



Republic of Bulgaria
ECONOMIC
AND SOCIAL COUNCIL

OPINION

on

EMPLOYMENT OF PEOPLE WITH DISABILITIES

(own-initiative opinion)

Sofia, 2012

The Economic and Social Council of Bulgaria included in its Action Plan for 2012 the elaboration of an opinion on

Employment of people with disabilities.

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

Pursuant to the decision of the Commission Stiliyan Balasopulov, ESC Member of Group III, was appointed rapporteur.

At its meeting of 12 November 2012 The Commission on Labour, Income, Living Standards and Industrial Relations discussed and adopted the draft opinion.

At the plenary session held on 30 November 2012 this opinion was adopted by the Economic and Social Council.

1. Main Conclusions and Recommendations

- 1.1. The Economic and Social Council (ESC) deems the adoption of this opinion necessary in order to direct the attention of state authorities and agencies to the problems of the employment of people with disabilities by specialised enterprises and cooperatives, including in the context of the Europe 2020 Strategy for the development of the social economy.
- 1.2. In a series of documents the European Commission reported the importance of the social inclusion of people with disabilities and encouraged Member States to respond to the needs of people with disabilities by providing innovative and high-quality services. The main benefits to society of implementing policies for the integration of people with disabilities can be assessed in various ways.
 - 1.2.1. The social benefits to society from the integration and employment of people with disabilities are accounted in terms of social inclusion and the building of social capital.
 - 1.2.2. The economic benefits can be understood primarily in terms of sparing public funds that would have been otherwise spent on social benefits for people with disabilities.
 - 1.2.3. Through social and labour integration people with disabilities are put on a par with the other participants in the labour process and are given the chance to participate actively in society.
- 1.3. ESC finds that the results of current measures in increasing the employment of people with disabilities are insufficient, and therefore considers it necessary to take more effective action to address the substantial gap in our country compared to other Member States of the European Union (EU).
- 1.4. ESC notes with concern the growing tendency towards deterioration of the social status of people with disabilities and the very high levels of unemployment among them. According to data provided by the National Statistical Institute (NSI) and the National Social Security Institute (NSSI) the people with disabilities of working age number about 200,000 and only about 10 percent of them are employed in various spheres of public life.

- 1.5. Another alarming trend is the decreasing number of specialised enterprises and cooperatives as well as that of the people with disabilities employed in them. For the period 1990-2012 the number of people with disabilities employed in specialised enterprises and cooperatives decreased drastically by 92.4%.
- 1.6. ESC finds that since the country's accession to the European Union Bulgaria has adopted a more active policy and has been improving the legislative framework of the social and labour integration of people with disabilities, but the implementation of these measures has not achieved the efficiency required for addressing adequately the problems of this group of people.
- 1.7. The insufficient flexibility and efficiency of the policies for providing employment for people with disabilities leads to their social isolation and decreased motivation for further training and job search.
- 1.8. ESC notes that despite the adopted regulatory measures there are still many unsolved problems related to the accessibility of workplaces, residences, transportation, institutions, cultural centres, etc. to people with disabilities. This usually results from unprovided financial resources and ineffective control on part of the state, municipal and other authorities.
- 1.9. ESC recommends the developing of more effective economic incentives to raise employers' awareness and motivation to create suitable specialised and regular working environment for people with disabilities.
- 1.10. ESC notes that according to NSI data the majority of disabled people have low or no qualification and in this regard believes that training and increasing the qualification of these people should be a priority in the work of the respective institutions.
- 1.11. According to ESC media could aid more tangibly the process of positive change in public attitudes towards people with disabilities to overcome prevailing misconceptions, regret, indifference and negativity towards them.
- 1.12. Taking into account all founding documents of the EU and the international community concerning the equal rights of people with disabilities and their employment, including in the context of the Europe 2020 Strategy, ESC recommends that the government should take more decisive action to tackle the problems of people with disabilities and the development of the social economy. In this regard, ESC considers that it is necessary:

