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ECONOMIC
AND SOCIAL COUNCIL

ANNUAL ACTIVITY REPORT

OF THE ECONOMIC AND SOCIAL COUNCIL
FOR 2018

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This report presents the main activities of the Economic and Social Council (ESC) during the period 1 January 2018 - 31 December 2018 in accordance with the functions laid down in the ESC Act and the Action Plan of ESC for 2018.

In 2018 ESC elaborated and adopted 5 opinions and 3 resolutions on the current economic and social problems of the country. During the reported year ESC organised and participated in a number of discussions and consultations both at the national and at the international levels.

I. ADOPTED ACTS BY THE ECONOMIC AND SOCIAL COUNCIL IN 2018

The first adopted in 2018 act of ESC is an opinion on the "Future of Labour: The Challenges of the Fourth Industrial Revolution", developed on the Council's own initiative. The opinion goes beyond national and even European frameworks, analyses and raises issues related to the rapid changes in the world driven by the rapid development of digital technologies that affect all public spheres of activity: from living in our home to the nature of work, governance, labour relations, regulatory frameworks, etc. The topic was also part of the calendar of the Bulgarian Presidency of the Council of the EU.

In the document, ESC draws the attention of the Bulgarian and European institutions to the new challenges related to the digital transformation that will change the landscape of the Bulgarian economy and the social relations. ESC underlines that the Fourth Industrial Revolution is an opportunity for progress, but at the same time it is also a threat to industry and workers, which will lead to profound changes in education, healthcare, transport, etc. Observing that the time factor for preparing to meet the new challenges is very short, ESC highlights some of these challenges: insufficient and inadequate qualification of the employees; new areas and commercial practices that require regulation; risk of losing jobs that will not be replaced by new ones, etc. Attention is drawn to changes in the labour market and the likelihood for many professions to disappear or be replaced by new ones. ESC also notes the number of benefits of the Fourth Industrial Revolution, such as creating new jobs, opening up new sectors, products and services, digitization, new forms of integrated management, and last but not least, a sharp increase in labour productivity.

At the same time, ESC warns that the advent of new technologies is accompanied by a process of increasing inequality in income, wealth, intellectual property, etc. In this regard, ESC suggests that the opportunities offered by the Fourth Industrial Revolution should be used constructively and profoundly, taking into account the social aspect of the process. According to ESC, the social aspect is extremely important because it balances the process of technological advancement and growth, transferring its effects in a positive direction to social life and incomes.

ESC stresses that, following the dynamics of digitization in order to prepare the workforce with the necessary professional skills and qualities imposed by high technologies, it is necessary first of all to adapt the education system to the new technological and economic realities. On the other hand, the state and the social partners must be prepared to offer workers adequate training and qualifications for all age groups. According to ESC, the state needs to find even more efficient mechanisms and support innovation in the industrial sector.

ESC recommends that the executive power in collaboration with the social partners and leading academics should develop a national long-term strategy that will shape the relevant objectives, policies and measures in order for Bulgaria to successfully meet the challenges of the Fourth Industrial Revolution. ESC believes that in the process of developing Bulgaria's strategy for transition to the Fourth Industrial Revolution, a wide range of consultations should find answers to a number of key questions related to the future of the labour market, jobs that will disappear and those that will emerge, the necessary skills and specialties developed in universities and secondary vocational schools, the new forms of legal relationships that may arise between employers and workers and the new forms of worker protection that will have to be adopted.

ESC considers that one of the most decisive discussions over the next decade will be on how to respond to the digital revolution at the political level and supports in this respect the idea of the ILO to create an Alliance "For the Future of Labour and Society". The Alliance should include representatives of the state and the social partners, research institutes, universities, NGOs, civil society and individuals to contribute to shaping the parameters of future change and to jointly build a national network and organise key elements and regulatory mechanisms for controlling ongoing processes.

In this regard, ESC appreciates the efforts of the government to develop a Strategy for the Participation of Bulgaria in the Fourth Industrial Revolution, which builds on the adopted Concept for Digital Transformation of Bulgarian Industry. ESC recommends finalizing the Strategy and its immediate implementation in view of the dynamically changing European economy.

In the opinion on the European Pillar of Social Rights and the Role of Organised Civil Society, ESC examines the essence of the EC initiative for a European Social Rights Pillar (ESRP), which contains 20 principles / rights, divided into three main groups: access to the labour market, fair working conditions, social protection and inclusion. The aim of the ESRP established as an interinstitutional proclamation by the European Parliament, the Council and the Commission (November 2017) is to give new impetus to the process of convergence between Member States towards better socio-economic conditions.

EPRP will be implemented in all Member States, not just in the Eurozone (as originally proposed by the EC). This position was defended by ESC in one of the first discussions on the EPRP held in Sofia in 2016, organised by ESC and the EESC.

Some of the proposals made during the forum were included in the final version of the EPSR.

ESC welcomes the consensus reached at the Gothenburg Tripartite Summit in 2017 for the creation of the EPSR as part of the efforts to build a more inclusive and sustainable growth model and to strengthen social cohesion in the EU. In its opinion ESC called on the Bulgarian government, within the framework of the Bulgarian Presidency of the Council of the EU, to direct the debate to the EPSR during a tripartite social summit in March 2018 and before the European Council, by putting forward concrete proposals to launch the process of adopting a European plan with guidelines and a roadmap for the implementation of the EPSR.

At the same time, ESC made specific recommendations to the government on the development of measures and actions for the implementation of the EPSR. ESC emphasizes that mobilizing all stakeholders in the long-term process of achieving the objectives and rights of the EPSR will contribute to more precise conceptualisation and planning of measures and policies. In this regard, ESC fully shares the conviction that the introduction of the EPSR suggests a joint responsibility of the institutions, the social partners and the main civil society structures at both the European and the national level. Therefore, ESC considers that partners and representatives of organised civil society should be included in all processes and developments related to the EPSR, including in the monitoring of progress through social indicators within the European Semester.

ESC also states that the national EPSR plan should take into account the specificities, needs and vision of each Member State for the most urgent spheres of action, focusing on specific and achievable priorities that will allow people to feel the improvement. The opinion suggests that the Bulgarian National EPSR Plan should focus on measures and policies agreed between the social partners. The main proposals are related to guaranteeing the rights of employees, fair working conditions and adequate and sustainable social protection. ESC draws attention to the need to address the challenges of the Fourth Industrial Revolution when planning measures and actions to implement the EPSR, both at the European level and at the level of individual Member States.

ESC welcomes the inclusion in the European Semester of a mechanism for monitoring social progress through the use of a specific set of social indicators and employment indicators, along with progress in the economic and financial development of Member States. This allows through the specific national recommendations to meet the upward convergence standards in the Member States.

In the opinion ESC states that in order to achieve the objectives of the EPSR, it is necessary not only to preserve the existing Cohesion Policy, but also to enrich and extend its effect. For this purpose, it will be crucial for the future development of the EU to target financial resources in this direction through European structural and investment funds, and in particular through the European Social Fund, as well

as through national funding. In this regard, ESC calls for the elaboration and adoption of an ambitious Multiannual Financial Framework (post-2020) to anticipate and ensure high growth, employment, investment in skills, innovation and infrastructure. According to ESC, this will help to overcome the social challenges facing the EU and increase the welfare of European citizens.

ESC notes that during the Bulgarian Presidency of the Council of the EU, a number of discussions, conferences and international meetings in Sofia the subject of a discussion was the European Pillar of Social Rights and its application. Representatives of ESC outlined the main points of the opinion, highlighting the role of organised civil society in shaping Europe's future development strategy as well as the implementation of the EPSR.

After consultations with representatives of the interested bodies and NGOs, experts and representatives of the academic community, ESC adopted an opinion on the "Proposal for a Regulation of the European Parliament and of the Council on a Pan-European Personal Pension Product (PEPP) (COM (2017) 343 final", developed on its own initiative. By this act, ESC was involved in the consultative process on the draft Regulation launched in 2018.

The document presents the substance of the proposed regulation and the features of the new pan-European pension product as well as the problems that may arise in its distribution and portability across the Member States.

ESC stated its support for the overarching goal of the regulation aimed at tackling cross-border tax obstacles to long-term pension savings for European citizens. At the same time, it will provide a long-term financial resource to support the growth of the single capital market in the European Union and will help to increase investment. In essence, the Regulation establishes a pan-European framework for a voluntary personal pension system with standardized characteristics and cross-border portability of the pension product in the EU under the conditions of free movement of persons, services and capital.

ESC assesses the EC's proposal as a serious attempt to create a quality and security label for personal pension products within the EU, to increase consumer confidence in the third pension pillar and to provide greater choice for suppliers as well as ensuring a level playing field for the pension products market.

The opinion outlines the risks and challenges for the implementation of the proposal for a regulation in all Member States. First of all, ESC considers it unjustified to exclude voluntary pension funds in the Member States from the scope of PEPP providers. These funds, the sole object of which is supplementary pension insurance, are to offer personal pension products under national law and from them take the concept of PEPP. In this regard, ESC recommends that European and national institutions should find ways for supplementary pension insurance companies (SPIC), in particular Bulgarian SPICs, to be included in the list of possible distributors of PEPP.

Next, ESC notes that the EC proposal will primarily facilitate mobile workers, self-employed workers and workers in different Member States by regulating cross-border product portability and overcoming tax obstacles to long-term pension savings. According to ESC, these products should rather be directed to mobile young people, as their application requires a horizon of 30-40 years.

ESC draws attention to the EC's finding that, without specific tax incentives, the PEPP could not provide the expected growth of the personal pension market within the EU. ESC's opinion also emphasizes that the introduction of the PEPP by a Regulation could be hampered by the reluctance of some Member States to accept the EC recommendation on the tax treatment of personal pension products in the context of the PEPP concept. That is why ESC estimates as unrealistic the expectation that the PEPP will ensure the desired high growth of the personal savings for a pension.

In this context, ESC has adopted the proposal for a Regulation on the PEPP as an initial stage in the process of building a larger pan-European third-pillar pension market rather than as a means of financing EU capital markets. In conclusion, ESC recommends to the Bulgarian state institutions in partnership with the social partners, the non-governmental sector and the academics to develop a long-term strategy for the development of the third pillar of the pension system in the context of the PEPP and to offer adequate solutions for the future development of personal and professional voluntary pension insurance, using good retirement practices of developed EU countries.

ESC is pleased to note that after the debates on the topic during the Bulgarian EU Presidency in December 2018 within the triologue - European Commission, European Parliament, Council of EU, a compromise has been discussed in the proposal for a Regulation, which examines the possibility for national SPICs to be able, under certain conditions, to distribute PEPP. ESC is confident that this proposal will be implemented in 2019 and in this way the interests of Bulgarian SPICs will be protected.

ESC adopted an opinion on "Mountain and Semi-Mountainous Regions in Bulgaria - Problems and Opportunities for Development", which reflects the proposals of the representatives of the municipalities, made in the framework of the consultation on the draft document. With this own-initiative opinion, ESC focused public attention on the problems of the mountainous and semi-mountainous regions in Bulgaria, taking into account their potential for the economic development of the country and the opportunities that are created in the process of shaping the policies and programmes for the next programming period.

The document states that municipalities in the mountainous and semi-mountainous regions occupy 42.5% of the territory of the country and have a rich natural resource potential. For comparison, in the whole of the EU, mountain areas occupy about 30% of its territory. At the same time, ESC is worried that in these

regions the population has decreased by almost 40% in the last 30 years - a much faster rate than in other regions.

ESC also draws attention to the problems related to the severe economic backwardness and the critical state of the municipal road network, which increase regional differences. One of the most painful problems for the people in these municipalities is the access to quality public services, especially to the services in the sphere of healthcare, education and culture. ESC notes that in a number of remote villages there is no doctor, pharmacy and grocery store.

