



Republic of Bulgaria  
ECONOMIC  
AND SOCIAL COUNCIL

## **OPINION**

**on**

### **"THE EUROPEAN PILLAR OF SOCIAL RIGHTS AND THE ROLE OF ORGANIZED CIVIL SOCIETY"**

(own-initiative resolution)

**Sofia, 2018**

The Economic and Social Council (ESC) included in its 2018 Action Plan the elaboration of an opinion on "**The European Pillar of Social Rights and the role of organized civil society**".

The elaboration of the opinion was assigned to the Labour, Income, Living Standards and Industrial Relations Commission and the Social Policy Commission of ESC.

Asya Goneva - ESC member of Group 2 - Trade Unions, was appointed rapporteur for the opinion.

At its plenary session held on 12 March 2018, ESC discussed and adopted this opinion.

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## 1. CONCLUSIONS AND RECOMMENDATIONS

1.1. The Economic and Social Council (ESC)) shares the concerns of European leaders and institutions that the challenges of digitization, globalization, demographic and climate change, the social consequences of the economic crisis in recent years (deep inequalities, risk of poverty, low employment, especially among young people, and large-scale migration processes) may hinder economic development, competitiveness and financial stability across Europe. The rate of transformation of the forms and relationships into work, along with demographic trends, further complicate the situation on the labour market. The new working conditions should make special efforts to provide human resources and the skills needed for the economy, and all workers must feel confident and secure, while social protection systems should become more comprehensive, more adequate, more fairly organized and more robust.

1.2. The ESC welcomed the consensus reached by signing the Goteborg Institutional Proclamation to build a solid European Pillar of Social Rights (EPSR) which takes into account the changing realities in European societies and in the field of labour policy, to improve the balance between the economic and social dimensions, encouraging upward convergence and meets the expectations of European citizens, facilitating and prioritizing the overcoming of economic and social insecurity, thus ensuring a more positive outlook for all citizens.

1.3. ESC supports the pursuit of a stronger focus on employment and the social indicators expressed in the Five Presidents' Report, stressing that "Europe's ambition should be to earn a Triple-A rating in the social sphere.

1.4 ESC highly appreciates the emphasis on the social partners and civil society, to strengthen social rights and to foster sustainable and inclusive growth. The key role, active participation and responsibilities assigned to them throughout the planning and implementation process of the EPSR is in line with their autonomy, their role of representing interests and their right to

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collective action in protection on these interests. In this context, ESC calls on the representative organizations of the social partners in the name of their responsibilities under the EPSR to step up mutual efforts to restore confidence between each other and overcome the stalemate of current bilateral social dialogue.

1.5. ESC considers that taking ambitious measures and policies to achieve the objectives of the EPSR suggest new responsibilities and measures of the European institutions and bodies for different macroeconomic policies and rules for economic governance, which also take into account the social dimension, in order to support the common values and objectives of the European social policy. In this sense ESC shares the consideration of the European Commission's recommendation on the EPSR that "... economic and social progress is interlinked and the creation of a European Pillar of Social Rights should be part of a wider effort to build a more inclusive and sustainable model of growth by improving Europe's competitiveness and making it a better place to invest, create jobs and strengthen social cohesion.

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1.6. Building a solid EPSR requires actions and measures at the level of the EU and the European institutions which should establish an effective mechanism backed by a stronger EU budget for mainstreaming the social pillar into economic governance and the European Semester. ESC welcomes the inclusion in the autumn package documents of the European Semester 2018, and in particular in the Joint Employment Report a detailed analysis of the 14 social indicators accompanying the EPSR in three areas: equal opportunities and access to the labour market; fair working conditions; social protection and inclusion. Furthermore, ESC expects the process in the European Semester to focus on promoting social investment and through Specific National Recommendations seek to ensure the achievement of the objectives of the EPSR.

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1 Commission recommendation of 26.4.2017 on the European Pillar of Social Rights C(2017) 2600 final.

1.7. Achieving a strong social dimension in Europe requires targeted financial resources for the realization of the EPSR, both through the European structural and investment funds (especially the by means of the European Social Fund) and through national funding - public and private investments aimed at creating quality jobs with high wages, education and training, innovation and research, quality and affordable public services and social investment.

