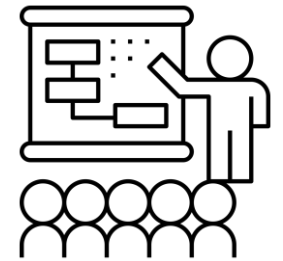https://www.oecd.org/employment/activatinginactivepersonsbulgaria2020-2022.htm

EC-OECD-NEA project "Activating Inactive Persons and their Inclusion in the Labour Market in Bulgaria"

Objectives

- Provide insights on the reasons for **inactivity** and **unemployment** in Bulgaria

- Identify possible **improvements in the provision of ALMPs** and **outreach to inactive people**

- Support further **increases in the employment rate** and the transition towards **better jobs**
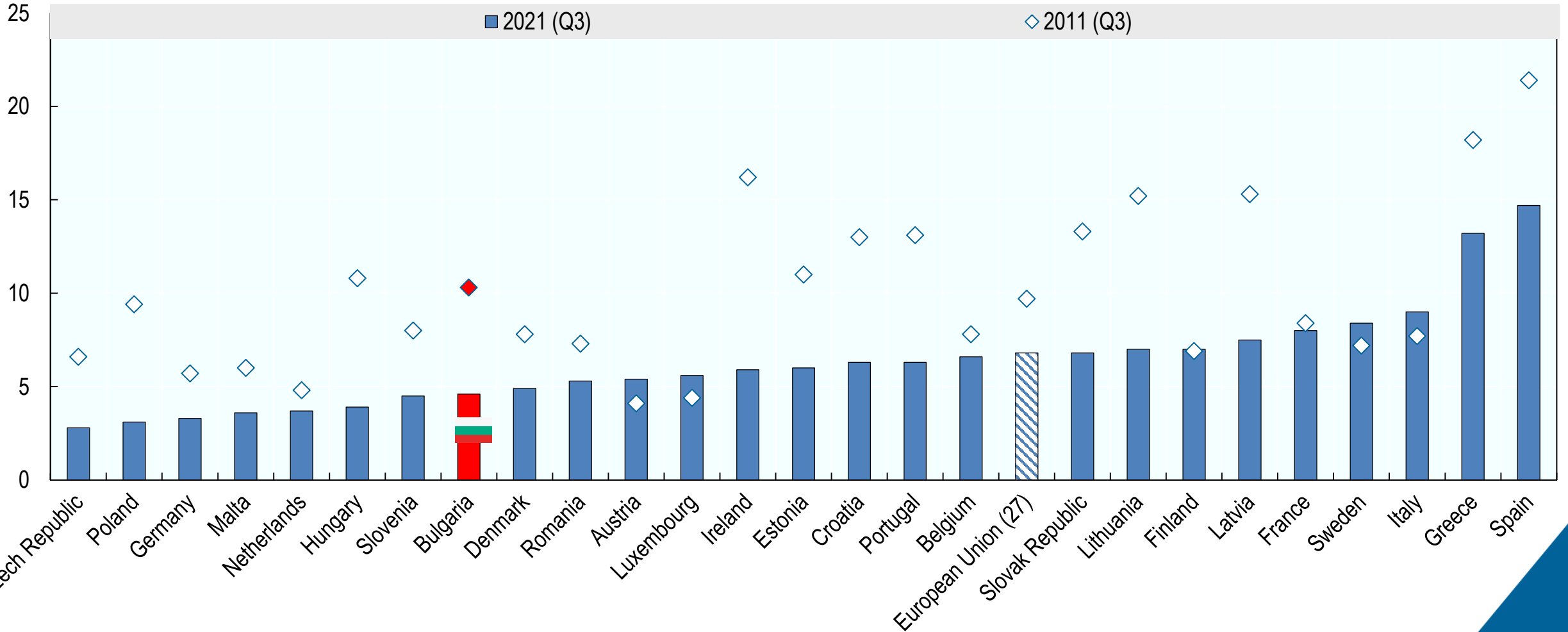
Outputs

