



# TURNING THE TIDE?

The COVID-19 pandemic has created unexpected opportunities for the depopulating countries of South-East Europe – even in rural areas

---

*A brief for UNFPA's Regional Office for Eastern Europe and Central Asia*

ALIDA VRAČIĆ & TIM JUDAH

MARCH 2021

The views expressed in this publication are those of the authors, and do not necessarily represent the views of UNFPA, the United Nations or any of its affiliated organizations.

# EXECUTIVE SUMMARY

THE GLOBAL EFFECTS of the Covid-19 pandemic are not yet fully understood, quantified or evaluated, but the pace at which the virus has changed our lives is nothing short of astonishing.

The pandemic will alter global trends in ways which are still difficult to ascertain. Migration is one of these trends. Helping change decades of rural depopulation may be another.

Since March 2020, migration has plummeted across the world,<sup>1</sup> and few people are leaving their own countries for work. But somewhat hidden behind this broader trend is the fact that reverse migration has been observed in virtually all countries and regions from which migrants traditionally come – and South-East Europe is no exception. During the early weeks and months of the pandemic, hundreds of thousands of people who lived and worked in the UK, in Germany, in Switzerland and elsewhere returned home to South-East European countries.

Their reasons for returning varied. Some had lost their jobs, some sought to be close to their families in a time of crisis and some felt safer at home, especially those without full access to free health care abroad.

For South-East European countries that have for decades only experienced emigration, such a large-scale return was a novel experience and one which has unexpectedly opened up many opportunities.

There are no reliable numbers of how many people have returned home, nor figures for those who have subsequently stayed. However, research in Bulgaria found that among returnees 10% said they did not want to go abroad again after the crisis was over, with another 25% saying that they had not yet decided about this.

Just as people have returned home, South-East Europe has been witnessing another phenomenon, one that is also being seen elsewhere: The sudden rise of remote working has given large numbers of people more choice about the environment in which they live. Many in this situation are opting for larger properties in often semi-rural settings relatively close to big cities – a phenomenon which had

already begun before the pandemic – or venturing further afield to attractive rural and even mountainous regions. By massively changing the calculation about where one can live, Covid-19 has accelerated both trends. What is true for professionals from London and San Francisco is also true for their counterparts from Novi Sad, Plovdiv, Sofia or Belgrade.

Unlike in most Western countries, however, the far more recent urbanization of South-East Europe means that a far greater proportion of city-dwellers has access to land and family property in rural areas. Better infrastructure, especially roads and internet, makes these properties viable options as second homes or even desirable places to live and work, in ways which they were not just a few years ago.

To capture the experiences and intentions of people in the region and to better understand emerging dynamics, this paper looks at how the pandemic has the potential to change urban-rural relationships in South-East Europe. It concentrates on two countries, Serbia and Bulgaria, however their experiences have much in common with those of the rest of the region.

This paper explores stories of return and aims to understand what it takes to design smart public policies to render regions outside of big cities vibrant again. It proposes a more holistic approach for the future development of rural areas, one that includes the modernization of infrastructure, full digitalization and going green, but also suggests the need for a realistic approach in distributing the limited resources that national and local governments have at their disposal. It touches upon the basic questions that need to be adequately addressed, such as the reasons why many rural areas have been subject to depopulation in the first place. It also includes the perspective of younger generations who do not see the appeal of the countryside.

Finally, this paper identifies various models that could be replicated in making depopulated rural areas more resilient and vibrant. The most important substantive elements of rural revival are, or should be, laid out by governments and international institutions and organizations. Serbia, for example, has elevated the issue to the ministerial level. Devising and implementing strategies and carrying out reforms must continue.

<sup>1</sup> Delphine Strauss, Financial Times, 9 February 2021, “Sharp fall in global migration threatens economic recovery.”

## KEY TAKEAWAYS

- In South-East Europe hundreds of thousands of people who live and work abroad have returned home since the beginning of the pandemic. Remote working gives many of them the opportunity to stay there.
- Given minimum conditions returnees can work anywhere, hence long-term strategic planning must include the acceleration of digital modernization and the best standards of connectivity.
- Covid-19 has changed and improved the image of rural areas. The persistent development gap between cities and countryside is shrinking. This is especially true for areas near big cities which suggests how other previously neglected parts of relatively small countries may also revive thanks to improved infrastructure and modern technology.
- Depending on their family statuses, the types of jobs they do and the stage they are at in their careers, many people would choose to live in the countryside rather than the city if given the chance. Bigger, more affordable homes, gardens, access to open space, clean air and all the other opportunities offered by the countryside are deeply attractive prospects for many.
- If governments in traditional labour-exporting countries want to retain some of those who have returned, they must act swiftly to tap the unexpected potential for return migration prompted by Covid-19.
- Many of those who return home permanently possess the networks, skills, talents and assets that can help reverse long-lasting emigration trends. This is as true for Serbia and Bulgaria as it is for other countries. This so-called “creative class” truly matters: It is these people who will help determine whether their countries can achieve a higher level of economic development in the future.
- The countries of South-East Europe have changed profoundly in the last few decades and new economic opportunities have been created. IT industry professionals in the diaspora can easily access information about various possibilities back home, though this is far more difficult to do for other sectors. Governments of the region should collaborate with the private sector to compile and provide easy access to information about openings and opportunities across the entire labour market.

## RECOMMENDATIONS FOR NATIONAL GOVERNMENTS

- Engaging with local leadership is essential. Future government programmes aimed at reviving villages and rural areas should consider establishing joint platforms that enable stakeholders, especially at the municipality level, to discuss different areas of mutual concern and to exchange knowledge and experience.
- Governments must systematically address and provide assistance wherever possible, especially on taxation issues, as part of the return migration process. Tax questions have proved to be a powerful disincentive against companies allowing remote work by professional employees who might otherwise be contemplating a permanent return home.
- Following successful examples elsewhere, both EU and non-EU countries in South-East Europe urgently need to gather solid data and to carry out qualitative surveys in order to understand the volume of return migration, its geography and the preferences and intentions of those who have come back. Such improved data will better inform future government decisions. Many countries in South-East Europe have postponed their 2020 census round due to the pandemic, giving governments and national statistical agencies unexpected extra time to devise strategies to facilitate this outcome.
- Covid-19 statistics such as quarantine declarations are a rich source of information, well beyond a simple enumeration of the infected, death tolls and those who have successfully recovered. These should be utilized in future planning processes.
- In making efforts to initiate changes, governments in the region should not overlook their diasporas and should in fact engage with them. Beyond their remittances that many countries depend on, diasporas can influence and help shape national debates and mobilize economic and cultural developments, signalling positive types of change.
- Solving the legacy of tangled inheritance issues is another big task for national governments. The fact that large and potentially productive rural areas remain abandoned due to complex inheritance and other problems is a major impediment for future development, for prospective investors and for individuals interested in relocating.
- Governments should ensure structural funds for weaker areas which support the overall development of municipalities. In some cases, this might also include

the development of local networks between villages and municipalities to create the necessary economies of scale that make a region a more attractive place for people, including families with children, and businesses. Such efforts could be bundled in “Rural Revival Zone” (RRZ) programmes, which could also benefit from special support from the EU and national, regional or international financial institutions. A possible competition between regions based on taxes would need to be critically assessed against available evidence, which questions the sustainability and benefits of such approaches.

- Governments and international financial institutions (IFIs) should create a mechanism for citizens to invest in their own country, especially for regional and rural development, and governments might want to make an extra effort to market such programmes to the diaspora. This could be done through publicly backed bonds where the government, the European Bank for Reconstruction and Development (EBRD) or other IFIs assume certain guarantees for risk.

## RECOMMENDATIONS FOR LOCAL GOVERNMENTS

- Investing in individuals with a vision to mobilize the unused potential of regions outside of big cities and rural areas is essential.
- Combining skills that professionals bring to the countryside with valuable traditional local know-how can generate benefits for all. Local governments should work to promote such productive exchanges. Learning from each other, while preserving and giving traditional knowledge a new lease on life can play a part in rural revival.
- While national governments in most countries of South-East Europe are responsible for the process of strategic

planning, local governments can take an active role in defining their own priorities within government programmes. Moreover, policy coordination instruments should be used to influence decision-making.

- All future local activities should incorporate a strategy for ensuring sustainability, including mobilizing funds from other sources, not forgetting countries’ own diasporas.
- Working with national governments and IFIs and/or local development banks to create publicly backed investment bonds for municipalities can offer a vehicle for people, including members of the diaspora, to invest in their home countries.