In this regard, ESC proposes concrete measures to address the negative processes that would create a favourable environment for the development of the mountainous regions in the country. One of the proposals is to develop and adopt an integrated strategy for sustainable development of the mountainous and semi-mountainous regions in Bulgaria, including the creation of a supportive environment for the promotion of entrepreneurship in these regions. At the same time, ESC stresses the need for a thorough revision of the standards and allocation mechanisms for state transfers, taking into account the higher costs of providing services in mountainous and semi-mountainous municipalities.

ESC also urges targeted public investments to be directed to the mountainous regions, by using market mechanisms, to stimulate the development of traditional know-how of the areas of modern agriculture, forestry, tourism, energy, ecosystem services and preservation of cultural and natural heritage. Especially important is the development of small and medium-sized enterprises (SMEs) such as family businesses and traditional crafts. The opinion expressed support for the introduction of a national quality standard "mountain product".

ESC shares the idea of developing exemplary models for sustainable development of mountain municipalities that offer different options for future development according to local resource potential, traditions and public attitudes. The availability of variant models will allow local authorities and communities to make informed choices about their future.

ESC also recommends that an appropriate legal framework should be established for the successful implementation of the planned measures through the preparation and adoption of a special Mountainous and Semi-Mountainous Regions Act.

ESC believes that it is imperative to develop a Programme for the improvement of the transport connectivity of mountainous settlements, which will focus on the renewal and further development of the road network, especially on the critical sections of the roads, which are the only transport connection for access to services and jobs.

In the opinion, ESC stresses that the EU and the majority of Member States are already very clearly and objectively assessing the role and potential contribution of mountainous regions to achieving pan-European development goals. The

European institutions report that these regions can become an additional growth generator with their rich resource potential, with the opportunities for providing ecosystem services, contributing to the fight against climate change, and preserving biodiversity and protected areas.

In this regard, ESC draws attention to the fact that it is particularly important for municipalities to use European structural and investment funds in order to tackle sustainably the demographic challenges that are specific in the different European regions. Therefore, ESC recommends that in the next programming period, the community-led local development approach should be extended not only to the agrarian sector but also to other economic sectors with the potential to increase product diversity.

In the context of policy and resource debates for the next programming period, ESC stresses that, due to the significant share of its mountainous territory, our country will benefit from the development of a new EU programme for mountainous areas and a European strategy for the long-term development of European mountainous regions. Hence, ESC supports the recommendation of the European Parliament (EP) to begin developing a definition of "functional mountainous areas" to supplement the definition of mountainous areas used in the context of the European Agricultural Fund for Rural Development, effective policies and measures for them.

In this regard, ESC appreciates the efforts of the European Parliament to target resources to SMEs operating in mountainous regions in the preparation of the next programming period and welcomes the created opportunity 10% of the resource (EUR 4 billion) of the new Single Market Programme and the competitiveness of enterprises, including SMEs, to be guaranteed for them.

In its own-initiative opinion on the Proposal for a Regulation of the European Parliament and of the Council establishing a European Labour Authority - [COM (2018) 131 final - 2018/0064 (COD)], ESC supports the EC initiative to create this new structure - the European Labour Authority (ELA). The objective of ELA is to coordinate, inform and resolve problems related to labour mobility in the EU internal market. ESC believes that increased cross-border mobility and emerging issues, new rules, synergies between national employment systems and access to information give rise to the need for the creation of ELA.

According to ESC, the countries of Central and Eastern Europe are the most affected by negative phenomena related to the cross-border labour market. These phenomena are largely due to the lack of sufficient information on the rights and obligations of employees as well as the insufficient capacity of national authorities to combat illegal activities - undeclared work, unfair competition, and various types of fraud.

ESC considers that the main task of ELA will be to ensure cooperation between Member States for the effective implementation of EU law in the field of the cross-border labour market. ESC notes that ELA will not impose new obligations

on Member States, citizens and employers, nor will it affect national law or national law enforcement activities which fall within the competence of the Member States. According to ESC, another important task of ELA is to maintain and develop the European platform for enhancing co-operation in combating undeclared work in the community. ESC supports the creation of a clear vision in the ELA regulation on how to tackle undeclared work.

In its opinion, ESC points to the direct link between the already adopted European Pillar of Social Rights and the proposed new European Labour Authority. The aim of the EPSR is to ensure equal opportunities and access to the labour market, fair working conditions and social protection for all European citizens, and the ELA will in practice support and coordinate the efforts of Member States in the field of labour mobility to achieve more solidarity and justice in the internal market.

ESC stresses that the new ELA will also benefit businesses, especially in the case of small and medium-sized enterprises, as well as all citizens who take advantage of the opportunities for cross-border employment. The document states that each day 1.7 million Europeans travel to their jobs in another EU country, and 2 million road transport workers cross European borders every day for the carriage of goods and passengers. In this sense, ESC supports ELA as a platform for rationalizing information and services on rights, obligations and opportunities for cross-border mobility within the EU.

ESC also notes that the creation of the new ELA should be based on a decentralized EU agency to start operation in 2019. In this regard, ESC recommends that the Bulgarian government propose that ELA should be established in Bulgaria on the grounds that it will have a strong positive effect for the countries of Central and Eastern Europe as well as the fact that so far no European institution is based in Bulgaria.

ESC also emphasizes that national and European social partner organisations should play a key role and participate actively in solving the tasks of the ELA and monitoring their implementation.

In conclusion, ESC emphasizes that the Proposal for a Regulation establishing the ELA will strengthen justice and confidence in the Single Market and for Bulgaria will contribute to strengthening the capacity of public institutions responsible for labour mobility.

A conference on "The European Agenda for Labour" was held within the initiative of the EC for the creation of the ELA, which was attended by representatives of ESC. They presented key points and ideas from the elaborated opinion on the subject. ESC notes the support of the Ministry of Finance for its proposals, including for situating the ELA headquarters in Bulgaria.

ESC adopted a resolution on "Economic Dimension for a Stronger Europe" in the context of debates on the future of the EU and the forthcoming summit in Sibiu

in May 2019. In the adopted act ESC urges the EU to maintain its unity and develop as a strong and competitive alliance and as a fair and solidarity community.

ESC clearly expresses its unanimous position that the dimensions of accelerated economic development are fundamental to the EU's future position in the global economy, the development of a common policy of the Member States in all sectors of the European economy.

Besides the economic dimension for an even stronger and more renewed EU, the Resolution reviews the growing role and importance of the Single Market, the Eurozone, the Banking Union, the Capital Market, the Energy Union, the Digital Market, support for small and medium-sized enterprises, consumer protection, economy and entrepreneurship, and other policies whose development will increase citizens' confidence in the European institutions and the European Union as a whole.

ESC focuses on the Single European Market as a key EU instrument for achieving the Europe 2020 strategy goals of building a highly competitive social market economy. However, despite the results over the last 25 years, ESC recommends that the European institutions and the Member States should ensure the completion of the Single Market, including its social dimension, by deepening and developing pan-European cooperation in the field of the four freedoms of movement - goods, services, capital and people. ESC is confident that building a deeper and fairer single market will create new jobs, stimulate productivity and provide an attractive environment for investment and innovation as well as an environment that facilitates consumers.

In this context, ESC welcomes the objectives and measures set out in the renewed EU industrial policy strategy outlining the direction of a modern industrial policy for a stronger European industry to revitalize the economy of the EU regions and build resilience to adapt to the changing global environment.

The other direction, which ESC highlights, is the need to complete the construction of Economic and Monetary Union (EMU) with its two pillars - monetary and economic policy. The most important, according to ESC, is the deepening of the EMU with a strong social dimension that does not compromise the integrity of the Single Market and does not create new dividing lines between the Eurozone and other Member States.

As part of the integration processes in Europe, ESC highlighted the process of further strengthening the common currency and accelerating economic and social cohesion by streamlining the framework for economic policy coordination - the European Semester.

ESC expresses its support in principal for the completion of the Banking Union, believing that future generations should be able to rely on stable banks that play their important role in financing the economy and supporting growth. In this regard, ESC noted the importance of the Union to capital markets as an important

complement to the Banking Union, which contributes to risk sharing in the private sector, increases economic convergence and helps mitigate possible future shocks.

ESC welcomes the achievements of the Juncker investment plan in terms of real economic benefits for citizens and businesses and its effect as a catalyst for private investment in the EU. It should also be noted that the Juncker plan contributes to the strengthening of a stronger Europe on the world stage. In this regard, ESC supports the continuation of the Juncker plan for the next post-2020 budgeting period in order to provide additional incentives and conditions for new investments, innovations and jobs. ESC is confident that the new InvestEU programme will generate additional investments in areas such as sustainable infrastructure, research and innovation, digitization, small businesses.

At the same time, ESC stressed the need for Europe to invest primarily in its young people and in job seekers as well as in start-ups and SMEs. ESC restated its opinion that the "Think Small First" principle should be enshrined in all EU programmes, as the regulatory burden at the European, national, regional and local levels continues to be a major obstacle for SMEs.

ESC recalled that one of the most important objectives of the EU, as it is to date, is to ensure economic stability, balanced economic growth, a higher level of quality employment and sustainability of public finances for all Member States.

In conclusion, ESC stated that Europe needs such a political alliance to provide a reliable political foundation for all the alliances so far, through genuine democratic accountability, legitimacy and institutional strengthening, and to promote the active involvement of the social partners and civil society at all levels.

The adopted resolution was one of the two acts that ESC discussed in November 2018, together with the EESC, of a wide public debate on "What Europe Do We Want?"

The Resolution "Social Dimensions for a More Solidarity Europe" referred to the future development of the EU as a united Union based on the universal values of dignity, freedom, equality and solidarity. The purpose of this ESC act is to draw the attention of both European and national institutions to the further development of the EU on the basis of social justice and guarantees for the social rights of all European citizens. ESC considers the social dimension of a future more solidary Europe based on the principles of the European Pillar of Social Rights and the values of The European Social Model, which, according to ESC, is the main concept of the development of social policies in the Member States.

ESC notes that economic and social progress are interconnected processes and considers that, in the context of the EPSR, further efforts are needed to make it a model of sustainable growth and accelerated social cohesion. ESC accepts that social policy should in principle be aimed at encouraging people to work, as well as to increase their education and training, and that is the task and purpose of national and local policies and programmes. At the same time, ESC proposes to take - at the

EU level - new initiatives in support of national efforts in the social sphere and cohesion. Areas where all Member States have an interest in moving in the same direction and which will accelerate social cohesion, according to ESC, are demography, migration, protection against unemployment, poverty and the risk of exclusion.

The resolution stresses that the principle of sustainable social protection and inclusion, transformed by the EPSR into a priority for the development of Europe, is aimed at more justice and solidarity. ESC is convinced that disparities based on inequalities, especially in the social sphere, are major challenges for the EU, and therefore quick and adequate solutions with common goals, measures and policies are needed. ESC warns with concern that if this does not happen, people will soon move away from the European notion of unity, and confidence in the European institutions will diminish.

In this regard, ESC is in solidarity with the positions of other European institutions, as well as with the national Bulgarian position, that one of the most important EU policies in the future will be the Cohesion Policy. It must be developed and enriched, and its effect should not be limited. ESC stated that the Multiannual Financial Framework to be adopted in 2019 should not allow a reduction in the means ensuring a level playing field in the process of convergence between Member States, especially in the social sphere. In this act, ESC insists that the EU budget for the next programming period should contribute to economic growth, employment and investment in skills, innovation, infrastructure, etc. Adopting an adequate Multiannual Financial Framework will ensure effective implementation of the European Social Rights Pillar and more rapid convergence.