- 1.12.1. to improve the regulatory framework so as to eliminate the identified adverse trends and ensure a quick transition to broadening the scope of social and labour integration of people with disabilities in order to improve their social status;
- 1.12.2. to improve the information system of the Agency for Disabled People by setting up a Unified Employment Register for People with Disabilities comprising two separate registers: Register for people with disabilities actively looking for employment in specialised and regular working environment and Register of employers and employment agencies that have declared interest in employing people with disabilities
- 1.12.3. to improve the scheme for financial and other special incentives for enterprises and cooperatives aiming to better their financial stability and introduce modern techniques and new technologies;
- 1.12.4. to reduce the financial requirements for specialised enterprises and cooperatives for people with disabilities when they apply to national operative programmes, e.g. replacing the requirement for bank guarantee with promissory note; creating a guarantee fund for financing EU projects with preferential interest rates and increase the percentage of the advance payment to 40% of the amount of the project;
- 1.12.5. to take measures to encourage public-private partnerships with local specialised enterprises and cooperatives to develop the social and labour integration of people with disabilities;
- 1.12.6. the state to increase at least three times the target funds transferred to the Agency for Persons with Disabilities and used for social and business projects;
- 1.12.7. to enact a statute for subsidising the production and sale of goods and the provision of services by specialised enterprises and cooperatives for people with disabilities and reducing by 50% the VAT on their products.

2. Employment of People with Disabilities

- 2.1. During the years of Bulgaria's accession and membership in the European Union governmental attitudes towards social and labour integration of people with disabilities developed in a positive direction. A series of policies and measures have been developed and implemented both at the national and European level.

- 2.2. ESC recognises as the basis of the implementation of social and labour integration of people with disabilities the fundamental principles of the UN Convention on the Rights of Persons with Disabilities, the Europe 2020 Strategy, the "Strategy for Employment of People with Disabilities (2011-2020) the Integration of Persons with Disabilities Act and the National Concept for Social Economy.
- 2.3. Pursuant to the Integration of People with Disabilities Act, their employment should take place in integrated working environment (open labour markets) and working environment (in specialised enterprises and cooperatives for people with disabilities).
- 2.4. ESC is pleased to report that the increase in the employment of people with disabilities has been declared a national priority that requires constant political and public attention and the highest degree of coordination of policies relating to it.
- 2.5. At the same time ESC notes that currently people with disabilities remain one of the most vulnerable groups on the labour market, regardless of the anti-discrimination measures and incentives for securing jobs and hiring disabled workers provided by Bulgarian legislation.
- 2.6. The changing socio-economic environment in Bulgaria during the transition period and the current global financial and economic crisis has had a significant impact on the social status of people with disabilities. ESC recognises that in recent years the unemployment rate, the changes in the economy, the inaccessible architectural environment, etc. have increased the social isolation of this target group.
- 2.7. The employment opportunities for unemployed disabled workers in the labour market are limited. Their chances to begin work in unsubsidised places are minimal, especially for people with over 70% disability.
- 2.8. ESC finds an alarming trend of a continuous increase in unemployment among this social group in absolute and relative terms, calculated using the total number of disabled people of working age.
- 2.9. According to the data provided by the NSI and the NSSI, the number of people with disabilities of working age is about 200,000 and only about 10% of them are employed in various spheres of public life. At the same time, according to the National Employment Agency. In 2010 approximately 13,500 people with

disabilities have been actively seeking work (4% of the total number of the registered unemployed) and the Employment Agency has managed under different programmes to provide employment to only 4,807 of them.

- 2.10. ESC is worried to report that the number of registered unemployed people with disabilities has increased in 2010 compared to 2009 by 12.23%. These data indicate that despite the anti-discrimination legislative measures and incentives, unemployment in this social group remains very high.
- 2.11. The majority of disabled people are in effect excluded from the labour market. According to the data provided by NSI, among persons aged 18 and above unemployment is close to 50%, which is 89% of the total number of people with disabilities.
- 2.12. Registered job seekers are mostly people with general disability between 50% and 70% with better chances of entering the labour market.
- 2.13. At the same time the group of people with disabilities in the musculoskeletal system is about 20% of the total number of persons with disability and ESC finds that they have particular difficulty in finding suitable employment due to lack of accessible environment.
- 2.14. The share of people with mental and physical disabilities registered as job seekers is about 11%, and their chances for employment are very low.
- 2.15. The group of people with visual impairments makes up 9% and their chances in the labour market are also minimal.
- 2.16. The data show that the realisation of the social and labour rights of persons with mental disabilities is still difficult to achieve due to the fact that it requires the use of modern practices as well as the commitment of society at large.
- 2.17. The issue of the professional and employment realisation of persons with mental disabilities is difficult to tackle. Their capacity to learn accessible professions and qualifications is a prerequisite for their integration into society.
- 2.18. ESC believes that another group which needs special support are deaf and blind – the successful integration of whom requires additional training and rehabilitation.