1.7.1. The preservation and enlargement of EU's cohesion policy are important steps for achieving the objectives of the EPSR. In this regard, ESC expects the Bulgarian Presidency to stand up for the development and adoption of an ambitious multiannual financial framework (post-2020) to provide for and guarantee the achievement of high growth, employment and investment in skills, innovation and infrastructure that will allow successful tackling the challenges and increasing the welfare of European citizens (social rights for all in the context of digitization, overcoming poverty and inequalities, managing mobility and migration, responding to climate change,).

1.7.2. The ESC maintains its conviction, expressed in the adopted opinion on "The Future of Labour: Challenges of the Fourth Industrial Revolution", that in the new forms of employment, the boundary between employer and employee is becoming increasingly blurred, requiring a complete rethinking of social security and taxation systems (types of sources, actors and financial flows). Reforms in these systems, as well as a number of other regulatory environment issues, should be emphasized in the context of forthcoming societal changes.

1.8. ESC is of the opinion that the transformation of the European Semester into a single European Economic and Social Semester in the coming years must continue and be achieved by improving the procedures, completing the relevant documents and, of course, assessing the progress through the Social Indicators table. This can be done by making reports of social imbalances in connection to the 20 EPSR priorities by "risky countries"; supplementing National Reform Programmes (NRPs) and the Convergence Programmes

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with sections on the implementation and/or updating of the National EPSR Plan; complementing Country Specific Recommendations on countries' progress in the implementation of the EPSR. Such actions should be proposed within the framework of the Bulgarian EU Presidency, especially that they are in tune with both the EC's announcements and high-ranking European officials as well as the priorities of the presidency.

1.9. The implementation of the EPSR is a shared commitment and responsibility of the EU and the Member States. The role and responsibilities of governments in cooperation with national social partners are of crucial importance. This concerns the analysis and assessment of national specificities, the state of social systems at the national level, financial security needs, adequacy and existing guarantees as the basis for the elaboration of an objective and substantiated "national roadmap" / national plan for the construction of the EPSR (in the short, medium and long term).

1.10. ESC assumes that the sequence in grouping and setting out the principles / rights in the EPSR is not an expression of ranking them in terms of importance or direction of consistency of action with a view to their better realization. Thus, the development of measures and actions for the implementation of the EPSR should in practice take into account the specificities, the needs and vision of each Member State for the most pressing spheres of impact.

1.11. ESC believes that the Bulgarian National EPSR Plan should contain measures and policies agreed between the social partners focusing on:

1.11.1. Guaranteed right for everyone employed, incl. mobile, posted, cross-border workers, access to: quality education, training and career guidance in demanded (deficient) qualifications; validation of competences and lifelong learning, including through specific measures for vulnerable groups (persons with disabilities, long-term unemployed, unemployed youths, discouraged people, etc.), earmarking of targeted financial resources and implementation of innovative instruments such as: individual accounts, credit cards, specialized funds for training and qualification, etc. Promotion

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of professional qualification and vocational training in the direct connection with the needs of the economy by qualified staff, together with the periodic increase of the qualification of the trainers and the teachers, will undoubtedly improve the situation on the labour market, respectively the capacity of the economy.

1.11.2. Fair working conditions with primary care on payment rules, introduction of clear procedures and deadlines for negotiation of wages at different levels, reducing the share of low-paid workers and the working poor (to reach levels below 15% and 7% respectively) overcoming drastic inequalities and achieving significant cohesion effect (average wage and compensation of hired labour per 1 employee according to Purchasing Power Standard (PPS)<sup>2</sup> - 60% (now about 40 and 45%) when compared with the EU), introduction of minimum standards and adequate protection of the labour of those working in the digital economy and new forms of work. In this context, addressing the need for prevention of risks in the workplace, promoting environmentally-friendly production, adapting new entrants to the labour market and those from third countries, a fair transition from liquidation of production capacities to the creation of new jobs,

1.11.3. Adequate and sustainable social protection, which gradually increases in a priority to become equivalent to economic and fiscal policy by earmarking the revenue necessary for modernization and expanded social protection to address the challenges of the future of labour and reorganize the system so that: it can provide protection to workers without regard to the forms and relationships on their job; to ensure the coverage of all Bulgarian citizens by a minimum income scheme under relevant statutory conditions and criteria; to expand the range of unemployment risk to all types of workers and to the so-called "economic unemployment"; to gradually overcome the inadequacy of the size of pensions and complement the existing social programmes with accessible and efficient public services, incl. long-term care.

