



Republic of Bulgaria  
ECONOMIC  
AND SOCIAL COUNCIL

## **RESOLUTION**

**on**

### **"ACTIONS IN SUPPORT OF YOUNG PEOPLE AND TACKLING YOUTH UNEMPLOYMENT IN BULGARIA"**

**(own-initiative resolution)**

Sofia, 2013

The President Board of the Economic and Social Council (ESC) decided to develop a resolution on the following topic:

**"Actions in Support of Young People and Tackling Unemployment in Bulgaria"**

Mr Plamen Dimitrov – ESC member of Group II of the Council: Trade Unions, President of the Confederation of Independent Trade Unions in Bulgaria – was appointed rapporteur on this opinion.

The ESC President submitted the draft resolution already adopted by the President Board to the Plenary Session for discussion.

At its meeting held on 31 October 2013 the Plenary Session adopted the resolution.

## I. MAIN CONCLUSIONS AND PROPOSALS

1. The Economic and Social Council (ESC) considers that the **problems of young people and the challenges** they face in terms of their education, career development, professional development and reconciliation of work and family life are a priority. In this regard, ESC attaches particular importance to **policies to promote youth employment and reduce unemployment among young people**. After having consistently adopted an opinion and a resolution on combating early school leaving<sup>1</sup> ESC has taken the next step – to make proposals and recommendations regarding the current initiatives of the European Commission (EC) to combat youth unemployment and their implementation in Bulgaria.
2. In order to encourage the creation of new jobs and boost economic growth, the Economic and Social Council calls<sup>2</sup> for increasing (or at least not reducing), the share of funds from the European Social Fund in the total amount of EU funds. The reason for this is the serious positive effects of ESF operations have on encouraging growth and employment. **ESC recommends that while further developing the indicative allocation of EU funds according to thematic objectives, main results and funds it is necessary to take into account the agreements made at the European level – namely, 25% of the ESF funds to be directed to thematic objectives 8 (Promoting employment and supporting mobility of the workforce) and 9 (Promoting social inclusion and combating poverty), especially to promote employment and support labour mobility.** In this regard, ESC is pleased to note that in accordance with the recommendations made, and after a public discussion in the updated version of the Partnership Agreement of Bulgaria for the next programming period it was decided that **28.5% of the ESF funds will be directed to the thematic objectives proposed by the ESC**, including for encouraging youth employment.
3. ESC recommends that each **operational programme for the period 2014-2020 should include measures encouraging the employment of young people and career development in Bulgaria**. Taking into account the effects of the economic crisis, the large differences in the economic development of different regions in Bulgaria and the presence of compact groups of young people who are in need of integrated measures for achieving better living conditions, obtain employment and overcome poverty, ESC proposes the **development of an investment package for young people using "Integrated Territorial Investments (ITI)" during the programming period 2014-2020**.
4. ESC joins the European Economic and Social Committee (EESC) to call for **increasing the age limit for those who can benefit from the "Youth Guarantee" until they are 30 years of age**, so that young people leaving later university or being in transition between training and employment may also have access to it.<sup>3</sup> The transition from education to employment and from employment to another employment continues after the age of 24 and is a major challenge for young people. Extending the scope of the "guarantee" will require more resources, provided that the infrastructure is already in place, the results are expected to be more tangible and lasting.

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<sup>1</sup> ESC Opinion: "Policies to Reduce Early School Leaving, "ESC/2/033/2012 and ESC Resolution on the "Draft Strategy for Preventing and Reducing the Share of Dropouts and Early School Leavers (2013 - 2020)"ESC /3/008/2013

<sup>2</sup> ESC Opinion: "Priorities and Policies for the Absorption of European Union Funds in Bulgaria for the Period 2014-2020", ESC/3/010/2013.

<sup>3</sup> Opinion of the European Economic and Social Committee. SOC/485 "Youth Guarantee". Brussels, 22 May 2013.