## RECOMMENDATIONS FOR THE EU

- The European Union is well-placed to encourage the revival of areas that have not hitherto been in its traditional focus, either through the recovery fund or by fine-tuning the existing Instrument for Pre-Accession Assistance (IPA) for the non-EU countries, as well as through regular communication with Europe’s regions and local communities.
- To champion the advancement of rural communities, both the European Commission and EU capitals should work closely with the European Committee of the Regions and directly with national and regional authorities in both member states and accession countries like Serbia.

- Eurostat, the EU’s statistical agency, should also engage on the issue of return and extend support in a bid to collect relevant data on returns and future migration projections.

# INTRODUCTION

FEW PARTS of the world are more affected by emigration than South-East Europe. Young people are leaving, fertility rates have collapsed and societies are ageing. From Greece to Poland, almost all eastern, central and south-eastern European countries are confronted with similar problems.

According to projections calculated before the pandemic, Bulgaria will have 38.6% fewer people in 2050 than it did in 1990. Serbia will have 23.8% fewer people.<sup>2</sup> The numbers for the rest of the region vary but all point in the same direction. Populations are shrinking.

Serbia has almost no immigration (if you exclude returning citizens) and while Bulgaria has a little, the amount is insignificant in comparison with Western countries, which in the past few decades have eased their own demographic challenges via immigration.

Rural areas across Europe have long been plagued by issues arising from depopulation. In Serbia and Bulgaria, the post-Second World War decades of industrialization first drew people from country to town. From the 1960s, however, Serbs, like other Yugoslavs, also began to move abroad for work. This created a tradition of emigration as well as new networks which were then available to subsequent generations when war and economic collapse led to ever-larger numbers leaving from the 1990s onwards.

For those who did not go abroad, though, the big cities remained a draw for people whose families had always lived in villages, promising better employment opportunities and higher levels of development. In Serbia, some 46% of people live in the cities of Belgrade, Novi Sad, Nis and Subotica, leaving many villages with only 500 people or fewer.<sup>3</sup> As of 2013, a reported 250,000 people were moving from rural to urban areas every year.<sup>4</sup> However there were still estimated to be 1 million people (out of a total population of just under 7 million) living in rural areas in 2020, including 175,000 pensioners.<sup>5</sup>

According to Bulgaria's National Statistical Institute, in 23% of villages there are no more than 49 residents. In the region of Veliko Tarnovo, which has suffered heavily from depopulation, there are now 58 villages which have been completely abandoned.<sup>6</sup>

Economic growth in both Serbia and Bulgaria is heavily concentrated in and around urban areas such as Belgrade, Novi Sad, Sofia and Plovdiv and, in Bulgaria's case, in coastal towns as well. The pull factor of these regions dictates the geography of internal migration. At least this was the case until the advent of the Covid-19 pandemic.

## THE NEW NORMAL

MARCH 2020 marked the beginning of a dramatic change. The outbreak of Covid-19 has shuttered schools and businesses and left people groping to adjust to entirely transformed lives.

Across the world millions of people who worked and lived abroad returned home. Many had lost their jobs and many opted to ride out the storm with their families. A significant proportion also returned because of medical insurance issues. The latter situation was certainly the case among a segment of Serbs and Bulgarians who did not have fully registered legal residence abroad and were thus not fully covered by local health services.

What remains unknown is how many of these people will remain in their home countries after the pandemic has passed. Countries have a great opportunity to entice them to stay, rather than move abroad again. Cities in particular have been hard hit by Covid-19 and working at home has become the new normal for hundreds of millions. As a result, an unknown number have returned not just to big cities in their home countries but also to the small towns and villages where they came from.

Covid-19 has highlighted many of the weaknesses of urban life and all the available indicators, such as property prices, demonstrate that many people with the means to do so are seeking larger properties outside of – but still within comfortable driving or public transport range – of city centres.<sup>7</sup>

This is as true of Belgrade, Sofia and Plovdiv as it is of London. As cities continue to face a growing set of challenges, smaller towns and semi-rural and countryside areas are becoming increasingly attractive for many city dwellers.

2 Tim Judah, Balkan Insight, 2019, "Bye-Bye, Balkans: A region in critical demographic decline."

3 2002 census figures for Serbia. Ljiljana Pejcin-Stokić and Vladimir Grečić, European Commission, July 2012, "Social Impact of Emigration and Rural-Urban Migration in Central and Eastern Europe," p. 8.

4 Al Jazeera Balkans, February 2013, "Unutrašnje migracije prijete Srbiji," available at: [balkans.aljazeera.net/vijesti/unutrasnje-migracije-prijete-srbiji](http://balkans.aljazeera.net/vijesti/unutrasnje-migracije-prijete-srbiji).

5 [danas.rs/bbc-news-serbian/milan-krkobabic-u-intervjuu-petkom-zadatak-nam-je-da-mladi-iz-sela-ne-idu-na-cuku-da-hvataju-signal-za-internet/](http://danas.rs/bbc-news-serbian/milan-krkobabic-u-intervjuu-petkom-zadatak-nam-je-da-mladi-iz-sela-ne-idu-na-cuku-da-hvataju-signal-za-internet/)

6 [bnr.bg/en/post/101267379/forced-isolation-in-depopulated-bulgarian-villages](http://bnr.bg/en/post/101267379/forced-isolation-in-depopulated-bulgarian-villages)

7 Tanjug, "Cena vikendica dogurala do 200.000 evra: Evo gde su najskuplje, a gde najjeftinije," [novosti.rs/vesti/ekonomija/916234/cena-vikendica-dogurala-200-000-evra-evo-gde-najskuplje-gde-najjeftinije](http://novosti.rs/vesti/ekonomija/916234/cena-vikendica-dogurala-200-000-evra-evo-gde-najskuplje-gde-najjeftinije)

## Returnees and Quarantined

(for the whole period – data Information service)

	Bulgarian citizens	Foreign citizens	Altogether	Quarantined
March	14	3	17	0
April	27 011	26 313	53 324	14 625
May	129 462	122 288	251 750	80 495
June	302 731	386 968	689 699	19 144
July	408 763	715 623	1 124 386	19 533
August	378 723	762 174	1 140 897	6 139
September	400 423	464 014	864 437	473
	1 647 127	2 477 383	4 124 510	140 409

## Returnees in March

(data from Border police – without Greek border)

	Bulgarian citizens
March-June	801 755
April-June	399 764
Only March	401 991

## Lockdown Returnees

(A calculation between Border police and IS data )

March-May	558 464
Greek border excluded	533 860

Number of returnees and quarantined people in Bulgaria, 2020. Source: ECFR.

## UNFORESEEN RETURN

IN NOVEMBER 2020, the European Council on Foreign Relations (ECFR) published a study by Ognyan Georgiev called “The Grand Return: Covid-19 and Reverse Migration to Bulgaria.” While domestic migration from cities to areas on their peripheries had already been observed in the earlier phase of the pandemic, return migration had not been quantified. By obtaining official data from quarantine forms, Georgiev was able to conclude that 558,000 Bulgarian citizens entered the country during the March-May lockdown period. His study thus gives unique and valuable insight into the numbers of people who returned, data otherwise not tracked anywhere in Europe.

*“This is truly a unique moment, because when people normally emigrate, they return as a trickle. During the Covid-19 crisis they have come back as a wave and then they might trickle back.”*<sup>8</sup>

–Ognyan Georgiev

After obtaining this data Georgiev conducted a returnee survey. The responses showed that the two leading reasons for coming home were a “desire to be with relatives” (for 46%) and having lost their jobs (32%).<sup>9</sup> Perhaps most usefully, 10% of respondents said they had decided that they would

not go abroad again after the pandemic was over, with another 25% saying that they had not yet decided.<sup>10</sup> Even if only 10% of those who returned in the March-May 2020 period subsequently stayed, Georgiev argues that would constitute a “huge boom.”<sup>11</sup>

Similar work was done in Serbia in September and October 2020. *Tacka Povratka* (Returning Point), an NGO set up by diaspora and Serbian business organizations, commissioned the study “Serbian repatriates during Covid-19” along with UNDP Serbia. Unlike in Bulgaria, the Serbian researchers had no access to any statistics at all, either from the border crossing points or the Ministry of Interior, about the numbers of citizens who returned to the country during the March-May lockdown period or afterwards. However, Serbian President Aleksandar Vucic told a press conference that from 5-21 March 2020 alone 317,000 citizens returned to the country.<sup>12</sup>

Similar to Bulgaria, the survey found that 38.5% of respondents returned for family reasons, 17% felt safer in their own country and 9.6% said their family members insisted that they return. Almost half of the respondents returned from European countries, of which the largest share (14%) came from Germany, followed by 6.3% from the region, and a small share from countries in Asia and Australia.<sup>13</sup>

8 Online interview with Ognyan Georgiev, 4 December 2020.

9 ibid

10 Ognyan Georgiev, ECFR, 2020, “The Grand Return: Covid-19 and reverse migration to Bulgaria.”

11 ibid

12 *Balkan Insight*, 3 April 2020, “Serbia Pins Coronavirus Blame on Returning Serbs ‘Concealing Infection’.”

