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## 1 Introduction and background

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### 1.1 An introduction to rural employment

In Romania, 'rural areas' were defined in 2005 as areas belonging to communes and to the periurban areas of towns and cities (MAFRD/MAI Ordinance no. 143/610/2005 published in the Romanian Official Journal no.382/6 May 2005). The population living in periurban areas of towns and cities started to be registered by the National Institute of Statistics as rural population only since 2005, before it has been registered as urban population. The commune is the smallest administrative unit and it is composed of several villages (on average 4-5 per commune; villages do not have their own administration, this is performed by the commune they belong to). During 1991-2004 the rural area of Romania decreased due to administrative measures; a number of 54 communes were declared towns. Their territories and population are considered urban now, also in statistics. On 31 December 2004, Romania had 2827 communes and 12957 villages (Romanian Statistical Yearbook 2005, p.16).

In 2005, the rural population of Romania was 9786 thousand persons (which represents 45.22% of Romania's total population, Fig1). The same year, the average employed population in rural areas was 4258 thousand persons, according to the Household Labour Force Survey (HLFS)<sup>1</sup>. The following information in this paragraph refers to the year 2005. In rural areas, the employment rate of persons of age 15 years and above was 53% and the unemployment rate was 5.2%. Therefore, the activity rate of persons aged 15 and above was 55.9% (3.4% higher compared to urban areas and 2% higher compared to the situation at national level (Table 1). This is due to the high share of agricultural employment). The age group 15-64 years represented 89.7% of the rural employed population (Table 2).

The last decade (1996-2005) will be analysed separately as two periods 1996-2001 and 2002-2005 as they are not entirely comparable<sup>2</sup>. Between 1996-2001, rural employment has been quite constant, and during 2002-2005 there was a descending trend. The unemployment rate had been descending during 1996-2001; since 2002 a slight ascending trend can be observed with annual fluctuations (Table 1).

Published statistics do not provide series of data about rural employment and unemployment by gender. The only sources for such information are the population censuses, made every 10 years (Table 3).

The majority of the rural employed population works in the private sector and this share has increased from 84.2% in 2002 to 88% in 2005 (Table 5).

Analysing the employment by status in employment, we observe that the 'self-employed' are the largest category. Almost all self employed (about 92%) work in agriculture. The share of 'unpaid family workers' is quite high as well and most of them work in agriculture. Employees are the

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<sup>1</sup> The Household Labour Force Survey is conducted four times a year, since 1996, by the NIS.

<sup>2</sup> In 2002, the definitions of employed, unemployed and inactive population were revised and refined in the Household Labour Force Survey. I.e. the new definition and registration criteria of "employed population" excludes from this category those employed who temporarily do not work and are not certain to return to work within 3 months. Therefore, data series 1996-2001 and 2002-2005 are not entirely comparable.

second category, by size, and most of them have non-agricultural jobs. The private initiative of the rural inhabitants (represented by the share of employers) is very low, below 1 % (Table 6).

In rural areas, in 2005, about 6% of the rural employed population (232 thousand persons) had a second income-bringing activity, besides the main job. The main job of most of these persons is full time and in non-agricultural business sectors (industry and construction about 40%, services about 38%). The second income-bringing activity is agriculture for about 95% of them (NIS 2006, pp. 157-158).

## 1.2 Agricultural employment

In 1989 about 14% of the agricultural land belonged to State farms, 61% to cooperatives and about 25% to private producers. After the fall of the communist regime the re-privatisation of land started. The programme applied by Romania consisted of “restitution of land to former owners/their heirs within the original boundaries” (Vincze 1997, p.266). The outcome was a large number of small farms (4.46 million) of an average size of 1.73 ha and a small number of large commercial farms (22.7 thousand) of an average size of 274.43 ha (for more details on farm structure see Table 7). This excessive land fragmentation today partly is due also to the fact that Romanian farmers still are close-mouthed to constituting associations (the bitter experience of cooperatives during communism makes them reluctant about associating). Therefore, at the 2002 GAC just 7% of the UAA was in associations. Most new owners started to manage individually their land. Hence, at country level the agricultural employment had a sharp increase during the transition period, from 28.1% in 1990 to 43.9% in 2000, and only in the last 5 years has begun to decrease (NIS).

The occupation of the rural employed population is mainly agriculture. During 1996-2000, the share of agricultural employment in the rural employed population increased from 67.9% to 74.5% (Fig. 2). This period was one of economic decline; the privatisation of large industrial plants had happened and resulted in mass lay-off of workers. The radical decrease of employment opportunities in the secondary sector was one of the main driving forces for agricultural employment. The dismissed workers who lived in rural areas (commuters, as industry has been concentrated mainly in urban areas) returned to agriculture. Agriculture turned out to be the alternative also for some categories of the urban population (i.e. unemployed who could not find other jobs; retired persons) for whom the living costs in the city had become too high for their incomes, and who saw in agriculture the possibility to reduce the costs of family consumption by producing their own food. The legislation regarding the status of unemployed was another driving force for agricultural employment (land owners with more than 2 ha of land were not registered as unemployed and did not get unemployment indemnity/dole). Therefore, after 1996, the urban-rural migration flux increased, outrunning all the other internal migration fluxes (rural-urban, rural-rural, urban-urban) and resulted in increasing levels of agricultural employment. The urban-rural immigrants were mainly middle-aged and old persons who went back to their native villages where they had some land. Young persons usually did not choose agriculture, they started to seek employment abroad instead.

We can say that agriculture has played an important social role, acting as an “occupational buffer” against the socio-economic effects of the transition, by absorbing redundant labour force from industry (Dumitru, Diminescu and Lazea 2004, p.68). After 2000, the share of agricultural employment in rural areas began to decrease and in 2005 was 64.2%. The abrupt drop of agricultural employment in 2002 compared to 2001 (- 6%) is due also to the changes in registration criteria (Fig. 2).

In 2005, 52.3% of the persons employed in agriculture were self-employed, 43.16% were unpaid family workers and only 4.18% were employees (NIS 2006, p.106).

Due to the seasonality of agricultural work, the share of agricultural employment varies throughout the year. During summer, about two thirds of the rural employed population works in agriculture. This proportion reduces during the rest of the year to about 50-55% (Sandu 2003, p.2).