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<sup>2</sup> Purchasing capacity standard

1.12. ESC believes that a major challenge for the establishment of a stable EPSR for European citizens are the changes in the nature of labour and the need to build an adequate social protection. Digitization significantly increases the pace of change both for businesses that need to quickly adapt their economic activity and for workers who need to adapt to new types and forms of work. Therefore, addressing these challenges should be a major focus in the actions of all stakeholders in planning measures and actions for the introduction of the EPSR, both at the European level and at the Member State level.

1.13. The Economic and Social Council calls on the institutions of power, the government of the Republic of Bulgaria and the Prime Minister personally to exercise the full influence and authority of the European Council and focus the talks during the tripartite social meeting (21 March) and the European Council (23 March) on the EPSR, making a strong signal and formulating concrete proposals to launch the building of European plan with guidelines and a roadmap for the implementation of the EPSR at the European level as well as at the Member State level.

## 2. NATURE / CONTENT OF THE EPSR

2.1. The beginning of the development of the EPSR was delivered with the speech of the President of the European Commission Jean-Claude Juncker on 9 September 2015 "On the state of the Union".

2.2. At the Social Summit for Employment and Growth Equity (Gothenburg, 17 November 2017) was signed Interinstitutional proclamation between The EC, the Council and the EP<sup>3</sup>, which defines that "the aim of the European pillar of social rights is to serve as a guide to effective employment and social outcomes in responding to current and future challenges, which are directly aimed at meeting the basic needs of people, as well as ensuring better enforcement and enforcement of social rights. "

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<sup>3</sup> [https://ec.europa.eu/commission/sites/beta-political/files/social-summit-european-pillar-social-rights-booklet\\_en.pdf](https://ec.europa.eu/commission/sites/beta-political/files/social-summit-european-pillar-social-rights-booklet_en.pdf)

2.3. On 22 November the European Commission announced the so-called "Autumn Package of the European Semester"<sup>4</sup>, which launched a new approach to the coordination of economic, fiscal and social policies for 2018. This is the first attempt to implement the EPSR in practice by integrating it into the so-called European Semester, in order to link the objectives and parameters of EU economic and fiscal policies with the achievement of certain social standards towards better working and living conditions for all European citizens.

2.4. ESC appreciates the European Union's drive to integrate increasingly in all spheres of socio-political and economic life, and to follow harmonized or, in certain cases, even uniform standards in areas where it can intervene in a legislative way. Social policy undoubtedly is such an area of shared competence of the Union and the Member States in order to achieve one of the EU's main objectives - to promote the well-being of the peoples.

2.5. At the EU level, EPSR does not entail the extension of the powers of the Union and is without prejudice to the right of Member States to define the basic principles of their social security systems. It should not affect the financial equilibrium of these national systems, but that should not be used as a pretext not to allocate resources aiming at enhancing the efficiency and quality of social rights and at achieving social convergence in the social sphere.

2.6. The ESC notes that all institutional European documents as well as the oral statements of high-ranking EU and EC officials are devoted to justifying the idea of the EPSR and its realization, they pay a lot of attention to the justification of the importance and the role of the social partners for the practical realization of the EPSR both at the European level and at the level of EU Member States. ESC accepts this as a call for active initiatives and responsible participation, above all, on part of representative social partners. At the same time, ESC notes that the contribution of other active civil society organizations will undoubtedly enrich the planning and

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<sup>4</sup> [http://europa.eu/rapid/press-release MEMO-17-4682\\_en.htm](http://europa.eu/rapid/press-release_MEMO-17-4682_en.htm)

implementation of national measures and actions related to the introduction of the EPSR in Bulgaria.

2.7. The European Pillar of Social Rights contains 20 principles/rights, which are distributed in three large groups:

I. Equal opportunities and access to the labour market, comprising:

1. Education, training and lifelong learning;
2. Gender equality;
3. Equal opportunities;
4. Active support for employment.

II. Fair working conditions, comprising:

5. Secure and flexible employment;
6. Salaries;
7. Information on working conditions and protection in case of dismissal;
8. Social dialogue and worker participation;
9. Balance between work and private life;
10. Healthy, safe and well-adapted work environment and personal data protection.

III. Social Protection and Inclusion, comprising:

11. Child care and support;
12. Social protection;
13. Unemployment benefits;
14. Minimum income;
15. Old-age pensions and support;
16. Healthcare;
17. Integration of people with disabilities;
18. Long-term care;
19. Housing and help for homeless people;
20. Access to basic services.