13 ibid

## WHAT IS TO BE DONE?

RURAL DEPOPULATION has long been too complex and too costly an issue for most governments in South-East Europe to seriously address. The issue is difficult enough for wealthier countries like Spain, so it comes as no surprise that it is even harder for less prosperous ones. As a result, rural areas are often poor, and lack services and employment opportunities. Many have poor access to quality health care and limited infrastructure, including a lack of public transport. The departure of young and skilled workers compounds rural poverty; typically those who are able to quit poorly paid agricultural jobs for better ones elsewhere do so. Thousands of villages in Serbia and Bulgaria and the wider region are now home to a fraction of their original population, with generally the elderly remaining. Having said that, villages across Europe vary significantly, both in terms of popularity and in access to services. Where the distances are shorter, people who live in the countryside or semi-rural areas close to cities can commute to work, school or university. This is one explanation as to why some rural areas are more affluent than others and have not been neglected like villages in further-flung areas.

Policymakers across Europe are looking for advice and ideas as to what can be done and should be done. While it may be obvious that governments have to maintain services and improve the lives of the remaining residents of depopulating areas, it is impossible to save every village and hamlet, especially in economically challenged countries like Serbia and Bulgaria. Therefore, planning ahead and targeting realistic projects is key.

Local communities across Europe that have adopted innovative plans of action can serve as examples. A group of Italians recently launched “South Working” to promote working remotely from Italy’s less developed south. The idea is that by spending money, as well as sharing their experiences, ideas and creativity, these remote-working professionals can help improve the quality of life in their hometowns.<sup>14</sup> Another idea from Italy is selling abandoned rural homes for €1 on the condition that the buyers rebuild them within a given period of time.<sup>15</sup> In Spain tax cuts have been proposed for municipalities with fewer than eight people per square kilometre plus support for new inhabitants.<sup>16</sup>

In October 2019, the incoming Serbian government signalled

## COVID-19 statistics

Daily counts of those who have become infected with, died of and recovered from Covid-19 have become familiar statistics during the pandemic.

But Covid-19 data can go well beyond these numbers, offering a unique insight into migration flows, both internal and external. The issue is knowing where to look, and how open those with the data are to sharing it. Reliable border-crossing data is essential for planning purposes yet lacking across the region, even before the pandemic. In Serbia and Bulgaria such information is not publicly accessible, though it is in Albania.

Regulations in every country define the dynamics and the way the data is collected. In this respect, a standardized EU approach to statistics is crucial and enlargement countries are expected to progressively harmonize their data collection activities and their transmission of statistics to Eurostat, the EU’s statistical body.

that it intended to prioritize the issues of demography and rural depopulation. In the previous government demography was taken care of by a minister without portfolio while in June 2019 a National Team for the Revival of Serbian Villages had been created, consisting of 56 people including academics, clerics and various figures from the arts and sports worlds.<sup>17</sup> The new government included for the first time a Ministry for Family Welfare and Demography and a Ministry for Rural Welfare.<sup>18</sup>

The plans of the latter are ambitious. They include the establishment of a State Fund for Rural Infrastructure Development, the transfer of state-owned land of up to 50 hectares to young farmers and a plan to buy some of Serbia’s 150,000 abandoned houses for them and others who want to come to live in the countryside and cultivate the land.<sup>19</sup> It remains to be seen if these plans can survive Serbia’s post-pandemic financial situation, and their future success can only be secured with the participation of local municipalities and communities.

Financing is not the only problem though. Land registries and cadastres are in a dire state across the region. This is a huge problem leading to corrupt practices such as their misuse to illegally appropriate property. In Serbia, Borko Draskovic, the Director of the Republic Geodetic Authority,

14 Emma Bubola, *The New York Times*, 8 January 2021, “The Pandemic Helped Reverse Italy’s Brain Drain. But Can It Last?”

15 Terry Boyd, *Dispatches Europe*, January 2021, “Expat Essentials: 1 euro deals on homes are attracting people back to Europe’s abandoned villages.”

16 Charlie Devereux, *Bloomberg*, March 2019, “Ghost Villages Are for Sale in Spain.”

17 [preporodsela.gov.rs/wp-content/uploads/2019/11/Akt-o-konstituisanju-nacionalnog-tima-za-preporod-sela-Srbije.pdf](https://preporodsela.gov.rs/wp-content/uploads/2019/11/Akt-o-konstituisanju-nacionalnog-tima-za-preporod-sela-Srbije.pdf)

18 [preporodsela.gov.rs/](https://preporodsela.gov.rs/)

19 [danas.rs/bbc-news-serbian/milan-krkobabic-u-intervjuu-petkom-zadatak-nam-je-da-mladi-iz-sela-ne-idu-na-cuku-da-hvataju-signal-za-internet/](https://danas.rs/bbc-news-serbian/milan-krkobabic-u-intervjuu-petkom-zadatak-nam-je-da-mladi-iz-sela-ne-idu-na-cuku-da-hvataju-signal-za-internet/)

said in 2019 that the country’s “strained land administration... made it difficult to guarantee property ownership resulting in more than 4.5 million objects still unregistered today, as well as approximately 3 million people without an address. Regulating this state of affairs and legalization of property allows for economic development of the country, legal certainty and the creation of an attractive investment environment.”<sup>20</sup> Some work has begun on modernizing the system, but across the region another hurdle has to be faced when legal disputes arise over property ownership. Judicial systems are clogged, meaning that cases can take years to come to court.

In March 2020 amendments were passed to the law on the “Procedure of Registration in the Real Estate Cadastre and Utility Cadastre” as part of the development of Serbia’s e-cadastre.<sup>21</sup> The legislation was the latest chapter in the ongoing modernization of Serbia’s land and property registration system. This can help enable the authorities to redistribute unused land. In 2019 Branko Lakic, Director of the Agricultural Land Administration (ALA) announced that there was a plan for abandoned land, orchards and meadows to be put back into productive use. “Like some other countries from the region, we will have a procedure for dealing with land in private ownership which is not used,” he said in an interview.<sup>22</sup> In January 2021 Lakic announced that close to 1,000 hectares of abandoned state land had been identified by the ALA, working with UNDP, and that there was a plan to offer these properties to farmers for free.<sup>23</sup>

An example of how local officials can play a pivotal role comes from the village of Vrmdza, in south-east Serbia, which is examined in more detail in one of the case studies prepared for this report (see page 12). There, Slavisa Krstic, then-president of Vrmdza’s *mesna zajednica* (local council), extended his proactive support when a group of friends from several big cities in Serbia decided to buy or build houses in Vrmdza, with some of them opting to move there full-time. A strategy formulated in 2006 proposed a new concept of development for the ailing village that aimed not only to create conditions for a better life for its existing residents but to attract new ones, injecting new life into the community. Vrmdza’s slow but steady development has been accelerated by Covid-19, with property prices booming there and in other pleasant, well-connected rural regions around Belgrade and Novi Sad. It is precisely moments like these that may turn the tide.

In Vrmdza, the locals were initially sceptical of the newcomers, but they soon understood that their new neighbours brought benefits with them. Old and traditional family houses are being restored here, and the same is happening in picturesque villages elsewhere in the region. Organic food production and outdoor activities are ever more popular in Serbia. These trends may have begun with people looking for second homes but due to the pandemic, some of the newcomers are moving to these houses permanently, or spending more time there than they had anticipated. New houses are even being built in some of these villages.

