



Republic of Bulgaria
ECONOMIC
AND SOCIAL COUNCIL

ANNUAL ACTIVITY REPORT

OF THE ECONOMIC AND SOCIAL COUNCIL

FOR 2019

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This report presents the main activities of the Economic and Social Council (ESC) for the period 1 January 2019 - 31 December 2019. in accordance with the functions laid down in the ESC Act and the Action Plan of the ESC for 2019.

In 2019 ESC elaborated and adopted 6 opinions and 2 resolutions on current economic and social problems of the country. During the reported period ESC organised and participated in a number of discussions and consultations both at the national and international levels.

I. ADOPTED ACTS BY THE ECONOMIC AND SOCIAL COUNCIL IN 2019

Opinion on the "Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions - An Initiative to Support Work-Life Balance for Working Parents and Carers - COM (2017) 252 final".

ESC supported the European Commission (EC) initiative for a new directive to promote the work-life balance of parents and carers, which was adopted later in the spring of 2019. It formulated new measures and policies to address the problems arising from the unequal women's participation in the labour market and its consequences, such as

lower pensions for women, increased risk of poverty, lack of work-life balance for both genders.

ESC stated in its document that the implementation of the EC directive will result in costs for businesses, but believes that its long-term benefits will outweigh the short-term cost increases, especially for small and medium-sized enterprises (SMEs). The positive economic impact of the introduction of company policies for work-life balance can be estimated using the cost-benefit method. ESC supported the formulation of corporate policies and measures to address the personal and family problems of employees based on an assessment of their economic impact. ESC also recommended introducing tax incentives for employers making targeted social investments aimed at building social infrastructure in businesses and settlements, as well as for employers providing social packages for their employees.

In its opinion, ESC analysed current policies and measures in this area and noted that, despite the considerable progress made in promoting equality between women and men, there are differences in their participation in the labour market, in their pay and in their pensions. In this regard, ESC proposed a number of specific measures in the context of the new European Directive, which aim at striking a work-life balance at the national level. ESC recommended that the new directive should be applied to all businesses and to all forms of employment and supported the idea of introducing, where possible, by employers, a new position of 'reconciliation consultant'.

In the adopted act, ESC presented concrete proposals for changes in the regulatory framework and proposed that the government, local authorities and social partners should initiate the establishment of an adequate system and structures for long-term care. ESC also proposed to hold a public debate on the possibilities and needs for introducing long-term care insurance risk.

Opinion on "Policy Opportunities for Young People in Bulgaria"

In this document ESC drew the attention of the institutions to the need for developing and implementing an integrated policy for young people that integrates all goals, resources, institutions and ensures lasting long-term positive results for quality development and realization of young people in Bulgaria. ESC supported the initiative of the Ministry of Youth and Sports to develop a National Strategy for Youth 2020-2030, which would incorporate the three main principles of the new European Youth Strategy - Engagement, Connection and Empowerment.

ESC recommended that EU youth policy should be part of the European Semester in order to highlight and monitor the results of cross-sectoral policies for young people. ESC believes that it is possible to use a differentiated approach when applying the policy to several subgroups of the persons aged 15-29.

ESC finds that the introduction of new technologies is a challenge that increases the likelihood of structural unemployment among young people. In this regard, ESC recommended that the Bulgarian Government should adopt National Strategy for Bulgaria's Participation in Industry 4.0, with one of its main focuses being on young people and ensuring good quality and sustainable employment. In the context of the dynamic processes associated with the Fourth Industrial Revolution, ESC proposed to establish a National Strategy for Basic Digital Training.

In its opinion, ESC recommended that institutions ensure greater transparency in the processes of policy making and implementation of policies for young people, informing young people in a timely manner at the national, regional and local level. At the same time, the involvement of young people and youth organisations in all stages of decision-making processes - consultation, development, formulation, implementation, monitoring and accountability is crucial for ESC. ESC drew attention to the need for the establishment of municipal youth advisory councils in Bulgaria, where there are no such youth councils yet, in order to further empower young people. This will create an

opportunity for young people to participate directly in the dialogue with local authorities in solving community problems.

The opinion includes proposals that are a prerequisite for better realization of young people, such as better knowledge of labour and social security rights, more active participation in the so-called youth spaces, the wider application of volunteering and greater participation of young people in it. ESC urged that the profession of the youth worker should be recognized as important and to train new specialists in this field. Last but not least, ESC highlighted the role of the social partners and organised civil society in the development of the new youth strategy and in its implementation together with youth organisations.

Opinion on "Problems in the Implementation of the System of Summarized Calculation of Working Hours".

In its opinion, ESC expressed its views on the problems with the implementation of the system of summarized calculation of working hours (SSCWH). ESC noted that between 1992 and 2001 in Bulgarian labour legislation significant liberalization of the SSCWH institute was carried out in order to facilitate the economic turnover and activity of the economic entities and to assist the employers in the complex economic conditions in the period of change. ESC views the system of summarized calculation of working hours as a specific necessary organization of work in some production activities and mostly in continuous or shift-work production mode. On the other hand, employers have a better opportunity to use their employees.

The ESC document noted that the implementation of SSCWH increases the intensity of work, as well as the engagement of employees. At the same time, ESC also drew attention to the problems related to the reporting of overtime and night work for some categories of persons defined by law. In its opinion, ESC invited all stakeholders, the state and the social partners to actively work to clarify the problems identified in the implementation of the provisions of SSCWH and to make public the changes in the

regulation of this system in accordance with the amendments to the Ordinance on Working Hours, Vacations and Leave. ESC believes that it is necessary to put in place mechanisms that guarantee to the fullest extent possible the correct and full account of the actual amount of work done and its adequate remuneration, as well as guaranteeing the obstruction of work beyond the legal limits.

The opinion also outlined the different positions of the social partners on some issues regarding the regulation of SSCWH.

ESC recommended that the state and the social partners actively participate in clarifying the provisions on aggregated working time, monitor the implementation of this specific working time reporting system, and identify problems that arise in order to find adequate solutions.

According to ESC, it is necessary to analyze the existing legal norms for the aggregated reporting of working time and if necessary to improve them through amendments to the Labour Code and the Civil Servant Act, after discussing them with the social partners.

Resolution on the "Multiannual Financial Framework of the European Union for the Period 2021-2027"

On the eve of the European Leaders Summit in Sibiu - Romania on 9 May 2019, where important decisions were to be made about the future development of the EU, ESC adopted a resolution on the EU Multiannual Financial Framework (MFF) for the period 2021-2027. In this document, ESC called for a genuine budget debate to be much closer and more understandable to citizens, and in this light ESC presented to the public the substance and mechanisms for adopting the European Union's multiannual budget, which is the Multiannual Financial Framework.

ESC noted that the negotiations on the MFF 2021-2027 had been held for the first time under different conditions - on the one hand, the elections for the European Parliament

and, on the other, amid ambiguities about the possible exit of the UK from the EU. The resolution drew attention to two problems that need to be addressed before the final adoption of the MFF - the amount of the budget and the lack of sufficient reserves in the event of unforeseen challenges, i.e. more flexibility. ESC underlined that the European budget is a key tool for achieving the EU's political goals and priorities and in this respect shares the idea of increasing it to 1.3% of EU gross national income (GNI). ESC supported the new priorities proposed by the EC, but strongly rejected the proposed for reducing by about 5% of the share of the cohesion policy and common agricultural policy (CAP), and insisted on maintaining the amount of resources currently allocated.

ESC strongly opposed the relative reduction of funds for the Common Agricultural Policy for Rural Development, since in Bulgaria these areas are increasingly impoverished and depopulated compared to the EU average. ESC recommended that our country should insist that sufficient resources would be allocated to regional development, at least at the level maintained during the current programming period. At the same time, ESC proposed that the European Social Fund (ESF) funding for regional development should not be limited to 2.3% of GDP for Member States with a GDP per capita below 60% of the EU average, and should instead be at least 3% of GDP. This would stimulate, ESC argued, the proportional development of regions and the achievement of a real reduction of regional differences in countries like Bulgaria. According to ESC, the principles of the European Pillar of Social Rights should be taken as horizontal principles in all policies in the next MFF.

Moreover, according to ESC, cohesion policy funds are particularly important for Bulgaria, but unfortunately the expected results for the development of the regions have not been achieved. Therefore, ESC proposed that the national priorities for the next programming period should be formulated taking into account the needs of businesses and especially the real sector and its competitiveness, as well as the

educational needs of the population and the poor results of Bulgaria in the field of lifelong learning.

Resolution on "Challenges Facing Bulgarian Citizens Due to the Risks of the Global Digital Environment"

Through the resolution, ESC brought to the public attention the existing problems stemming from the digitization and expansion of internet use in Bulgaria.