3. The role of special enterprises and cooperatives for the social and labour integration of people with disabilities

- 3.1. ESC acknowledges that the social and labour integration of people with disabilities in Bulgaria has a history, traditions and encouraging prospects. It is most closely connected with the emergence and development of cooperatives.
 - 3.1.1. Cooperatives achieved strong growth as unions of people with limited economic power but with strong motivation to deal with economic difficulties. People with disabilities occupy an equal place, marked with respect for their human dignity, among the other cooperative members.
 - 3.1.2. Alongside cooperatives there are specialised enterprises for the social and labour integration of people with disabilities. They continue to be the major employer of people with disabilities, reaffirming their usefulness and the important role they play in the social and labour integration of such people.
- 3.2. Specialised enterprises and cooperatives for people with disabilities combine economic and social resources for the social and labour integration of people with disabilities thus reducing poverty and social exclusion.
- 3.3. Specialised enterprises and cooperatives for the disabled (formerly called invalids) were created in Bulgaria in the second half of the forties and early fifties of the previous century. Their effective operation was ensured by the provision of monopoly industries, cooperation with state industry or the procurement of goods and services on a state planning basis.
- 3.4. By 1990 the number of persons employed in Producer Cooperatives for Disabled People (PCDP) was approximately 52,000, including 33,000 people with I and II category of disability as well as with III category of disability requiring special working conditions.
- 3.5. According to the Agency for Persons with Disabilities (APD), as of 23 August 2012 there are 126 specialised enterprises and cooperatives which employ about 2,500 people with disabilities. The number of specialised enterprises is 79 while the cooperatives are 47. Registered organisations of people with disabilities staffing up to 5 persons are as follows:
 - 34 specialised enterprises for people with disabilities;
 - 5 cooperatives for the employment of rehabilitated persons.
- 3.6. ESC notes with concern that the social group that is the most strongly affected by the difficulties of the transition period and the current economic and financial

crisis is that of the people with disabilities. Employment in specialised enterprises and cooperatives has dropped dramatically by 92.4%.

- 3.7. In this context, ESC recommends that measures for strengthening and developing specialised enterprises and cooperatives for people with disabilities should be adopted and should become a priority target of public policy. These institutions are preferred as employers by disabled persons because they feel morally and physically protected in the specialised work environments provided there.
- 3.8. Specialised enterprises and cooperatives apply management practices for: upholding basic human rights, respect for different cultures and individual employees, improving working relationships, improving working conditions, social protection and development of the human potential.

4. Current legislative framework of the social and labour integration of people with disabilities

- 4.1. ESC believes that the employment of people with disabilities is a national priority that requires constant political and public attention and the highest degree of coordination of policies relating to it. The realisation of this vulnerable group on the labour market is one of the main tools for the integration of people with disabilities in all areas of public life.
- 4.2. The preferences for people with disabilities and their rights are governed by the relevant laws, rules and regulations. The more important among them are: the Labour Code (LC), the Integration of Persons with Disabilities Act (IPDA), the Encouragement of Employment Act (EEA), the Income Taxes on Natural Persons Act (ITNPA), the Protection against Discrimination Act (PDA), Corporate Income Tax Act (CITA), the State Budget Act (SBA), the Public Procurement Act (PPA) and the Spatial Planning Act (SPA).
 - 4.2.1. The Labour Code provides an important guarantee of the right to work of persons with disabilities, which are provided with a job that suits their needs and capabilities, by prohibiting their dismissal under Art. 333, par. 1, Items 3 and par. 2 of the LC.
 - 4.2.2. In regard to the employment of people from this vulnerable group IPDA allows employers from the regular and specialised work environment to be simulated when hiring a disabled person by being reimbursed from the national budget