What looked like a temporary option for sitting out the pandemic in a rural area has turned into something more long-term as the normalization of remote work for many professionals has created opportunities that never existed before. Many foreign companies that wish to retain talented workers who in turn want to return to their home countries are now looking into the modalities of solving tax and residency issues to allow them to do so. Moreover, many foresee hybrid working patterns, including occasional headquarters travel for those who no longer live in the same country.

Seeing first-hand the potential of diaspora communities and their capacities and influence, the governments of South-East Europe have slowly come to understand the value of attracting workforce talent home. But the private sector is emerging as a player here too. In Bulgaria, Telus International, a large foreign investor which describes itself as a “digital customer experience innovator,” commissioned a series of adverts targeting the diaspora, called “Come Back to Bulgaria.” Telus said the reason it did this was because it and other companies were facing labour shortages due to the “demographic crisis” created by so many people having left the country.<sup>24</sup> Another campaign, “Bulgaria Wants You,” is a partnership between businesses, municipalities such as labour-hungry Plovdiv, and other institutions; it features adverts for jobs aimed at the diaspora on its website.<sup>25</sup> In Serbia, *Tacka Povratka* engages with the diaspora through social networks, such its diaspora Viber community.<sup>26</sup>

Being realistic about the future development of rural areas is key. While one village may have clear advantages and benefit from energetic leadership, there will always be less attractive rural areas into which investing is a lost cause.

20 GIM International, September/October 2019, Interview with Borko Draskovic, “Geospatial Data as a Core Instrument to Transform a Country.”

21 [nkp.rs/news/amendments-to-the-law-on-procedure-of-registration-in-the-real-estate-cadastre-and-utility-cadastre/](http://nkp.rs/news/amendments-to-the-law-on-procedure-of-registration-in-the-real-estate-cadastre-and-utility-cadastre/)

22 Ivana Albinovic, *Politika*, 2019, “Prijavlivanje zapustenih oranica.”

23 [agroberichtenbuitenland.nl/actueel/nieuws/2021/01/15/serbia-newsflash-week-2](http://agroberichtenbuitenland.nl/actueel/nieuws/2021/01/15/serbia-newsflash-week-2)

24 [iabeurope.eu/wp-content/uploads/2020/07/MIXX-Awards-Europe-2020-Case-study\\_Come-Back-to-Bulgaria.pdf](http://iabeurope.eu/wp-content/uploads/2020/07/MIXX-Awards-Europe-2020-Case-study_Come-Back-to-Bulgaria.pdf)

25 [bulgariawantsyou.com/en/about](http://bulgariawantsyou.com/en/about)

26 [tackapovratka.rs/](http://tackapovratka.rs/)

Boosting services and infrastructure in emptying villages is not always enough to attract future residents. A better approach lies in investing in carefully selected rural areas with development potential, using and adapting models seen to work elsewhere. Areas in Serbia and Bulgaria that have already begun to turn the corner and will continue doing so are those in attractive settings with pleasant villages, good infrastructure and high-speed digital connections.

Across the world, governments tackle various economic and social problems by designating certain areas as special economic zones, free-trade zones or industrial development zones depending on what they are trying to achieve. If governments in South-East Europe want to stem rural depopulation one tactic could be to target specific regions or even villages, in a bid to focus help rather than spreading it so thin that its impact can only be minimal. Designating certain areas as Rural Revival Zones (RRZs), especially in a pilot phase, could help to focus the efforts of governments, and create concrete opportunities for support by outside funders. This would also give local governments an incentive to take the lead in championing areas within their jurisdiction, just as they do now to attract foreign investment in industry.

## THE EU'S APPROACH TO RURAL AREAS

THE DEPOPULATION of rural areas, especially in Eastern Europe, has never been adequately addressed. Historically, the EU's rural focus related to agriculture while other aspects of rural development tended to be neglected. The rise in remote work and the way employers think about employment models as a result of Covid-19 is accelerating a change in thinking and possibilities.

Rapid demographic changes, urbanization and emigration over the past few decades have led to varying levels of depopulation in nearly all EU member states and all European countries. However, the impact is felt differently, not only between countries but especially within them. Regions of Serbia and Bulgaria and other parts of South-East Europe suffer the effects of depopulation in varying degrees, as is also true in Germany, Spain and Italy.

Although different parts of the European Commission and other European institutions have long possessed substantial expertise about rural areas, it has only recently been pulled together in a bid to work on the issue of rural depopulation. The European Committee of the Regions has been

discussing ideas for a Rural Agenda and in 2019 a portfolio for demography, which is also looking at rural issues, was created in the new European Commission.<sup>27</sup> Dubravka Suica of Croatia was made Commissioner for Democracy and Demography and also given the status of Commission Vice President.

The members of Suica's cabinet have been tasked with conducting a series of consultations and debates, in order to analyse, discuss and then put forward various documents and strategies related to demography, including in rural areas. In June 2020 they published an initial report on the impact of demographic change which was essentially regarded as a stock-taking exercise before the real policy work began. On 27 January 2021 they initiated a three-month consultation period with a view to producing a "Green Paper on Ageing" to be published later in the year, followed by a "Long-Term Vision for Rural Areas." These will propose an array of policy initiatives and other ideas that can be drawn upon by different countries based on the issues they face.

There also is a clear political dimension to these efforts. Rural and small-town "left-behinds" in deprived areas may still wield political influence. The experience of parts of Europe and the United States over the last few years proves that these segments of society can play a pivotal role if their interests are neglected, with lasting negative effects such as a decline in trust in democracy itself. Closing the gap between rich and poor areas, between urban and rural regions, not only creates a more prosperous, resilient society but is also necessary to address harmful political cleavages.

The European Commission's "Long-Term Vision for Rural Areas" is being developed in order to protect the traditional and specific characteristics of rural life and rural areas, including agriculture and farming. But it also aims to offer a toolbox of different ideas and initiatives which can be drawn upon selectively to fit the specific needs and situations of different regions. These will include a focus on connectivity, entrepreneurship and capacity-building in green and digital sectors to support the development of these areas.

In this context, migration from outside of Europe will also be considered, given that struggling rural areas might be more welcoming to migrant communities. The idea behind the forthcoming policy suggestions is to energize thinking about rural areas, to make them more attractive and to capitalize on regional strengths. Bringing money to the table to support innovative approaches, primarily related to connectivity, can also motivate local decision makers to think years ahead. National and local leaders will likewise be encouraged to factor technological advancements into their cohesion approaches.

Whichever path local communities decide to take, however, success will require visionary approaches that go beyond simply developing more hard infrastructure like roads, and supporting individuals and groups who take the lead in re-envisioning their communities.

## INVEST IN THE FUTURE

APART FROM the recovery fund and other EU instruments, the banking sector is an absolutely crucial resource. For the Western Balkans, the European Investment Bank (EIB) doubled its investments to a total of €873m in 2020, with the most significant money being allocated for modernizing transport infrastructure and digitizing schools across Serbia. As with EU plans, the EIB will provide stimulus to green and digital market transformations.<sup>28</sup> US development funds are also present in the region and the possibilities should be explored as to whether they can be used to foster rural revival plans. The Millennium Challenge Corporation (MCC) is present in Kosovo (UNSCR1244) and Albania and in September 2020 the International Development Finance Corporation (DFC) opened an office in Belgrade.

The European Bank for Reconstruction and Development (EBRD) has become involved in rural revitalization programmes along with other donors under the aegis of the Western Balkans Investment Framework (WBIF).<sup>29</sup> In January 2021 it was announced that the Bank and the WBIF would help finance the design and construction of fibre broadband infrastructure in rural regions of Serbia and so-called “white zones” where, due to factors such as low population density, it is otherwise commercially unviable to develop it.

According to the EBRD, in 2019 only 69% of rural Serbian households were connected to fixed broadband, compared to 85% in urban areas. Narrowing this urban-rural gap by providing fast broadband to reach about 90,000 households and 600 schools and public institutions in rural areas is expected to foster more growth and development and quality education in the countryside, while helping stem Serbia’s “countryside brain drain,” according to Zsuzsanna Hargitai, the EBRD’s Western Balkans Regional Director.<sup>30</sup> When this project is completed roughly half of 4,500 rural Serbian settlements will be covered with broadband.

The Council of Europe Development Bank (CEB) is also a potential funder. In Albania in 2014, the CEB approved a project loan of €28.7m for the development of the Albanian Alps and coastal areas financed alongside the Albanian Development Fund. The goal was to improve local living conditions and municipal infrastructure in sparsely populated and predominantly remote rural areas.<sup>31</sup> The loan has been invested in communal infrastructure services, public infrastructure and promoting the development of touristic, natural, and cultural heritage sectors – all with the overarching aim of encouraging job creation and thus economic growth in these remote regions.