Compared to the degree of reliance of the rural economy on agriculture, too few people hold specific agricultural qualifications. The National Agency for Agricultural Consulting provides professional training for persons working in the agricultural sector but targeted to persons holding a degree in agricultural education (Dumitru, Diminescu and Lazea 2004, p.49).

### 1.3 Non-agricultural employment

The proportion of non-agricultural employment (NAE) in rural areas is quite low compared to developed countries. In 2005, 18.7% of the rural employed population worked in industry and constructions, and 17.1% in services (in total 35.8% NAE). During 1996-2000, a descending trend of the share of NAE in rural employment can be observed, mainly due to the sharp decrease of employment opportunities in industry. Between 2001-2005 the trend has become ascending. Only in 2005 there was a slight decrease compared to 2004 (Fig. 2).

At the 2002 population census, about half of the NAE worked locally (in their residence commune) and the other half were commuters, mainly to urban areas (see Table A. below). There are also the trans-border seasonal (“come-and-go”) commuters (circulatory migration; at the 2002 population census about 62 thousand rural inhabitants were recorded as circulatory migrants). Most of them are young persons with low level education and low- or no- qualification (Group of Applied Economics 2004 p. 47). The main destination countries are: Italy, Spain, Israel, Hungary, Germany, France etc. The phenomenon of circulatory migration has increased a lot especially after the suspension of the visa for the Schengen space (January 1, 2002) (Dumitru, Diminescu and Lazea 2004, p. 52-56).

**Table A. Structure of NAE in March and June 2002**

Place of work	Type of work (preponderant)	Occupation groups	Employed Population	
			March 2002 <sup>1)</sup>	June 2002 <sup>2)</sup>
Locally (in the residence commune)	non-manual	professionals, managers and technicians	12.05	10.00
		workers in services and clerks	15.18	13.03
	manual	workers	22.32	23.03
Commuters (in urban areas preponderant)	manual/ non-manual	all	50.45	53.94
Total NAE %			100.0	100.0
Number			1,582,051	1,647,224

Source: Sandu 2003, p.3

1) Data from Population and dwellings census, March 2002

2) Data from ACOVI 2002, *Study regarding the living conditions in households*, NIS.

The NAE employed locally, in the residence communes, comprised about 782 thousand persons at the 2002 population census. Almost half of these persons were manual workers in: constructions, metallurgical industry, mining, food industry and drivers. About 30% had non-manual occupations of low and medium qualification: salesmen, persons employed in protection (guarding) services and office workers (clerks). The category of non-manual, high qualification occupations had a 25% share and is represented by teachers, technicians, employers (entrepreneurs) (Table 8).

Regarding commuters, at the 2002 population census, there were 798.5 thousand. About 33% of them were employed in construction and heavy industry (metallurgical industry, mining). Those employed in the food industry represented 11.6%, and 10% were drivers (Table 9).

Based on data provided by the ACOVI 2002 survey, D. Sandu made an analysis of the social stratification of the rural population, based on income and provision of long term use goods. The social pyramid, by categories of occupations looks as follows: at the very base are farmers; they are the poorest category, their material situation is worse than that of the economically inactive population over 15 years old. These two categories (farmers and inactive population) represent almost three quarters of the rural population over 15 years. At the top of the pyramid is the thin layer of managers, specialists and technicians who represent about 2%. The rest of the non-agricultural employed and commuters represent the middle layers (Sandu 2003, p.12-13). Therefore, communes with a high share of NAE are the most developed.

There are several factors that influence the level of NAE in rural communities: the most important is the education provision. In a county, the more rural inhabitants with at least medium education level, the higher the level of NAE. Other factors that influence the level of NAE are: the relief (in mountain-hill areas the level of NAE is higher than in plain areas), the distance between the commune and the closest urban settlement (the greatest concentration of NAE can be found in villages that are situated at a maximum of 12 km from a town/city), the historical regions (in rural areas of the poor historical regions like Moldavia or Oltenia, the level of NAE is the lowest) (Sandu 2003, pp.8-9).

The private initiative (measured through the proportion of employers in employed population) of the rural inhabitants, so necessary for the development of NAE, is still very low, below 1%. The causes are many: the low education provision, the aged population, the risk aversion, and scarce financial resources. There is also the underdeveloped infrastructure (physical infrastructure: road network, running water, sewage, natural gas networks, communication infrastructure etc. and social infrastructure: health care services, education facilities, leisure and recreation facilities etc.) that is an obstacle to set up firms in rural communities. The circulatory external migration for work is considered to have a slightly good impact on the rural non-agricultural economy. Unfortunately there are very few persons who invest the earned money in a business. Most of them invest the earnings in durables (i.e. houses, housing utilities, cars) which is still good because it improves living conditions (Dumitru, Diminescu and Lazea 2004, p.66).

## **2 The context of rural employment**

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### **2.1 New employment opportunities**

*Rural tourism and agro-tourism* are new employment opportunities that have developed significantly during the last years and further develop. In 1998, there were 600 pensions (hotels and guest houses etc.) with 3,776 places for accommodation and by 2003 there were 3,500 pensions with 28,000 places (National Strategic Plan for Rural Development 2007-2013, p.16-17). Besides pensions, there are also the farms that offer agro-tourism services; at the 2002 GAC for 1,453 farms, agro-tourism was an alternative source of income (2002 GAC, p. 370). A greater concentration of accommodation for tourists can be observed in the Centre, North-East and North-West regions. The main attractions are Bucovina (with the valuable monasteries), Maramures (ethnography, wood architecture), Transylvania with the Carpathian Mountains (hiking, skiing, gastronomy, wine etc). The Danube Delta (in the South region) has also become an important tourist attraction that brings significant incomes and of course the Black Sea (National Strategic Plan for Rural Development 2007-2013, p.16-17). These are mainly the places where rural tourism and agro-tourism can be considered really an opportunity.

*Handicrafts* are activities with long tradition in rural areas of Romania, that make good use of the local resources (wool, hemp, flax, wood, clay, osier etc.) but during the transition the number of artisans has decreased. As the natural resources still exist, there is potential for development of this activity, but one of the main issues is training new artisans to secure the replacement of the current ones, most of whom are elderly (Dumitru, Diminescu and Lazea 2004, p.43-44).