ESC warns that alarming demographic processes continue in Europe and the Member States, and argued that youth policies should be the focus of all European, national and local institutions. ESC calls for a new approach to these policies, integrating the main objectives, resources, institutions, policies and measures for young people. According to ESC, the integrated approach will ensure a lasting positive long-term impact and will achieve synergy through concentration and coordination between multiple different institutions that now act independently and in different directions. In this context, ESC supports the new European Youth Strategy adopted by the EC, which extends the participation of young people and their responsibility in decision-making on the future development of the EU.

ESC addresses the issue of active participation of young people in building a stronger and more solid Europe in connection with the challenges of the Fourth Industrial Revolution. Therefore, it notes with concern that the processes brought about by new technologies rapidly change reality, production and labour relations, but above all pose new serious challenges to the education systems and the quality of human resources. Therefore, ESC insists on defining a common direction for European development and, in particular, for the modernization of the education systems and processes, so that they respond in a timely and adequate manner to

the requirements of the digital economy, the shared economy and other challenges resulting from new technologies. Otherwise, according to ESC, it is quite possible for new dividing lines to appear in the community.

In conclusion, ESC once again expresses its conviction that the future of the EU must build on the values of the European Social Model in order to achieve a more solid, fairer and more competitive Europe.

ESC adopts a resolution on the Proposal for a Regulation of the European Parliament and of the Council amending Regulations (EU) No 5962020 and (EC) No 2017/1129 on the promotion and use of the growth markets for SMEs - COM (2018) 331 final - 2018/0165 (COD). By this act ESC focuses public attention on the problems and development of the Bulgarian capital market, which as a source of funding is still not sufficiently popular and recognizable in Bulgaria.

In this context, ESC expresses its main support for the proposal for a Regulation and stresses its public significance as it concerns about 99.8% of the Bulgarian companies operating in the small and medium-sized enterprise segment. ESC stresses the changes that will create the conditions for overcoming the excessive administrative burdens on SMEs both in the registration of public markets or the issue of shares and bonds and on the volume of disclosure by these issuers to the national competent authority and the public. This would ease the access of SMEs to a cheaper resource for development through capital markets as an alternative to bank lending.

In the resolution, ESC analyses the state and problems of the Bulgarian capital market and the effect of the implementation of the Proposal for a Regulation. The main problem that ESC identifies is that the Proposal for a Regulation uses one of the three European definitions for SMEs, according to which SMEs are enterprises whose average market capitalization does not exceed 200 million Euros and in this category fall more than 98% of the companies traded currently on the Bulgarian Stock Exchange. ESC believes that in case other criteria and mechanisms are not adopted in national legislation to distinguish companies admitted to a growth market for SMEs from issuers that have acquired public status, the capital market in Bulgaria will face a real risk of being identified as a "growth market" and the goal of attracting large investors will not be achieved. Another problem according to ESC is the over-regulation of the Bulgarian capital market, which despite the recommendations for overcoming the excessive administrative burden for SMEs grows every year by increasing the requirements for disclosure of information and normative compliance of public companies.

ESC offers two ways to solve the problems - by initiating a procedure for modifying the definition of SMEs, taking into account the degree of development of the Bulgarian capital market, or by amending the rules of the Bulgarian Stock Exchange, which implies the introduction of additional criteria for SMEs to cover companies whose financial instruments will be traded in the SME Growth Market segment.

In summary, ESC emphasizes that, in order to stimulate the willingness of SMEs to seek financing from the capital markets, several steps should be taken that would help implement the provisions of the Regulation and would not make it intolerable in Bulgaria.

The first step should be to change the SME definition of access to EU funding, cheaper credit, and a range of administrative concessions, coupled with introducing a suitability test for all legislative changes proposed by the government to meet the needs of SMEs. At the same time, several principles should be enshrined both in European legislation and in Bulgarian - the "Think Small First" principle, "only once", and the principle of silent consent. ESC calls for a favourable institutional and legal framework tailored to the economic conditions and social relations in the country, which is crucial for the future development of the capital market in Bulgaria and for supporting the financing and development of SMEs.

The document also deals with the purely Bulgarian problem with the so-called "dormant shares" of mass privatization, which account for about 26% of the shares of public companies and often form up to 30% of the ownership of some holding companies. According to ESC, it is necessary to find a solution to this problem through adequate changes in the legal framework in order to "awaken" those assets, which are in size for our market.

In the resolution, ESC draws attention to the fact that the announced way to solve the "dormant" problem, as well as the way to store financial instruments acquired on the capital market in Bulgaria, could have a negative impact on the security of the property, the investors' activity and in general - the development of the capital market in Bulgaria. ESC considers that a broad public debate on the subject is needed in order to find adequate solutions that take into account the interests of all stakeholders.

II. CONSULTATIONS AND DISCUSSIONS

In 2018, ESC participated actively in the international meetings, conferences and events related to the priorities of the Bulgarian Presidency of the Council of the EU and presented its positions on adopted acts. ESC continued to organise consultations and discussions on basic economic and social issues.

The Contribution of Organised Civil Society to the Bulgarian Presidency of the Council of the EU

ESC in partnership with the EESC, the Technical Assistance and Information Exchange Programme of the European Commission and with the support of the Bulgarian EU Presidency organised in Sofia a high-level international conference on

economic and social cohesion in the Western Balkans region. The aim of the forum was to outline the contribution of the organised civil society to the summit of EU Heads of State and Western Balkans.

Over 100 representatives of employers' organisations, trade unions and other civil society organisations from the EU and the Western Balkans as well as representatives of EU and Bulgarian institutions discussed specific recommendations that civil society would address to national authorities and European institutions.

The discussions dealt with the prospects for European integration of the Western Balkans, economic and social cohesion in the countries, as well as the rights and empowerment of vulnerable groups in the region. A special focus in the debate was placed on the access to quality education and the realisation of young people. Representatives of civil society organisations paid particular attention to the rights and empowerment of vulnerable groups in the region. They urged governments to work harder to tackle the challenges faced by women such as domestic violence, limited labour market opportunities, harassment and violence at work, the pay gap and pensions with men, reproductive rights and maternity rights, etc.

The President of ESC presented to the participants the 15-year experience of the Bulgarian ESC in the civil dialogue with the national and European institutions and expressed willingness to assist the development of the cooperation with the related institutions in the Western Balkans.

The participants in the conference adopted a final document stating that the future of the Western Balkans is Europe. The document itself calls for the process of analysing the fulfilment of EU membership criteria, assessing social, economic and territorial cohesion, strengthening democratic values, freedom of the media, but also speeding up the process of creating an environment and conditions for more investment in the countries of the region. The document was sent to the heads of state and government at the EU summit dedicated to the Western Balkans.

ESC and EESC organised a joint international conference in Sofia dedicated to the 20th anniversary edition of the European Consumer Day. The topic of the forum was "The Digital Economy: Benefits for Consumers". The conference discussed the impact of the digital economy on European consumers as well as the relationship between businesses and consumers in the context of the digital economy. The main focus was on the responsibility of businesses to protect consumer rights. During the discussion, more than 100 representatives from the EESC, the European Commission and Bulgaria discussed one of the main priorities of the Bulgarian Presidency - the package of two European directives called "New Deal with Consumers", which provides a European legal framework for protecting consumers of digital services.

The trends that stimulate digital technology consumption as well as the attitudes of consumers towards digitization in different parts of the EU were discussed. ESC proposed the development of a mechanism at the European level to guarantee consumer rights in the digital economy. ESC representatives stressed the need to educate children to give them access to digital knowledge and to protect them from possible risks as a specific group of users.

Members of ESC and civil society organisations took part in an international conference on "Supporting vulnerable regions and citizens: promoting sustainable growth and cohesion". The topic was part of the priorities of the Bulgarian EU Presidency. The forum was organised by ESC together with Group III - "Other interests", of the EESC. In the course of the discussion, ESC members presented the positions of elaborated acts to support vulnerable regions and citizens. ESC supported a number of EESC proposals to promote sustainable growth and the convergence of vulnerable regions. An important outcome of the meeting was the proposal to develop an Action Plan for the Community-led local development tool for young people and the social inclusion of vulnerable regions.

ESC was the Bulgarian partner of the EESC in organising a tripartite international seminar "European Year of Tourism between the EU and China 2018" in Varna in cooperation with the Ministry of Tourism of the Republic of Bulgaria and Varna Municipality. The discussions were attended by representatives of the EESC, of the Bulgarian and the Chinese ESC, the Ministry of Tourism, the Mayor of Varna, representatives of the tourism industry, journalists and others. The aim of the forum was to promote less well-known tourist destinations in both countries and to provide opportunities for more intensive economic cooperation between the EU and China. The positions of the Bulgarian ESC on the subject of tourism were also expressed, which were based on its already adopted opinions.

Members of ESC participated in a conference on "Overcoming the Difference in Skills for Growth and Jobs - Business Perspective", organised by Group I - Employers, the EESC and the Association of Bulgarian Employers' Organisations. Representatives of employers' organisations from different European countries, representatives of Bulgarian institutions and businesses, as well as academics participated in the discussions. They shared good practices and ideas aimed at the future development of businesses and their needs for knowledge and skills. Solutions were also discussed to adapt education systems to labour market challenges in the future.

Members of ESC participated in a conference on "Working Europe - Greater Social and Economic Cohesion", organised by the Employees Group of the EESC in Sofia. Emphasis was put on the implementation and funding of the EPSR as a tool for achieving greater social cohesion. ESC's position expressed in a specially adopted opinion on "The European Pillar of Social Rights and the Role of Organised Civil Society" was part of the forum discussion. ESC members urged state

institutions to focus on EPSR talks by formulating concrete proposals to begin the process of developing a European plan with directions and a roadmap for its implementation at the European level as well as at the level of Member States. In conclusion, a declaration was adopted in support of the principle of equal pay for equal work.

Representatives of ESC participated in the international conference on the Future of Labour, which took place in Sofia and was part of the calendar of the Bulgarian EU Presidency. During the forum, the main challenges related to the ageing of the workforce, knowledge and skills in line with jobs in the coming decades, the promotion of active working life for older people and the facilitation of the transfer of experience and knowledge between generations were discussed. Members of ESC presented positions and proposals from the ESC opinion on "The Future of Labour: the Challenges of the Fourth Industrial Revolution". The participants united around ESC's proposal to develop a long-term national strategy for preparing our country for the Fourth Industrial Revolution.

Within the Bulgarian Presidency of the Council of the EU, members of ESC took an active part in an international conference entitled "Social economy – for an economically sustainable and socially inclusive EU". The Forum was intended to encourage the exchange of views on the challenges and opportunities facing the social economy in the context of the digital revolution and inclusive growth. The main focus of the debate was on measures to promote the integration of disadvantaged people in society and the labour market. Possibilities for more effective social inclusion, for developing the "silver economy" and for promoting the role of women in the social economy were also discussed. ESC members presented positions and proposals from ESC acts on the topics discussed. At the same time, they shared that ESC, by means of a number of its documents, consultations and proposals, actively participated in the development of the Bulgarian model of social entrepreneurship. The seventh edition of the European Social Entrepreneurship Forum was also held within the framework of the conference, attended by representatives of ESC and over 100 social enterprises from Bulgaria and other countries.

ESC representatives took part in an international conference entitled "The European Pillar of Social Rights - Working for a Union of European Social Standards", which took place in Sofia within the Bulgarian Presidency of the Council of the EU. The main objective of the forum was to continue the debate on strengthening the social dimension of Europe in the context of discussions on the EU budget for the next programming period (2021-2027) as well as discussing the future of the Cohesion Policy and the ESF. As part of the review of the implementation of the ESF policies for the past year, the participants discussed the financial resources to support the implementation of the EPSR and the Multiannual Financial Framework (MFF) as a key tool for delivering results. ESC defended the position of an accelerated implementation of the EPSR and supported the review of policy implementation over the past year.