ESC noted the positive trends of digitalization and highlights the risks and challenges associated with the lack of digital skills and knowledge among the majority of citizens. In the document, ESC recommended that the state should focus its attention and implement specific and integrated policies as a priority on vulnerable populations, such as children and senior citizens, who are exposed to various risks from the processes of digitization. Among the risks, ESC pointed to physical safety, especially for children, privacy, data theft, payment fraud, fake news, etc. In this regard, ESC underlined the crucial importance of education and digital skills and recommended that institutions, in cooperation with social partners, work to integrate internet literacy and skills into curricula at all stages of education. ESC also recommended that information campaigns should be conducted among consumers and consumer organisations in order to train citizens to identify risky shopping sites, protect themselves as well as their personal digital devices from fraud and theft of personal information.

The resolution paid particular attention to the development of artificial intelligence, which is rapidly entering the economy and can replace people in a range of customer and logistics services. For ESCs, this process is also a concern for people - whether they will retain control over the machine and their lives. In this context, ESC called for the development and adoption of a national artificial intelligence strategy in the context of the Artificial Intelligence for Europe strategy.

With regard to cybersecurity, ESC proposed that Bulgaria should be actively involved in the activities of the European Center for Industrial, Technological and Research Knowledge in the field of cybersecurity and in the Network of National Focal Points. At the same time, ESC also appealed to the EU proposing that national centers would be funded by the EU under clear conditions for cooperation.

ESC believes that a much better knowledge of the rights, obligations and responsibilities of citizens and businesses in dealing with digital content is needed, as well as building a digital security culture. In this context, ESC pointed out the potential of the new European Digital Europe Programme for the period 2021-2027 and called on the Bulgarian institutions to actively explain the opportunities for participation of civil society organizations in cybersecurity and in-depth digital skills.

Opinion on "Challenges Facing Labour in the Context of the Digitization of the Economy"

In this act, ESC analysed the impact of the digital economy on the development of society. ESC stressed that the digitization of a number of activities is a process on which the future of labour depends and which directly affects the labour market and the quality of the workforce. It is therefore necessary to implement appropriate and correct policies that lead to positive technological development results, limiting a number of possible risks.

Once again ESC insisted on the preparation of a national strategy for Bulgaria's transition to Industry 4.0 and noted that after the concept adopted in this field in 2017 there has been no progress. ESC recommended that the concept should be updated first after a thorough analysis of the processes and its effects on the labour market.

ESC warned in the document that differences in the level of technological development of countries can lead to new inequalities that slow down the processes of real convergence across the EU. In this regard, ESC recommended the gradual and

sustainable creation of high-paying jobs that provide high added value and competitiveness.

ESC also pointed out some of the major challenges facing labour from the introduction of new technologies - precarious employment, non-standard forms of employment, limited opportunities to negotiate key elements of the labour process, digital incompetence, and an altogether ageing European population.

In this regard, ESC believed that significant changes to the rules are needed to establish transparent and democratic conditions for interaction between people and digital technologies, by reviewing parts of European legislation related to non-standard forms of employment and relevant to social security and taxation. At the same time, ESC presented the various aspects of the impact of technological progress on the labour market, such as the lifelong learning process, investment in research and development, etc.

ESC noted that in the coming decades, new technologies will replace the low-skilled workforce and play a complementary role in the highly skilled professions. ESC emphasized the risks of widening the gap between the skills sought by the business and the skills and the acquired knowledge. In this regard, ESC considers it necessary to take measures for adequate training and qualification, skills development, etc., with the active involvement of the social partners.

ESC recommended that the Bulgarian government should focus more efforts on promoting digital competence and digital culture from an early age. One of these recommended measures is the creation of a dedicated body / institution to monitor the quantitative and qualitative change in the professions. This body / institution should collect and process statistical information to support the policy making process of improving the effectiveness of primary, secondary and higher education.

The ESC opinion presented some good practices in different EU Member States, such as strategies, policies and labour laws aimed at tackling the challenges of work in the context of digitization.

Opinion on "Challenges to Business in the Context of the Digitization of the Economy"

This is the third of a series of opinions on the impact of digital technology on public processes, in which ESC looked at business opportunities and benefits in the context of a digitizing economy. In it ESC restated its concern about the delay of the National Strategy for Bulgaria's Participation in Industry 4.0, which is of crucial importance for Bulgaria's strategic planning in the field of digitization of the economy.

ESC noted that in today's world, economic growth is inevitably linked to the introduction of new technologies that encourage investment in digital processes and at the same time provide innovative business opportunities. In this regard, ESC considered that a national action plan for the provision of online administrative services is necessary in a timely manner.

In a rapidly changing technological, educational and digital environment, ESC proposed to build business support networks and collaboration platforms between universities, technology parks and innovation centres to promote digitization and technology transfer. In this context, ESC highlighted the need for new strategies for qualifying and adapting the education system to the dynamics of digital transformation. The position of ESC is that higher education should follow global trends by offering opportunities for personalised learning through free choice of pathways, project-based learning and more independent work and student activity.

ESC shared some findings from various studies according to which the greatest effect of the implementation of digital technologies for Bulgarian enterprises is expected from the optimization of resources, improved planning, increasing competitiveness, efficient data collection and analysis, improved service, better quality, the implementation of

new business models and the transparency of business processes. In this regard, ESC proposed that make an in-depth analysis of the impact of existing documents that shape the digital environment and a thorough review of the approaches applied.

The ESC document categorized several areas of major business challenges that are related to: the strategic, legislative and institutional framework; educational infrastructure; standardization in the area of connectivity and data exchange; the processing of large data sets, artificial intelligence; the organisation of the business activity, consumer expectations; professional qualification, knowledge and skills; security and funding. ESC noted with concern that the construction of e-government has not yet been completed and this impedes the processes of digitization. Specific time limits should be set for the digitalisation of administrative services.

ESC believes that digital transformation is of utmost importance for Bulgarian society, as it has the potential to completely change business and public relations in all spheres - public administration, education and health systems, national economy, labour market, consumer expectations, financial sector, etc. According to ESC, digitization of the economy creates conditions for raising the level and quality of life of the population, strikes a balance between innovation, security and protection of society, automates the basic production and economic processes, mobilizes knowledge through exchange and many others.

Opinion on the "Circular Economy - Features and Opportunities for Development"

ESC defined the circular economy as an economic model of the future that needs to be deployed gradually starting from now. Bulgaria has particularly interested from accelerating the implementation of this new economic model because of the environmental and economic benefits it would bring to Bulgarian society. The document identified the circular economy as a major approach to achieving the UN's Sustainable Development and Low Carbon targets as well as the climate targets under the Paris Agreement.

ESC believes that it is necessary to accelerate the development of a National Strategy, Roadmap and Action Plan for the Transition to a Circular Economy. At the same time, ESC recommended that a broad information campaign should be launched among producers and consumers about the benefits of the circular economy and its economic and social effects.

ESC recommended that tax incentives should be considered to encourage manufacturers who engage in the circular economy process so as to encourage the production of reusable or recyclable products. ESC recognized that the transition to a circular economy also requires targeted financing. In this context, ESC recommended that consideration should be given to funding opportunities through the European Structural Funds, the future Horizon Europe programme under Multiannual Financial Framework 2021-2027, etc.

ESC is adamant that in the process of transition to a circular economy it is necessary to create conditions for small and medium-sized businesses to participate with their innovations, products, new ideas and projects.

The opinion also drew serious attention to the role of research and innovation, of an adequate waste policy and of its treatment, of the need for strategic decisions in the field of production, reuse and recycling of plastics. An area where serious measures are already in place at the European level.

In its opinion, ESC noted that the circular turnover of materials in the Bulgarian economy in 2016 amounts to merely 4.3% as compared to the EU average of 11%.

ESC provided a comprehensive overview of the key elements of the circular economy from production, eco-design and energy labeling, through green procurement and producer responsibility to sustainable waste management. In this regard, ESC considered that it is necessary to review the existing regulations and some provisions

that impede the operation of the circular economy model. Particular emphasis is placed on the need to link the municipal waste charge to the generated and treated waste.

With regard to waste management, ESC noted that the implementation of European waste shipment regulations will support the circular economy and curb the illegal transport and incineration of waste in combustion plants. ESC also stresses the reduction of food waste, which, according to expert estimates, exceeds over 670,000 tonnes a year for Bulgaria, and households unjustifiably throw away nearly 40% of their food. According to ESC, the reuse of water needs to be the subject of new research and the creation of appropriate infrastructure.