*Processing of agricultural products and provision of services for agriculture* have also become new employment opportunities. The SAPARD programme granted support for new investments only in rural areas (those located in cities/towns could benefit from support only for modernisation). Also bringing these activities closer to production places has many advantages both for producers and the business owners: lower transportation costs, cheaper labour force etc.

*Manufacturing* of clothes and shoes is a new employment opportunity for women especially and mainly in the western part of the country and in Transylvania, in communes situated in the vicinity of towns (Dumitru, Diminescu and Lazea 2004, p.43). Usually, the owners of these businesses are persons from outside the community, foreign investors generally, who establish working capacity in rural areas because of the cheaper labour force compared to urban areas.

*Forestry*, a rural activity by its nature, has potential to develop and can become a valuable source of income especially after introducing the CAP (and premium payments will be accessible). The reforestation of deforested land (as Romania's forested area has been gradually declining since the start of restitution and privatisation of forests) and abandoned land, nurseries, processing of timber etc. are activities that can generate employment in rural areas.

The choice of more and more young persons living in rural areas who do not find satisfactory jobs locally or in the cities is the seasonal working abroad (circulatory migration). They earn much more money in a short period there than they could earn in Romania. This is the main force driving them, combined with the scarce opportunities and the poverty in rural areas.

## 2.2 Education and skills – levels, access and provision

The level of education of the rural population in the age group 15-64 years increased during 1992-2002 (according to the last two population censuses -1992 and 2002) both for men and women, but the provision of education is still low compared to urban areas. The educational level of men is still higher than the educational level of women, both in rural and urban areas (Table 10a, Table 10b).

The share of the rural population aged 15-64 with low level education has decreased (from 71.71% in 1992 to 60% in 2002) and the share of those with medium and high level education has increased. The share of working age persons with tertiary education has increased from 1.28% in 1992 to 2.07% in 2002, but it is still very low compared to urban areas, where it was 9.43% in 1992 and 13.05% in 2002.

Analysing the evolution of the educational level by smaller age groups, we can observe a particular evolution for the age-group 15-24 years. The share of persons with higher education and the share of persons with low level education have both increased during the inter-census period (with 0.48% and 7.84%, respectively) and the proportion of those with medium level education has decreased (with 8.32%). An interesting fact is that more women than men in this age group have tertiary education.

This information offers a basis for making some predictions. Differences between the educational level of men and women will continue to reduce. Even if the proportion of the population with higher educational level increases, the share of those with low level education increases faster, so the overall educational level of the rural population will reduce.

The urban-rural disparities in educational level emphasise serious accessibility problems of the rural population to education. In rural areas, schools are poorly equipped and are short of teaching materials. IT (information technology) is very scarce and equipment for vocational and apprenticeship education is obsolete or missing. Generally, the quality of rural education is lower than in towns due to difficulties in attracting the best teachers (Dumitru, Diminescu and Lazea 2004, p.48).

In most communes only primary and secondary education is available. Beyond school there are very little opportunities for further training, vocational training and life-long learning/training. The education system is not well tailored yet to answer the challenge of diversification of the rural economy (Dumitru, Diminescu and Lazea 2004, p. 48).

The high level of rural poverty during the transition period adds to the difficulty faced by rural pupils in continuing their education in cities and partly explains the decreasing level of education of the young. The low interest for education by rural inhabitants also explains the low level of education. The outcome is that education of the majority of the rural population stops after completing secondary level (gymnasium), thus lowering the chances of finding good jobs and for getting out of the vicious circle of poverty (Florin 2005).

### **2.3 Other key factors in employment**

The number of rural working age persons continuously decreased during 1996-2005 but according to a demographic projection made by the NIS in 2005, this trend will change and by the year 2025 the number of persons in this age group, as well as the share of this age group in the total rural population will increase (despite the decrease of the total rural population), both in the optimistic and pessimistic versions of the projection (Table 11a, Table 11b). The reference year for the projection is 2004. At July 1<sup>st</sup> 2004, the 15-64 age group represented 6176.9 thousand persons (63.2% of the rural population). By 2025, this age group is expected to grow to 6522.7 thousand persons (66.7% of the rural population) in the optimistic version and to 6359.7 thousand persons (68.5% of the rural population) in the pessimistic version. The other two large age groups (0-14 years and over 65 years) are expected to shrink; this will lead to lower dependency rates in rural areas by 2025. In the long term though, the decrease of the 0-14 age group will mean that the number of persons entering the labour force will be much lower than the number of those leaving it (because of ageing) and the dependency rate will drastically increase. (Table 12a, Table 12b).

A serious problem issue in rural areas related to employment is that since the transition period started the vast majority of persons employed in agriculture haven't paid taxes/social insurance, haven't contributed in the pension scheme for many years. Legislative measures have been taken recently trying to deal with this problem that otherwise just gets worse as time passes and these persons will create social problems when retirement time comes or when they will not be able to work anymore.

The employment of the gypsy population represents another problem in rural areas of Romania and also at country level. At the 2002 population census, the employment rate of the rural working age gypsy population was only 33.32% and the unemployment rate of the same age group was 21.97% (NIS). Generally they do not have land ownership therefore most of them cannot establish their own farm; they usually work as seasonal workers on other farmers' land. The gypsy population and the scarce opportunities for non-agricultural employment in rural areas of Romania, at least partly explain the low level of employment and high level of unemployment.

Gypsies are the poorest ethnic minority. In 2002 at country level, 4 of 5 gypsies have lived in poverty (Tesliuc E., Pop and Panduru 2003, p.35). They are in the same vicious circle as any poor category but for them it is even harder to get out of it. Their educational level is significantly lower compared to other ethnic groups. At the 2002 population census among the gypsies living in rural areas aged 10 years or more, 26% were illiterate, and in total 95% had low or no education (NIS). Their material situation is a serious obstacle for going to school and in their culture education is not important (Preda M. 1999, p.330). It has been thought that the "milk and bread at school" governmental programme will attract more gypsy children to school but so far results have been far more modest than expected. Also the fact that the gypsy families are large, with many children makes them more vulnerable to poverty.