ESC members participated in an international conference on "Pan-European Product for Personal Retirement Provision (PEPP) - Regulation, Effects and Problems", which was part of the programme of the Bulgarian Presidency of the Council of the EU. In a broad discussion, representatives of the Bulgarian and European institutions discussed the proposed regulation aimed at increasing investment and stimulating the EU capital market by encouraging citizens to save for a personal pension. ESC presented the main theses and suggestions from the adopted opinion about PEPP. Unanimous support received the ESC's position that European and national institutions should find ways to supplementary pension insurance companies, including Bulgarian ones, be included in the list of possible distributors of OELP. The final document adopted by the conference set out the main conclusions and recommendations to the European and national legislative and regulatory bodies, as well as in the opinion of ESC.

Consultations and discussions

ESC held a consultation on the draft opinion on the "Proposal for a Regulation of the European Parliament and of the Council on Pan-European Personal Pension Product (PEPP)". ESC members discussed, with representatives of interested bodies and non-governmental organisations, experts and representatives of the academic community, an own-initiative draft opinion by which ESC focused public attention on the proposal to create a product that provides European citizens with an extra savings opportunity for personal pension. Representatives of the Financial Supervision Commission, the Association of Supplementary Pension Insurance Companies, the Ministry of Labour and Social Policy, the National Social Security Institute and representatives of the academic circles from the Higher School of Insurance and Finance, the University of National and World Economy and Sofia University shared their expert positions. The participants stressed that the document presents accurately and in detail the framework of the proposed Regulation by looking at both the characteristics of the product proposed and the problems that may arise in its distribution and portability in individual Member States. Furthermore, in the context of the fruitful discussion, concrete suggestions were made to complement the opinion. All participants in the consultation supported the position of ESC that European and national institutions should find a way for supplementary pension insurance companies, including Bulgarian Supplementary Pension Insurance Companies, to be included in the list of possible distributors of PEPP.

ESC organised a consultation on the Draft Opinion on "Mountainous and Semi-Mountainous Regions in Bulgaria - Problems and Opportunities for Development", attended by mayors, representatives of mountain municipalities and associations, as well as interested institutions from the executive branch. The problems presented in the draft opinion for the municipalities and the citizens of the mountainous regions in Bulgaria were discussed as well as the necessary urgent

measures for overcoming them. It was emphasized that ESC puts the issue in the public eye in good time to add to the context of the EU budget discussions and priorities in the next programming period after 2020, and proposes concrete measures and solutions. The participants in the consultation highlighted the benefit for Bulgaria of adopting a pan-European definition of a "mountainous region" as the basis for developing more effective policies and funding the development of these areas. Moreover, support was given to the introduction of a national quality standard "mountain product", developed by the Ministry of Agriculture and Forests. The concrete suggestions presented by the representatives of the municipalities and the departments concerned were reflected in the adopted opinion.

In partnership with the mission of the EESC Labour Market Observatory, ESC organised a consultation on "Interaction between organised civil society, schools, local authorities and national institutions". The forum was attended by members of ESC and EESC, mayors of municipalities, experts from the Ministry of Education and Science, the Ministry of Labour and Social Policy, and school directors. The consultation was devoted to the implementation of the EU Council Recommendation of February 2016 on the integration of long-term unemployed into the labour market. The aim was to share good practices and models of participation of organised civil society in the integration of the long-term unemployed into the labour market. Some of the recommendations and suggestions made are reflected in ESC documents, and on the basis of ideas and suggestions from these documents, municipalities have developed their own municipal projects to combat unemployment. Participants in the consultation supported the conclusions of ESC acts¹ on the link between early school leaving and the increasing risk of long-term unemployment and the importance of early career guidance for professional realisation in the place of birth.

ESC, together with the mission of the Labour Market Observatory of the EESC, also organised a consultation on "Interaction of the academic community and civil society organisations to prevent long-term unemployment". It was attended by representatives of the academia, youth and student organisations, representatives of vulnerable groups, people with disabilities, etc. The purpose of this consultation was to highlight the problems associated with the prevention of long-term unemployment. Some of the proposals were aimed at developing a strategy for long-term discouraged persons, as well as reconciling university programmes and the needs of employers in the preparation of future workers for the labour market. Another part focused on the improvement of the legal framework in order to eliminate legal and administrative obstacles for the employment of disabled people and to introduce tax incentives for employers when recruiting long-term unemployed persons.

ESC held a consultation on the problems of the introduction and development of training through work (dual system of education) in Bulgaria, initiated by the

¹ Opinion "Policies for Reducing Early School Leaving"; Resolution "Measures and Actions to Reduce the Share of Early School Leavers"; Resolution "Early School Leaving - Problems and Possible Solutions"; Resolution "Integrated Policy for Young People in Bulgaria".

Minister of Education and Science Krasimir Valchev. The purpose of the consultation was to seek solutions for regulation of the problems encountered in the introduction and development of dual learning in Bulgaria. The discussion was attended by members of ESC, deputy ministers and experts from the Ministry of Education, the Ministry of Labour and Social Policy (MLSP) and the Ministry of Economy (MoE) as well as representatives of NGOs. During the discussion, ESC members made a number of proposals related to updating the regulatory framework, creating a register of enterprises involved in the process of dual education, mentoring, etc. The participants united in support of stimulating employers who have expressed a desire to train students in a working environment. In the debate, a consensus was reached on the status of students in the process of work-based learning to be regulated in the Vocational Education and Training Act (VETA). These proposals were adopted by the representatives of the Ministry of Education and Science and were reflected in the adopted amendments to VETA in 2018.

In the year of two anniversaries in Sofia ESC and EESC jointly organised a public discussion on "What Europe do We Want?". The event marked the 60th anniversary of the foundation of the EESC and the 15th anniversary of the Bulgarian ESC and was attended by EESC President Luca Jahier, the Bulgarian Minister of Education and Science Krasimir Valchev, the Chairman of the National Assembly Economic Policy and Tourism Committee Petar Kanev and the Chairman of the National Assembly Committee on Labour, Social and Demographic Policy Hassan Ademov. More than 80 researchers and academics, non-governmental organisations, experts, former ministers in various cabinets attended the forum. There was a strong representation of young people and students from vocational schools.

The debate focused on two main themes - the economic dimensions for a stronger Europe and the social dimension for a more solidary Europe. Regarding the economic aspect, ESC presented key conclusions and proposals from its resolution, which were debated by the participants.

ESC put forward the social dimension of the future European Union as the second focus of the discussion. Participants underlined that all policies - from cohesion to agriculture and competitiveness policies - should be based on the principles of equality and solidarity. The discussion made account of the current differences between Member States in some areas, such as living standards, food standards, attitudes towards smaller, weaker, more backward countries, and concluded that they should be replaced by fair measures and a number of reforms. European policies should be aimed at even faster and more real convergence, rather than widening the current gap or creating new dividing lines. Participants in the discussion expressed their views and suggestions for open educational systems and training opportunities in their desired universities.

In 2018 ESC continued the tradition of organising discussions with students, focusing on the perspectives of professional realization in training through work. In these discussions, students from Sofia vocational schools presented their motives for choosing a specific vocational school, their views on improvements in work-based learning (dual learning system) and their future professional realisation. All participants in the meetings united around the conclusion that vocational education is a good choice for the new generation.

The first dialogue was with students from the National High School in Finance and Business, who are trained through the dual system on vocational track "Economist" and specialism "Commerce". After an active debate in groups, students pointed to the positive aspects of the new dual learning. According to the participants, the advantages of this training are that they end in a profession, reconcile theory and practice, learn to work in a real working environment with employment contract and recognised work experience. At the same time, they made concrete proposals to optimize the curriculum for the main subjects of their specialty, as well as to carry out practical training as early as in their 9th year, with specialized disciplines being taught in a real work environment.

ESC organised a discussion with graduates of secondary vocational education from the Sofia Vocational High School of Tourism, where they openly shared how and why they made their motivated choice of specialisms in the field of tourism - hotel and restaurant management as well as guided tours. Participants in the discussion expressed their opinion that the main factor for choosing a profession is to ensure good realisation and financial security. A major part of their recommendations were aimed at increasing the hours of learning a second language, better interrelation between theory and practice, practical lessons learned from the initial stage of preparation, as well as introducing paid internships.

Another discussion organised by ESC involved students from the National Trade and Banking High School, which offers to students banking and e-commerce specialties. In the debate the students presented their motives for choosing this vocational school and outlined the main factors that influenced the choice of specialties - prestige, opportunity for good realisation, combining theory and practice and obtaining good economic competence. They also made some suggestions about introducing new methods into the learning process, a new testing system, the use of electronic textbooks,

Partnership and participation of ESC in forums in the country

Within the framework of the established partnership with the National Association of Municipalities in the Republic of Bulgaria, ESC participated in the Fifth National Meeting of Municipal Experts in Education. The meeting put on the agenda the formulation of measures for the implementation of an integrated education policy with the personal and professional development of children and young people in Bulgaria. The purpose of the forum was municipal education experts, together

with central government experts, to discuss current issues and issues related to municipal responsibilities in pre-school and school education. In the discussions ESC presented positions of adopted acts in the field of education, with special attention being paid to ESC proposals related to the prevention of early school leaving.

Representatives of ESC participated in an international conference organised by the Confederation of Labour "Podkrepa" on the topic "European legislative framework and the protection of hired labour: challenges for the European Pillar of Social Rights". The purpose of the forum was to present national policies and priorities on the European Pillar of Social Rights. The forum debated the challenges related to new forms of employment and the provision of adequate working conditions for atypical forms of work as well as policies to overcome social dumping and the need for significant income growth. In the course of the discussion the position of ESC was presented based on ESC's Opinion on "The European Pillar of Social Rights and the Role of Organised Civil Society".

Representatives of ESC participated in a conference dedicated to the Report on Bulgaria under the European Semester 2018, organised by the EC Representation in Bulgaria. The European Commission's view on the inclusion of the European Social Rights Pillar (ESRP) in the European Semester and a review of Member States' social performance results was presented. The subject of discussion was also the macroeconomic perspectives and the growth potential for Bulgaria in the context of the expressed desire of our country for joining the Eurozone. In the discussion the representatives of ESC expressed positions on adopted opinions on the "European Pillar of Social Rights and the Role of Organised Civil Society" and "Accelerating the Preparations for Bulgaria's Accession to the Eurozone".

Members of ESC took part in a conference on "Bulgaria in the Eurozone. Economic Logic Against Myths", organised by Bulgarian MEPs and with the participation of representatives of the executive and legislative power. Representatives of NGOs, embassies, experts and representatives of the academic community and the social partners participated in the discussions. In their speeches the members of ESC defended the positions expressed in the adopted opinion on "Accelerating the Preparations for Bulgarian's Accession to the Eurozone". A consensus was reached on the forum by all political forces on the main objective of accelerating Bulgaria's entry into ERM II and the Eurozone, which coincides with the single position of ESC.

Representatives of ESC took part in the Sofia Regional Forum for Social Entrepreneurship, which was accompanied by an Exhibition of Social Entrepreneurs. During the debate on "Particularities of the Development of the Social Economy in the Large Urban Ecosystem" representatives of ESC expressed their views on the economic contribution of social entrepreneurship, social engagement of business and solidarity in interaction with social entrepreneurs. The discussions addressed the challenges of creating successful social enterprises and presented good practices and successful innovative models. In this regard, ESC welcomed the

adopted law as it creates a coordinated state policy and resource allocation to social enterprises. Representatives of ESC participated actively in the elaboration of the law and in it have found the realization of proposals from ESC acts.

Representatives of ESC participated in a round table on "Inequities and Poverty in Bulgaria", held under the patronage of the President of the Republic of Bulgaria. Representatives of the executive power, employers' and trade union organisations, university lecturers, scientists from the Bulgarian Academy of Science and academics took part in the forum. The debates were directed in two directions: economic prerequisites for inequality and poverty and the social dimensions of inequalities and poverty. The presented reports examined different aspects of fiscal strategy, life support, budget structures, health policies, education, demographic processes, etc. ESC representatives stressed the impact of the major challenges our country faces – the demographic problem, the early school leaving as a leading factor in unemployment, the poverty and social exclusion and the labour market in the context of the challenges of the low-educated, vulnerable groups and those without qualification.