ESC is also alarmed by the large amount of plastic waste generated in Bulgaria. According to the NSI, plastic waste (27%) is second only to packaging waste generated by manufacturers and consumers. ESC noted that in the short term, the EU is launching a ban on disposable plastic products, and in the longer term by 2030 all plastic bottles must have at least 30% recycled content. ESC noted with concern that less than 25% of the collected plastic waste in the EU is recycled and about 50% is landfilled. The opinion contains an application of good practices in the circular economy from other countries.

II. CONSULTATIONS AND DISCUSSIONS

ESC organised a broad consultation on the draft opinion "Policy Opportunities for Young People in Bulgaria". The participants included the Labour, Income, Living Standards and Industrial Relations Commission (LILSIRC) and the Social Policy Commission (SPC) of ESC. Expert positions related to future youth policies were shared by representatives of the Ministry of Education and Science (MES), the Ministry of Labour and Social Policy (MLSP) and the Ministry of Youth and Sports (MYS). The participants underlined ESC's consistent work on youth policy issues and assessed the draft opinion as a timely

response to the new European Youth Strategy and as a step in the process of discussing a new National Strategy for Young People in Bulgaria.

Central to the consultation were the challenges arising from the three main strands of the new European Youth Strategy - engagement, connection and empowerment. The participants in the consultation recommended an integrated approach to policies for young people, integrating in a coherent and consistent manner the different areas of intervention that accompany each young person's development. The draft opinion was complemented by new emphasis on widening access to employment for young people, enhancing their legal and employment culture, better understanding of intergenerational solidarity and transferring skills and knowledge between them.

ESC joined the first stage of the development of the strategic for our country document National Development Programme "Bulgaria 2030". At the initiative of the Ministry of Finance (MoF), ESC organized a consultation on the draft "Analysis of the Socio-Economic Development of the Country After its Accession to the EU" (Analysis). Its purpose was to improve and enrich the Analysis, which will help to clarify the scope and purpose of the work on the preparation of the National Development Programme "Bulgaria 2030".

The participants in the consultation expressed their support for the draft analysis and made proposals for additions to it. Employers, trade unions and organisations with other interests represented in ESC proposed to improve the structure of the document, making the Bulgarian economy section leading because of its crucial importance for overall socio-economic development. In this context, it was noted that in the Analysis, as well as in the future Bulgaria 2030 programme, special attention should be paid to the labour shortages in the country, as well as to all structural sectors of the economy. The participants in the consultation agreed on the proposal for the energy sector to be allocated a special place and even a section to include the so-called energy poverty, energy efficiency and energy intensity. Emphasis was also placed on the need to

analyse all sectors of the economy, paying attention to stimulating the development of small and medium-sized enterprises.

At the proposal of the Ministry of Finance, ESC organized a second consultation on the draft vision for the National Development Programme "Bulgaria 2030". ESC members discussed the proposed vision and discussed both the goals and priorities as well as the proposed indicators for measuring our country's progress. They appreciated the proposed document as a good basis for continuing discussions and developing new policies and measures to accelerate our country's development over the next 10 years.

The focus of the consultation was the proposal by ESC members in the vision of Bulgaria 2030 to include a common goal of development, which would become a leading criterion for accelerated growth and convergence. Other major topics of discussion were demographics and related topics of living standards and inequalities, technological transformation and investment in research and development, education and digital skills, etc.

For another year ESC held a discussion with students from the National School of Finance and Economics (NSFE) in Sofia. The debate on "Young People for Europe" involved more than 40 students in their 11th and 12th year of school. The students developed their positions on the benefits and challenges of Bulgaria's EU membership. They cited as a major benefit the free movement of people, goods and capital in the EU and the approximation of living standards. The topics of ecology and migration were also highlighted as leading challenges in the discussions.

ESC organised a second discussion with graduating students from School No 35 "Dobri Voinikov" in Sofia. In their presentations, young people showed basic knowledge of the EU structure and the benefits and challenges of Bulgaria as an EU Member State. The students pointed out that one of the biggest benefits for our country is the development of infrastructure and the improvement of quality of life as a result of the funds absorbed from the EU funds.

The last of a series of discussions ESC had with students was held at School No 2 "Emilian Stanev". Over 50 students from the 9th, 10th and 11th year of school, members of the Europe Club of the school and the winners of the European Parliament's Junior Ambassadors prize, hosted the meeting. They highlighted the opportunity for all European citizens to live together in peace, understanding and mutual assistance, and highlighted opportunities for free movement and for professional realization within the EU.

ESC members took part in the civil dialogue with European Commission Vice-President Valdis Dombrovskis "Bulgaria on the Road to the Eurozone". The forum was attended by Finance Minister Vladislav Goranov and MEP Eva Maidel. Issues related to the Euro, its development as a common European currency, and a strategy to increase the importance of the Euro globally were debated.

ESC's position in the statement "Accelerating the preparation for Bulgaria's accession to the Eurozone" was part of the debate with Valdis Dombrovskis, who is responsible for the Euro and social dialogue, financial stability, financial services and the EU capital markets union. ESC members noted that there is agreement between trade unions and employers about Bulgaria's accession to the ERM-II currency mechanism and commented that joining the Eurozone will unlock and accelerate the necessary structural reforms in our country.

ESC representatives participated in the Tripartite Roundtable on the 100th anniversary of the establishment of the International Labour Organization (ILO) at the National Assembly. The event was officially opened by Tsveta Karayancheva, chairman of 44th National Assembly presenting the parliamentary dimensions of social dialogue. Representatives of the legislature and the executive, the social partners and the structures of organized civil society took part in the forum.

The representatives of the social partners, members of the ESC, stated the consistency in upholding the principles of ILO and emphasized the active role of Bulgaria in the

work of ILO and in the activities of the International Labour Conference. They also emphasized ILO's contribution to social peace. ESC's President emphasized on the principle of successfully distinguishing the social from the civil dialogue successfully adopted in Bulgaria and shared the experience of ESC in conducting an effective and independent civil debate.

ESC members participated in the National Discussion Forum "Future for Labour and Young People", organized by "Youth Forum 21th century" together with CITUB. It was attended by young people from all over the country, representatives of MES, MLSP, MYS, National Youth Forum, social partners, youth organisations and media.

The main topics discussed at the forum were related to the future of work in the digital age, education for the professions of the future and youth labour mobility in the context of modern digital society. ESC elaborated an opinion on the topic bringing to the fore the challenges of the Fourth Industrial Revolution, young people and education.

ESC representatives participated in a discussion on the EC Annual Report on Bulgaria, organized by the Representation of the European Commission in Bulgaria. The report is produced within the European Semester and includes sections such as economic development, imbalances and risks, the financial sector, the labour market, social development and education. In a separate panel, investment priorities were presented and discussed to be supported by European funds in the next programming period (2021-2027). ESC took part in the debate by presenting its positions and proposals from adopted acts on the topic.

ESC representatives took part in the Business and Regions conference, organised by the Bulgarian Chamber of Commerce and the Economist magazine. The purpose of the forum was to show how big businesses contribute to the sustainable development of the regions in Bulgaria and their importance for the existence of a number of small settlements, including the positive impact it has on the development of small local businesses. Data and analysis of the regional profiles of the municipalities in Bulgaria

were presented and the economic and social aspects of the sustainable development of the regions were discussed. Representatives of the municipalities and small businesses discussed the possibilities for financial support for the development of the regions, as well as the existing problems in the implementation of their projects - topics that are part of ESC's opinion on "The Mountainous and Semi-Mountainous Regions in Bulgaria".

ESC members participated in a discussion at the National Assembly on EU Cohesion Policy during the new programming period, organised by the Standing Committee on European Affairs and Control of European Funds. As part of the debate, ESC's President stressed the key role of cohesion for Bulgaria and highlighted the series of developed ESC acts related to the EU cohesion process. According to ESC, discussions on the implementation of the EU funds for the next programming period need to be conducted with the people on the ground in order to reach the policies, instruments and projects, as well as to convince themselves of the usefulness of cohesion policy. ESC members called for measurable goals and indicators to be set in the new programming period, and suggested that funding, demography, ecology and digital skills, education, human resources and transport connectivity should be key priorities for funding.

ESC's President took part in a roundtable "The Taxation System in Bulgaria: Trends, Challenges and Opportunities" organised by CITUB. The meeting was attended by representatives of the Ministry of Finance, employers' organizations, the academic community, the media and others. Some of the issues discussed corresponded with ESC positions on the topic of the round table.

ESC members participated in a roundtable on Corporate Social Responsibility with a Focus on Human Resources and Social Protection. The forum, organized by the Department of Human Resources and Social Protection at UNWE, was also in celebration of the University's 100th anniversary.