- Report: Connecting people with jobs - Bulgaria
- Peer-learning events
- Training
- Project Activating the inactive in Bulgaria
- Reform strategy
- Pilot
- Action plan

Bulgaria's labour market is much more resilient than one decade ago, in spite of COVID-19

Unemployment rate among 15-64 year-olds, in %, 2011 and 2021

■ 2021 (Q3)　　　◇ 2011 (Q3)

Despite progress, Bulgaria faces labour market challenges

Population ageing

Bulgaria's **population is shrinking** more rapidly than any other country in the world

The **working age population** is predicted to **fall by 30%** until 2050 and will be **ageing**

→ Risk of severe **labour shortages**

High poverty risks

About one-third of the Bulgarian population is at **risk of poverty and social exclusion.**

This is **one of the highest shares in the EU** (34% in Bulgaria vs 22% in the EU).

→ Crucial to connect all groups with jobs and make **full use of labour pool** →

Still 900 000 unemployed and inactive

Stark difference in employment rate depending on education (15-64 year-olds):
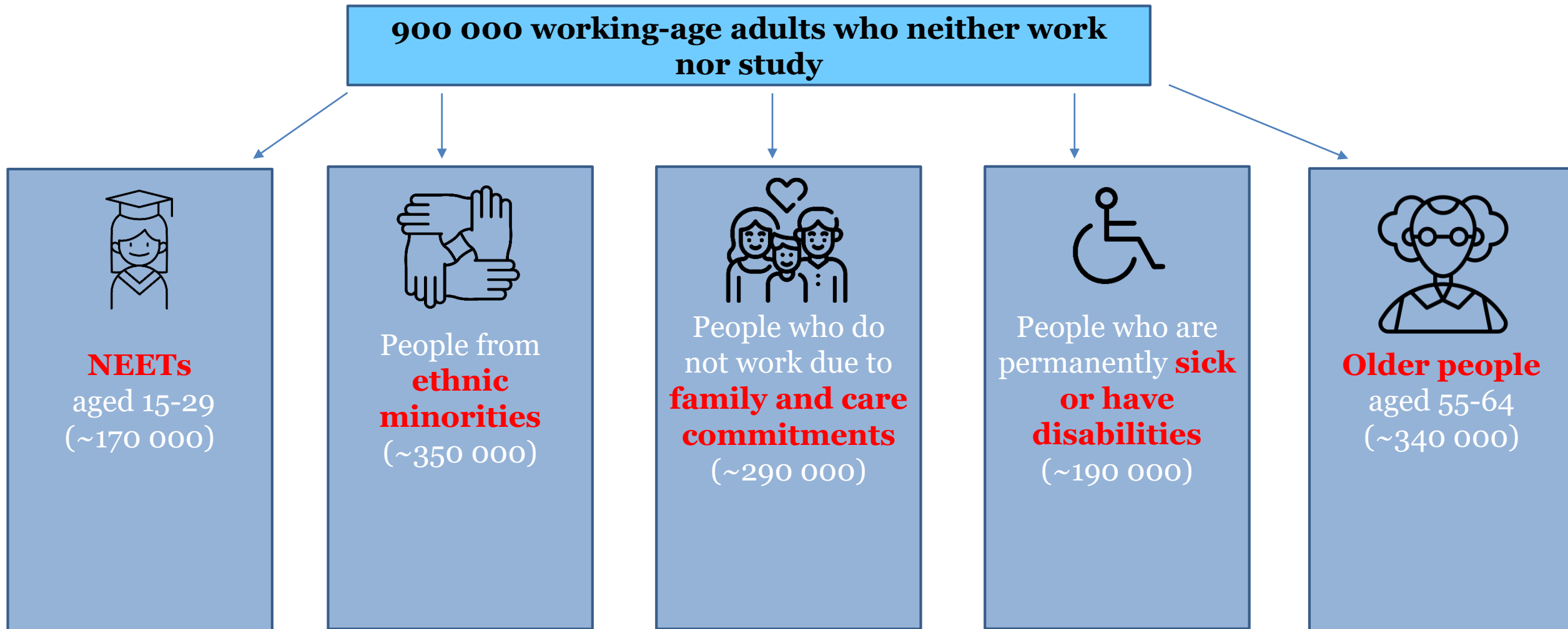- High educated: 88%
- Low educated: 35%