respectively 30% and 50% of the social security contributions that they pay for such employees. At the same time, the law stipulates the obligation of the Ministry of Labour and Social Policy, the Employment Agency (Art. 23, paragraph 1 of the IPDA) and the Agency for Disabled People to create and implement programmes and measures to promote the employment of this target group.

4.2.3. EEA encourages employers to hire people with disabilities by reimbursing from the national budget the remuneration, social security contributions and any paid leave for each employed disabled person for the period of one year, provided that the company keep the same person in employment for at least twelve more months (Art. 52, par. 1 of EEA).

4.2.4. The PPA provides for the participation of specialised enterprises and cooperatives for people with disabilities in public procurement under a list of goods and services approved by the Council of Ministers (Article 16 of PPA).

4.3. ESC highlights the following key documents of the European Union (EU) and the international community addressing the equal rights for people with disabilities and their employment:

- Charter of the Fundamental Rights of the EU (Art. 1, Art. 21, Art. 26);
- The UN Standard Rules on the Equalization of Opportunities for Persons with Disabilities;

- UN Convention on the Rights of Persons with Disabilities, ratified on 26 January 2012 by the National Assembly of the Republic of Bulgaria. According to Art. 27 thereof, the states that have ratified the Convention recognise the right to work of persons with disabilities on an equal basis with others, and endeavour to create opportunities for their employment and professional growth.

4.4. ESC supports the European Commission's view on the importance of the social inclusion of people with disabilities adopted in 2010. "European Disability Strategy (2010-2020.) – "Barrier-Free Europe." The Action Plan for its implementation encourages member states to respond to the needs of people with disabilities in the provision of high quality innovative services. The strategy addresses the NGOs of disabled people as competent and expert partners in policy development.

- 4.5. ESC recommends that the authorities should enact timely the requisite legislative changes to bring Bulgarian legislation in line with the ratified UN Convention on the Rights of Persons with Disabilities.
- 4.6. ESC is concerned about the data showing a downturn in the health and well-being of people with disabilities, which in combination with the changing socio-economic environment in the country in the wake of the crisis, has a negative impact on the social status of people with disabilities and they remain among the highest-risk target groups to be excluded from the labour market.
- 4.7. ESC notes that specialised enterprises and cooperatives of people with disabilities experience low liquidity, lack of available funds, which makes it almost impossible for them to access bank loans. Their low profitability and flexibility in responding to the difficult market conditions in turn lead to the inability to finance their own investment projects.
- 4.8. Moreover, specialised enterprises and cooperatives find it difficult to participate in EU projects due to the low percentage of advance payment and other rules requiring self-funding while implementing the projects. This leads to their inability to make use of the funding opportunities presented to them by EU programmes.
- 4.9. There is a clear need for diversification of the forms of employment of people with disabilities taking into account the interests of all stakeholders in this process. In this regard, ESC recommends strengthening the state support for specialised enterprises and cooperatives of people with disabilities, because without it they could not survive on the free market, although they are the basic structures providing permanent employment to the target group.

5. Practical solutions for the implementation of the policy to increase the effectiveness of social and labour integration of people with disabilities

- 5.1. ESC is pleased to note that in recent years the government has paid more attention and efforts to provide opportunities for social inclusion and integration of people with disabilities in the labour market. Financial incentives, although insufficient, are granted to specialised enterprises and cooperatives, as well as to employers in the regular working environment who hire employees with disabilities.