ESC representatives in their presentations shared that the topic of Corporate Social Responsibility (CSR) is one of the priorities in ESC's activity and acts have been

developed, many of the main conclusions and recommendations are included in the adopted National CSR Development Strategy for the period until 2023. ESC's President emphasized the need to raise public awareness of the benefits of CSR - by engaging the media, building a business culture, promoting the inclusion of CSR related disciplines in higher education programmes.

ESC representatives participated in a conference related to the forecasts for the development of the labour market in Bulgaria, organized by MLSP. The Forum presented the results of a study commissioned by the MLSP on the topic "Medium and long-term forecasts for the development of the labour market in Bulgaria. Employment and labour imbalances, factors of labour supply (2008-2034)". The scientific team identified as the main factors for the future development of the labour market the demographic processes, technological backwardness and education - topics covered in many of ESC's acts. The survey outlines medium and long-term measures to address labour demand and supply gaps by 2034. The main recommendations are directed to investments in human capital, in health care, in education and science, in culture and sport, topics that are present in numerous acts of ESC.

ESC representatives participated in a conference organised by the MLSP to present the results of an assessment of the impact of the applied labour market policy. The main objective of the evaluation is to highlight the impact of active labour market policies in 2017, comparing them with the estimates in 2011 and 2015. The conclusions will be used in drawing up the next National Employment Action Plan for 2020.

Some of the findings of the study on the net evaluation of active labour market policies coincide with some ESC positions, such as the close relationship between a person's educational attainment and his or her activity on the labour market. The recommendations presented at the conference correspond with ESC proposals on reducing regional disparities and combining active labour market policy with other national policies such as education and investment.

ESC's President and members participated in a conference on the Western Balkans: a clear roadmap for progress, organised by the EESC. The forum was held at the National Assembly and was attended by Bulgarian Commissioner Maria Gabriel, National Assembly Vice-President Christian Vigenin, MPs, diplomats, members of the ESC and the EESC and civil society representatives from the Western Balkans. The President of the Bulgarian ESC informed the participants in the conference about the history and experience of the Bulgarian institution of organized civil dialogue and noted that the successful activity in Bulgaria is due to three factors: the political will and understanding of the importance of the ESC and the civil dialogue, the distinction between social dialogue and ongoing cooperation with the EESC.

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

In 2019 ESC continued its fruitful cooperation with the EESC, the national ESCs of EU Member States, and other similar international organizations.

The Bulgarian ESC participated in a public hearing on "Towards a more sustainable European economy with a vision of completing the Economic and Monetary Union (EMU)", organized by the EESC. The forum brought together representatives of the European Commission, the European Parliament, the EESC and leading European universities and research centres. The purpose of the forum was to discuss the necessary policy initiatives and decisions to be taken during the next legislative term.

ESC representatives participated in the EESC Group III High Level Conference on a Europe of Shared Values and Civil Society. The forum highlighted three major dimensions on the topic from the perspective of European civil society - the future of the EU, the changing role of European civil society and the safeguarding of European values and fundamental rights. The conference was attended by EESC members from

all EU Member States, representatives of civil society organizations in Romania, academia, ministries, universities, etc..

ESC participated in a public debate on "Beyond GDP: Measuring People's Wellbeing and the Progress of Societies", organized by the EESC with the participation of Martine Durand, Chief Statistician at The Organisation for Economic Co-operation and Development (OECD) and co-chair of the High Level Expert Group on Measuring Economic Performance and Social Progress (HLEG). The main focus of the debate was to explore the potential of civil society to more actively support the development and implementation of socio-economic indicators alternative to GDP.

At the invitation of the President of the EESC, ESC's President took part in the European Union Civil Society Revival Summit. The forum was attended by the Presidents of the EC and the European Committee of the Regions, representatives of various European institutions, organised civil society, national ESCs, EESC members, etc. During the forum, ESC's President made a special presentation on the future of Europe, an opportunity which was also given to ESC Presidents and Representatives by France, Italy and Malta.

ESC participated in the traditional Annual Meeting of the Presidents and Chief Secretaries of the Economic and Social Councils of the EU Member States and the EESC, which discussed the role of national ESCs in the sustainable development of Europe and the importance of the EPSR. As part of the debate, participants presented their national policies and strategies directly related to the implementation of the Global Sustainable Development Goals under the UN 2030 Programme, emphasizing that the Programme should be an indisputable EU priority for the next decade. Another link to the debate has been the link between the EPSR principles and global Sustainable Development Goals. ESC suggested that European and national roadmaps should be drawn up for the effective implementation of the EPSR and highlighted the link between economic, social and environmental development as a prerequisite for a sustainable EU.

ESC representatives participated in a meeting organized by the EESC on "Freedom of association - how do fundamental rights and the rule of law affect social partners and social dialogue?" The main purpose of the discussion was to present the positions of civil society organisations, social partners and other stakeholders in the field of fundamental rights, while enhancing the debate on European values in EU Member States.

The Bulgarian ESC participated in the thirteenth annual EESC media seminar on the role of civil society in communication with the European Union. The forum was attended by over 100 experts, EESC members, representatives of national ESCs, NGOs, journalists, political analysts, academics and social partners from different EU Member States. The lessons learned from the debate are a good basis to gauge objectively the experience gained over the past 60 years by institutions such as the EESC and national ESCs in order to reflect on the challenges facing the future development of the EU. In recent years, the Bulgarian ESC has actively participated in its initiatives, acts and positions on shaping the future of the EU.

At the invitation of the International Association of Economic and Social Councils and Similar Institutions, ESC participated in the traditional General Assembly. Representatives of other national ESCs and related organizations from Europe, Asia, Africa and South America also participated in the forum. Within the General Assembly, the Association's report on the impact of the digital revolution on the future of humanity, its partnership with other international organizations and institutions, as well as on AICESIS activities and achievements over the past term, was discussed.

ESC representatives participated in an international conference on digital economy governance and the role of social dialogue through ESC and related institutions. The forum was organised by the International Labour Organisation, the ESC of Romania and the AICESIS. The conference discussed sustainable development by 2030, opportunities and challenges for the future of work, digital platforms, innovation, the fourth

technological revolution, education trends and the preferences of enterprises to hire new employees. ESC participated in the debate and presented its positions on digitization and new technologies.

ESC participated in an EESC-organised cooperation with the Association of Mediterranean Chambers of Commerce and Industry (ASCAME) and the Union for the Mediterranean (UfM) the Euro-Mediterranean Summit of Economic and Social Councils and Related Institutions (Euromed). The topic of the forum was dedicated to digitization and SMEs in the Mediterranean, the challenges and opportunities facing countries in the region, digital skills and their impact on youth employment. ESC presented its own positions on the topic and results of its activities.

ESC participates in a forum on tackling long-term unemployment: the role of organised civil society, convened by the EESC's Labour Market Observatory. The forum was attended by members of the EESC, the President of the ESC of Italy, representatives of various Italian institutions and agencies, Italian social partners, European networks among others. The purpose of the forum was to promote existing initiatives in support of the unemployed, as well as cooperation between public services and civil society and social partners in addressing problems and filling potential policy gaps. ESC has repeatedly analysed and proposed more effective measures to tackle long-term unemployment in its documents.

In line with the priorities of the programme of the Finnish Presidency of the EU Council, the EESC Group III held a meeting on "Increasing the EU's competitiveness - 3 pillars for sustainable growth", which included ESC representatives. The main purpose of the forum was to explore and discuss the challenges, opportunities, consequences, best practices and ways of making the EU more competitive. To this end, the participants paid particular attention to the three pillars of EU sustainable growth and competitiveness. These are the bioeconomy and Europe - climate, digitalization and infrastructure neutral in the transport sector. The conference was attended by EESC

members, business representatives, experts, staff and representatives of the Finnish government and parliament.

ESC participates in the discussion on "Taxation and the Sustainable Development Goals". The forum was organised by the Economic and Monetary Union, Economic and Social Cohesion section of the EESC to draw up an opinion on Taxation / Private Investment and Sustainable Development Goals - Cooperation with the Committee of Experts on International Cooperation in the UN Tax Area. Representatives of international organizations, fiscal advisers from European countries, university professors, tax policy experts and others attended the discussion.

ESC representatives participated in a joint event at three EESC observatories - on the labour market, on the single market and on sustainable development, on "New economic models: how to ensure the transition to fairness and sustainability?" The aim was to promote the vision of sustainable prosperity for people and the planet through social justice, democratic governance and resource conservation. The meeting outlined opportunities for new economic models of managing the transition to a more sustainable and inclusive future, to more people in the labour market. Participants included EC representatives, Eurofound, European Youth Forum, etc.