Unfavourable employment prospects:
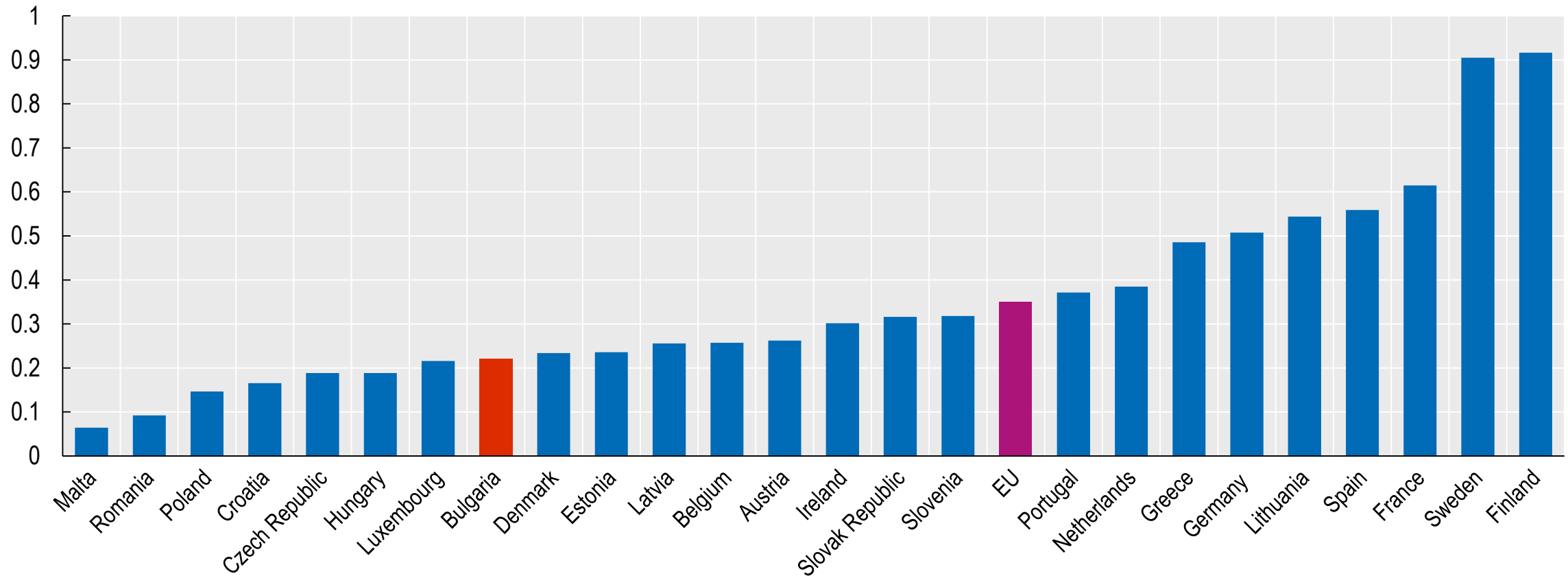- People in rural areas
- Ethnic minorities

Most of the 900 000 working-age adults who do not work belong to one or several specific groups

900 000 working-age adults who neither work nor study

NEETs
aged 15-29
(~170 000)

People from **ethnic minorities**
(~350 000)

People who do not work due to **family and care commitments**
(~290 000)

People who are permanently **sick or have disabilities**
(~190 000)

Older people
aged 55-64
(~340 000)