5. As a country in which the level of **youth unemployment is** greater than 25% (**28.1% for 2012**) and **ranks first in the EU in the share of young people in the so called group of persons "not in education, employment, or training"**(NEET), **Bulgaria** belongs to the group of Member States which **will benefit from funds under the "Youth Employment Initiative"**. In this regard, in accordance with the recommendations made to our country, ESC believes that the implementation of measures under "Youth Guarantee" in conjunction with other educational and activation measures aimed at young people, will positively affect the state of youth employment and will help to reduce the number of young people in the so called NEET group.\_
6. ESC draws attention **to the high rate of young people in the NEET group** in Bulgaria (24.6% – to be compared with an EU average of 15.4%) and emphasises that these are young people who have already spent a significant amount of public money on education, healthcare, welfare, support, etc., in order to be successfully prepared for the challenges of life. ESC believes that key importance should be given to mechanisms of tracking and control of public spending on youth policies, both of EU funds and funding from the national budget. The transparency of the monitoring process should be ensured by the **active involvement of social partners and civil society organisations**.
7. ESC repeatedly expressed its support for **reforming the educational system in Bulgaria** and in particular the adoption of the Preschool and School Education Act and the Vocational Education and Training Act. ESC is pleased to report that after adopting an Opinion<sup>4</sup> and a Resolution<sup>5</sup> on the problems of early school leaving, a number of the proposals made in these acts were included in the "Draft Strategy for Reducing the Share of Early School Leavers (2013-2020)", adopted in October 2013.
8. ESC believes that it is necessary to introduce **flexible educational models** of disciplinary measures and incentives for children and parents in order to prevent **early school leaving** through the joint actions of teachers, school boards and school management. The prevention of early school leaving is a safeguarding measure applied at an early stage of the life of the individual.
9. ESC recommends to **improve the dialogue and contact with young school leavers**, to take steps to introduce digital records for personal data on educational and training status, employability and employment of nationals as well as integrating the information systems of the Ministry of Education, the Ministry of Labour and Social Policy, the Employment Agency, the National Revenue Agency, the General Labour Inspectorate and other institutions.
10. ESC calls for initiating **regulatory changes for the introduction of special programmes for mastering the Bulgarian language in pre-primary education and training**.
11. **ESC also appeals for ensuring high-quality lifelong learning as well as for introducing flexible pathways for entering and exiting the educational system** and upgrading knowledge, skills and competencies by distance learning forms and modular, web-based, including evenings, part-time and blended training. **It is also necessary to introduce timely the European instruments in the field of lifelong learning** (the European Credit Transfer and Accumulation System, the Common Quality Assurance Framework, etc.) by updating and public debate on the legislation.

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<sup>4</sup> ESC Opinion: "Policies to Reduce Early School Leaving, "ESC/2/033/2012

<sup>5</sup> Resolution on "Draft Strategy for Preventing and Reducing Dropouts and Early School Leavers (2013-2020)" ESC/3/008/2013.

12. ESC calls for the development and effective implementation of policies, systems and practices supporting **career guidance and counselling throughout life** at all levels of education, training and employment.
13. In order to properly guide the expectations of young people ESC stresses the importance of conducting **motivational campaigns** at the stage of primary education. The positive affirmation of secondary special (vocational) education among students and encouraging them to gravitate to professions which are currently in high demand will contribute to reducing youth unemployment.<sup>6</sup>
14. ESC calls for the development and promotion of **informal education**, organising and full use of the leisure time of young people to acquire the key knowledge and skills, and to develop and implement a comprehensive state policy on the recognition and accreditation of skills and competences acquired in the process of informal learning.
15. In connection with the call of the European Commission to strengthen the dialogue between businesses, education and public institutions, ESC emphasises that one of the best steps in this direction for Bulgaria would be the construction of a "**National Competence Assessment Network**," which would be used to achieve higher adaptability, efficiency and balancing of supply and demand on the labour market by building a system for evaluating the competence of the workforce, both at branch and at the regional level.
16. ESC believes that **continuing training** is a good option to increase the employability of young people with primary or lower education, and people who have completed the general secondary education cycle without having acquired professional qualifications. Due to the combination of multiple risk factors such as lack of working experience, qualifications, and often basic general knowledge, young people are particularly vulnerable to falling into the vicious cycle of unemployment, poverty and social exclusion. Therefore, **by combining activating employment policies with educational reforms in Bulgaria** would ensure not only continuing education but its better quality.
17. Taking into account the importance of the European single market, the increased interaction of Bulgarian companies with foreign ones and the consequent need for communicating in a foreign language, ESC recommends the development and adoption of a **Strategy for Foreign Language Learning in Bulgaria**. This strategy should be directed towards the systems of primary and secondary education, and the scope and quality of language teaching in the country for all persons who have already completed their primary/secondary education. The introduction of such a policy document would be highly appreciated by European institutions in the European Semester 2013 and in the opinion of ESC, can be seen as an instrument for enhancing the capability of young Bulgarians for participation in EU programs for education, entrepreneurship and labour mobility, such as "Erasmus +" "Your first EURES job", etc.
18. ESC calls for the introduction in Bulgaria of an up-to-date model of the dual educational system by: further development and upgrading of consensually accepted elements of the dual system of State Educational Requirements/standards in all professional fields, taking into account the social impact of the activities of the persons employed in the education system.
19. ESC supports the **initiative "My first job"** for **including in the scope of secondary education learning about labour, social security and health insurance rights** aiming to