### 3 Specific rural employment issues

#### 3.1 The nature of under-employment

By under-employment we understand here that there are too many persons employed in a sector of economic activity and there is not sufficient work available to occupy them full time. Under-employment is a serious problem in rural areas of Romania. Mainly unpaid family workers in agriculture, women and young persons are under-employed (National Strategic Rural Development Plan 2007-2013). The higher employment rates and lower unemployment rates in rural areas compared to urban areas corroborated with the high poverty levels in rural areas clearly show the phenomenon of ‘disguised unemployment’ in rural Romania.

Another indicator of underemployment is the number of days worked per year. At the 2002 GAC there were 4,484,893 agricultural holdings. According to the same source, one person employed in agriculture worked on average 75.22 days/year. On 31% of the agricultural holdings people worked less than 50 days/person/year.

The share of part-time employment in total rural employment also indicates the level of under-employment. As we can see in the table below almost 20% of the rural employed population is employed part-time. Even though this share is decreasing, it is almost 8 times higher compared to urban areas.

**Table B. Rural employed population by work programme**

RURAL	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
<b>Employed population</b> (thou persons)	<b>5582</b>	<b>5735</b>	<b>5663</b>	<b>5713</b>	<b>5752</b>	<b>5708</b>	<b>4627</b>	<b>4561</b>	<b>4252</b>	<b>4258</b>
Full time (%)	76,8	75,1	74,1	73,9	73,5	73,4	79,6	79,8	80,2	80,9
Part-time (%)	23,2	24,9	25,9	26,1	26,5	26,6	20,4	20,2	19,8	19,1

Source: NIS, 2005a, 2006

In order to increase productivity in agriculture, it is considered that more than 1 million persons over the retirement age should leave agriculture (Dumitru, M., Diminescu, D. and Lazea, V. 2004). A safety net pension scheme was introduced in 2005 to encourage retirement of farmers over the age of 62 years. Financial support is granted yearly to land owners over 62 years who sell or lease their land. The amounts granted are €100/ha/year and €50/ha/year, respectively.

#### 3.2 The scale of semi-subsistence farming

For the purpose of this study, the definition of types of farm is as follows:- subsistence farms are those that produce only for self-consumption; semi-subsistence farms are those that produce mainly for self-consumption but also sell part of their production; commercial farms are those that produce mainly for trade.

At the 2002 GAC, there were 4,484,893 agricultural holdings (farms) and the structure of farms was the following: 76.5% of farms in Romania (that utilise 38.23% of the UAA) produce only for self-consumption, we can consider them subsistence farms. Only 2.3% of farms produce mainly

for trade (they utilise 31.19% of the UAA). The rest of 21.7%, that sell the surplus of their production, we can consider them semi-subsistence farms (they utilise 30.58% of the UAA).

Regarding farm size, the effect of the process of de-collectivisation is today a bimodal distribution of the agricultural land. At one extreme there are a large number of very small farms (98.35% of farms share 44.27% of the agricultural area). At the other extreme, there are a small number of very large farms (over 100 ha each) that represent 0.23% of the total number of farms but they share 48.13% of the agricultural area. They are the big commercial farms. The number and share of farms between these two extremes (farms of a size between 10-100 ha) is very low: 1.42% of farms (they share 7.6% of the agricultural area) (Table 7).

Between 1996-2000 (the main period of privatisation/restructuring of the industry) when a decrease of the living standards of the population occurred, many persons returned to or started farming. Many of the new land owners (in most of the cases successors of the farmers whose land was taken in the process of collectivisation) living in urban areas, who lost their jobs after the closure of the industrial plants, considered starting farming. It was not commercial farming. The need to reduce living costs (that are significantly lower in rural areas than in the urban ones) was the main driving force; therefore they just increased the number of subsistence farms.

### **3.3 The implications of the 'Lisbon Strategy'**

At *national level*, we are far from the Lisbon Strategy's objectives regarding employment (70% of the labour force employed, 55% employment of the labour force aged 55-64, 60% of the female labour force to be in work in 2010). In 2005, the employment rate of the 15-64 age group was 57.7% in Romania (and the trend is descending), the employment rate of the labour force aged 55-64 was 39.4%, and the employment rate of women aged 15-64 was 51.5% (NIS, 2006). Romania will definitely not be able to meet the Lisbon Strategy objectives. Romania's objectives regarding employment by 2010 are the following: employment rate 58.8%, unemployment rate 6.4%. The target employment rate of the 55-64 age group is 43.3 % (National Reform Programme of Romania 2006).

In 2005, the situation of employment in *rural areas* was the following: 61.6% employment rate of persons aged 15-64 years, 55.5% employment rate of the labour force aged 55-64. We observe that the employment rate of the rural population aged 55-64 years already exceeds the level set for 2010 but the situation in reality is not as good as it looks in numbers, because the vast majority of these persons is employed in agriculture (88%). For women's employment rate, the most recent published statistics are those provided by the 2002 population census. At that time the employment rate of women aged 15-64 years in rural areas, was 41.5%(Table 3). This low rate is due particularly to low employment rates of women in age groups 15-24 and 55-64 years.

The number of SMEs in rural areas was quite constant (64 thousand) between 1998-2003. This means 9 SMEs/1,000 rural inhabitants, which is much lower compared to urban areas (20 SMEs/1,000 urban inhabitants).

Taking a look at the numbers (employment rates, number of SMEs etc.) the situation hasn't improved much in rural areas since 2000, the start of the Lisbon Strategy. However, measures have been taken to create conditions for more and better jobs and the effects of these are expected to show up in the near future. For example, the amount of time necessary to register a new firm has decreased to 3 days in general. The non-salaried labour force costs (taxes) have

started to reduce, but they are still very high and do not motivate employers enough to create new jobs (Group of Applied Economics 2004 p. 47)

## **4 Overview and prospects**

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There are significant disparities between the urban and rural areas of Romania regarding employment and unemployment, education provision and economic development. By 2008, balance/convergence of the employment rates in urban and rural areas is forecast (58.2% respectively 58.5%) (National Forecast Commission).