ESC representatives took part in an extraordinary EESC Group III meeting called "Europe for 2025". The purpose of the forum was to exchange views on the priorities of the new European Commission and to discuss the challenges over the next five years. The focus of the discussion was the role of civil society in sustainable development.

The Chair of Group 3 in the EESC Arno Metzler came on a visit to the Bulgarian ESC. The occasion for this was his participation in an EESC conference held at the Bulgarian National Assembly on "The Western Balkans: a clear roadmap for progress". He praised the activities of the Bulgarian institution for organised civil dialogue, emphasizing the good cooperation between ESC and the EESC.

IV. POSITIONS AND PROPOSALS OF THE ESC IMPLEMENTED IN THE POLICIES, ACTS AND DECISIONS ADOPTED BY THE EXECUTIVE AND LEGISLATIVE AND OTHER NATIONAL AND EUROPEAN DOCUMENTS IN 2019

THEMATIC AREA: EDUCATION AND VOCATIONAL TRAINING

In 2019 again, ESC's particular interest was in the processes of coverage and retention of children and students in pre-school and school education, improving the quality of education, continuing efforts to innovate and digitizing the learning process, and the applicability of vocational and higher education and training to the needs of the labour market.

- In its acts¹, ESC stated that ensuring equal access to early childhood care and pre-primary education is crucial in the policy of preventing early school leaving. ESC proposed to develop mechanisms to ensure attendance of compulsory pre-school education, as well as extending it to four-year-old children. ESC's position is that the reduction or elimination of fees and other costs for kindergartens is an essential motive and an opportunity to increase the reach and attendance of children.
- ESC recognizes that the integrated implementation of the projects "Active inclusion in the system of pre-school education" under OP SESG and the National Programme "Together for every child" helps to widen the coverage of children in pre-school education and to retain them in the system, as well as for the modernisation and construction of the infrastructure for kindergartens.
- In a resolution on "Integrated Policy for Young People in Bulgaria", ESC recommended that in municipalities and schools with a high proportion of children and students at risk of dropping out of school, a comprehensive approach should be implemented to increase educational attainment and reduce the proportion of early school leavers.

¹ Resolution "Integrated policy for young people in Bulgaria", Resolution "Early school leaving - problems and possible solutions".

- Measures and activities undertaken in the last two years² by municipalities and schools for the inclusion and retention of children and pupils are the implementation of part of ESC's proposals related to additional Bulgarian language education for students for whom it is not the mother tongue; additional training in subjects for which students have difficulties; holding alternative meetings (mobile, in their own homes) with the parents of the lagging behind students and the students at risk of dropping out; career guidance to vocational training; providing free breakfasts, textbooks and transportation.
- In its resolution on "Early School Leaving - Problems and Possible Solutions" ESC recommended:
 - To make the mechanism for integrating children and pupils in the education system permanent and through this the joint work of the institutions to focus more on the prevention of dropping out of school.
 - To discuss, develop and adopt legislative changes regulating even closer connection between receiving social assistance, benefits and supplements and the attendance of children and students in kindergartens and schools.

- ESC recognised that with the changes in Decree No. 100 of the Council of Ministers of October 2019 the sustainability of the results of the implementation of the Institutional Collaboration Mechanism has been achieved, and due to the regular activities of the interinstitutional teams, regular attendance of classes and regular interaction with parents has been ensured.

- With the amendments to the Social Assistance Act and the Family Benefits for Children Act adopted in 2019, the receipt of monthly child support, as well as the payment of rent for municipal housing, is made

² See the Support for Success project, co-funded by the ESF and launched in February 2019, builds on what has been achieved in previous projects and is a continuation of the efforts of educational institutions to address these issues. The project targets 1,500 schools, in particular students with gaps in knowledge or at risk of dropping out and it plans career guidance for students in grades V through VII.

conditional on the regular attendance of children in the compulsory pre-school form of education and of school³.

- In the opinion "Possibilities for the Development of the Policy for Young People in Bulgaria" ESC emphasized the need for more effective implementation of innovations in the field of education and digitization of the educational process. In order to provide the new skills needed in the context of the digital economy, ESC focuses on proactive policies in education systems and on-the-job training. ESC shares the view that education from kindergarten, through school and to university is the first step for adapting to the process of digitization. ESC recommended strengthening the link between companies, scientific areas and schools in order to better and adequately prepare the workforce in line with the needs of the labour market.
- The activities envisaged in the ongoing three-year project of the Ministry of Education and Science of Tomorrow for OP "Science and Education for Smart Growth" contribute to faster implementation of digital technologies in schools and to better personalised training of pedagogical staff.
- In Resolution "Challenges for Bulgarian Citizens from the Risks of the Global Digital Environment" ESC proposed that institutions, in cooperation with social partners, develop models for integrating internet literacy and digital skills into the curricula at all stages of education. They focus on online safety, critical understanding, information evaluation and other social skills.
- The envisaged funding of the National Information and Communication Technologies (ICT), IT Business Teaches, Innovation in Action, IT Career Training programmes in the education system will lead to building a modern protected educational environment in schools. Conditions are being created for

³ The change is: "when more than three days are allowed within one month of the school year for a child attending a compulsory pre-primary education group and five academic hours per student for which there are no valid reasons, the family receiving these family allowances for the child concerned shall be forfeited for one year".

the development of digital educational content such as e-textbooks and e-learning aids, as well as enhancing students' digital competence and skills in the form of extracurricular activities.

- ESC repeatedly drew attention to the delay in reforms in the vocational education and training (VET) system⁴. In this regard, ESC has recommended strategic restructuring and upgrading of the VET system and infrastructure by revising and updating the VET Development Strategy and optimizing the network of vocational high schools on a regional basis. National VET strategy to be implemented on the basis of medium-term national action plans with set short-term tasks and spelled out specific responsibilities of state institutions and social partners and provided funding. Monitoring the implementation of national plans should be based on annual progress reports. This requires the adoption of a system of indicators for measuring this progress.
- ESC supports the draft decision of the Council of Ministers on the adoption of an Updated Strategy for the Development of Vocational Education and Training in the Republic of Bulgaria for the Period 2019-2021 and the operational documents for its implementation⁵.
- The formulated management policies, activities and measures in the draft of the Updated Strategy also include ESC proposals related to the restructuring and improvement of the system and infrastructure of VET, increasing the attractiveness of vocational education through early career guidance, expanding the system of the dual training and effective use of public funding.
- ESC shares the findings and proposals of the Monitoring Report on the implementation of the Action Plan 2015-2017 (incl. for 2018) in relation to the

⁴ ESC Opinions: "The Problems of Vocational Education and Training in Bulgaria", "The Education System in Bulgaria - Problems and Necessary Reforms", "Current Problems and Policies in the Labour Market" Vocational Education and Training" and Resolutions on "Integrated Policy for Young People in Bulgaria", "Possible Guidelines for the Development of the Vocational Education and Training System in Bulgaria".

⁵ "Action Plan 2019-2021" and Monitoring Report on the Implementation of the Action Plan 2015-2017 (incl. for 2018) implementing the Strategy.

VET Sector Strategy and the challenges facing it, which largely coincide with the recommendations and proposals of ESC acts.

- ESC has repeatedly shared its concern about the existence of serious problems in higher education, mainly concerning the capacity of universities to offer quality education and programmes adequate to the needs of the labour market⁶. In its acts, ESC has repeatedly emphasized the introduction of mechanisms for retaining graduates in programmes that develop qualification in high demand on the labour market, improving the quality of education and linking it to state funding, as well as establishing bilateral relations between secondary vocational and higher education institutions.
- According to ESC, the additions and amendments made to the Higher Education Act lay the foundations for reform in this area. ESC also supports the amendments to the Act introducing:
 - National map of higher education, which determines the territorial and profile structure of higher education according to professional fields.
 - Financial mechanism for retaining graduates who have been contracted with employers to provide internships in the relevant specialty during the training period.
 - Exemptions from fees for students studying protected subjects.
 - A moratorium on the opening of new universities and branches until the introduction of the National Map of Higher Education.
 - Linking higher education to vocational secondary education.

⁶ 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 2014-2020"; Opinion on "The Labour Market in the Face of Financial and Economic Crisis - Challenges and Possible Solutions".

THEMATIC AREA: LABOUR MARKET

The ESC's main focus is on the challenges facing the labour market, the realization of young people and reconciling personal and family life. In 2019 ESC paid serious attention to the dynamic development of new technologies and the digitization of various activities, recommending a gradual orientation of the economy towards the creation of high-paying jobs that generate high added value.