III. COOPERATION WITH THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE, THE NATIONAL ESCs OF EU MEMBER STATES, AS WELL AS OTHER INTERNATIONAL ORGANISATIONS

In 2018 the EESC, the national ESCs of the EU Member States and other related international organisations continued their fruitful cooperation. Already in early 2018 Bulgaria, in the face of the Bulgarian ESC, was selected as one of the five national partners of the EESC Labour Market Observatory for conducting research into the integration of long-term unemployed into the labour market and related good practices. In this regard, ESC was co-organiser of exploratory consultations in Sofia with civil society organisations, scientific and academic countries, executive and local authorities and other interested parties on the issues studied. ESC presented its position on the subject, based on adopted acts and directly related to the recommendation of the EU Council. The mission of the Labour Market Observatory completed a report on the results of consultations in Bulgaria and the other four Member States, which was presented to the EESC and other interested European institutions.

ESC participated in a public debate organised by the EESC on the Roadmap for Completing the Economic and Monetary Union - Key Steps to Address Future Challenges. One of the EESC's key positions is that it is necessary to strengthen the architecture of Economic and Monetary Union (EMU) and to achieve greater investment and job creation, sustainable economic growth, social justice, better economic resilience shocks and complete macroeconomic stability in Europe. The Forum reaffirmed some basic ESC proposals on the subject, such as the need to deepen and complete EMU with a strong social dimension that does not test the

integrity of the single market and create new dividing lines between the Eurozone and the other Member States.

In accordance with the first priority of the Bulgarian Presidency of the Council of the EU - Economic Growth and Social Cohesion, ESC was co-organised with the Group III "Other Interests" of the EESC at a conference in Sofia on supporting vulnerable regions and citizens and promoting the sustainable growth and cohesion. The discussions focused on investing and stimulating vulnerable mountain regions, creating opportunities for protecting the rights of vulnerable citizens, promoting economic development and combating the depopulation of non-urbanized regions. The ESC representatives supported EESC's proposals to promote sustainable growth and convergence of these specific regions.

EESC and ESC were co-organisers of the forthcoming jubilee edition of the European Consumer Day in Sofia. The event has been held every year since 1999 and brings together experts, consumers and politicians to debate the problems faced by consumers at the European level. More than 100 representatives from European institutions and Bulgaria commented on one of the main priorities of the Bulgarian Presidency - the adoption of European legislation for consumer protection in the context of the digital economy. Representatives of the Bulgarian ESC outlined the challenges of the digital world and presented ESC positions on adopted acts on the subject, emphasizing the need for a mechanism at the European level to protect consumers' rights in the digital economy.

Sofia and the ESC hosted an international conference, organised by Group I - Employers, of the EESC. The topic of the forum was devoted to overcoming the gap in skills for growth and job creation. At the conference with the participation of employers, businesses and representatives of the academic community from different European countries, attention was paid to demographic change, digitization and globalization, which have a significant impact on labour markets and businesses across Europe. Good practices and ideas related to changing education systems and their adaptation to the future labour market were shared.

A high-level international conference on economic and social cohesion in the Western Balkans was held within the framework of the Bulgarian Presidency of the Council of the EU. It was co-organised by EESC, ESC and the EC Technical Assistance and Information Exchange Programme. The conference was planned as a contribution by organised civil society to the meeting of the leaders of the 28 EU Member States and the heads of state and government of the Western Balkan countries. EESC members, employers' associations, trade unions and other civil society organisations from the EU and the Western Balkans, as well as representatives of the Bulgarian institutions and the EU institutions took part in the discussions. Participants debated several key areas such as the European perspective of the Western Balkans, economic, social and territorial cohesion, the rights and empowerment of vulnerable groups in the region, the consolidation of

democratic values and the creation of a favourable environment for foreign investment.

Bulgaria hosted a trilateral international seminar in the within the European Year of Tourism between the EU and China 2018. The event was held in Varna and was organised in partnership with ESC and the External Relations Section of the EESC and in cooperation with the Ministry of Tourism of the Republic of Bulgaria and the Municipality of Varna. The Forum gathered together representatives of the EESC, the Bulgarian and Chinese ESCs, the Ministry of Tourism, the Municipality of Varna, the tourism industry, journalists and others. The focus of the debate was to promote less well-known destinations, improve economic cooperation opportunities, create incentives for rapid progress on the EU-China visa regime, etc. The specific positions of the Bulgarian ESC on the subject of tourism were also presented.

Representatives of the Bulgarian ESC participated in the regular Annual Meeting of Presidents and Chief Secretaries of the Economic and Social Councils of the EU Member States and the EESC. The leading topic was the future of Europe and the role of organised civil society in shaping the future of the Union. The forum was attended by representatives of more than 15 EU Member States, the EESC President, the Slovak Minister for Labour and Social Policy, representatives of Slovak trade unions among others. A special statement was presented at the meeting by EESC President Luca Jahier on the occasion of the 60th anniversary of the EESC, which contains five flagship ideas for the future of Europe. Particular attention was paid to the fact that 21 out of 28 Member States had economic and social councils in different forms. They can provide a visible and structured mechanism for dialogue between government and civil society stakeholders. The main positions and proposals from adopted acts of ESC in relation to the White Paper on the Future of Europe, the European Pillar of Social Rights and the Fourth Industrial Revolution were presented during the discussion.

In 2018 during the Bulgarian Presidency of the Council of the EU in Sofia, an extraordinary meeting of Working Group II - Employees, of the EESC on "Working Europe - The Need for Greater Social and Economic Cohesion" was held. The main focus was the implementation and funding of the European Social Rights Pillar as a key instrument for achieving greater social and economic cohesion. The views of ESC from its opinion on the PEPP were also presented. During the forum, which was in the programme of the Bulgarian Presidency, a declaration was adopted in support of the principle of equal pay for equal work.

During the debates on the future of Europe, ESC representatives participated in a conference on "Restoring Citizen's trust in the European Project: 12 priorities of Group III - Other interests", organised by the EESC. The forum focused on the sustainable development and the 2030 Programme, fundamental rights and the role of the law, the promotion of an effective European social policy, the fight against poverty, social exclusion, balanced economic growth, sustainable environment, the situation of women with disabilities, etc.

In 2018 ESC took part in the annual General Assembly of the International Association of Economic and Social Councils and Similar Institutions, with around 130 representatives from 37 countries. The main topic of the forum was the impact of the digital revolution on the future of mankind, which was defined by the Association for a Working Theme between 2017 and 2019. ESC presented the benefits and risks of the Fourth Industrial Revolution in the context of key findings and suggestions in its opinion on the future of labour.

ESC representatives participated in an extraordinary Group III meeting organised by the EESC on "Can Economic Progress and Social Stability Cure EU-Scepticism?". The meeting looked at the effects of EU membership in terms of employment and economic progress, prosperity in export-oriented regions, the importance of skilled workforce, employment prospects and inclusion policies as well as the role of civil society. The themes addressed on the meeting correspond to the debates on the future of Europe in which ESC is actively involved and there are clear positions in its acts.

The Bulgarian ESC took part in the 12th Annual Media Seminar of the EESC. The discussion centred on "Consolidating the values of Europe". The forum was held in the year of the 60th anniversary of the EESC and in the context of the upcoming European elections in May 2019. The event was attended by more than 150 people, representatives of national ESCs, non-governmental organisations, members of the EESC, journalists and representatives of the academic community from 12 different EU countries among others. At the heart of the debates were the growing challenges and problems in Europe, such as multiculturalism, declining solidarity, growing nationalism and neoliberalism. The results of the participation of the Bulgarian ESC in the media seminar were used in the public discussion organised jointly with the EESC in Sofia on the topic "What Europe Do We Want?".

ESC participated in a conference organised by the EESC Observatory on the Labour Market on "Public Employment Services and the Implementation of the European Pillar of Social Rights: What is Their New Role in Active Labour Market Policies?" The main debates focused on the state of the EU public employment services, the activation of the unemployed and inactive, and the good practices in this direction as well as the role of the social partners and employers. The topic of the conference is closely related to one of the ESC's main priorities, which has adopted an opinion on EPSR and the role of organised civil society. ESC also organised a debate in the framework of European consultations on the subject.

On the occasion of the 15th anniversary of the founding of the Bulgarian ESC and the 60th anniversary of the establishment of the EESC, the two institutions jointly organised a public discussion in Sofia on the topic "What Europe Do We Want?" At the opening of the meeting, the Bulgarian ESC was highly praised by EESC President Luca Jahier for the 15-year collaboration between the two organisations and its role as the EESC's main partner in conducting numerous initiatives on leading European issues. In the context of future development, the

EESC president outlined three priorities that can provide Europe with new energy and start a genuine revival of the European project, namely sustainable development, peace and culture. At the heart of the debates were two specially developed ESC resolutions devoted to the economic dimensions of a stronger Europe and the social dimensions for a more solidary Europe.

Representatives of the Bulgarian ESC took part in the Euromed Annual Economic and Social Councils and Similar Institutions (Euromed) organised jointly by the EESC and the European Training Foundation and co-financed by the EC. More than 100 representatives of economic and social councils and similar institutions, social and economic partners, academics, NGOs, regional networks and other civil society representatives participated in the forum. At the summit, two topics current both for the region and Bulgaria were discussed - education and vocational training, as well as the social economy and entrepreneurship. The Bulgarian ESC presented its positions on already adopted acts and was actively involved in the debate on education and VET, and expects its proposals to be taken into account in the development of the final report on the subject.

As a member of the International Association of Economic and Social Councils and Similar Institutions the activity of ESC in 2018 was regularly reflected in the newsletter of the association as well as on its official site. In this way, ESC has become a good example of promoting dialogue between economic and social councils and similar organisations and exchanging views and practices among the members of the association, which includes institutions from 72 countries. The promotion of the ESC's activities and experience encourages the creation of such institutions in countries that do not have them but go on a path of sustainable democracy, development of advisory functions and wider involvement of civil society. Main proposals of the association, including of the Bulgarian ESC, are presented by the International Agency for Labour, the Economic and Social Council at the United Nations (ECOSOC), among others.

Also, the results of ESC's activities were also promoted through the online collaboration of the Economic and Social Councils of the EU Member States - CESlink. The National Economic and Social Councils were regularly informed about the adopted acts by the Bulgarian ESC, the conferences, public debates, consultations, initiatives, etc. organised during the year. Through the opportunities provided by the CESlink network, ESC helped to develop and deepen the cooperation between national economic and social councils and similar institutions on key topics of common interest.

IV. SOME IMPLEMENTED PROPOSALS OF ESC

ESC notes that a number of proposals and recommendations from adopted acts have been reflected in strategies, regulations, programmes, plans, policies and

measures for Bulgaria's economic and social development in the fields of education, labour and social policy. Some of the ESC's recommendations were also incorporated in European documents.

In 2018 in the consultations and discussions with representatives of the local authorities, teachers and students, ESC focused on issues related to the full range of children and students in the education system and the development of the vocational education and training system in Bulgaria.

In the adopted in the end of 2017 Resolution on "Early School Leaving - Problems and Possible Solutions" ESC recommended the adopted in 2017 Mechanism for joint work by the institutions on enrolment and retention in the educational system of children and pupils in compulsory pre-school and school age (Mechanism) to become a permanent instrument of the Strategy for Prevention and Reduction of Early School Leaving (2013-2020) within its Coordination Mechanism. At the same time, ESC insisted on an assessment and, if necessary, on changing some of the measures set out in the Mechanism to ensure a more active and responsible engagement of institutions other than educational ones.