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<sup>6</sup> Opinion on "Priorities and Policies for the Absorption of European Union Funds in Bulgaria for the period 2014-2020," ESC/3/010/2013.

timely introduce young people to their rights at workplace and increase their sensitivity to informal employment and the violation of labour legislation. This would help to reduce the high rate of youth employment in the informal economy (working without employment contracts or under fixed-term employment contracts, accepting wages below the minimal salary), to increase social security, to recognise accrued professional experience subsequent employment, etc.

21. ESC recommends that personal credit cards for education (both formal and informal) are introduced, which should also cover the cost of educational materials, transportation to school and other expenses for persons with low income and low-qualification. For those with higher qualification ESC recommends that **personal education accounts are opened which would accumulate resources** (funds, classes, etc.) from a variety of sources – state, employer, employee for training and career development in accordance with a specifically designed mechanism, the operation of which will be regulated by special legislation.
22. ESC draws attention to the necessity for planned **university admission rates** to be consistent with the current and future needs of the types of qualification needed on the labour market and for curricula to be regularly updated according to the needs of businesses and in line with modern teaching methods. It is also necessary to continue the development of the rating system **in the system of higher education** as well as effectively utilise its results in planning university admission rates, the introduction of new programmes, teacher training, funding, in the accreditation of institutions providing higher education, etc.
23. ESC recommends the development and implementation of a **system of scholarships and vouchers for talented students** and to encourage the state and businesses to cooperate in joint activities for ensuring the employability of young PhD students and early-stage researchers. The system of scholarships and vouchers should be implemented both at the national and the regional level by creating and encouraging the development of the so called "**regional clusters of knowledge**".
24. ESC also calls for **encouraging innovation and private investment in research and development** by creating tax incentives for proven benefits; modernising **the research facilities** of higher education institutions; creating **scholarships for young scientists and researchers**; promoting the inclusion of **students in university research projects** and their early involvement in teaching and research.
25. ESC appeals for the enactment of extensive legislative regulation and development of practices and a culture of effective **internships and practical training in the workplace, including apprenticeship**. More consistency and creativity is needed in making policies at the national level providing internships and employment for young people. Apprenticeship contracts, which must be regulated by the Labour Code, should stipulate a specific length, shape and location of the training, the rights and obligations of the trainee and as well as the remuneration for the period of apprenticeship. ESC believes that apprenticeships should not last less than 3 and more than 12 months, the monthly remuneration should be not less than the minimum monthly salary for the country. Financial support for young people through training programs in the workplace, apprenticeship schemes is indispensable, since many of them drop out or leave school early only to work and support themselves and their families.
26. ESC calls for more **publicity and recognition of the achievements of organisations, initiatives and projects with good results** concerning measures for tackling youth unemployment, prevention and reverse integration of young dropouts, activation of young NEETs, etc. The dissemination of best practices and examples achieved at the regional and the national level can have a beneficial influence on the current participants in youth initiatives and attract future ones.