Similarly, in Bosnia and Herzegovina a 2014 project worth €2.5m and a follow-up loan of €5m in 2019 aimed to provide funding support to micro and very small enterprises. The project’s objective was to support the creation and preservation of income-generating activities and self-employment throughout the country, including in rural areas.<sup>32</sup>

Diasporas are a long-neglected source of potential funding. People hailing from South-East Europe who may want to invest in their home country or region lack a means to do so with relatively minimal risk. National and local governments can work with outside funders to facilitate this, using well-established models from Israel and India, for example. While banks such as the EBRD and EIB can provide international guarantees, governments can involve citizens and diasporas in investing in their own countries and specifically their own regions. For example, these could be coupled with the creation of RRZs.

## CONCLUSIONS

RETURN MIGRATION prompted by Covid-19 brought an unexpected mobility dynamic to South-East Europe. Serbia, Bulgaria and the rest of the region have witnessed the return of large numbers of people from the diaspora though it remains to be seen how many of those who came home in 2020 will remain or for how long. Still, it is clear that a region which has haemorrhaged people for decades now has an opportunity to retain at least some returnees and to simultaneously work on beginning to reverse domestic depopulation trends. That the latter is beginning to happen, even without government support, is becoming clear

28 [seenews.com/news/eib-boosts-western-balkans-financing-by-50-in-2020-730014](https://www.seenews.com/news/eib-boosts-western-balkans-financing-by-50-in-2020-730014)

29 “EBRD and WBIF support Serbia to expand broadband to rural areas,” 2021, [ebrd.com/news/2021/ebrd-and-wbif-support-serbia-to-expand-broadband-to-rural-areas.html](https://www.ebrd.com/news/2021/ebrd-and-wbif-support-serbia-to-expand-broadband-to-rural-areas.html)

30 Ibid

31 [albanianidf.org/wp-content/uploads/2020/10/ADF-CW-IV-Brochure-SPREADS-ENGLISH\\_compressed.pdf](https://albanianidf.org/wp-content/uploads/2020/10/ADF-CW-IV-Brochure-SPREADS-ENGLISH_compressed.pdf)

32 [coebank.org/en/news-and-publications/news/ceb-supports-micro-businesses-bosnia-and-herzegovina/](https://coebank.org/en/news-and-publications/news/ceb-supports-micro-businesses-bosnia-and-herzegovina/)

through the fact that property prices outside of big cities are increasing sharply. Everywhere the value of open space and bigger properties, either in small towns or the countryside, is being appreciated as never before.

It would be a mistake, however, to overestimate the power of the pandemic to change the prospects for rural areas. This is a long-term project and, there is nothing inevitable about this change. It is hard to imagine that villages which have been depopulating for decades can revive without better access to quality health care and schools good enough to attract new families. The countries of South-East Europe have faced the issues arising from rural depopulation for decades, hence for some regions it may already be too late. Given this fact it is unsurprising that many are sceptical about prospects for a real revival. In addition, we do not yet know how deep and long-lasting the economic damage of the pandemic will be – thus limiting funds which might otherwise have been earmarked for rural revival plans through tax breaks, for example, or via targeted loans.

Rural areas in this region also suffer from an image problem. They are too often associated with an impression of elderly people eking out their final years in relative poverty and loneliness in villages without children. Since this perception is often based in fact, only tangible and actual change can bring about a change in that image as well. However, with limited resources at their disposal, decision makers should be realistic and try to focus on those regions that actually have genuine potential to prosper by moving beyond a past which was firmly rooted only in agriculture.

While some rural areas may begin to prosper on their own, thanks to good local leadership and a group of well-intended visionaries – such as is happening in Vrmdza – most will need much more support.

Another area that needs serious attention is solving the legacy of tangled inheritance issues that has left some 150,000 houses abandoned in Serbia alone. A large proportion of property that is empty and derelict across the region, especially in rural areas, is in this state not because no one wants it. Instead, inheritance disputes can leave properties in limbo if they have multiple heirs, often scattered around the globe, perhaps out of touch with each other or in disagreement about what to do with their land.

At the macro level the EU is well-placed to help. As it is already committing resources via its recovery fund, it has the power to influence channels of communication about disbursements between regions, cities and rural areas.<sup>33</sup>

Several financial institutions have likewise recognized the potential of rural areas and have already dedicated funds for it. This is a moment that could be used to open discussions about immediate needs and future strategies in Bulgaria, Serbia and the rest of the region. While there are certainly competing priorities, especially in some of the pandemic's worst-hit areas, new opportunities may be opening up as well.

A number of success stories existed prior to Covid-19, but the pandemic has made the idea of rural revival seem far more realistic than before. Vrmdza in Serbia and the village of Kosovo in the Rhodope mountains in Bulgaria provide blueprints for dynamic village revival. Policymakers can learn from them and cases elsewhere in Europe about what has already been done and provide the means to encourage more such revivals. This can be done by underpinning the work of entrepreneurs, the private sector and local governments who can contribute to driving change at home.

Our case studies can provide useful insights for policymaking, while targeted tax incentives, bonds aimed at the diaspora, a network of RRZs and infrastructure improvements can provide general frameworks. But tailored responses are also needed. If the scale of return proves to be lasting, it is of the utmost importance that statistical agencies, research institutes and international partners carry out comprehensive surveys of internal migration patterns and return trends from abroad. This will improve the planning process and accompany any ongoing campaigns to attract return migration. The lack of real-time data or even any significant data whatsoever is a huge handicap, but the upcoming censuses in the region are an opportunity to piggyback on existing data-collection exercises by adding new questions relevant to return migration and rural life with the aim of finding out what can be done to encourage the former and revive the latter.

If taken seriously, any return can be a tremendous source of growth, experience and connections to global networks and markets. Many countries in South-East Europe have already missed previous opportunities to either retain or attract talent and workforce in the past. They should not miss this one. The return of a significant portion of people who live abroad, and the revival of rural areas are not directly connected but South-East European countries can all profit by working on both critical policy areas at the same time.



Photo courtesy of Dragana Tomic Pilipovic

# SERBIA: THE VILLAGE THAT REFUSED TO DIE

## **A SERBIAN VILLAGE shows that population ageing and shrinking can be stopped.**

Say the words “Serbian village” to someone and ask them the first words that spring to mind. There is a good chance that “elderly” and “emptying” will be among them.

Say the name “Vrmdza,” though, and if they have heard of this picturesque village in south-eastern Serbia, you are likely to get a very different reaction. “Synergy,” “rurban,” “ecovillage” or “climbing” might be among the replies.

Until a few years ago there was nothing to distinguish Vrmdza, 230 km south-east of Belgrade, from a thousand other dying Serbian villages. Now journalists are beating a path to get there to discover why it has broken the mould.

The Romans, Byzantines and Ottomans all made their mark in Vrmdza, as the village’s slick branding campaign reminds visitors. Its church may date to the 13th century. Its school is

the oldest in the area, having opened its doors in 1851.

Today the village is being reinvented as a foodie paradise, mountaineer heaven and ideal location for remote working. Once-tumbling-down houses are being restored. Inside, internet-savvy villagers are marketing their organic produce and ecotourism offers – even a “floating yoga” studio – on social media.

Covid-19 sadly derailed plans in 2020 for an annual film festival dedicated to documentaries about ecology and tourism. Still, the pandemic did not stop a television show about food and culture from visiting Vrmdza and they found so much to report on that they filmed two episodes here instead of the usual one.

Something is clearly *happening* in Vrmdza.

## URBAN TO RURBAN

It might be an exception and a flash in the pan – but it is also possible that when historians and demographers look back, they might just identify what is happening in Vrmdza as marking the end of the decline of the Serbian village and the beginning of something new.

If that is the case, it won’t have been by accident.

The village is dominated by the dramatic, craggy outcrop and cliffs of Latin grad. Nearby is Rtanj, a mountain believed by some to be a centre of alien activity; more prosaically, the tea grown there is thought to be an aphrodisiac and to help with respiratory problems.



Photo courtesy of Dragana Tomic Pilipovic



Photo courtesy of Dragana Tomic Pilipovic

The physical Rural Hub is a space in Dragana's house which is used for events, discussions, mentorship and study tours. Here, Dragana created a space where she could develop synergies "actively connecting rural and urban knowledge" – hence the term "rurban," a word normally associated with bringing rural knowledge and know-how to urban areas. In Vrmdza, Dragana turned the idea on its head. But she did not do this alone.