ESC acknowledged that, with a decision of the Council of Ministers, of June 2018 from a temporary measure the Mechanism became a permanent tool of educational policy aimed at the full coverage of all children of compulsory school age. The Mechanism was complemented by provisions aimed at improving its functioning and providing opportunities for its further improvement, such as: monitoring the exercise of children's right to compulsory education in case of travel and migration; exchange of information and control over issued medical leave documents to excuse absences of children and students; implementation, development, maintenance and management of an information system for the realization of the mechanism.

In most of the instruments devoted to early school leaving, ESC recommended limiting the start of measures and programmes, as far as possible, before they are fully secured with the necessary means and conditions for effective implementation, thus avoiding the negative effects of "half-way" implementation of such measures. ESC also considers it necessary to develop special measures for working with the parents of the children at risk and places more emphasis on the need for additional activities with children for whom the Bulgarian language is not their mother tongue².

In this regard, ESC found that through the National Programme "Together for Every Child" funds were provided for joint work on the scope and retention in the education system, to improve access to pre-school and school education and to improve the effectiveness of interaction with parents from vulnerable communities. The ESF funded project "Your Class" stimulates additional pedagogical support such as language learning for students whose mother tongue is not Bulgarian and

² Opinion "Policies for Reducing Early School Leaving"; Resolution "Measures and Actions to Reduce the Share of Early School Leavers"; Resolution "Early School Leaving - Problems and Possible Solutions".

additional classes for overcoming educational deficiencies as well as school partnerships with NGOs and municipalities. The Implementation Plan of the Strategy for Reducing the Share of Early School Leavers (2013-2020) provides for the funding of integrated measures within the model of the Joint mechanism joint work of the institutions on enrolment and retention in the educational system of children and students at mandatory pre-school and school age.

In the Resolution "An Integrated Policy for Young People" ESC found that ensuring equal access to early childhood and pre-school education is key in the policy of preventing early school leaving. ESC proposed to develop mechanisms to ensure attendance of compulsory pre-school education and its extension to 4-year-olds.

The new measures set out in the Plan 2018-2020 adopted by the Council of Ministers for implementation of the Strategy for Reducing the Share of Early School Leavers (2013-2020) are related to the introduction of compulsory pre-school education for children aged 4. It is foreseen by the end of 2020 90% of children of this age to be enrolled in the pre-school system in order to better adapt to the initial learning process.

In the Resolution "Measures and Actions to Reduce the Share of Early School Leavers", ESC found that, while positive trends are observed in retaining students in elementary education, for the majority of children in small settlements and vulnerable ethnic communities the completion of secondary education continues to be of no particular interest. According to ESC, apart from the financial reasons, geographic distance to the nearest secondary school is also a prerequisite for this. In this regard, ESC recommended that transport to vocational / secondary school for students from remote settlements should be funded in order to improve the scope and attractiveness of secondary and vocational education at the regional level.

With the adopted State Budget Act (SBA) for 2019 the means set aside for transport have been increased. It is regulated that the right to transport is not only to the nearest school but also to the nearest school that offers the opportunity to acquire a professional qualification - a vocational high school or another school that trains for acquiring professional qualification.

The guidelines related to the development of vocational education and training as well as the problems of the introduction and development of dual learning in Bulgaria were the focus of ESC's attention during the reporting year. On the basis of the acts adopted by ESC³, the Minister of Education and Science asked for consultation with ESC members for debating unresolved issues that can be dealt with through legislation. ESC members proposed to make amendments to the VET Act and to regulate: the new form of dual training; the establishment of a register of enterprises involved in the process of dual education; the role and functions of

³ Opinion on "Draft Act for Amendment and Supplementation of the Bulgarian Vocational Education and Training Act"; Resolution "Possible Directions for Development of the Vocational Education and Training System in Bulgaria".

the mentor determined by the employer and its training; Achieving compliance of vocational education with the needs of businesses; developing requirements for employers to implement partnerships in dual learning; the health insurance of students in training through work, etc.

ESC notes with satisfaction that the adopted in 2018 by the 44th National Assembly amendments to VETA incorporate the proposals made by ESC. They are mainly related to the dual learning system and concern the employer's requirements for the mentor; the creation and maintenance by the Ministry of Economy of an information database for employers who meet the requirements; engaging in partnerships to deliver on-the-job training; updating curricula once every 5 years; health insurance for pupils in dual form of education.

In the Resolution on Possible Directions for the Development of the Vocational Education and Training System in Bulgaria, ESC is convinced that with the improvement of VET legislation, the professional training programmes in which there is an expected shortage of workforce will be restructured. There is also a need to regulate the plan for state-subsidized admission to rare and unpopular training programmes whose graduates are in high demand on the labour market. ESC also proposes to extend the list of protected professions and introduce additional incentives for people to receive training in them.

The adopted amendments and supplements to the VETA provide for: the distinction between the protected specialisms from professions and the specialisms from professions where there is an expected shortage on the labour market; maintaining a list of specialisms and professions where there is an expected shortage on labour market of specialists. The practice in small settlements for the conversion of vocational secondary schools and secondary or elementary schools into secondary schools with professional tracks, which have the right to organise and conduct work-based training (dual system of education), is regulated.

In 2018 The Council of Ministers adopted by decree a list of state-protected specialisms from professions where there is a shortage of qualified personnel on the labour market. The criteria for determining them and the terms and conditions for additional funding for the maintenance of classes for acquiring qualification for protected specialisms from professions and specialisms from professions, for which there will be shortage of specialists in the future, were approved.

ESC found that one of the prerequisites for the insufficient degree of adequacy and practical applicability of Bulgarian higher education is the poor development of the relations between the educational institutions, the employers, the research institutions and other stakeholders. ESC recommended that national institutions continue to promote (through mediation, regulatory affiliation, financial and tax incentives) links between higher education institutions and employers in order to build cooperation networks in the provision of information on the needs of skilled professionals, the employment opportunities of newly graduated students, the adequacy of curricula and the practical relevance of the "product" of higher

education, expanding internship practices, and providing funding from the business sector⁴.

In this regard, ESC notes that the amendments and supplements to the Higher Education Act of 2018 provide for: the right of the higher education institutions to attract prominent practitioners with a decision of the respective faculty council under the terms and conditions set forth in the Rules and Regulations of the Higher Education Institution; the right of employers to submit proposals for updating curricula and programmes; the right of employers' representatives to take part in the state commissions for conducting state examination or defence of diploma dissertations; the right of business specialists to be included in the Standing Committee of the National Evaluation and Accreditation Agency.

In its acts related to the development of higher education, ESC stressed the necessity of a change in the applied system of subsidizing the state higher education institutions, which should depend not only on the number of students but also on the evaluation of their results at the outcome (level of professional realization of graduates, quality of education, matching with the needs of the labour market)⁵.

This proposal of ESC is enshrined both in the Strategy for Development of Higher Education in the Republic of Bulgaria for the period 2014-2020 and in the Plan for its implementation. The Strategy Implementation Plan provides for the share of training support, based on a comprehensive assessment of the quality of training and its compliance with labour market needs, to rise to 55 per cent in 2019. and reach 60 percent in 2020.

In 2018 in accordance with the first priority of the Bulgarian Presidency of the Council of the European Union (Future of Europe and Youth - Economic Growth and Social Cohesion), ESC adopted several acts through which it focused public attention on the future challenges and development of the EU. In this context, ESC raised the issue of preparing our country for the so-called Fourth Industrial Revolution and the challenges of the digital transformation of the economy, the insufficient and inadequate qualification of employees, the risk of loss of jobs without finding alternative employment for the workers, and the emergence of high and lasting structural unemployment.

ESC has repeatedly stressed in its acts that long-term unemployment is one of the most serious problems in the labour market. ESC endorsed the EU Council's proposal to include in the "Agreement on labour integration" an obligation for registered long-term unemployed persons "to accept proposals for appropriate work

⁴ Opinion on "The Strategy for the Development of Higher Education in the Republic of Bulgaria for the period 2014-2020".

⁵ Opinion "The Education System in Bulgaria - Problems and Necessary Reforms"; Opinion on "The Strategy for the Development of Higher Education in the Republic of Bulgaria for the period 2014-2020".

and to attend and participate in education, training, retraining or employment measures", underlining that such a requirement currently exists in Bulgarian legislation (Art. 20, para. 4, item 4 of the Employment Promotion Act)⁶.

Accordingly, ESC evaluates the proposed new measures in response to the specific Council Recommendation of 2018 on the NRP of Bulgaria for 2018 - Measure "Employment Integration Agreement (EIA)" and "National Framework Agreement for the Implementation of EIA". The first measure provides for making an agreement between the long-term unemployed and the "Labour Office" Directorates for the provision of various services. The second envisages the making of a National Framework Agreement between the different institutions and the local government.

In its acts devoted to the future of Europe and the future of work, ESC recommended the implementation of a certain approach to the Fourth Industrial Revolution, combining different aspects of interaction, which should be given key priority during this new stage of development. According to ESC, the European-level approach to the Fourth Industrial Revolution is much more technological than social, so the social aspect is of utmost importance because it impacts not only technological progress but also social life. For ESC, the interconnection of these two aspects is an essential element of the country's transition to the next stage of industrial development⁷.

The approach proposed by ESC was supported by the Ministry of Economy in an official letter to the institution.

ESC recommended fair working conditions, clear procedures and deadlines for wage bargaining at different levels, reducing the share of low-paid workers and the working poor, overcoming drastic inequalities and achieving a significant cohesion effect, introducing minimum standards and adequate protection the work of digital economy workers and those engaged in new forms of work⁸.

In this regard, ESC welcomes the adoption of the Act of the 44th National Assembly to ratify Convention No 131 of the International Labour Organisation on Minimum Wage, adopted on 22 June 1970 in Geneva.

ESC stressed that regional policies for economic recovery and development are key to overcoming employment gaps between regions and would help bridge transport, health and housing logistics barriers for young people, while encouraging investors to find new jobs. Therefore, integrated and well-thought-out regional

⁶ Resolution on the Council Recommendation on the Integration of the Long-term Unemployed in the Labour Market; Resolution on the "Commission Communication - Annual Growth Survey for 2017".

⁷ Opinion on "The Future of Labour: Challenges of the Fourth Industrial Revolution"; Resolution "Social Dimensions for a More Solidary Europe"; Resolution on "Economic Dimension for a Stronger Europe".

⁸ Opinion on "The European Pillar of Social Rights and the Role of Organised Civil Society".

approaches to tackling the employment problem of young people will also have a positive impact on the budget spending on active employment policies⁹.

In this regard, ESC considers the 28 regional employment programmes applied in 2018 as an important tool of employment policy that supports the economy at the local level. Depending on its needs, each municipality or district administration decides what activities to perform by determining the number of employees, the organisation of work, etc. In 2018, the opportunities of unemployed and inactive people from the high unemployment levels for training and employment have been improved through the implementation of a new large-scale Work Scheme, which will be implemented with the support of ESF and OP HRD.

ESC has repeatedly paid attention to gender inequalities in terms of employment rates. While women often achieve better results in education, they remain under-represented in the labour market. According to ESC, a holistic approach is needed to improve the work-life balance, including by introducing leave and flexible working hours to stimulate the second member of the household to work¹⁰.

Increasing women's employment is among the priorities of the National Action Plan to Promote Gender Equality for 2018. The Government also adopted a Report on the Equality of Women and Men in Bulgaria for 2017, which reflects the results of the implementation of policies to increase women's participation in the labour market, reduces gender pay gaps and promotes equality in the labour market processes. Making decisions.

According to ESC, initiatives to promote employment must pay particular attention to encouraging the creation of green and white jobs, as these categories of enterprises have demonstrated their employment potential. In this regard, ESC welcomes further action in support of the framework conditions for realizing the full potential for growth in these sectors¹¹.