27. Youth unemployment is the main cause for the emigration of many young people. ESC believes that Europe has a lesser need for labour migration of young people than of **employment and educational exchange**. This means that young people can take maximum advantage of the training opportunities in their chosen field and even to work in other EU Member States, and then return to their country and share/implement what they have learned. Such a model can contribute to the rise of the European integration model to a whole new dimension.
28. ESC draws attention to the need for **reducing the administrative (bureaucratic) burden** associated with **subsidising employers to hire young people and trainees in order to achieve the desired sustainable positive effect on employment**. The acceleration of online administrative services and the extension of their scope will contribute to increasing the number of employed young people. ESC supports all efforts made to reduce administrative burdens and improve the business climate in the country, and this support has been expressed in a special ESC Resolution on this issue.<sup>7</sup>
29. ESC welcomes first **changes in the National Employment Action Plan for Employment (NEAP), designed to assist employers who hire unemployed young people with higher and secondary education**, despite the lack of work experience.<sup>8</sup> The Resolution of the Council of Ministers provides that the state should assume 30% of the social security contributions for the employed young persons during the first six months, 50% – during the following six months, and a maximum of 75% during the period from the twelfth to the eighteenth month. ESC emphasises that for this measure to be successful it is necessary for the social security payments (if the aid is realised through the reimbursement of already made payments) to be remitted on time, without delay, and also to avoid as much as possible any administrative complications the scheme may cause to the employment relations between the employers and the young employees. The delay of these funds impedes the normal operation of enterprises and discourages them from hiring (and training) young people. ESC believes that it is necessary to maintain and, if possible, even increase the payments to the members of the permanent staff serving in addition as "mentors" to young employees.
30. Given that **people with specific abilities** are a target group at risk, ESC holds that specific rules should be developed by which to seek lasting solutions to the problems of unemployment among people with disabilities, aimed mainly at:
- **increasing the employability and employment of registered unemployed young people with disabilities** as a precondition for overcoming social isolation and facilitating their complete integration into society;
  - **encouraging employers to hire unemployed young people with disabilities by providing accessible and suitable jobs.**
31. According to ESC, **the state should be involved in the implementation of active youth policies not so much as an "employer" of young people** (e.g. within the programme "Career Start") **but as a facilitator/mediator in the relationship between unemployed young people, training institutions and employers in the real economy**. The very formation and implementation of the policies must be carried out in close cooperation with the social partners and civil society. The scale of the scheme implies improving the dialogue

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<sup>7</sup> ESC Resolution: "Improving the Business Environment in Bulgaria through Better Regulation", ESC/3/011/2013.

<sup>8</sup> Decision of the Council of Ministers №539 of 9 December 2013. for Alteration and Amendment of the National Action Plan for Employment 2013, adopted by resolution under section 43, Minutes № 47 of the meeting Council of Ministers held on 19 December 2012, as amended by Decision № 224 of the Council of Ministers of 2013

between all stakeholders, including institutions (educational establishments), social partners and young people themselves.

32. ESC calls for **improving the dialogue of public institutions working in the field of employment** with private employers, assessing their needs and informing them about additional employment opportunities for vulnerable persons who seek employment in order to ensure fast transition between occupations.
33. A key aspect of the implementation of measures for young people is the role of **the National Employment Agency** which should be reformed so as to offer a **new kind of comprehensive individual services to facilitate transitions between occupations**. For the successful operation of this administrative infrastructure adequate and accessible financing for the implementation of youth policies should be provided, including ensuring financial incentives for employees of the agency who will be burdened with new operations and obligations in connection with the implementation of the safeguards for young people.
34. ESC calls for providing **specialised services to unemployed young people through the creation of special branches in the system of the National Employment Agency, the so called "youth desks"** in the 10 cities with the highest rate of young population and high unemployment rates.
35. ESC recommends **that the Regional Directorate of Employment** should organise free-access public lectures, explaining the opportunities to seek employment (such as preparing resumes and cover letters, preparing for job interviews, the specific features and characteristics of the labour market, etc.), the opportunities for entrepreneurship (existing business alternatives, how to start a business, how to build your own company, etc.). ESC maintains that such lectures should not only be given by guest speakers, but also by representatives of employer organisations and trade unions in the country.
36. ESC emphasises the importance of **legislative changes to ensure more security for unemployed young people, such as:**
  - legislative regulation of **social assistance for unemployed young people for a period of four months of no more than 50% of the minimal salary**, which should be granted if after the expiration of the fourth month following the completion of their education young people have not found a first job or are not included in an internship or other target programmes and measures for young people. A necessary condition for the entitlement to social assistance of such young people should be their inclusion in appropriate forms of further education and training by providing targeted measures and incentives, including financial to encourage employers to hire them for a "first job."
  - introducing a **Specific regime for the accrual of social security entitlements and access to unemployment benefits** for persons employed outside of the usual full-time employment contracts (seasonal workers, homeworkers, part-time workers, and the like);
  - finding regulatory solution for **the payment of part of the unemployment benefits** in case of transition from unemployment to employment of persons who have increased their skills and/or found new employment within the period of compensation on their own initiative.
37. ESC calls for developing policies and implementing practices **for reconciling work and family life of young people** by:
  - using flexible schedules in the distribution of working time, functional flexibility through reallocation of job duties;
  - adopting and ensuring conditions for homeworking or teleworking for young people, where the nature of work permits;