- 5.2. At the same time the state institutions whose agency is related to the problems of people with disabilities combined efforts with national organisations of and for people with disabilities to focus on amending the regulatory framework.
- 5.3. In March 2010 came into force the amendment to IPDA changing the ratio between employed persons with disabilities and healthy workers from 50/50 to 30/70 percent. Funds remitted from the state budget for the payment of social security contributions, mandatory health insurance and supplementary pension insurance were increased from 30 to 50 percent. This amendment came into effect on 1 January 2011.
- 5.4. In May 2012 came into force the amendments to the Public Procurement Act, according to which specialised enterprises and cooperatives for people with disabilities may participate in public procurement tenders on the condition that they are capable of performing no less than 80% of the subject matter of the order by means of their own production and resources or through subcontractors, which must also be specialised enterprises or cooperatives for people with disabilities, provided that the subject matter of the order partakes of a list approved by the Council of Ministers (Art. 16 B, par. 1, Items 1, 2 and 3).
- 5.5. The changes in the Regulation for the Implementation of the Employment Encouragement Act (State Gazette, issue 26 of 30 March 2012) led to liberalisation of the procedures for employers to access different incentives for creating new jobs and subsidised employment, as well as for increasing the efficiency of the public funds granted to employers as incentives.
- 5.6. The Ministry of Labour and Social Policy (MLSP) and its agencies have developed national strategies, plans and programmes for solving the problems of people with disabilities. One of the important documents in this area is the "Strategy for Employment of People with Disabilities 2011-2020" developed and adopted by the Council of Ministers (CM) on 29 June 2011 in line with the Europe 2020 Strategy – a political document that defines the vision of the government in the area of the employment realisation of people with disabilities and outlines concrete measures that are to be implemented.
- 5.7. In implementing this strategy Ministers adopted an "Action Plan for Providing Equal Opportunities for People with Disabilities" 2012 – 2013 which specifies the activities that the relevant institutions must implement. ESC is pleased to report that the efforts of the MLSP, the mayors, municipalities, NGOs of and for

people with disabilities are directed mainly to creating new social services for people with disabilities, increasing the qualification of the providers of such social services, as well as to broadening the employment opportunities for people with disabilities and their inclusion in different programmes for providing suitable jobs.

- 5.8. In line with the "Strategy for Providing Equal Opportunities for People with Disabilities (2008-2015)" there has been approved a plan comprising 8 operative targets, aimed at improving the quality of life and the social inclusion of people with disabilities, in accordance with European trends of equality, two of which are of extraordinary importance for specialised enterprises and cooperatives for people with disabilities, namely:
- the fourth operative target – "Providing complex medical and social rehabilitation, aids, equipment and medical products," by means of which the model for medical expertise will be improved, as well as that of social evaluation, aiming to optimise the necessary time, accessibility and competence in certification of people with disabilities;
 - the fifth operational target – Expanding employment opportunities for people with disabilities and their involvement in various programs to provide suitable jobs."
- 5.9. ESC finds that the National Employment Agency has started implementing the "National Programme for Employment and Training of People with Long-Term Disabilities" 2012-2013, within which employers will be encouraged to hire people with long-term disabilities, provide access, adapt and equip the workplace, as well as in providing specialised working environment for improving the working conditions and updating the technological side of the production process.
- 5.10. With the support of MLSP under Operational Programme "Human Resources Development" of 15 June 2011 a scheme was launched for providing grants "Opportunity for all" designed only for specialised enterprises and people with disabilities. The main objective of the programme is to promote the development of the social economy and to invest in social capital. Within this intervention provides support to specialised enterprises and cooperatives for people with disabilities in order to improve the qualification of the personnel working in them and co-financing on part of the applicants is not required.