- In its act on digitization, ESC expressed concern about the risks to which children are exposed when using social networks and the earlier age at which they first access the Internet. ESC recommended paying attention to socially vulnerable groups, including not only children but also senior citizens, for whom the use of technology poses a major challenge in terms of physical security, economic interests in shopping, personal data security, malicious influences, etc. ESC also expressed its concern about the incomplete development of the e-government, which significantly complicates the digitization process. According to ESC, the concept of "security" should be revised and legislation should be taken into account, taking into account emerging issues related to cybersecurity, data security and product safety⁷.
- By Decision No. 730 of the Council of Ministers of 5 December 2019, the National Programme "Digital Bulgaria 2025" and a road map connected with it were adopted. The document sets the conditions for creating innovative digital infrastructure, using e-services and enhancing digital skills. ESC noted that the 15 objectives described in the national programme reflect many of its positions.
- ESC stressed the importance of developing digital skills and competences to enhance the ability to adapt human resources to changing job and labour market demands.

⁷ Resolution "Challenges Facing Bulgarian Citizens Due to the Risks of the Global Digital Environment", Opinion "Challenges to Businesses in the Context of Digitization of the Economy".

- MLSP identified the digital skills of people in vulnerable groups as one of its main priorities for the next programming period. In this regard, training for vulnerable groups in the area of digital skills is also a focus of the draft OP HRD (2021-2027).
- In its acts, ESC identified as a serious problem the discrepancies in the required and offered educational, vocational and qualification competences, and in that connection recommended the development of a mechanism for forecasting trends in labour needs. ESC proposed to develop a system for on-going identification, analysis and forecasting of the required workforce with specific knowledge and skills, with a regional focus. ESC also proposed the creation of a Unified National Job Search and Supply System, linked to the common European information and mediation system in the open European labour markets.
- MLSP commissioned a study on the topic "Medium and long-term forecasts for the development of the labour market in Bulgaria. Employment and labour imbalances, factors of labour supply (2008-2034)". It identified as key factors for the future development of the labour market the demographic processes, technological backwardness and education, which have been addressed in a number of ESC acts⁸.
- MLSP developed an online system for the future development of the labour market, which is expected to be introduced in 2020.
- In its acts, ESC emphasized the importance of regional policies for economic recovery, for reducing employment disparities between regions and for removing barriers to transport and health-related youth. These policies can encourage investors to create new jobs. ESC believes that well-considered and integrated

⁸ Opinion "Priorities and Policies for the Absorption of EU Funds in Bulgaria for the Period 2014-2020", Resolution "Possible Directions for the Development of the Vocational Education and Training System in Bulgaria", Resolution on "The Realization of Young People in the Labour Market", Opinion on "Current Challenges and Policies in the Labour Market."

regional approaches to addressing youth employment will have a positive impact on the budgetary costs of active employment policies⁹.

- In 2019 MLSP, according to the NEAP, has started implementing 28 regional employment programmes in all regions of Bulgaria, prioritizing the employment of people from vulnerable groups - the long-term unemployed, people over 50 and unemployed youth aged up to 29.
- ESC proposed the development of municipal programmes to attract young people and professionals with professions that are deficient in that particular area. They should include comprehensive measures to provide conditions for a modern lifestyle and for the long-term retention of professionals involved. In this regard, ESC defined as a priority the development of dual training in response to the future needs of the labour market in the respective municipalities and calls for the introduction of a modern model of employment; the dual education and training system in Bulgaria¹⁰.
- ESC noted that the updated NDP of Bulgaria for 2019 included a new measure "Support for the dual training system in response to SR 4 of the 2019 Council Recommendation.
- ESC highlighted the need for more adaptable, dynamic and inclusive labour markets that create the conditions for greater participation in it, and in particular for disadvantaged people and vulnerable groups. As early as in 2015 ESC supported the EC recommendation for "extending active employment policies for greater efficiency", as well as their further development and control in the implementation of measures specifically targeting the most vulnerable groups on

⁹ Resolution on "The Realisation of Young People in the Labour Market", Resolution on "Council Recommendation on the Integration of Long-Term Unemployed Persons into the Labour Market", Resolution on "Actions to Support Young People and Combating Youth Unemployment in Bulgaria".

¹⁰ Resolution on the "Recommendation for a COUNCIL RECOMMENDATION on the 2015 National Reform Programme of Bulgaria and delivering a Council opinion on the 2015 Convergence Programme of Bulgaria COM (2015) 253 final", Resolution on "Actions to Support Young People and Combating Youth Unemployment in Bulgaria", Opinion on "Mountainous and Semi-Mountainous Regions in Bulgaria - Problems and Opportunities for Development".

the labour market - young people from etc. group NEETs, non-participating in any form of employment, education or training¹¹.

- ESC noted that MLSP had proposed changes to the measure "Ensuring employment of vulnerable groups in the labour market, incl. and in less developed regions, "adding the other two operations:" Training and employment among young people "and" Training and employment ". The first operation is aimed at providing employment and qualification for people between the ages of 15 and 29, and the second - for those over 29 years of age.
- In its acts, ESC has presented and analysed the troubling situation with young people in the group of the NEETs, The "activation" of which has been identified as a top priority in the Youth Guarantee. An EC working document stated that costs for successful implementation of the initiative would be higher in Member States with higher coefficient of NEETs. ESC is of the view that the allocation of funds for the policies and measures under the Guarantee may be proportionate or proportionate to the scale of this phenomenon at the national level¹².
- ESC noted that under the measure "Activation of economically inactive persons, incl. NEETs" there is an increase of the budget for the operation "Ready for work", which is implemented under the OP HRD and is aimed at persons aged 15-29 not in employment, education or training.

¹¹ Resolution on the "Recommendation for a COUNCIL RECOMMENDATION on the 2015 National Reform Programme of Bulgaria and delivering a Council opinion on the 2015 Convergence Programme of Bulgaria COM (2015) 253 final", Opinion on "The European Pillar of Social Rights and the Role of Organised Civil Society", Resolution on "Commission Communication - 2013 Annual Growth Survey", Resolution on "Supporting Young People and Combating Youth Unemployment in Bulgaria".

¹² Resolution on the "Recommendation for a Council Recommendation on the 2014 National Reform Programme of Bulgaria and delivering a Council opinion on the 2015 Convergence Programme of Bulgaria", Resolution on the "Recommendation for a Council Recommendation on the 2016 National Reform Programme of Bulgaria and delivering a Council opinion on the 2016 Convergence Programme of Bulgaria" COM (2016) 323 final", Opinion on "Possibilities for Policy Development for Young People in Bulgaria", Resolution on "Realisation of Young People in the Labour Market", Resolution on "Recommendation for a Council Recommendation on the 2015 National Reform Programme of Bulgaria" and delivering a Council opinion on the 2015 Convergence Programme of Bulgaria" COM (2015) 253 final", Resolution on "Commission Communication - 2014 Annual Growth Survey".

- In the process of researching the various problems of young people, ESC finds that youth unemployment is one of the reasons for the emigration of many young people. In this regard, ESC has expressed the view that employment-exchange in the EU is much more beneficial than youth labour migration. According to ESC, young people can take advantage of the training opportunities offered in their chosen Member State and return to their home country to apply what they have learned¹³.
- ESC welcomes the priority area 6 incorporated in the 2019 Plan for Implementation of the National Strategy for the Demographic Development of the Population of Bulgaria on "Significantly reducing the number of emigrating young people of reproductive age".
- In a number of its acts ESC paid particular attention to the need for new policies and specific measures, applicable at the national and the European level, to a specific vulnerable group in the labour market - the group of long-term discouraged persons (a group of people who have stopped looking for employment for more than a year because they think they will not find one). A few years ago, this group was little researched and was not given enough attention in policy making. ESC believes that long-term discouraged persons can be considered as a workforce, provided that the necessary motivation and measures for work activity are available¹⁴.
- ESC noted that the Action Plan for the period 2019-2020 in the context of the national goals and priorities of the National Poverty Reduction and Promotion Strategy for Social Inclusion 2020, contains measures promoting the active inclusion of those farthest from the labour market - inactive persons, long-term

¹³ Resolution "Actions to Support Young People and Combating Youth Unemployment in Bulgaria", Opinion on the "EU Lisbon Strategy and the Republic of Bulgaria's Policy to Achieve a Competitive and Prosperous Economy".

¹⁴ Analysis of "Long-Term Unemployment in Bulgaria", Resolution on "Social Dimensions for a More Solidarity Europe", Resolution on "Commission Communication - Annual Growth Survey 2017", Opinion on "Challenges and Opportunities for the European Union and Bulgaria after the Climate Change Talks in Paris".

unemployed persons, unemployed youths, persons with low education, people with disabilities, etc.