Agricultural employment still has a very large share (32.2% at country level and 64.2% in rural areas, in 2005) compared to the contribution of agriculture to the GDP (12.76%). This emphasises the low level of labour force productivity, the acute problem of under-employment in agriculture and the necessity to channel an important share of the rural labour force to other sectors. The introduction of the CAP will take effect in the next 10 years concentrating the agricultural land (either by leasing or buying) and so decreasing agricultural employment.

There are seasonal fluctuations of employment in rural areas and therefore also of incomes of rural inhabitants; in summer there are the most employed, because of extra agricultural work then.

Alternative income sources/new employment opportunities that are expected to develop in rural areas are: rural tourism, agro-tourism, handicrafts, forestry, manufacturing, processing of agricultural products, services for agriculture.

The circulatory migration for work abroad of rural inhabitants is considered to have a favourable impact on the living standards in rural areas but only in the short term, because most of these persons invest their earnings in durables. Very few invest their earnings to set up a business.

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## 6 Annexes

### Annex 1. Tables and figures

Fig. 1

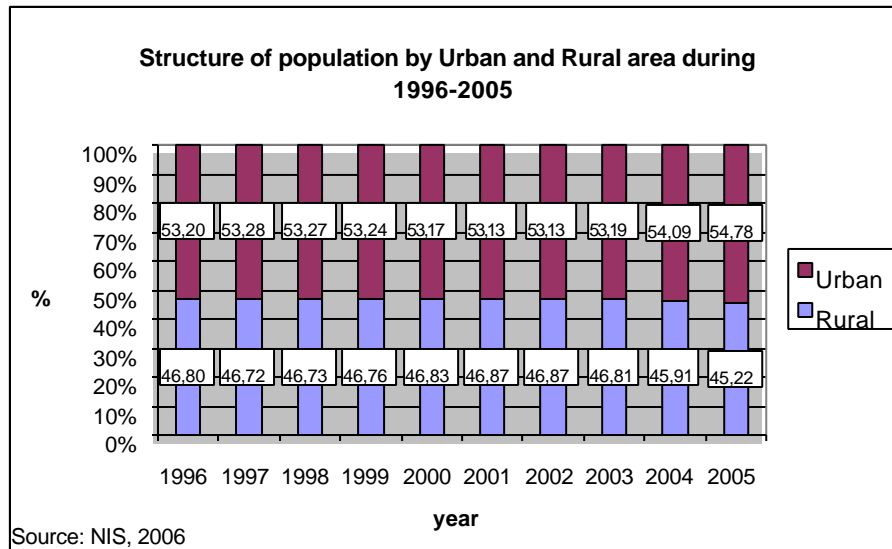
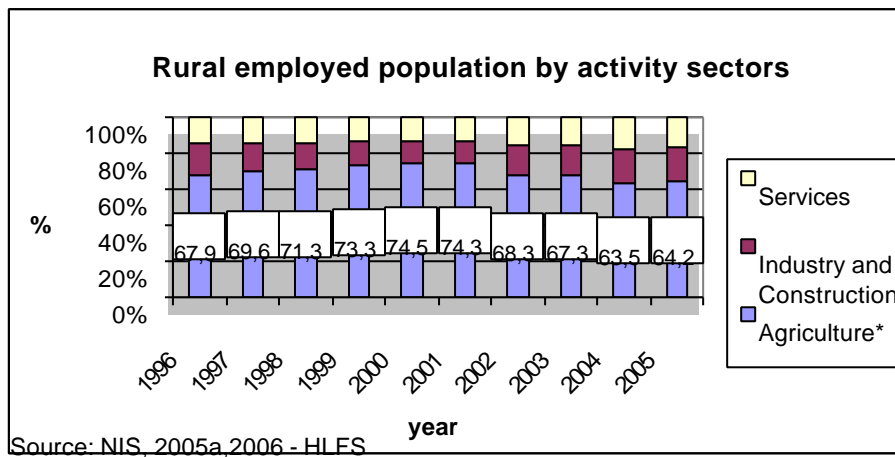


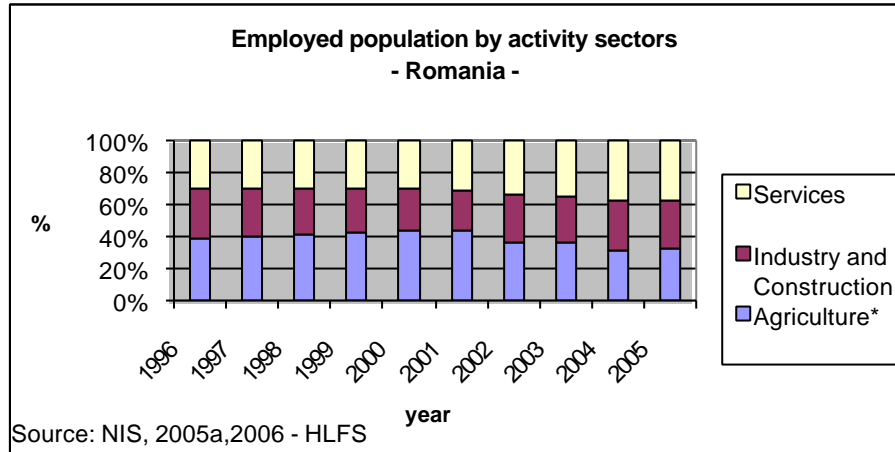
Fig. 2



\* data referring to agriculture include also forestry and hunting

Note: In 2002, the definitions of employed, unemployed and inactive population were revised and refined in the Household Labour Force Survey. I.e. the new definition and registration criteria of “employed population” excludes from this category those employed who temporarily do not work and are not certain to return to work within 3 months. Therefore, data series 1996-2001 and 2002-2005 are not entirely comparable.