Note: There is overlap across groups. Figures exclude students.
Source: OECD calculations based on EU-LFS and EU-SILC

Many inactive and unemployed are off the radar of the National Employment Agency
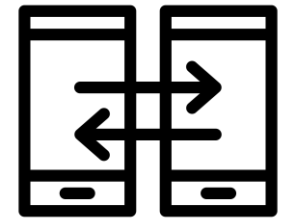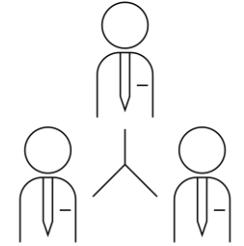
Number of registered jobseekers compared to the size of the population who does not work (and does not study), 25-64 year-olds, 2019

How can Bulgaria increase outreach to people in need of support?

➢ Reinforce **cooperation** with other stakeholders (NGOs, schools etc)

➢ Set up **more automated data exchanges** with other institutions

➢ Thoroughly **evaluate the outcomes of existing outreach** activities (e.g. youth and Roma activators/mediators)
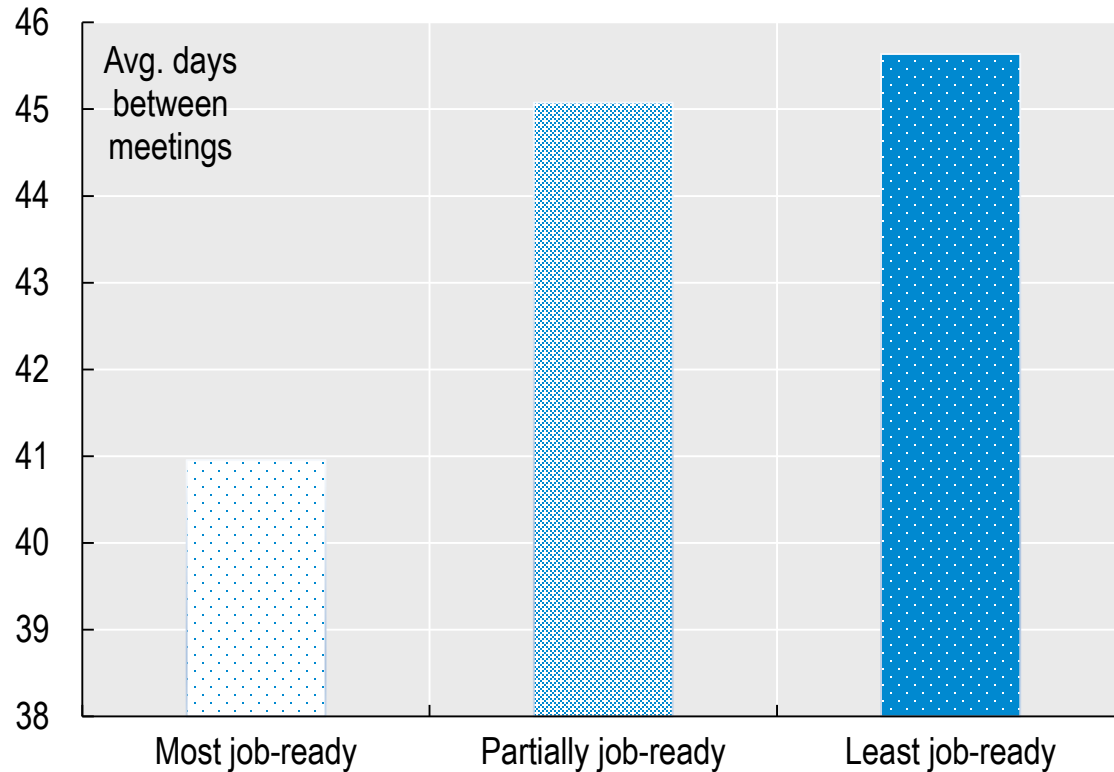
Adapt the customer journey to ensure that the needs of all types of jobseekers are met

Less job-ready clients meet with employment agency counsellors less frequently than more job-ready clients