When Dragana bought her house, she came with a group of like-minded friends who also wanted, if not to move permanently to the countryside, to at least establish a foothold so they could spend time there and have the option of relocating if and when they wanted to.

Beautiful though it may be, the Vrmdza of the recent past very much fitted the

mould of dying Serbian village. In 1948 there were 1,593 people living in the village. By 2011 there were fewer than 500.

When the newcomers unexpectedly began showing up – from Belgrade, Nis, Zrenjanin and even a few from abroad – Dragana says that the locals were at first suspicious. "They thought there must be something wrong if someone wanted to come from Belgrade to the poorest area of Serbia!" she recalls.

Since 2010 some 45 properties out of a total of about 155 have been bought by newcomers. Up to 30 "new" people live in Vrmdza year-round, while the rest come and go. But since the advent of Covid-19, many more have either moved there permanently or are spending extended amounts of time there. A few villagers who had moved abroad, especially to France where there are traditional links, have also returned in recent years.

Vrmdza's population may not yet be growing but anecdotal evidence suggests that it has at least stopped shrinking, which is more than can be said for most Serbian villages.

All this helps build a great story for Vrmdza, which in turn has generated plenty of interest from both Serbian and international media. A story, however, is not enough. A village still needs individuals with vision to force the pace of change.

In Vrmdza, these prime movers include Dragana Tomic Pilipovic, 45, from Belgrade. She bought a property here in 2010, restored it and moved permanently to the village in 2015 with her husband and two small children. Before moving, Dragana was a head of human resources at Erste Bank in Serbia and then at a pharmaceutical firm. She loved the work but, at a certain point, she thought, "Enough is enough. It was too demanding, and I also decided to have a family." Rather than continuing to climb the corporate ladder, she wondered if she should pursue her dream, and live "with less money, but with much more fulfilment?"

Dragana's dream was not just to raise her children in a beautiful place, though. It was to apply her knowledge and experience of human resource management to "inform, educate and encourage sustainable development and social entrepreneurship" in her new home.

To do this, she first founded an NGO, the Centre for Socially Responsible Entrepreneurship (CDOP) and then Vrmdza's Rural Hub. CDOP aims to "empower villages through social economy and entrepreneurship," by supporting women entrepreneurs in particular.

Among those who made a definitive move here in 2020 is Silvana Hadzic, an IT recruitment consultant with her own business. Her husband works for a big American firm with an office in Belgrade. When Covid-19 hit he was told to work remotely. That freed them both to work from Vrmdza. “That is the trend,” she says. “Lots of people are buying houses all over Serbia.”

In 2015 Dragana wrote a book about Vrmdza as a “model of rural development and economic empowerment” for Serbian villages. She set the village within the worldwide context of “ecovillages,” described as “a type of settlement whose inhabitants want to live in harmony with nature.” There are chapters on organic food production, ecotourism and so on. If the book had been written today, it would have been very different. The Covid-19-propelled rise of remote working has radically transformed the potential of rural areas in Serbia, as it has elsewhere.

When Dragana built her house in 2013 she had to wait a year to get internet. Today, fast broadband expansion, online

shopping and better infrastructure in general are making a Serbian rural revival far more of a possibility than it would have been only a few years ago.

It is these improvements which have shifted a “rurban” life from the realm of idea to reality. Through this concept, Dragana explains, the Hub has been actively building and connecting rural and urban knowledge in a sustainable way.

What this means is that while the newcomers have learned from the original villagers about how to adapt to rural life, their presence has enabled ideas, knowledge and opportunities to pass the other way too, in addition to injecting new money into the village by creating jobs.

At the Hub, new local brands have been created to market produce and develop local tourism in ways that no one imagined possible before. Villagers attend seminars on financial management and learn about how to promote their products via social media.

The Hub also coordinates mentorship networks linking professional women in Serbia with women in Vrmdza and elsewhere, while women in Vrmdza can likewise share their experiences with others.

## THE VISION THING

New people come with new ideas. Silvana, for example, is passionate about climbing. “When I came to Vrmdza, I saw climbing places everywhere...I was like ‘Wow!’” she says.

Still, it took her five years to convince others to come too. “There were a huge number of routes and nobody came!” she says. Eventually she was able to persuade her climbing mentor from the Sports Faculty of Nis University to come. He began working on local climbing routes. Today there are more than 100, and still more are planned. According to Silvana the idea is to make Vrmdza the best climbing destination in Serbia, with the most routes.

For the last three years a climbing festival has been held in Vrmdza; in 2020 it played host to a national climbing competition featuring Serbia’s top climbers. They are now a significant proportion of the 8,000 visitors who were reported to have come to the village in the last year, many of whom stayed locally, ate locally and bought food and handicrafts to take home.

What has turned the tide of decline for Vrmdza was a confluence of interests between the original residents and newcomers, with the former understanding how to adapt to seize new opportunities. According to Silvana a key role was played by Slavisa Krstic, the former president of the *mesna*



*zajednica* (local council) who not only had vision himself but “knew how to promote the village” based at first on what the newcomers were doing. “If we hadn’t come, he could not have built the story, so it’s synergy,” she says.



Krstic told the BBC in 2020 that as far back as 2006 he had proposed a new development concept for the village. The idea was to create better conditions that would attract new residents, who would then promote the village as a place for healthy living thus putting it on the map for visitors. In the past tourists only came to Sokobanja, a nearby spa town, but now what is on offer in the district has expanded considerably thanks to a multiplier effect leading to the opening of new hotels and restaurants.

What locals discovered, says Dragana, is that visitors are not just prepared to come to Vrmdza, but they are prepared to pay for its people’s work and what they produce. For the original villagers, she says, “that was the most shocking aspect of learning and changing because, especially for the

women here, it was normal to produce food and to make a lunch for 10, 15 or 20 people. When they are building or working in the field, you have that many to feed.”

So, she says, visitors began to appreciate what the locals had always been doing as part of village life and were willing to pay for it. “That was the crucial moment,” Dragana emphasizes. Once Vrmdza’s women had understood this, she says, the rest of their families followed them, overcoming their traditional resistance to change and began to support them.

Through rebranding Vrmdza, “we have shown that, far from being dull, it can be interesting and innovative to live in a village,” Dragana says. Because of the recent changes local young people – and those born abroad with roots in Vrmdza – have begun to be much more interested in living and working here.

*“I am very happy [about this],” she says.*

*“This is really what I think the 21<sup>st</sup> century can bring to us – that we can really make a combination of urban and rural sustainable.”*

Even if the numbers involved are small, the point is clear: Decline is not inevitable, and Covid-19 is accelerating change which had already been shown to be possible in a tiny place like Vrmdza. But, Silvana says, “you have to have people who have a vision and can spread the word.”



# BULGARIA: BACK TO THE FUTURE

Photo courtesy of Dmitry Kostyukov for The New York Times

## **BULGARIAN PROFESSIONALS ARE going home.**

When Covid-19 struck Europe hundreds of thousands of Bulgarians living and working abroad returned home. No one knows exactly how many came back, though, nor how many have subsequently left again. Accurate data does not exist.

What we do know is that at least a small proportion of those who came back want to stay for good – as many as 10% of the returnees, according to research done by the European Council on Foreign Relations. However, with no reliable numbers we are compelled for now to extrapolate trends from anecdotal evidence.

Today Bulgaria has a population of 6.9 million, down from 8.9 million in 1988. Based on current projections it could have 5.8 million in 2050 – unless something happens to change this. Could Covid-19 be that catalyst?

Hristo Boyadzhiev, 35, runs Tuk-Tam (“Here-There”), a networking organization connecting diaspora Bulgarians with one another and with their homeland. He studied in the US and lived in Berlin, Barcelona and London before returning definitively to Sofia in 2018.

*“This is Act One,” he says, “No one knows how it is really going to play out.”*

The vast majority of those who have returned in the wake of Covid-19 and who work in manual labour and agriculture will probably go abroad again, if they have not done so already, says Hristo. However, he adds, Covid-19 is accelerating trends which were already being detected in Bulgaria before the pandemic.

The first of these was that professionals especially have begun to return. Today there are more jobs for them in Bulgaria that pay more competitive wages than ever before. Many of these positions simply did not exist when they left the country, not least because many of today’s employers, both foreign and Bulgarian, have only begun operating in the country since it joined the EU in 2007.