**Fig. 3**



*\* data referring to agriculture include also forestry and hunting*

*Note: In 2002, the definitions of employed, unemployed and inactive population were revised and refined in the Household Labour Force Survey. I.e. the new definition and registration criteria of "employed population" excludes from this category those employed who temporarily do not work and are not certain to return to work within 3 months. Therefore, data series 1996-2001 and 2002-2005 are not entirely comparable.*

- CEEC AGRI POLICY -

**Table 1. Population by participation to the economic activity**

<b>RURAL</b>											
		<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>
Total rural population	thou persons	10347	10295	10270	10256	10254	10246	10225	10183	9959	9786
Population of age 15 and above	thou persons	8305	8262	8232	8212	8215	8228	8251	8261	8123	8029
Population of age group 15-64	thou persons	6621	6558	6496	6456	6429	6418	6419	6417	6290	6206
Economically active population (15 years and above)	thou persons	5822	5939	5858	5911	5935	5872	4891	4764	4534	4490
of which: Employed	thou persons	5582	5735	5663	5713	5752	5708	4627	4561	4252	4258
ILO Unemployed	thou persons	240	204	195	198	183	164	264	203	282	232
Economically inactive population	thou persons	4525	4356	4412	4345	4319	4374	5334	5419	5425	5296
Activity rate (15 years and above)	%	70,1	71,9	71,2	72	72,2	71,4	59,3	57,7	55,8	55,9
Activity rate (15-64 years)	%	75,4	77,1	75,7	76,2	76,7	75,6	67,8	66	65,1	65,3
Employment rate(15 years and above)	%	67,2	69,4	68,8	69,6	70,0	69,4	56,1	55,2	52,3	53,0
Employment rate(15-64 years)	%	71,8	74,0	72,7	73,2	73,8	73,1	63,7	62,9	60,6	61,6
Employment rate(55-64 years)	%	69,1	72,9	73,5	74,2	75,1	74,3	56,2	56,3	51,2	55,5
ILO Unemployment rate	%	4,1	3,4	3,3	3,4	3,1	2,8	5,4	4,3	6,2	5,2
<b>ROMANIA</b>											
		<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>
Total population of Romania	thou persons	22110	22034	21975	21933	21896	21862	21814	21754	21692	21641
Population of age 15 and above	thou persons	17609	17649	17685	17729	17804	17895	17996	18085	18159	18236
Population in age group 15-64	thou persons	14869	14868	14841	14842	14860	14903	14951	15001	15018	15053
Economically active population (15 years and above)	thou persons	11421	11472	11284	11280	11283	11151	10079	9915	9957	9851
of which: Employed	thou persons	10673	10807	10596	10535	10508	10440	9234	9223	9158	9147
ILO Unemployed	thou persons	748	665	688	745	775	711	845	692	799	704
Economically inactive population	thou persons	10689	10562	10691	10653	10613	10711	11735	11839	11735	11790
Activity rate (15 years and above)	%	64,9	65,0	63,8	63,6	63,4	62,3	56,0	54,8	54,8	54,0
Activity rate (15-64 years)	%	70,8	70,8	69,3	69,0	68,8	67,7	63,6	62,4	63,2	62,4
Employment rate(15 years and above)	%	60,6	61,2	59,9	59,4	59,0	58,3	51,3	51,0	50,4	50,2
Employment rate(15-64 years)	%	65,8	66,4	64,7	64,0	63,6	62,9	58,0	57,8	57,9	57,7

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Employment rate(55-64 years)	%	50,1	52,1	51,3	50,2	50,1	48,8	37,7	38,1	36,9	39,4
ILO Unemployment rate	%	6,5	5,8	6,1	6,6	6,9	6,4	8,4	7,0	8,0	7,2

Source: NIS 2005a, 2006 - HLFS;

*Note: In 2002, the definitions of employed, unemployed and inactive population were revised and refined in the Household Labour Force Survey. I.e. the new definition and registration criteria of “employed population” excludes from this category those employed who temporarily do not work and are not certain to return to work within 3 months. Therefore, data series 1996-2001 and 2002-2005 are not entirely comparable.*

**Table 2. Rural employed population by age groups, 1996-2005**

Year	Employed		15-64 years	15-24	25-34	35-44	45-54	55-64	65 and above
	Thou persons	%	%						
1996	5582	100,00	85,1	15,4	18,6	16,5	16,9	17,7	14,9
1997	5735	100,00	84,6	15,0	19,1	16,1	16,8	17,6	15,4
1998	5663	100,00	83,4	14,0	19,9	15,6	16,6	17,3	16,6
1999	5713	100,00	82,7	13,3	20,5	15,6	16,6	16,7	17,3
2000	5752	100,00	82,5	13,0	21,5	15,3	16,8	16,0	17,5
2001	5708	100,00	82,2	12,7	22,1	15,1	16,9	15,4	17,8
2002	4627	100,00	88,4	13,1	25,5	17,4	18,4	14,0	11,6
2003	4561	100,00	88,4	11,8	25,3	18,9	18,7	13,7	11,6
2004	4252	100,00	89,7	12,9	25,6	20,0	18,3	12,9	10,3
2005	4258	100,00	89,7	11,6	24,8	21,2	18,4	13,7	10,3

Source: NIS, 2006 - HLFS, pp.55-56

Note: In 2002, the definitions of employed, unemployed and inactive population were revised and refined in the Household Labour Force Survey. I.e. the new definition and registration criteria of "employed population" excludes from this category those employed who temporarily do not work and are not certain to return to work within 3 months. Therefore, data series 1996-2001 and 2002-2005 are not entirely comparable.

**Table 3. Employment and unemployment rates of the rural working age population, by gender**

	Rural working age population (15-64 years) -persons-		Rural working age economically active population (15-64 years) -persons-		Employment rate (%)		Unemployment rate (%)	
	1992	2002	1992	2002	1992	2002	1992	2002
<b>Total</b>	6,673,632	6,673,632	4,481,659	3,693,032	60.7	52.0	9.6	9.9
<b>Men</b>	3,389,556	3,389,556	2,594,659	2,296,029	68.5	62.1	10.5	11.6
<b>Women</b>	3,284,076	3,284,076	1,887,000	1,397,003	52.7	41.5	8.4	7.1

Source: NIS, 2005b, pp. 220, 230; 1992 and 2002 population censuses

Note: Differences between the 2002 census data and the HLFS data are due to methodological differences and to the fact that the HLFS data represent annual averages, while the census data show the situation at a certain date

**Table 4. Employment structure of rural employed population in March and June 2002**

Type of employment	Place of work	Type of work (preponderant)	Occupation groups	Employed Population	
				March 2002 <sup>1)</sup>	June 2002 <sup>2)</sup>
Non-Agricultural Employment	Locally (in the residence commune)	non-manual labour	professionals, managers and technicians	5.4	3.3
			employed in services and clerks	6.8	4.3
		manual labour	10.0	7.6	

	In urban areas (preponderant) – commuters-	manual/ non-manual labour		22.6	17.8
Agricultural employment	rural (locally preponderant)	manual labour	farmers	55.2	67.0
Total %				100.0	100.0

Source: Sandu 2003, p.3

1) Population census, March 2002

2) ACOVI 2002 Study regarding the living conditions in households, NIS.