Average time between first and second meeting with employment agency counsellor

Avg. days between meetings

Most job-ready | Partially job-ready | Least job-ready

Bulgaria should **adapt the customer journey** to **ensure that the needs of all Employment Agency employment agency clients are met**:

➢ **Reallocate existing resources** towards those who need them most

➢ Use **digital technology** to do more with less
  ➢ Upgrade statistical profiling tools
  ➢ Upgrade e-labour office
  ➢ Use more digital service delivery

➢ **Consider contracting-out** employment services
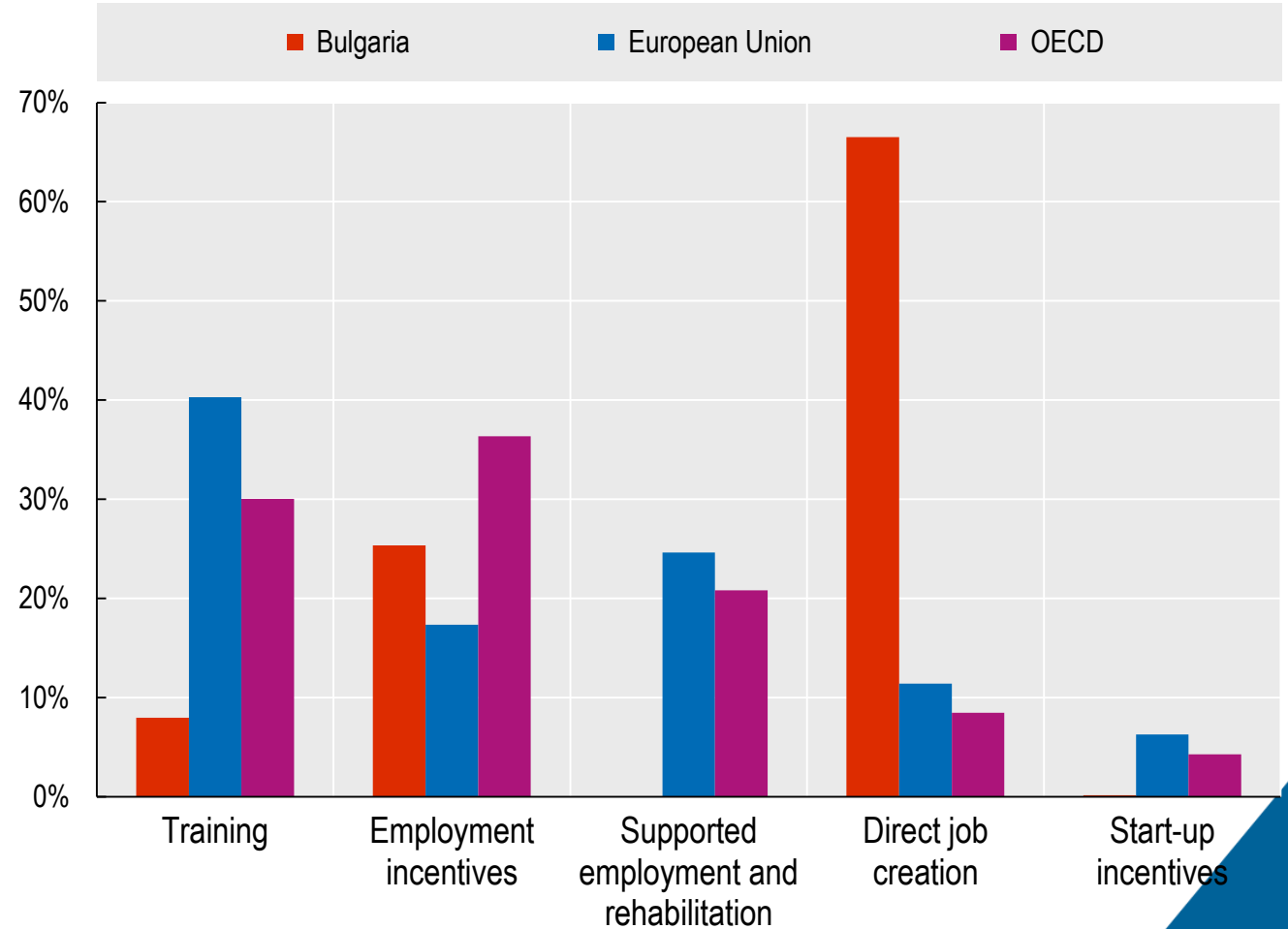   (potential for public-private partnerships)