When it comes to rural Bulgaria, though, the picture is mixed. Some areas have lost far more population than others and the poorest of them have very limited capacity for repopulation because the reasons people left them in the first place – the lack of good jobs, especially – remain.

By contrast, villages and small towns close to Sofia, Plovdiv and a few other big cities, including those along the coast, are beginning to see a revival as many people, just like their counterparts elsewhere in Europe, seek bigger homes, with access to open space, but still close to good schools, jobs and all the other amenities these cities have to offer.

Villages in attractive and especially mountainous regions are also seeing a revival as those with the means are buying homes or renovating old family properties. Anecdotal evidence suggests that some among Bulgaria’s older generations who have lived in its bigger cities are retiring to holiday homes in these villages or moving there to work. Others have been spending extended amounts of time in these villages since the beginning of the pandemic because schools are online, and they can work remotely. These are all trends we can expect to see continuing in the future.



Photo courtesy of Sava Savov

## BACK TO THE FUTURE

Sava Savov, 43, returned to Bulgaria from London with his wife and three children in March 2020. They had left their home country in the 1990s to study and then work. Thanks to scholarships Sava, who comes from the small town of Sliven, was able to study in the US at an Ivy League university and then at Harvard Law School, from where he graduated in 2006. Today Sava works for a leading international law firm and his wife for an American tech giant.

He remembers Bulgaria in the 1990s as “poor, corrupt, dangerous in a way and bleak.” Sava says that he and his friends who left were “scarred” by that experience and for a long time thought, “Do you really want to go back to that place?” For years an “irrational” fear of what the country was like haunted him, even though he could see that life was improving, friends were prospering and that his kids and their grandparents loved being together. In 2019 he and his wife decided to give going home a try.

Like many others their initial idea was to come back for a year or two and see what life was like. In London they had no family and the logistics of juggling three small kids and two high-powered jobs were exhausting.

The pandemic brought forward their date of return, as it did for many of their friends in similar circumstances.

Among his friends and acquaintances Sava detects a trend. Many have come back in the last two or three years and he knows more who would like to. They are up to 15 years into their careers, and “pretty much all of them have one or two kids and range from their mid-30s to mid-40s,” he says.

The difficult thing, he adds, is finding the right job or retaining a foreign job but working, at least initially, from Bulgaria, as he and his wife have done. Before the pandemic, Sava says, conservative law firms would never have entertained the idea of remote working, let alone doing so from another country. Now, he can’t see going back to full-time work in the office, though commuting for a few days a week, even between Sofia and London, might be a compromise.

For now, Sava and his family are living in the centre of Sofia, but they are building a house in the outskirts, a 20 minutes drive away. They have also restored a house belonging to his wife’s family in the village of Kosovo, located in Bulgaria’s Rhodope mountains. A few years ago, Kosovo, which is an hour’s drive due south of Plovdiv, was dying and its buildings falling down. Now, houses in the picture-postcard village are being bought and restored and new ones are being built. Many families like Sava’s are spending more time there than they ever anticipated. School has gone online, and he and his wife can work remotely. Money is being invested in the village as the newcomers hire builders, their friends stay in newly opened guest houses and they all eat at or order food from the local tavern.

If there was a good school in Kosovo or even nearby, Sava says he can imagine families moving there permanently. Unresolved inheritance issues are also a big problem, leaving many homes empty and derelict in Kosovo, as elsewhere in Bulgaria.



Photos courtesy of Sava Savov

Professionals and people in the IT sector have understood that Bulgaria has changed and a return, albeit one impossible to quantify in terms of numbers yet, has begun, says Sava.

He adds that it is taking time for the message to spread in the diaspora that there is a huge demand for labour in Bulgaria, especially in more specialized sectors. Many people who left a decade or more ago think the country is just as it was, he says, calling it a shame that the government's outreach to these people has been "flat" and lacking much information. Many of these people, from tilers to beauticians, would return if they knew that their particular skills were both in short supply and far better paid than before. But money isn't the only draw. Sava says that life back home with friends and especially family, and without the stress of a big city like London, is just "incomparably richer."

---



## BAY AREA TO BLACK SEA

Paskal Zhelezov, 28, won the lottery. Literally. In 2007, when he was 15, his family won a green card lottery giving them the right to emigrate to the United States from their home in Aytos, a small town near the Black Sea port of Burgas. Before they left Paskal's father had been a post office technician and his mother a lawyer.

In May 2020, at the height of the first wave of the pandemic, Paskal moved back to Bulgaria from San Francisco. "If it were not for the pandemic, I probably would have stayed in California," he says. "The pandemic comes with a lot of problems, but it also comes with a lot of opportunities." Paskal returned to Burgas while working remotely for a California start-up. But seizing opportunities when they come along is what has defined Paskal's life. A couple of months later he was snapped up by another start-up for which he now works.

When they left Bulgaria, Paskal's family relocated to North Carolina where he went to school and university. After that, Paskal lived in Colorado and finally moved to San Francisco. He never lost touch with home, though, and visited at least once a year to see friends and family.

Meanwhile in London, two entrepreneurs were spotting a gap in the market. Remote working was increasingly popular, but many were finding it problematic. Compliance issues and especially taxes often make it difficult for a company in one country to employ someone in another.

The pair founded Omnipresent in London in November 2019 as a company that would handle local employment compliance, payroll and taxes and thus act as an "employer of record." For example, if a Bulgarian working for a firm in the US or Western Europe wants to work back in Bulgaria, for tax and compliance purposes, that person is hired by Omnipresent on behalf of their employer.

This model also simplifies the employment of people already in Bulgaria whom a foreign company might want to hire because, as Paskal explains, they don't have to work as freelancers, taking on the hassle of filing taxes or setting up a company themselves, in order to do so.

What nobody had anticipated, of course, was that within months of Omnipresent's launch, remote working would shoot from unusual to mainstream. "The world was going there gradually, but Covid-19 just smashed it and accelerated that trend," says Paskal. It is one, he says, which is "definitely here to stay." Omnipresent itself seems to have been ahead of the curve – it does not even have a physical office.

"We're moving at the speed of light to take advantage of this massive opportunity," boasts the company's website. Paskal is now Omnipresent's sixth employee.

For those coming from a high-tax jurisdiction like California to 10% flat-tax Bulgaria, fiscal advantages are definitely among the major incentives of a move, especially if returnees can keep their previous foreign salaries. Paskal believes "thousands" have been taking advantage of this depending on their personal circumstances, including whether or not they have children.

Most returnees gravitate to Sofia and Bulgaria's other big cities, he says, but a significant proportion also return to smaller hometowns if they can work remotely. For Paskal, Burgas is the best of both worlds: It is barely 30 minutes' drive from inland Aytos, where his grandmothers and other family members live, but it has all the amenities of a big city and is on the sea.

As for rural returns, he says he has only heard stories about people doing that. Right now, Paskal says, he is concentrating on his career and having fun, but "a green lifestyle is definitely something I can see in my future" at a later stage.



Photo courtesy of Paskal Zhelezov

---

## THE PLOVDIV WAY

Gabriela Radeva, 22, graduated from Loughborough University in Britain in 2020 with a degree in international relations. She grew up in Plovdiv and, like so many of her generation, she thought that upon graduating she would stay abroad. Then the pandemic hit. To make ends meet she was working in a supermarket on campus. But with the first lockdown, students headed home, hardly anyone remained in the halls and, with no customers, the supermarket closed its doors at the beginning of June.



Photo courtesy of Gabriela Radeva

By that time Gabriela was already back in Plovdiv. She had decided that it was "better to be safe than sorry." If there had been no pandemic and Britain had been booming, perhaps Gabriela would have found a great entry-level job, but she muses, realistically she "would probably be bringing people coffee now."

Back living with her parents, Gabriela had to decide what to do after her quarantine period was over. She had done two summer internships with the business development department of Plovdiv municipality and when they offered her a job, she took it. When she had done the

internships, they had given her real opportunities, she says, which she doubts she would have got in Britain.

Gabriela says she uses her language skills in her work, is learning a lot about other cultures, meeting lots of people and making useful connections. Plovdiv is a boom town as foreign and Bulgarian companies have opened plants and offices around the city.

"So yeah," she says, "this is much better than *maybe* having a job in the UK."