- encouraging the creation of cooperatives for parental childcare of young working parents;
  - providing opportunities for mothers with children under 3 years of age who work or study to use a voucher for domestic helpers for children and/or domestic services at home;
  - helping young families who have lost their jobs (due to redundancy cuts) but have to repay mortgage credits by undertaking guarantee for their obligations and negotiating a deferred repayment scheme.
38. ESC welcomes the Bill for Amendment and Alteration of the Youth Act which confirms the role of youth organizations in the formation and implementation of youth policies in the country. The Bill provides more opportunities for municipalities to initiate and self-manage services for youth development at the regional level. This will provide an opportunity to adequately and concretely face the risks and challenges at the regional level.
39. ESC calls for promoting **volunteer work** among young people as a force for personal development, mobility, learning, experience, education in the spirit of social cohesion, solidarity between generations and the formation of citizenship. In this connection, ESC recommends the development of **an overall Concept of Volunteer Work**, specifying its mode of implementation, the legal regulation of the status of the volunteer, voluntary organisations, volunteering and voluntary services.
40. According to ESC, ensuring the successful implementation of youth policies depends mainly on **political goodwill to implement necessary reforms and expand the capacity of businesses to create employment opportunities**. The dialogue between the social partners, civil society and the institutions is crucial for the adoption of active and successful measures by which to achieve real reductions in youth unemployment. ESC recommends to the **Bulgarian government to hold consultations with the social partners and civil society and speed up the process of the adoption of a National Youth Guarantee Implementation Plan, which should adequately correspond to the National Employment Action Plan**.
41. ESC emphasises that besides social and civil dialogue in the discussion of youth policies and the National Youth Guarantee Implementation Plan is crucial for **youth organisations in the country**. They are showing considerable innovative potential and may have a significant contribution in the drafting of the Plan – for example in determining the communication channels to inform young people, additional measures for ensuring guarantees, the expansion of dialogue with NGOs, etc.

## II. INTRODUCTION

1. At the time of the most serious economic crisis in decades, the European Union faces a new serious **challenge – an avalanche-like increase in youth unemployment**. During periods of sustained economic development it is considered normal for the rate of unemployed young people to be higher than the overall unemployment rate. It becomes clear, however, that in many Member States youth unemployment exceeds two, and in some of them and three times the rate of total unemployment. This difficult situation was aggravated further by **the increasing proportion of young people in the group of the NEETs** while in Europe a commentator started speaking about the risk of a "lost generation." Political commitment and innovative approaches are essential instruments for discontinuing the downward trend of employment in general, including that of young people.
2. Once the problem of youth unemployment was identified as a priority at the level of the European Union, **The European Commission launched a series of initiatives** through which young people were given the chance to integrate into the labour market and in society

as a whole. In the month of December 2012 the Commission presented its Communication "Moving Youth into Employment"<sup>9</sup> called a "**Youth Employment Package.**" It is a continuation of the consistent efforts of the European institutions to combat youth unemployment and is in addition to the "Youth on the move" part of the Europe 2020 Strategy and the initiative "Youth Opportunities" that were presented in the end of 2011.

3. A central place in the package for youth employment was given to the creation of a "**Youth Guarantee**" in each Member State of the European Union which at the time was lacking such an initiative. At the same time the process of defining and implementing measures under the "guarantee" will be monitored and evaluated in the context of the European Semester.
4. In this resolution ESC provides an **overview of youth policies at the EU level and their implementation in Bulgaria** seeking to outline the specific problems and to propose measures for their overcoming. It is a logical continuation of ESC's work aimed at improving youth policies, which includes combating early school leaving, the increasing youth employment, improving education, etc.
5. According to ESC, one of the main challenges facing young people in Bulgaria is related to their **educational and the level of their qualification**. Despite the measures taken by past governments, the growth rate of the share of people with higher and secondary education in Bulgaria is lagging behind the set strategic objectives. According to the National Statistical Institute, the proportion of young people aged 15-29 with secondary education is the highest (47.5%), followed by those with primary education (29.5%) and those with higher education (14.9%) . On the other hand, there is a decrease in the number of young people engaged in vocational education and training, which in 2010/2011 г. year was about 383 thousand. A major challenge is the target group with primary or lower education (8.2%).
6. In the majority of cases **the lower educational degree** is a result of leaving the educational system before completing secondary education. In its analyses ESC defines the main implications of **early school failure and early school leaving** in Bulgaria – the more serious of which are:
  - low qualification limiting the capacity to retain employment (in the long term);
  - reduced opportunities for reaching the required criteria (age and experience) for retirement;
  - increased risk of long periods of unemployment, a significant risk of poverty and social exclusion;
  - lack of insurance for major social security risks;
  - reproduction of early dropout and poor education in the children of uneducated parents;
  - strong dependence on the state – social security benefits become the main source of income (subsistence);
  - forced participation in the informal sector – informal employment, participation in criminal activity, deterioration of social values, etc.
7. The high percentage of **early school leavers** reinforces the fact that at present the education system in most cases potentially generates long-term unemployed people. This requires rethinking the use of financial incentives for the continuation and completion of education, and predicating it predominantly on learning outcomes. Study of early school failure and