- ESC positions were presented to a mission of the EESC Labour Market Observatory and found in the final report on the results of consultations in Bulgaria and four other Member States. The EESC also developed an opinion on Employment Opportunities for the Economically Inactive, which endorsed some of ESC's positions.
- ESC proposed to discuss the possibility of increasing the number of outsourced jobs and mobile offices within the Employment Agency in order to improve the access of long-term unemployed persons to mediation services when finding employment in more remote settlements. Moreover, ESC suggested, as part of policies and measures, to reduce long-term unemployment in Bulgaria, to increase funding and improve the quality and scope of employment mediation services provided to long-term unemployed persons¹⁵.
- In regard of the Employment Measures for Vulnerable Groups on the Labour Market plan provides for a flexible, individual or integrated approach to the provision of mediation services to the unemployed as part of the activities in the 2019-2020 Action Plan to the National Poverty Reduction and Promotion Strategy for Social Inclusion 2020.
- In 2019 The Employment Agency started to actively provide the service "Mobile Labour Office", aimed at smaller settlements and specific regions. It is envisaged that the service will gradually start functioning in all administrative districts in the country.

THEMATIC AREA: DEMOGRAPHIC CHALLENGES AND SOCIAL POLICY

¹⁵ Analysis "Long-Term Unemployment in Bulgaria".

- In its opinions and resolutions ESC repeatedly noted and drew the attention of the Bulgarian society and the governing institutions to the alarming scale of population ageing in the country¹⁶. ESC consistently expressed a unified position for inclusion in the strategic priorities of Bulgaria of measures and actions related to the active life of the elderly, by improving the quality and adequacy of jobs for the elderly, by eliminating age discrimination in key areas such as the labour market, health care, education and improving access to various services and a wide range of volunteering activities.
- In 2019 the Council of Ministers adopted the National Strategy for the Active Life of the Elderly in Bulgaria (2019-2030), which reflects the challenges facing the ageing population and the labour market. The strategy outlines policies and measures in the areas of employment, social participation, independent living and the creation of a capacity and a conducive environment for the active life of older people at the national and regional levels.
- ESC notes that its recommendations largely correspond with the priorities outlined in the Strategy Implementation Plan¹⁷. These include a recommendation for a regional approach with specific measures for individual regions.
- The innovative tool - the Active Age Index (AAI) and the 22 indicators built into it, to measure and evaluate employment, social participation, independent and secure living in good health, capacity building and a supportive environment for active life of older people, will be useful as a tool for monitoring and forecasting processes.
- In its opinion on "Active Ageing and Solidarity between Generations" ESC recommended that the social partners initiate, develop and maintain a reliable toolkit of indicators to monitor and analyse the impact of age on building an

¹⁶ Opinion "Active Ageing and Solidarity between Generations", Opinion on "Problems of Demographic Development and the Challenges Facing Bulgaria's Demographic Policy", Resolution on "Demographic Challenges Facing Bulgaria in the Context of Europe 2020 Strategy".

¹⁷ Plan for 2019 - 2020 for the implementation of the National Strategy for the Active Ageing in Bulgaria (2019-2030).

- adequate competency model. This kind of "age impact audit" should cover the skills and competencies that are important for employers and employees. ESC also recommended that employers prioritize an individual approach when negotiating work with older workers in order to stay longer in the labour market.
- ESC supported the idea of the new project "Joint actions of the social partners to adapt the working environment to the specific age needs of the different generations in order to promote longer working life and ability to work", funded by the ESF through the OP "Human Resources Development". Partnership work on this project began in 2019 by BIA and CITUB.
 - The project envisages an increase in the share of employed older people by promoting longer working lives and job opportunities; to develop the so-called "silver economy"; to create a work environment tailored to the specific age needs of different generations and the need to transfer knowledge and experience between generations in the workplace.
 - In its opinion on Corporate Social Responsibility - Achievements and Challenges, ESC called for the development of a new corporate social responsibility strategy. One of the recommendations in the opinion is to focus on public information on the benefits of implementing good corporate social responsibility practices. One of the findings of ESC is that the popularity and application of CSR practices is limited mainly to foreign companies working in Bulgaria. The opinion also draws attention to the focus of education on the principles of corporate social responsibility for matching vocational training with the demand on the labour market. ESC also called for the implementation of an adequate and rational state policy aimed at expanding the socially responsible practices of companies in the field of human resources development, such as providing scholarships for future highly qualified specialists, conducting internships in good corporate conditions, introducing of CSR related higher education courses.

- In 2019 The Council of Ministers adopted a National Strategy for Corporate Social Responsibility for the period 2019-2023.
- Much of the main conclusions and recommendations of ESC acts on the topic¹⁸ were included in the adopted National Strategy for the Development of CSR by 2023, as well as in the measures and plans for the implementation of the 2019 Strategy as well as for the period 2020-2021.
- ESC supports in principle the commitment of the state in this strategic document to encourage companies' efforts to develop and enhance CSR practices and to promote good examples of socially responsible companies. A good example of such a social commitment is the active position of the social partners in promoting CSR principles.
- ESC has repeatedly paid attention to the challenges arising from the process of liberalization of the energy market and the need to build a defence mechanism against the so-called energy poverty. ESC's proposal to EU institutions and Bulgarian institutions was to define at the European and the national levels what energy poverty is and to take social protection measures against it¹⁹. At the same time, ESC noted that, despite the widespread phenomenon of energy poverty in all EU Member States, no significant progress has been made so far at the European and the national levels in combating this phenomenon. In this context, ESC calls for the creation of a definition of 'energy poverty', which reflects the three main drivers behind this phenomenon: the dynamically rising prices of energy products; very low absolute income and outdated energy inefficient housing stock. ESC also considers it necessary to develop a National Strategy for protecting vulnerable consumers from energy poverty²⁰.

¹⁸ Analysis on "Corporate Social Responsibility - Some Approaches and Good Practices", Analysis on "Social Audit - Experience and Prospects for Development", Opinion on "Corporate Social Responsibility - Achievements and Challenges".

¹⁹ Opinion on "Energy Poverty Measures in Bulgaria".

²⁰ Opinion on "Energy Poverty Measures in Bulgaria".

- In the published in 2019 for public consultation "Integrated National Energy and Climate Plan by 2030 of the Republic of Bulgaria" (INECP) of the Ministry of Energy, 'energy poverty' and 'energy efficiency' have been identified as significant problems for the development of Bulgaria in the coming years. The project focuses on energy efficiency. Concerning energy poverty, the project lacks a definition of the phenomenon and no deadlines for adequate social protection are specified. The objectives set by INECP are met with the statement that social assistance will provide adequate protection for the energy poor by providing targeted heating assistance and applying a mechanism to protect vulnerable customers when starting the process towards full liberalization of electricity prices for end customers, including households²¹.

THEMATIC AREA: EUROPEAN POLICIES

- In the resolution adopted on the "Multiannual Financial Framework of the EU for the Period 2021-2027", two of the recommendations made by ESC concern the size of the EU budget and the lack of sufficient reserves, i.e. more flexibility. ESC proposed that Bulgaria should support the idea of increasing the budget to 1.3% of the GNI of the EU by eliminating concessions and exemptions from each country's contributions. ESC strongly rejected the proposed reduction of about 5% in the share of cohesion policy funds and the common agricultural policy and insisted on maintaining the amount of funds spent at the time in order to achieve real convergence in the EU. At the same time, ESC proposed that the European Social Fund (ESF) funding for regional development should not be limited to 2.3% of GDP for Member States with a GDP per capita below 60% of the EU average, but should be up to at least 3% of GDP. ESC called for the adoption of the next MFF by the end of 2019.

²¹ Ministry of Energy: Draft Integrated Plan for Energy and Climate of the Republic of Bulgaria, 2019.