2.8. Evidently, the EPSR confirms rights that have already been incorporated into the achievements of EU law and international achievements and complements them in order to take account of the new realities and

challenges. In this regard, and to this end, it provides a framework for steering the future action of all Member States.

2.9. ESC considers that the EPSR aims first and foremost to improve the quality of working lives and the standard of living of people, thereby achieving a fairer and more integrated Europe. In this respect, measures for improving the social rights of citizens should focus on concrete and achievable priorities that will allow people to experience improvement. For this purpose, the development of national measures / plans for the introduction of the EPSR should be based on an objective analysis of the achievement of the status of social rights and their guarantee, incl. by means of resources.

2.10. ESC welcomes the implementation of a mechanism to monitor the progress of EPSR implementation by each Member State using a specific set of Social Indicators and Employment Indicators (Social Watch Table) to track trends and measure progress. The effectiveness of this monitoring is conditioned by the fact that monitoring will be carried out through the mechanisms of the European Semester, which allows, through specific national recommendations, to ensure upward convergence standards. There are 14 leading and 21 secondary indicators<sup>5</sup>. Progress will be monitored in 12 areas of three dimensions of public progress: equal opportunities and access to the labour market; dynamic labour markets and fair working conditions; public support, social protection and inclusion. ESC considers that such an institutionalized impact on national policies and measures is extremely useful because it ensures a certain coherence of efforts, convergence policies and measures in a single "upward" direction.

2.11. ESC relies that, in order to facilitate the practical application of the EPSR at the European and the national level, European institutions will work for the timely adoption of the directives for posted workers, reconciliation of work and private life, transparent and predictable working

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<sup>5</sup> [https://ec.europa.eu/info/business-economy-euro/economic-and-fiscal-policy-coordination/eu-economic-governance-monitoring-prevention-correction/macroeconomic-imbalance-procedure/scoreboard\\_en#scoreboard-indicators](https://ec.europa.eu/info/business-economy-euro/economic-and-fiscal-policy-coordination/eu-economic-governance-monitoring-prevention-correction/macroeconomic-imbalance-procedure/scoreboard_en#scoreboard-indicators)

conditions and access to social protection. In addition, a strong incentive for the realization of the objectives of the EPSR will be the development of a common European Action Plan with specific and addressed social guidelines and parameters, including engagement with the European Semester and monitoring of national and pan-European achievements.

2.12. ESC notes with concern that the Joint Employment Report - 2018 puts Bulgaria together with Greece, Romania and Italy among the 4 Member States in the worst positions on the table of social indicators. For Bulgaria "critical" are the results on the indicators: quintile income ratio<sup>6</sup>; at risk of poverty and social exclusion; young people not included in employment, education or training; participation in active employment policies; remuneration of employees for 1 hour of working time; the impact of social transfers on poverty reduction; level of digital skills. For three other indicators, Bulgaria is placed in the "monitoring" position: early school leaving; employment rate (20-64 years); children up to 3 years of age cared for in professional establishments.

2.13. ESC believes that even in the national documents of the European Semester 2018 (The National Reform Program and the Convergence Program) must be implemented a comprehensive analysis of the data on the 14 social indicators and on this basis to identify the first adequate measures to overcome the unenviable situation. This should be done in parallel with the development of the National Plan for the implementation of the EPSR obligations.

### 3. THE ROLE OF ORGANIZED CIVIL SOCIETY

3.1. ESC fully shares the belief that the introduction of the EPSR attracts the joint responsibility of institutions, social partners and active civil society structures both at the European and at the national level. ESC considers that the mobilization of all stakeholders the long-term implementation of the

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<sup>6</sup> The S80/S20 ratio - the main indicator of income inequality across the EU, which represents the ratio between the income of the richest 20% and income of the poorest 20% of the population.

objectives and rights of the EPSR will support the process itself and will contribute to more precise targeting and planning of measures and policies.

3.2. The formulation and implementation of a clear national policy for further improvement of social dialogue and development of collective bargaining, interaction with civil society organizations and the partnership of public institutions with NGOs require some rethinking of the structures of dialogue and not only with the social partners, but also with civil society organizations about their responsibilities and rights, the sustainable financing of their activities for the benefit of society and their interaction with the state. ESC sees this as a necessary part of the efforts to achieve the objectives of the European Pillar of Social Rights, inasmuch as the responsibilities and capabilities of these structures will become more important and their contribution will be higher.