**Table 5. Rural employed population by ownership of business**

Rural	Employed population	Private sector	Public sector	Mixed sector
	thou persons	%		
2002	4627	84,2	12,9	2,8
2005	4258	88,0	10,9	1,1

Source: NIS, 2003, 2006

**Table 6. Rural employed population by Status in employment during 2002-2005**

RURAL	Employed population	Status in employment				
		Employee	Employer	Self-employed	Unpaid family worker	Member of an agricultural holding or of a cooperative
year	thou persons	%				
2002	4627	32,0	0,7	37,8	29,0	0,5
2003	4561	32,7	0,5	37,7	28,8	0,3
2004	4252	35,8	0,8	34,6	28,5	0,2
2005	4258	34,5	0,8	36,5	28,1	0,1

Source: NIS, Romanian Statistical Yearbook

**Table 7. Structure of agricultural holdings, by size in 2002**

Size	Holdings	Agricultural area (AA)	Holdings	Utilised Agricultural Area (UAA)
< 2 ha	69,55%	13,02%	71,34%	14,58%
2 - 5 ha	22,92%	20,17%	22,15%	20,87%
5 – 10 ha	5,88%	11,08%	5,10%	10,34%
10 – 20 ha	1,10%	3,92%	0,87%	3,38%
20 – 30 ha	0,14%	0,96%	0,13%	0,94%
30 - 50 ha	0,10%	1,05%	0,09%	1,07%
50 - 100ha	0,09%	1,68%	0,08%	1,85%
>100 ha	0,23%	48,13%	0,24%	46,94%
<b>Total</b>	<b>4,484,893</b>	<b>15,707,956.63 ha</b>	<b>4299361</b>	<b>13,930,710.10 ha</b>

Source: 2002 General Agricultural Census

**Table 8. Rural population employed in non-agricultural sectors in the residence commune, by categories of occupations**

<b>Manual workers</b>	
Qualified workers in the metallurgical industry and constructions	24.3
Unqualified workers in mining and constructions	13.2
Qualified workers in the mining industry	16.0
Qualified workers in the food industry	17.0
Drivers	14.9
Device operators, assemblers and assimilated	13.7
Qualified workers in fine mechanics, artisans	1.0
Total %	100
N	353,427
<b>Non-manual occupations of low and medium qualification</b>	
Salesmen	52.0
Workers in guard/protection services	25.7
Clerks	19.8
Total %	100
N	239,147
<b>Non-manual occupations of high qualification</b>	
Teachers	33.2
Technicians and assimilated	35.2
Specialists with intellectual and scientific occupations	7.2
Specialists in biology, agronomy and life sciences	3.4
Managers of small socio-economic units	14.4
Managers of large socio-economic units	3.5
Members of the legislative body, executive, leaders and clerks	3.2
Total %	100
N	189,350

Source: Sandu 2003, pp. 4-5 (data from Population Census, March 2002, NIS)

**Table 9. Rural population employed in non-agricultural sectors outside the residence commune (commuters), by categories of occupations**

Qualified workers in the metallurgical industry and constructions	19.6
Unqualified workers in mining and constructions	5.4
Qualified workers in mining	7.9
Qualified workers in the food industry	11.6
Drivers	10.1
Device operators, assemblers and assimilated	10.8
Technicians and assimilated	5.0
Workers in guard/protection services	5.8
Salesmen	8.2
Clerks	3.4
Other categories of occupations	12.2
Total %	100
N	798,508

Source: Sandu 2003, p. 5 (data from Population census, March 2002, NIS)

**Table 10a. Level of education\* of the RURAL working age population, by age groups (at 1992 and 2002 population censuses)**

Age groups	15-64 years		15-24 years		25-54 years		55-64 years	
	1992	2002	1992	2002	1992	2002	1992	2002
<b>Total</b> - persons -	6673632	6396301	1754184	1392789	3402374	3816105	1517074	1187407
<b>Level of education - % -</b>								
Low	71.71	60.00	61.21	69.06	67.37	49.31	93.59	83.73
Medium	27.00	37.93	38.61	30.28	30.45	48.01	5.85	14.49
High	1.28	2.07	0.18	0.66	2.18	2.67	0.56	1.78
	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
<b>Men</b> - persons -	3389556	3269918	934986	724823	1732006	1996733	722564	548362
<b>Level of education - % -</b>								
Low	63.31	51.80	57.22	67.80	55.60	39.85	89.68	74.16
Medium	35.14	45.92	42.63	31.64	41.82	57.29	9.46	23.38
High	1.54	2.28	0.14	0.55	2.58	2.86	0.86	2.46
	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
<b>Women</b> - persons -	3284076	3126383	819198	667966	1670368	1819372	794510	639045
<b>Level of education - % -</b>								
Low	80.38	68.58	65.77	70.42	79.58	59.69	97.14	91.94
Medium	18.60	29.58	34.01	28.81	18.66	37.84	2.58	6.85
High	1.02	1.85	0.22	0.77	1.76	2.47	0.29	1.21
	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Source: NIS, 2005b, p.318

\* Level of education – the highest level graduated (with or without diploma)

High level – tertiary education

Medium level – high school, vocational school, speciality post high school studies, technical foremen school

Low level – secondary (gymnasium), primary, without graduated school and undeclared