ESC notes that following the amendment of the Employment Promotion Act, a new incentive to introduce green jobs was introduced, which in 2018 continued to be implemented. In this connection, additional opportunities were provided for generating green employment from investments in different activities. Moreover, in accordance with the National Employment Action Plan (NEAP) 2019 the state will continue to subsidize employment in "green jobs" that contribute to environmental protection and provide employment to people who have been out of work for a period longer than 6 months.

9 Resolution on "Realisation of Young People on the Labour Market".

10 Resolution on "Commission Communication - Annual Growth Survey for 2016"; Resolution on the Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions - Towards a Job-Rich Recovery; Opinion on "The Family, Good Parenting and Equal Gender Opportunities"; Resolution on "Realisation of Young People on the Labour Market".

11 Resolution on "Commission Communication - Annual Growth Survey for 2014".

ESC worries that there is a growing risk that the labour market will be further segmented into low-skilled and highly skilled workers, such polarization will create even greater problems for the occupational mobility of the workforce and will affect the overall level of employment. Access to and widespread use of lifelong learning is therefore the most reliable tool for overcoming segmentation and limited occupational mobility¹².

Under the Operational Programme "Human Resources Development" a "Skills" operation is included, which is programmed in line with the priorities for lifelong learning to provide opportunities for employers to train through professional qualification or specific to the given workplace / workflow skills both employed and newly recruited unemployed in their enterprises. From NRP 2018 the measure "Facilitating the professional transitions of unemployed and employed persons and providing active support for the employment of unemployed persons" was implemented. Mediation services are also available to find a job. An individual action plan for each unemployed person with specific actions for training and/or employment under programmes and measures, as well as employment on a non-subsidized vacancy is being prepared.

ESC draws attention to the fact that the main objective of the measures to facilitate the transition from education to employment is first job assistance - for example by providing individual guidance for career guidance; creating your own plan of steps to find a job; creation of adequate, "narrow" (depending on the desired profession) or "broad" (basic, widely applicable) skills, attitudes, etc.¹³

In 2018 measures were taken under the Youth Guarantee to cover young people up to 25 years of age who have spent 4 months without work or education/training. The aim was to ensure the right of young people to be offered good opportunities for education, apprenticeship, internship and employment. In this regard, in 2018 more precise targeting of jobseekers to their profiles (knowledge, skills and competencies, attitudes) was achieved.

ESC recommended specialized measures to modernize and improve the capacity of the Employment Agency and its structural units in response to the changes in the labour market in times of crisis such as increasing the number of unemployed, reducing the efficiency of the counselling and placement of workers due to the lower level of vacant jobs¹⁴.

¹² Resolution on the Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions - Towards a Job-Rich Recovery, Resolution on the Council Recommendation on the "Integration of the Long-Term Unemployed into the Labour Market"; Resolution on the "Commission Communication - Annual Growth Survey for 2015"; resolution on "Commission Communication - Annual Growth Survey for 2014" among others.

¹³ Resolution on "Realisation of Young People on the Labour Market"; Resolution on "Actions to Support Young People and Tackling Youth Unemployment in Bulgaria"; Resolution on "Recommendation for Council Recommendation on the National Reform Programme of Bulgaria for 2014 delivering a Council opinion on the Convergence Programme of Bulgaria for 2014"; Resolution on "Communication from the Commission - Annual Growth Survey for 2015".

¹⁴ ESC Opinion on "Current Problems and Policies on the Labour Market"; Analysis on "Active Labour Market Policy Programmes, Projects and Measures in the National Action Plan on Employment 2009, including the Operational Programme Human Resources Development, the Beautiful Bulgaria Project and the Social Investment Fund in the Republic of Bulgaria for 2009"; Resolution on "Actions to Support Young People and Tackling Youth Unemployment in Bulgaria" - 2013;

The Government approved amendments to the Employment Promotion Act (EPA), which provides for a simplification of the existing administrative procedure for registering jobseekers, improving the quality of employment and training programmes and optimizing the work of the selection and evaluation boards for these programmes.

In connection with the growing ageing trend, ESC recommended to the Bulgarian government that a cross-cutting National Programme for the Promotion of Active Ageing should be developed and implemented on the basis of the adopted decision of Council of Ministers of 20 June 2012. National Concept for Promoting Active Ageing 2012-2030¹⁵.

ESC notes that the National Strategy for Active Ageing in Bulgaria (2019-2030), which will replace the existing National Concept, is being developed. An important principle on which this strategy is based is intersectoral interaction in the implementation of measures and the provision of social, educational and health services.

ESC proposed to discuss the possibility of implementing strategic infrastructure projects creating new jobs in less developed regions with limited demand for labour. A crucial time for their successful implementation is the combination with the faster training of people living in these areas for persons qualifications and professions in which professionals will be sought in the implementation of relevant infrastructure projects. ESC recommended as a feasible and necessary measure wider implementation of programmes for subsidized employment of long-term unemployed persons in socially useful activities, especially in less developed regions with lower labour demand¹⁶.

ESC reports with satisfaction the defined in the NAPA 2019 vision for economic growth by activating inactive people and raising the quality of the labour force, increasing the employment of disadvantaged groups on the labour market, preferably from the least developed regions.

ESC stresses that under-investment in education, especially in digital skills can become a challenge to Europe's competitive position and the employability of its workforce¹⁷.

In this regard, ESC notes that, in the context of the New Skills Agenda for Europe adopted by the EC, which focuses on enhancing digital skills and creating conditions for training in such skills, in 2019 training in key competence "Digital Competence" will also be subsidized.

Resolution on the Recommendation for Council Recommendation on the National Reform Programme of Bulgaria for 2015 delivering a Council opinion on the Convergence Programme of Bulgaria for 2015. COM (2015) 253 final.

15 ESC Opinion on "Active Ageing and the Solidarity Between Generations".

16 Analysis on "Long-term Unemployment in Bulgaria".

17 Resolution on Communication from the Commission - Annual Growth Survey for 2017; Opinion on "The Future of Labour: the Challenges of the Fourth Industrial Revolution" among others.

In its act, ESC addressed the issue of economically inactive people and suggested that research and the formulation of relevant policies should clearly identify the main reasons why economically inactive persons, especially those who have not worked for periods longer than one year or have never worked, are discouraged from actively looking for a job¹⁸. At the same time, ESC pointed out that the beneficiaries of the policies and measures should not only be young people on the labour market, i.e. economically active young people, but also those who are economically inactive. ESC believes that participation in the labour market is a precondition for economic growth as well as for the social and economic wellbeing of individual persons¹⁹.

In this regard, ESC notes that the EESC subsequently developed an opinion on opportunities for the economically inactive, proposing a new strategy for the integration of this contingent of the population and its respective subgroups. Moreover, in 2017, aware of the timeliness of the problem, the European Foundation for the Improvement of Living and Working Conditions (Eurofound) presented a paper on long-term unemployment.

In a number of documents, ESC proposed measures and policies related to improving the quality of life of children from the earliest age during the period of education to their realization as young people²⁰. For ESC, reducing child poverty and creating conditions for social inclusion of children and equal access to quality education must be targeted by all policies for the young generation. In two of its acts from 2007 and 2012 ESC proposed to create a separate Family Act²¹.

In this regard, ESC reports that the project for National Strategy for the Child 2019-2030 published in January 2019 for public consultation incorporates much of its recommendations and proposals, and joins the Strategy's stance on the need for a new Family and Child Act. ESC also supports the approach adopted in the proposed draft Strategy, which emphasizes that the integration of all policies relevant to child, childhood and family issues allows better consideration of the complexity of problems when planning priorities, measures, resources and responsibilities.

ESC proposed to create conditions for free kindergartens and the development of new social services for childcare up to the age of three to become

¹⁸ Analysis on "Long-term Unemployment in Bulgaria".

¹⁹ Analysis on "Early School Leaving".

²⁰ Opinion on "National Report of the Republic of Bulgaria on Social Protection and Social Inclusion Strategies 2008-2010"; Resolution on Communication from the Commission - Annual Growth Survey; Resolution "Integrated Policy for Young People in Bulgaria"; Opinion on "Possibilities for Reconciling Work and Family Life"; Resolution on "Main Positions of the Economic and Social Council on the Review of the Implementation of the Europe 2020 Strategy in Bulgaria"; Resolution on "Social Dimensions for a More Solidary Europe".

²¹ Opinion on "The Family, Good Parenting and Equal Gender Opportunities"; resolution on "Draft Child Act".

the main priority of the state authorities in relation to the early integration of children. ESC also recommended in its own documents to encourage employers to develop and implement a set of policies aimed at balancing professional, private and family life and for career advancement parents in the workplace by: flexitime, teleworking, parental leave, child support, corporate services for parents and families, etc.²²

In this context, ESC supports the Progress Report on the implementation of the National Reform Programme in 2018, which provided for extending and increasing the funding of the Integrated Services for Early Childhood Development.

ESC repeatedly warned the public about the need for urgent measures and policies to mitigate the negative effects of ageing and declining populations, affecting all of the country's social systems and putting them under financial pressure²³. In terms of promoting active ageing, the main focus of ESC's proposals is on employment and lifelong learning as well as on the need to improve social services, long-term care and the health of the older generations.

This approach to the elderly ESC finds in the project for Strategy for Active Ageing to 2030 that has been published for public consultation. The priorities of the document are related to the promotion of employment, active participation in society, the creation of opportunities for independent living and a favourable environment for active adult life at the national and the regional level. Within each of the priorities, measures have been outlined which include regional emphases.

ESC devotes particular attention to internal migration as a distinct demographic process with a strong impact on demographic and labour market development and in turn on regional development and the formation of economic and social imbalances²⁴.

In this regard, ESC reminds that in 2015 and 2016 it made two in-depth surveys of migratory attitudes among secondary school graduates across the country, which showed that this group of young people demonstrated strong migratory attitudes, and the readiness to migrate within the country prevailed over the readiness to emigrate abroad. According to ESC, these attitudes towards migration among young people must prompt rapid changes, innovative approaches, measures and policies to overcome regional imbalances and improve the quality of life by overcoming disparities between regions and settlements.

In this context, ESC considers the envisaged new measures in the 2018 Plan for the implementation of the updated National Strategy for Population Demographic Development in the Republic of Bulgaria (2012-2030) for "Limiting the disproportions in the territorial distribution of population and depopulation in some

²² Opinion on "Corporate Social Responsibility - Achievements and Challenges".

²³ Opinion on "Problems of the Demographic Development and Challenges to the Demographic Policy of Bulgaria", Opinion on "Active Ageing and the Solidarity Between Generations".

²⁴ ESC Opinion on "Mountainous and Semi-mountainous Regions in Bulgaria - Problems and Opportunities for Development".

regions and villages" as timely. ESC hopes that the analytical approach it advocates as well as the implementation of the planned measures will help to develop specific regional development policies and support young entrepreneurial people to stay and work in their native places.

ESC welcomes the creation of a new Social Services Act, which aims to respond to changed conditions and increased inequalities, demographic needs and regional differences, especially as regards the equal access to social services and increased quality requirements. Expansion of the types of social services, equal access to them and their adequacy to the needs of different vulnerable groups are topics that are in the focus of ESC in a series of its acts. A number of ESC positions related to active ageing, protection and integration of children, social entrepreneurship, etc. have a bearing on the creation of adequate and quality social services.

ESC devotes particular attention to the challenges facing the social system, which have arisen in parallel with the liberalization of the energy market in our country. Rising energy prices have significantly broadened the scope of the phenomenon of "energy poverty" not only in Bulgaria but also in the EU. In its opinion "Measures to Overcome Energy Poverty in Bulgaria" ESC insisted on a clear definition of the term "energy poor" in order to take appropriate measures for the prevention and combating of energy poverty which, according to research, affects up to 40% of households in Bulgaria. ESC reminds with concern that there is still no definition of energy poverty in Bulgaria containing relevant objective criteria. This makes it difficult to undertake adequate protective measures and although a working group with the World Bank has been working on this issue for over 2 years, there is still no concrete definition.