3.3. The social partners, which have a distinctive and specific role, will now be expected to do more than their basic activity, suggestions and actions. ESC welcomes the action already taken by employers' and workers' organizations to make concrete proposals to the government (in the person of the Minister of Labour) for policies and measures to be included in the first National Plan for the European Social Fund.

3.3.1. ESC recommends partner organizations to regularly engage with in-depth opinions and additional proposals and recommendations on the National Reports for Bulgaria within the framework of the European Semester, as well as proposals in response to the Specific Recommendations to the NRP of Bulgaria and with evaluation of the achievement of their implementation. ESC expects the social partners to engage in such opinions and proposals on the occasion of the 2018 Report on Bulgaria<sup>7</sup>, as well as with regard to the Specific recommendations to the NRP and the Convergence Programme of Bulgaria expected in May 2018.

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<sup>7</sup> Country Report Bulgaria 2018 - Including an In-Depth Review on the prevention and correction of macroeconomic imbalances, SWD(2018) 201 final

3.4. The Statute and Powers of ESC give it the rights and commitments to elaborate and propose positions and opinions on issues of a different nature, presenting them and arguing them to the general public and especially to the state institutions. In this regard, ESC intends to engage the serious expertise of its members with initiatives to stimulate civil dialogue on ESG-related topics by involving its representatives in an active debate on Cohesion Policies and the Multiannual Financial Framework post-2020, as well as conducting and participating in forums and consultations on European Semester documents for Bulgaria, monitoring the implementation of specific national recommendations and the objectives of the EPSR.

3.5. Citizens are the largest group of stakeholders in the successful implementation of the EPSR. They objectively have the greatest interest in how social protection systems and employment services are organized and will be organized in the future. In this connection the ESC intends to support the participation of citizens in the discussion, the formulation and the introduction of measures and policies for the realization of the EPSR and all its accompanying issues and - the Multiannual Financial Framework, European directives, European Semester materials, national reform programmes, etc. ESC will organize and participate in inclusive and open forums, dedicated to informing and consulting citizens on these issues, including the defence of joint opinions on specific issues.

3.6. Taking into account the important role of non-governmental organizations and associations of citizens with disabilities (people with various diseases, associations of parents with diseased children, associations for the protection of the rights of various minorities, etc.) whose purpose is the protection of the social rights of these vulnerable groups, the provision of social services and assistance to those in need, ESC is committed to cooperating and supporting the more active involvement of such organizations in the process of planning and implementing the rights and objectives of the EPSR.

3.7. State authorities and authorities by definition have the highest responsibilities and great influence on the design and implementation of

policies, employment services, social protection and other rights that affect the citizens' welfare and public funding. Driven by the belief that the successful realization of these responsibilities requires attention to each initiative the social partners and the civil sector, dedicated to the realization of the European Social Rights Pillar, ESC will insist and track of such initiatives. ESC believes that partners and representatives of organized civil society should be included in all processes and developments related to EPSR, in monitoring and tracking progress on social indicators within the European Semester.

3.8. Attracting researchers, representatives of academia, research institutes or think tanks in the broad civil dialogue on the implementation of the EPSR, according to the ESC, is a necessary condition for success. Therefore, in all its initiatives connected with the EPSR, ESC will engage such structures and use their expertise and findings. In this way, ESC believes it will contribute for a clearer identification of problems, for the better development of individual scenarios and variants, as well as for assessing their impact.

3.9. In discussions and activities on the EPSR that are to be carried out, ESC commits itself to the involvement of prominent non-governmental structures, especially those whose activities fall within the scope of EPSR rights and equality and equal opportunities, childcare and social protection, long-term care and care for homeless people, etc. ESC is confident that in this way their interest in the introduction of the EPSR in Bulgaria will be further stimulated and the good practices and experience of these structures will be an important contribution to the content of the national plan/practices of Bulgaria.

3.10. ESC is confident that the positive changes to the content of the European Semester in terms of the EPSR must be combined with adequate changes in the communication, the organization and approach of consultation and the involvement of the social partners and organized civil society at the European and at the national level. Therefore, ESC will make efforts to disseminate various information materials, analyses and

generalizations of identified good practices of individual Member States that it has and which could be used to find effective solutions in accordance with the specific conditions and institutional set-up of social and civil dialogue.

/signed/

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PRESIDENT OF THE ECONOMIC AND SOCIAL COUNCIL

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