**Table 10b. Level of education of URBAN working age population, by age groups**

Age groups	15-64 years		15-24 years		25-54 years		55-64 years	
	1992	2002	1992	2002	1992	2002	1992	2002
<b>Total</b> - persons -	8444242	8414279	2204820	1983430	5161381	5423307	1078041	1007542
<b>Level of education - % -</b>								
Low	38,18	29,59	47,20	48,65	30,35	20,09	57,20	43,19
Medium	52,39	57,36	51,81	48,21	56,77	63,39	32,66	42,90
High	9,43	13,05	1,00	3,14	12,89	16,51	10,14	13,91
	100,00	100,00	100,00	100,00	100,00	100,00	100,00	100,00
<b>Men</b> - persons -	4138448	4079539	1081159	1000367	2545109	2608059	512180	471113
<b>Level of education - % -</b>								
Low	32,19	26,00	47,74	49,40	22,82	15,83	45,95	32,63
Medium	56,78	60,13	51,52	48,07	62,49	66,58	39,52	50,02
High	11,03	13,87	0,75	2,53	14,69	17,59	14,53	17,35
	100,00	100,00	100,00	100,00	100,00	100,00	100,00	100,00
<b>Women</b> - persons -	4305794	4334740	1123661	983063	2616272	2815248	565861	536429
<b>Level of education - % -</b>								

- CEEC AGRI POLICY -

Low	43,92	32,96	46,68	47,89	37,67	24,04	67,39	52,46
Medium	48,18	54,76	52,08	48,34	51,20	60,44	26,46	36,65
High	7,90	12,28	1,24	3,77	11,13	15,52	6,16	10,89
	100,00	100,00	100,00	100,00	100,00	100,00	100,00	100,00

Source: NIS, 2005b, p.314

**Projection of population by age group, by Urban and Rural area until 2025**

**Table 11a. Optimistic Version**

	0-14 age group (%)			15-64 age group (%)			65+ age group (%)			total population (thou persons)		
	2004	2015	2025	2004	2015	2025	2004	2015	2025	2004	2015	2025
<b>Rural</b>	18,30	16,61	16,06	<b>63,17</b>	<b>66,04</b>	<b>66,73</b>	18,52	17,35	17,21	9777,7	9769,7	9774,3
Urban	14,38	14,01	12,96	74,38	72,57	67,70	11,24	13,42	19,34	11895,6	11368,6	10586,2
Romania	16,15	15,21	14,45	69,32	69,55	67,24	14,53	15,24	18,31	21673,3	21138,3	20360,5

Source: NIS, 2005c

**Table 11b. Pessimistic version**

	0-14 age group (%)			15-64 age group (%)			65+ age group (%)			Total population (thou persons)		
	2004	2015	2025	2004	2015	2025	2004	2015	2025	2004	2015	2025
<b>Rural</b>	18,30	16,21	15,1	<b>63,17</b>	<b>66,71</b>	<b>68,50</b>	18,52	17,08	16,4	9777,7	9605,3	9284,5
Urban	14,38	13,04	10,9	74,37	73,68	70,35	11,24	13,28	18,7	11895,7	11121,8	9910,1
Romania	16,15	14,51	12,9	69,32	70,45	69,46	14,53	15,04	17,6	21673,4	20727,1	19194,6

Source: NIS, 2005c

**Projections of dependency rates until 2025**

**Table 12a. Optimistic Version**

	Total dep. rate			Dep. rate of young (0-14 years)			Dep. rate of elderly (65 years and over)		
	2004	2015	2025	2004	2015	2025	2004	2015	2025
<b>Rural</b>	58,29%	51,42%	49,85%	28,97%	25,14%	24,07%	29,32%	26,27%	25,79%
Urban	34,45%	37,80%	47,71%	19,34%	19,30%	19,15%	15,12%	18,49%	28,56%
Romania	44,26%	43,77%	48,73%	23,30%	21,87%	21,49%	20,96%	21,91%	27,24%

Source: NIS, 2005c

**Table 12b. Pessimistic version**

	Total dep. rate			Dep. rate of young (0-14 years)			Dep. rate of elderly (65 years and over)		
	2004	2015	2025	2004	2015	2025	2004	2015	2025
<b>Rural</b>	58,29%	49,90%	45,99%	28,97%	24,29%	22,03%	29,32%	25,61%	23,96%
Urban	34,45%	35,71%	42,14%	19,34%	17,70%	15,53%	15,12%	18,02%	26,60%
Romania	44,26%	41,94%	43,97%	23,30%	20,59%	18,63%	20,96%	21,35%	25,34%

Source: NIS, 2005c

## Annex 2. Definitions

**Employed population** = persons of age 15 and above who have performed an economic activity resulting in goods or services, for at least 1 hour (at least 15 hours for certain categories working in agriculture), in order to obtain income (salary, goods or other benefits) in the reference period.

**ILO Unemployed population** = persons of age group 15-64 who are not employed, do not perform any activity to obtain income and are actively seeking a job. Also, certain employed categories are included here.

**Economically active population** = employed + unemployed persons

**Economically inactive population** = persons who haven't worked for at least 1 hour in the reference period and are not unemployed either i.e: pupils, students, house-wives, dependents, other categories.

**Activity rate (of age group X)** = (active population of age group X / total population of age group X)\*100

**Employment rate (of age group X)** = (employed persons of age group X / total population of age group X)\*100

**Unemployment rate (of age group X)** = (unemployed persons of age group X / economically active persons of age group X)\*100

**Level of education – the highest level graduated (with or without diploma)**

**High level** – tertiary education

**Medium level** – high school, vocational school, speciality post high school studies, technical foremen school

**Low level** – secondary (gymnasium), primary or without graduated school

**Rural areas** - the areas belonging to communes and to the periurban areas of towns and cities. (MAFRD/MAI Ordinance no. 143/610/2005 published in the Romanian Official Journal no.382/6 May 2005 - *Monitorul Oficial al României*). The commune is the smallest administrative unit in Romania and it is composed of several villages (in average 4-5/commune; villages do not have their own administration, this is performed by the commune they belong to). On 31 December 2004, we had 2827 communes and 12957 villages (NIS, 2006)

### **Annex 3. Acronyms**

GAC – General Agricultural Census

HLFS - Household Labour Force Survey

ILO – International Labour Office

NAE - non-agricultural employment

NIS – National Institute of Statistics

UAA – Utilized Agricultural Area

ACОВI - Study regarding the living conditions in households