Source: OECD calculations on NEA data

Investment into ALMPs is low compared to other countries and heavily focused on direct job creation

ALMP expenditure as a % of GDP, 2019

Expenditure on ALMPs by category, % of total spending on ALMPs

Source: European Commission/OECD Labour Market Policies Database.
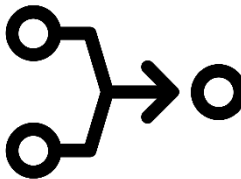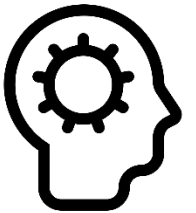
Improving ALMP provision in Bulgaria

Recommendations

Invest more in re-skilling and up-skilling programmes that provide people with employment opportunities in the primary labour market.

Consolidate number of programmes and **merge small programmes** with bigger ones.

To understand what works for whom
➢ Monitor ALMPs regularly and **carry out rigorous impact evaluations of ALMPs**
➢ Expand programmes found to be effective and cut or improve ineffective programmes
➢ **Invest in linked-administrative data** to support evidence based policy making

Key messages

- Bulgaria's labour market has improved markedly but there is still **close to 1 million working-age people who do not work**

- **Outreach and support to unemployed and inactive people should be reinforced,** in particular to vulnerable groups

- Make **efficient use of resources** to meet jobseeker needs
  - **Adapt the customer journey** to ensure optimal support, especially for those who need it most
  - Make better use of **digital technology** to enhance the efficiency of NEA support
  - Conduct **rigorous impact evaluations** and **invest in linked administrative data** to support these evaluations
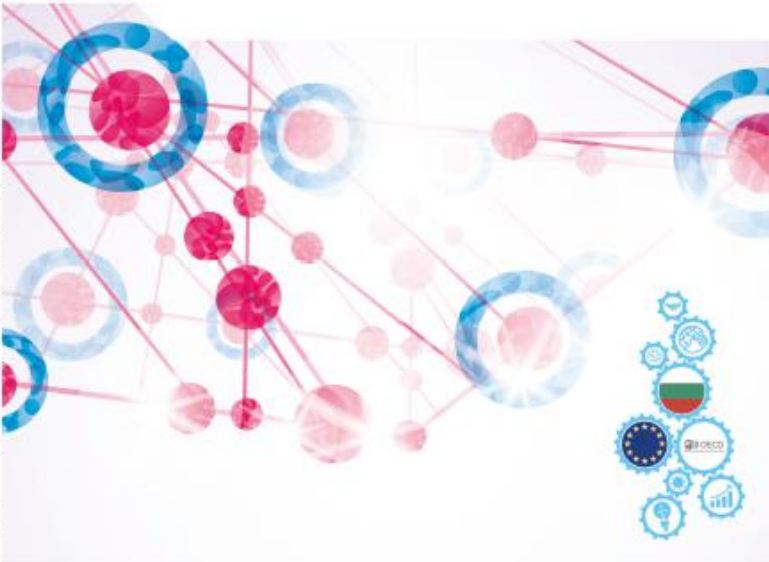 - **Adjust the ALMP mix** towards the most effective programmes

Thank you!

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Countries' responses to COVID-19 pandemic

OECD Directorate for Employment, Labour and Social Affairs:
www.oecd.org/els

More on active labour market policies:
www.oecd.org/els/employment/activation.htm