Gabriela's mother works in human resources. Her father was a soldier but moved to Britain to work as a lorry driver to help finance her studies. Now he is home too. Plovdiv is "amazing," says Gabriela. "Literally everything" she might want to do is no more than a 20-minute walk away. In 2019, in fact, Plovdiv was the first Bulgarian city to be chosen as a European Capital of Culture.

Gabriela does not know how many of her friends and other people of her generation have come back but she can tell from social media chat groups that there are a lot of them. For now, she is just happy to have landed on her feet. She has a good job using her education, knowledge and skills and she is relieved she is not trapped working in a British supermarket.

But, while this is safe and comfortable, the experience is still not what she envisioned for herself at 22. "My generation is ambitious and drawn to this globalized world," she says. To work in America or somewhere else abroad would be a lot more exciting than Plovdiv and, even if they might think of returning later in their lives, "a lot of young people want excitement in their life!"

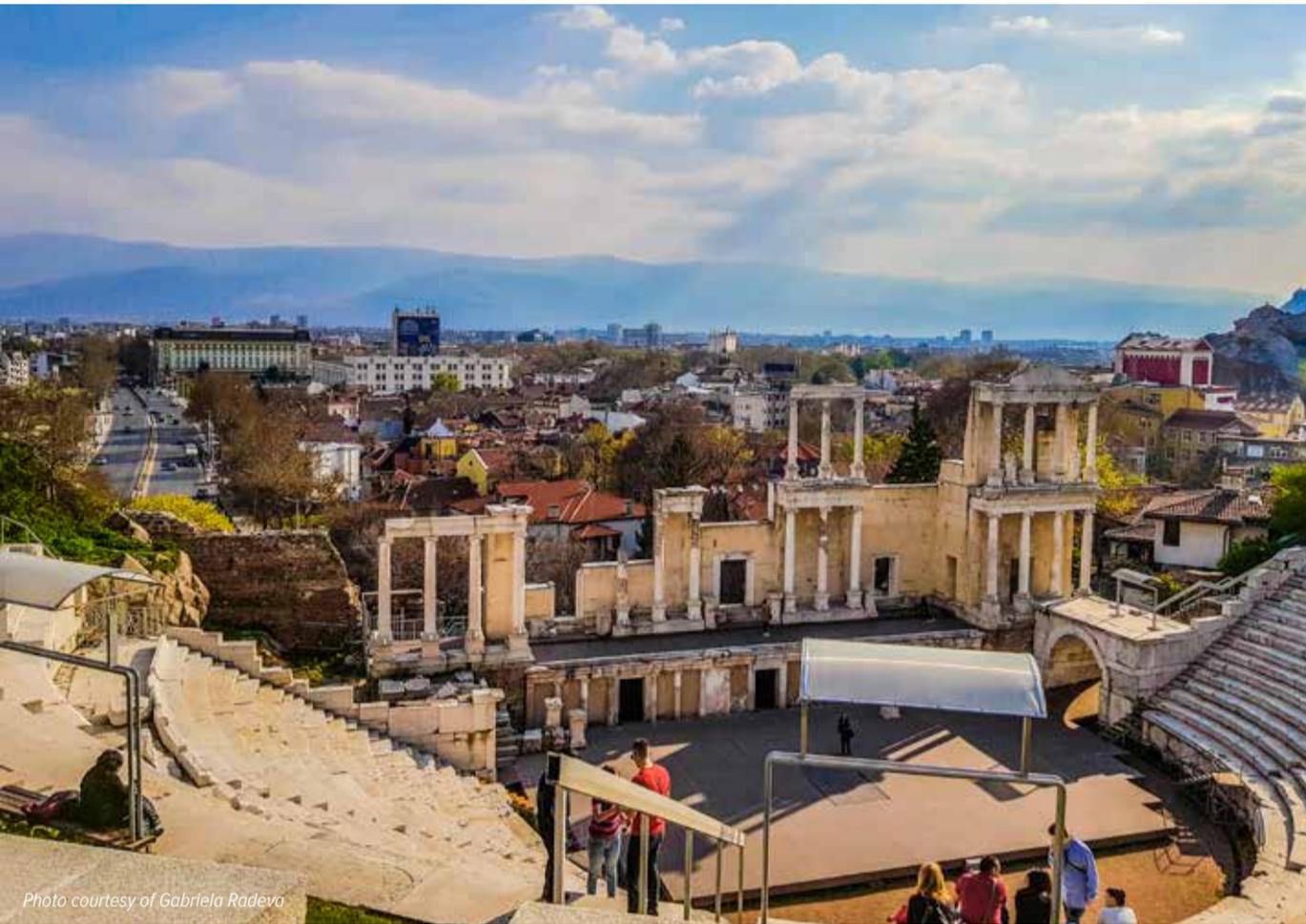


Photo courtesy of Gabriela Radeva

Gabriela says she would hate to live in the countryside. “When you are young, you need energy around you and that is when you can actually do stuff. I don’t think I am going to be 60 and going to clubs or going to get coffee at seven o’clock in the morning. That is not going to happen!”

Like many of their generation in Plovdiv, Gabriela’s parents have already bought a house to which they intend to retire and where her father already spends most of his time. But the village of Belashtitsa where their house is, is not quite as rural as it once was. It is green and pleasant but, since it takes only 13 minutes to drive to its centre from the centre of Plovdiv, it is not exactly deep in the countryside.

If Gabriela represents something of the way many of her generation feel, there is something about her family which is also highly representative.

Her parents want to live in the countryside, she says. But they have no intention of going back to the tiny town of Simeonovgrad, close to Haskovo, where her grandparents are. An hour and half’s drive away from Plovdiv, Simeonovgrad is a dying place, she says, full of elderly people and with few good jobs. “No one is building there,” Gabriela says, “everything is going down, everything.”

If you drive around Plovdiv, she says, you see plenty of cars with number plates from Haskovo and Kardzhali and other depressed regions. They are depopulating because, apart from those going abroad, their people are coming to Sofia, Plovdiv and Varna to study and because these cities are where the jobs are.

In fact, says Gabriela, “there are constantly new houses just popping out of nowhere in that village...people love the idea of living near the city, but not in it because the air is less polluted.”

It is almost at the foothills of the mountains and so in summer the temperature in Belashtitsa is a little cooler than in Plovdiv.

The charms of Belashtitsa are lost on Gabriela for now. But she and her family do symbolize their generations. Covid-19 brought her unexpectedly home to a good job in Plovdiv but the countryside is not for her. For her parents a place in the country is just what they want, but only so long as it is close enough to town, and somewhere that is flourishing. Meanwhile, as long as Haskovo remains depressed, the nearby little town of her grandparents continues to dwindle and die.

## ABOUT THE AUTHORS

**Alida Vracic** is a political scientist and co-founder and executive director of “Popolari”, a Sarajevo-based think tank specializing in the European integration of the Western Balkans region. She is affiliated with several academic institutes, including most recently with the Institute for Human Sciences (IWM) in Vienna as a Europe’s Futures Fellow, Visiting Fellow at the European Council on Foreign Relations (ECFR), and GMF Marshall Memorial Fellow. Ms. Vracic also worked for the State Court prosecutor’s team and at the Human Rights Commission within the Constitutional Court of Bosnia and Herzegovina. She holds a M.Sc. in international public policy from the University College London and a B.A. from the Law School at the University of Sarajevo.

**Tim Judah** is a journalist and author and covers the Balkans and other regions as a correspondent for The Economist. He has worked for many major publications and broadcasters, notably writing wartime reportage from Afghanistan to Ukraine for the New York Review of Books. He is the author of several books on the Balkans. In 2018-19 he was a fellow of the Europe’s Futures project of the Institute for Human Sciences (IWM) in Vienna and researched demography and depopulation in Central and Eastern Europe and the Balkans. A series of articles has been published as a result on Balkan Insight/Reporting Democracy and the Erste Stiftung website, as well as articles in The Economist and elsewhere. He is the president of the Board of the Balkan Investigative Reporting Network (BIRN) and also president of the board of the Kosovar Stability Initiative (IKS).

## ABOUT UNFPA

**UNFPA** is the United Nations Population Fund. UNFPA’s mission is to deliver a world where every pregnancy is wanted, every childbirth is safe and every young person’s potential is fulfilled. UNFPA also assists countries with strengthening their resilience in the face of rapid demographic change. For more information about UNFPA and its work in Eastern Europe and Central Asia visit: [eeca.unfpa.org](http://eeca.unfpa.org).