- ESC recognized that following the Prague Summit, 17 leaders of the Cohesion Friends group, including the Bulgarian Prime Minister, adopted a declaration²² stating that "cohesion policy is a key instrument for EU investment, by supporting the real convergence of regions and Member States in the community, as well as the functioning of the internal market, increasing growth, competitiveness, creating employment, facilitating the transition to a low carbon economy". The declaration called on all EU leaders and institutions to strive for the conclusion of negotiations and for an agreement on a fair and balanced MFF compromise (2021-2027).
- ESC notes that in the position adopted by the Council of Ministers of our country for the European Council meeting in October 2019. stated that Bulgaria supports the development of cohesion policy in the least developed regions in the next MFF for the period 2021-2027. Likewise, the balance between traditional policies and new priorities should be above all political. Bulgaria will continue to uphold the importance of maintaining the place and role of traditional policies in the next seven-year EU budget and ensuring adequate funding for them.
- ESC adopted three acts addressing the challenges facing citizens, labour and businesses in the context of the digital transformation of the economy. In them, ESC draws the attention of the public to existing problems stemming from the digitization and growth of internet use in Bulgaria, considering that special attention should be paid to children and the elderly. ESC points out that Bulgaria is lagging significantly behind in strategic planning in the area of digitization of the economy and in this regard insists on the preparation of a national strategy for the transition to Industry 4.0. ESC also recommends that the concept be updated after a thorough analysis of the effects on the labour market.
- By the end of the year, the government adopted a draft National Programme "Digital Bulgaria 2025", as well as a Roadmap for its implementation. The

²² Declaration following the Prague Cohesion Leaders Summit, 9 November 2019.

document aims to stimulate digital growth by 2025 by supporting digital processes and services in the country and the deployment of an information society and an innovative economy. Particular priority is placed on secure cyber systems in the context of global trends for intensifying hacker attacks. "Digital Bulgaria 2025" programme is developed in the context of the new European strategies for achieving smart and sustainable digital growth that should also be community-oriented.

- In its resolutions on the EU White Paper and the economic challenges facing the future of the EU, ESC recommended deepening the Capital Markets Union (CMU) and completing the Banking Union.
- In 2019 the EU Council adopted conclusions setting out the objectives of further deepening the CMU. They define the form and scope of the new roadmap for future action to further integrate the capital markets of EU Member States. There are 5 key objectives for deepening the CMU, namely:
 - better access to finance for EU businesses, and in particular for SMEs;
 - removing structural and legal obstacles to increasing cross-border capital flows;
 - providing incentives and removing barriers to well-informed retail depositors to invest;
 - supporting the transition to sustainable economies;
 - perception of technological progress and digitization;
 - enhancing global competitiveness.
- In its resolution on the "Proposal for a Regulation of the European Parliament and of the Council amending Regulations (EU) No 596/2014 and (EU) No 2017/1129 as regards the promotion and use of markets for the growth of SMEs" ESC expressed its principled support on the proposed regulation. ESC emphasized its public importance as it concerns nearly 99.8% of the operating

companies in Bulgaria, which are in the segment of small and medium-sized enterprises. ESC also focused public attention on the problems and development of the Bulgarian capital market, which as a source of financing is not yet sufficiently popular and recognizable in Bulgaria.

- In 2019 the Council adopted the "Proposal for a regulation amending the market abuse regulation and the prospectus regulation" to make the obligations imposed on issuers in the growth markets of SMEs more proportionate while maintaining market integrity and investor protection. This will help SMEs gain access to new sources of funding.
- ESC recognizes that some of the texts in the adopted document have introduced stricter requirements for SMEs than the original version.
- At the same time, BSE has created the opportunity for SME growth markets.
- In its Opinion on the "Proposal for a Regulation of the European Parliament and of the Council on a pan-European Personal Pension Product (PPP) - COM / 2017/343 final" ESC expressed its support for the introduction of a pan-European personal pension product, which aims to increase investment in the EU by encouraging citizens to save for their personal pension. ESC recommended that tax incentives should be created for the users of the PPP, similar to those used by supplementary pension security companies (SPSC). At the same time, ESC called on the European and national institutions to find a way for the SPSC to be included in the list of possible distributors of the PPP.
- Legislative resolution of the European Parliament of 4 April 2019 was adopted in connection with the proposal for a Regulation on the PPP which regulates the supply of the PPP. Unfortunately, the final version did not take into account the ESC's proposal to include the SPSC in the list of possible distributors of the PPP.
- In addition, a resolution of the European Parliament of 4 April 2019 was adopted on the tax treatment of retirement products, including the pan-European personal pension product (PPP) (2018/2002 (INI)). In the document, the EP

noted that the internal market for personal retirement products remains highly fragmented, in particular with regard to tax breaks; tax incentives are key to the use of PPP; Member States have exclusive competence in the field of direct taxation; in the internal market, all suppliers and products must be treated equally, regardless of nationality or country of origin. In this context, the EP called on the Council, with a view to making greater use of the PPP, to come up with proposals of incentives for PPP-insured persons, considering several different approaches. The EP emphasizes that taxes are the responsibility of the Member States and that, therefore, any decision to provide a specific tax exemption for PPP depends on each Member State, but recalls that Member States have the opportunity to participate in enhanced cooperation on certain issues. Expected in mid-2020 through a delegated act to resolve these issues.

- ESC adopted an opinion²³, recommending to the Bulgarian government to speed up the process of Bulgaria's accession to the Eurozone. At the same time, ESC in its opinion recommended that Bulgaria take the necessary actions to join the OECD.
- In this context, ESC reported on successful implementation in 2019. of the adopted Action Plan including measures in response to the intentions of the Republic of Bulgaria to join ERM II and the Banking Union by July 2019 according to the schedule.
- Concerning the commitment to strengthen the supervision of the non-banking financial sector (pension funds and insurance companies), ESC notes that the European Insurance and Occupational Pensions Authority has informed the EC that it gives a positive assessment of Bulgaria's commitments to the non-banking financial sector. although concerns remain about the degree of sustainability of the Bulgarian insurance sector. Thus, the European regulator expressed its

²³ ESC Opinion on "Accelerating Bulgaria's EU Accession Process".

positive opinion, but recommended that the tasks to the FSC be included in the list of additional commitments that Bulgaria will make upon entering ERM II.

- ESC also noted that improving the governance of state-owned enterprises by reconsideration and alignment of Bulgarian legislation with OECD Guidelines is part of the commitments made by Bulgaria in relation to the country's intention to join the ERM II and the Banking Union. In this regard, taking into account the progress made in implementing the envisaged measures and in drafting legislative texts in line with OECD Guidelines in October 2019, the working group on state property and privatisation practices at the OECD Corporate Governance Committee approved Bulgaria's accession to OECD Guidelines on Corporate Governance of State-Owned Enterprises.

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PRESIDENT OF THE ECONOMIC AND SOCIAL COUNCIL

LIST OF THE ABRITIONS USED

1. **AICB** - Association of Industrial Capital in Bulgaria
2. **EA** - Employment Agency
3. **GNI** - Gross National Income
4. **BIA** - Bulgarian Industrial Chamber
5. **BCCI** - Bulgarian Chamber of Commerce and Industry
6. **BSE** - Bulgarian Stock Exchange
7. **CLLD** - Community-Led Local Development
8. **HEI** - Higher Education Institution
9. **SPSC** - Supplementary Pension Security Companies
10. **EUROMED** - Euro-Mediterranean cooperation
11. **EESC** - European Economic and Social Committee
12. **ELA** - European Labour Authority
13. **EC** - European Commission
14. **SSM** - Single Supervisory Mechanism
15. **EP** - European Parliament
16. **EU** - European Union
17. **ESF** - European Social Fund
18. **EPSR** - European Pillar of Social Rights
19. **ECB** - European Central Bank
20. **EFSD** - European Fund for Strategic Investments
21. **EPA** - Employment Promotion Act
22. **SBA** - State Budget Act
23. **VETA** - Vocational Education and Training Act
24. **EMU** - Economic and Monetary Union

25. **ESC** - Economic and Social Council
26. **CITUB** - Confederation of Independent Trade Unions in Bulgaria
27. **CSR** - Corporate Social Responsibility
28. **CEIB** - Confederation of Employers and Industrialists in Bulgaria
29. **LC** - Labour Code
30. **CL** "Podkrepa" - Confederation of Labour "Podkrepa"
31. **FSC** - Financial Supervision Commission
32. **AICESIS** - International Association of Economic and Social Councils and Related Institutions
33. **MI** - Ministry of Economy
34. **MYS** - Ministry of Youth and Sports
35. **MES** - Ministry of Education and Science
36. **ILO** - International Labour Organisation
37. **CoM** - Council of Ministers
38. **SMEs** - Small and medium-sized enterprises
39. **MLSP** - Ministry of Labour and Social Policy
40. **MFF** - Multiannual Financial Framework
41. **NA** - National Assembly
42. **NEAP** - National Employment Action Plan
43. **NGOs** - Non-Governmental Organisations
44. **NRP** - National Reform Programme
45. **OECD** - Organisation for Economic Co-operation and Development
46. **UN** - United Nations
47. **OP SESG** - Operational Programme "Science and Education for Smart Growth"
48. **OP HRD** - Operational Programme "Human Resources Development"
49. **PPP** - Pan-European Personal Pension Product

- 50. **VET** - Vocational Education and Training
- 51. **EIA** - Employment Integration Agreement
- 52. **UNWE** - University of National and World Economy
- 53. **CESlink** - Online cooperation of the Economic and Social Councils in the EU