- 5.11. The Ministry of Economy, Energy and Tourism, MLSP and the nationally represented employer organisations of and for people with disabilities started in January 2012 a scheme in "Support to enterprises and cooperatives of people with disabilities", under Operational Programme "Competitiveness of the Bulgarian Economy", which requires only 5% co-financing on part of the applicants.
- 5.12. ESC pleased to report that with the participation of employers, trade unions and non-governmental organisations of and for people with disabilities MLSP developed and adopted the "National Concept of Social Economy," which was approved by the Council of Ministers. The National Concept is a document which specifies the active role of the state, formed as a result of concerted action by a wide range of stakeholders. It addresses urgent processes in the actual economy, which should be separated into an individual sector for development, aiming to achieve flexibility and security in employment of people with disabilities and vulnerable groups in society.
- 5.13. A major contribution to studying the market were the nine national exhibitions of goods and services produced by specialised enterprises and cooperatives in the period 2003-2011 organized and conducted by nationally representative employers' organisations of and for people with disabilities. Public presentation enhanced the authoritativeness of the structures employing people with disabilities and proved that their inclusion in employment is essential to their integration and the improvement of their quality of life.
- 5.14. Moreover, in April 2012 was held first European Fair of Social Enterprises and Cooperatives for People with Disabilities. The event was realised thanks to the support of the European Commission (EC), The European Confederation of Production Cooperatives and Social Enterprises (SEKOP), MLSP and the APD and aimed to support the efforts of the European Commission to support social entrepreneurship in Europe to achieve inclusive growth and job creation.
- 5.15. Despite progress ESC notes that the necessary effectiveness of social and employment of people with disabilities is not yet achieved. ESC therefore recommends that the state should take specific action to amend existing legislation with regard to the activities of the specialised enterprises and cooperatives for people with disabilities and bring them in line with the current socio-economic situation in the country and in particular:

- 5.15.1. to develop and implement measures for economic incentives to support employers in specialised and regular working environment;
- 5.15.2. provide conditions for accessible and higher-quality healthcare for people with disabilities;
- 5.15.3. create conditions to increase the accessibility of disabled people's residence workplace, social and cultural institutions;
- 5.15.4. organise specialised schemes under the current Operational Programmes of the Republic of Bulgaria for the next programming period 2014-2020 with respect to the needs of people with disabilities: their social inclusion, employment and education, accessibility, transportation, housing, etc.;
- 5.15.5. create conditions for the access to information of people with disabilities consistent with the type of disability: visual presentation of texts, Braille texts, accessible multimedia, and forms of communication, including accessible information and communication technologies;
- 5.15.6. create equal opportunities for raising children and persons with disabilities in sheltered homes, in their family, in foster care;
- 5.15.7. provide statutory regulation of sign language;
- 5.15.8. create a unified labour register for people with disabilities, including the following two separate registers:
 - Register for disabled people actively looking for employment in regular and specialised working environment;
 - Register of employers and employment agencies that have declared interest in employing people with disabilities
- 5.15.9. When specialised enterprises and cooperatives of disabled people apply with EU funded operational programmes it is necessary:
 - to replace the requirement for a bank guarantee with that for promissory note;
 - to create a guarantee fund to finance European projects with preferential interest rate – not more than 5%;
 - to increase the rate of advance payment to the amount of 40% of the total value of the project through interim payments, and payment of 20% following the acceptance of the project;
- 5.15.10. To increase the target funds by the Agency for Persons with Disabilities from BGN 1.5 million to BGN 5 million earmarked for social and business projects;

- 5.15.11. ESC proposes to develop measures which should be applied in observance of the criteria approved by the Commission for the compatibility analysis of state aid for the employment of disadvantaged and disabled workers subject to individual notification (2009/S188/1):
- 5.15.11.1. The payment of benefits during the periods of disability of persons employed with specialised enterprises and cooperatives under the provisions of Art. 40, paragraph 5 of the SSC, respectively paragraph 22 of the Transitional and Final Provisions of SSC, should be entirely from the budget of the Institute;
 - 5.15.11.2. Specialised enterprises and cooperatives should be exempt from local taxes and fees;
 - 5.15.11.3. The funds paid under the Ordinance on recovery contributions paid by employers and specialised enterprises, labour-health facilities and cooperatives of people with disabilities, members of nationally represented organisations of and for people with disabilities should not be deemed in regard to their eligibility for state aid as falling under the provisions of Regulation EC 1998/2006 of the European Commission.
- 5.15.12. Encouraging businesses to buy goods and services from specialised companies and cooperatives of people with disabilities by providing for complete or partial exemption of buyers from their obligation to employ people with disabilities. The terms and conditions should be determined by the National Employment Agency and the Agency for Persons with Disabilities, in consultation with the National Council for the Integration of People with Disabilities in making respective changes in the Labour Code and the Employment Encouragement Act.

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