ESC also emphasizes that there is no definition and clear criteria for assessing the phenomenon of energy poverty in the EU and has therefore proposed to the European institutions to adopt such a definition²⁵.

ESC has repeatedly stressed that the social economy and social entrepreneurship have an important role to play in finding new solutions to overcome the risk of exclusion. This sector has the potential to contribute to cohesion between different regions across the country, between the village and the city, and between different social groups, creating innovative forms of employment. In this regard, ESC proposed, on the basis of the already adopted Social Economy Concept, the introduction of norms and regimes which would more clearly and concretely regulate the specifics of the subjects of the social economy as well as the incentive measures and conditions applicable to them.

ESC notes that in the end of 2018 the Social and Solidarity Economy Enterprises Act was adopted, which takes into account a number of recommendations from ESC acts.

²⁵ ESC Opinion on "Measures to Tackle Energy Poverty in Bulgaria".

Issues related to corporate social responsibility (CSR) in Bulgaria have been addressed by ESC in several acts²⁶. In them ESC confirms that the main challenge to the wide application of corporate social responsibility in Bulgaria is the need for public recognition, motivation, encouragement and support for companies and enterprises conducting such policies and good practices.

That is why ESC is pleased to note that the Ministry of Labour and Social Policy developed and published for public consultation a draft Corporate Social Responsibility Strategy (2019-2023), stating that the views and proposals of ESC presented in its adopted acts on the topic are included. The Strategy also expresses the vision of the government, the priority goals and the commitment to strengthen companies' capabilities to integrate their social responsibility into corporate practices in order to increase competitiveness, sustainability of business and help achieve the goals of sustainable development²⁷.

With the Resolution on the White Paper on the Future of Europe: Reflections and Scenarios for the EU-27 by 2025 and the subsequently adopted succession of acts, ESC became actively involved in the pan-European debate on the future of Europe. Also, over the last two years, through its opinions, consultations and public discussions ESC expressed its position on the current initiatives and proposals of the European Commission.

In the context of the upcoming summit in Sibiu in May 2019, at which EU leaders must take important decisions on the development of the European Union, ESC adopted two resolutions on the economic and social aspects of a stronger Europe²⁸. ESC expressed its support for the development of a deeper and fairer single European market as a key EU instrument for building a highly competitive social market economy and for completing the Economic and Monetary Union with a strong social dimension that would not create new dividing lines and different "speeds" between the Eurozone and the other Member States.

At the same time, the acts of ESC concerning pan-European issues were sent to the European and national institutions, the European Commissioners and the Bulgarian MEPs. With satisfaction, ESC notes that a response has been received from the EC President, Mr Juncker, who said he had reviewed the acts and thanked for ESC's position and concrete proposals. Regarding the two resolutions, similar responses in support of the ESC's main ideas and proposals were also provided by the EESC, the MLSP and the Ministry of Economy, as well as Bulgarian commissioner Maria Gabriel and Bulgarian members of the European Parliament. In this regard, MLSP pointed out that these acts of ESC correspond to the priorities of the Europe

²⁶ ESC Analysis on "Corporate Social Responsibility - Some Approaches and Best Practices" and Opinion on "Corporate Social Responsibility - Achievements and Challenges".

²⁷ Draft Corporate Social Responsibility Strategy (2019-2023).

²⁸ ESC Resolutions on "The Economic Dimension for a Stronger Europe" and the "Social Dimensions for a More Solidary Europe".

2020 Strategy. MLSP also shares the ideas of ESC "focusing on the need to promote social progress, convergence and convergence as the basic prerequisites for building a stronger Europe".

In its acts²⁹, ESC called for swift adoption of the extension of the European Fund for Strategic Investments (EFSI) proposed by the EC and a doubling of its amount to 630 billion Euros by 2022, while improving its geographical and sectoral scope. At the same time, ESC expressed support for the continuation of the Juncker plan for the post-2020 budget period in order to provide additional incentives and conditions for new investments, innovations and jobs. ESC voiced confidence that the new InvestEU programme will generate additional investments in areas such as sustainable infrastructure, research and innovation, digitization, small businesses.

Actions in this direction are the ECOFIN decisions of September 2018, which discussed the deepening of the Economic and Monetary Union in the context of the MFF 2021-2027, focusing on the new InvestEU investment programme. In this context, Bulgaria supports the creation and extension of the functioning period by 2020 of the EFSI, while again drawing attention to the challenge of avoiding sectoral and geographical concentration in the implementation of investments supported by the new EU programme "InvestEU". The position showed confidence that the InvestEU programme will address the challenge of avoiding serious imbalances in supported regional and sectoral projects and achieving efficiency gains, providing a level playing field for all stakeholders.

ESC expressed its principle support for the completion of the Banking Union, while pointing out that instruments to strengthen EMU should be an integral part of the overall EU financial architecture. ESC also states that enhanced cooperation leading to deepening integration between a group of Member States in certain areas must be open to accession of other Member States at any time under the Treaty on the Functioning of the EU. ESC supported the view that deposit protection is a matter of common interest to all EU citizens and that the Bank Union will remain incomplete unless the third pillar - the European Deposit Insurance Scheme - is put in place³⁰.

In this context, at the ECOFIN meeting in December 2018 Ministers endorsed the outcome of negotiations with the European Parliament on a set of key risk mitigation measures in the banking sector. The measures achieve three key objectives set out in the EU Council Roadmap for completing the Banking Union agreed in June 2016. ECOFIN also took note of the progress made on the proposal for a European Deposit Guarantee Scheme based on a Presidency report evaluating the outcome of the work of the EU Council Working Group.

²⁹ ESC Resolution on the Annual Growth Survey for 2017; ESC Resolution on "The Economic Dimension for a Stronger Europe".

³⁰ ESC Resolution on "The Economic Dimension for a Stronger Europe".

In his opinion as early as 2017³¹, ESC stated its unified position that "the accession to the ERM II and the Eurozone should be seen as an immediate national goal and a leading strategic priority of Bulgaria's economic policy accompanied by a roadmap for action". ESC also drew attention to the importance of Bulgaria's membership in the Bank Union as an integral part of the country's integration process in the Eurozone, as it was announced by the EC as a condition for joining the Eurozone along with the Maastricht criteria. According to ESC, the country's accession to ERM II will provide additional impetus and accelerate the process of necessary reforms in education, the judiciary, health, pension, labour market, business environment, etc., which have no alternative and are not related to whether Bulgaria will be admitted to the Eurozone and how long will this take. ESC also recommended that our country should strive to avoid binding to new "unofficially" imposed preconditions. According to ESC, the good preliminary organisation of the pre-accession procedure for the submission of Bulgaria's application for admission to the ERM II and the Eurozone can mobilize the public and the institutions by improving the results in the country's economic and social development and raising awareness of the degree of convergence in European economic structures.

ESC also stated that arrangements for enhanced cooperation and faster progress (such as the creation of the Schengen Agreement and the Eurozone), when not all Member States are ready or at some point some of them are unwilling to participate in higher level of integration, are permissible under the EU Treaty, but such a model should be open and facilitate the accession of other willing Member States³². ESC highlights the issue of openness and inclusion without introducing additional conditions to avoid fragmentation of the EU. Such a development would test the stability of the EU (differential integration of different speeds) and jeopardize the integrity of the single market.

In this regard, ESC notes that the nationally representative employers' organisations and trade unions - AICB, BIA, BCCI, CEIBG, CITUB and CL Podkrepa sent out in June 2018 a letter to the institutions in connection with Bulgaria's application for Eurozone membership. It stressed that "numerous public debates were held during the Bulgarian Presidency of the Council of the EU, which reaffirmed the need to immediately initiate all the necessary procedures for the accession of the Republic of Bulgaria to ERM II, as well as to speed up all preparatory steps for accession to the Eurozone". At the same time, the social partners point out that the nationally representative employers' and trade union organisations have expressed their firm common positions in ESC's adopted opinion of December 2017.

ESC found that on 29 June 2018 the Minister of Finance and the Governor of the Bulgarian National Bank sent a joint letter to the President of the ECB on the

³¹ Opinion on "Accelerating the Preparations for Bulgaria's Accession to the Eurozone".

³² Resolution on "The White Paper on the Future of Europe: Reflections and Scenarios for the EU 27 to 2025".

participation of the Republic of Bulgaria in the Joint Supervisory Mechanism by establishing close cooperation with the European Central Bank and the country's intentions to apply in the Exchange Rate Mechanism (ERM) II. In a special statement published, the Eurogroup representatives welcomed the intention of the Bulgarian authorities to put in place the necessary elements for successful accession to ERM II. Moreover, on 22 August 2018 the Government approved an Action Plan including measures in response to the Republic of Bulgaria's intentions to join ERM II and the Banking Union by July 2019. Implementation of these measures will ensure compliance with pre-commitments in policy areas that are of major importance for the smooth transition to ERM II and the Banking Union by July 2019 and ultimately the introduction of the Euro.

At the same time, in August 2018 the Council of Ministers approved a report with new and updated measures in the NRP of Bulgaria for 2018, which are in the context of the commitments made in connection with the accession of Bulgaria to ERM II. Several measures have been updated in the following areas: oversight and legislation in the banking and non-banking financial sector; labour market; pre-school and school education; health care system efficiency and reduction of direct payments by patients.

(signed)

Professor Lalko Dulevski, Ph.D.

PRESIDENT OF THE ECONOMIC AND SOCIAL COUNCIL

ABBREVIATIONS

USED

1. AICB - Association of Industrial Capital in Bulgaria
2. EA - Employment Agency
3. BIA - Bulgarian Industrial Association
4. BCCI - Bulgarian Chamber of Commerce and Industry
5. CLLD - Community-Led Local Development
6. HEI - Higher Education Institution
7. SPIC - Supplementary Pension Insurance Companies
8. EUROMED - Euro-Mediterranean cooperation
- 9 EESC - European Economic and Social Committee

10. ELA - European Labour Authority
11. EC - European Commission
12. SSM - Single Supervisory Mechanism
13. EP - European Parliament
14. EU - European Union
15. ESF - European Social Fund
16. EPSR - European Pillar of Social Rights
17. ECB - European Central Bank
18. EFSI - European Fund for Strategic Investments
19. EPA - Employment Promotion Act
20. SBA - State Budget Act
21. VETA - Vocational Education and Training Act
22. EMU - Economic and Monetary Union
23. ESC - Economic and Social Council
24. CITUB - Confederation of Independent Trade Unions in Bulgaria
25. CSR - Corporate Social Responsibility
26. CEIB - Confederation of Employers and Industrialists in Bulgaria
27. LC - Labour Code
28. LC Podkrepa - Labour Confederation - Podkrepa
29. IAESCSI - International Association of Economic and Social Councils and Similar Institutions
30. ME - Ministry of Economy
31. MES - Ministry of Education and Science
32. ILO - International Labour Organisation
33. CoM - Council of Ministers
34. SMEs - Small and medium-sized enterprises
35. MLSP - Ministry of Labour and Social Policy
36. MFF - Multiannual Financial Framework
37. NA - National Assembly
38. NAPE - National Action Plan for Employment
39. NGOs - Non-governmental organisations
40. NRP - National Reform Programme

41. OECD - Organisation for Economic Cooperation and Development
42. UN - United Nations
43. OP HRD - Operational Programme "Human Resources Development"
44. PEPP - Pan-European Personal Pension Product
45. VET - Vocational education and training
46. AIE - Agreement on integration into employment
47. UNWE - University of National and World Economy
48. CESlink - Online Cooperation of Economic and Social Councils in the EU