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<sup>9</sup> Communication of the Commission "Moving Youth into Employment", Brussels, 5 December 2012, COM (2012) 727 final.

early school leaving will increasingly depend on the access to reliable information on both the number and the reasons for dropping out. Support is needed for **"second chance" initiatives** which should facilitate the acquisition of basic knowledge and skills by those who leave school too early, never attended school or unemployed persons who want to resume training or complete their education.

8. Special attention should be paid to the **level of literacy and knowledge of the Bulgarian language as well as foreign languages** – which is one of the priorities identified by the Communication of the Commission "Rethinking Education". According to the Eurobarometer report of June 2012,<sup>10</sup> 48% of Bulgarians stated that they can converse in a foreign language, while the EU-27 average is 54%. 19% of Bulgarians stated that they can converse in two foreign languages (EU average 25%), and only 4% can converse in three foreign languages (EU average 10%). ESC notes that following the changes in the educational system introduced in the beginning of the new millennium, foreign language learning at school begins at an early age (8-9 years), which will gradually help to improve the above data, albeit with a certain time lag. Foreign language training is a key factor for the employability and mobility of Bulgarians within the EU.
9. ESC calls for particular attention to **reducing the number of long-term unemployed young people registered with the Employment Office for more than 1 year**. The latest data of the National Statistical Institute show that about 35% of all unemployed in Bulgaria are long-term unemployed (persons who have been out of work for a period of over two years).<sup>11</sup> For this group, the risk of discouraging is the highest and therefore the need for positive policies is the most acute. ESC recommends that special social security relief for employers willing to hire long-term unemployed young people should be used alongside the standard employment subsidies.
10. In providing education and training prospects there are still gaps in the professional guidance information. There is also weak coordination between the responsible institutions, the providers and users of professional guidance services, and a shortage of qualified professionals to provide career guidance (especially in secondary education).
11. An important element in strengthening the social integration of **marginalised young people from different social groups** is the organisation of public initiatives and events targeted on them. Building and strengthening the sense of belonging to society is can counterpoise the limitations that individuals impose on themselves as a result of their own isolation. A good example of such initiatives is the "open-door" initiatives of government institutions, entertainment and educational activities for youth groups with specific problems, promoting a more positive and more popular image of volunteering, the expansion of the types of voluntary initiatives, etc.
12. **The possession of skills and qualifications that do not meet the requirements of the labour market** together with the insufficient vacancies continue to impose limitations on the employment of young people in the country. ESC has repeatedly alerted to the mismatch in supply and demand of skilled professionals, which is attested by the fact that despite the high unemployment rate in the midst of the crisis (and now) a large number of jobs remain vacant due to lack of skilled professionals.
13. There is no practice of composing and updating **curricula and textbooks** together with the social partners in order to help them meet the requirements of the new jobs, particularly

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<sup>10</sup> Special Eurobarometer 386: "Europeans and their Languages", Report, Fieldwork: February - March 2012, Publication: June 2012.

<sup>11</sup> Data provided by the National Statistical Institute, Labour Force Survey for the first quarter of 2013

those are to be created in services, transport, tourism, supply of goods, education and the healthcare system.

14. Some of the main **challenges to the realisation of young people in the labour market** is related to: inadequate preparation for the transition from the educational system to the labour market; lack of tradition and culture for creating jobs for young people and promoting entrepreneurship; limited investment by employers in lifelong learning and career development; difficulties in finding work, even for well-educated young men, reconciliation of work and family life, etc.
15. Taking into account the low employment rate of young people aged 15-24 with primary or lower education in Bulgaria – 4.4% as reported by Eurostat LFS, ESC considers that it is not sufficiently cost-effective to spend public funds to provide short-term subsidised employment to this group. ESC believes that for this group it is necessary for active measures to be preceded by providing opportunities for the completion of a higher educational level and acquisition of basic competences, in demand on the labour market, such as: competence in at least one foreign language, computer and basic software skills, team-working skills, good communication skills, etc. After increasing the educational level and the employability of young persons, it is of paramount importance to help them gain practical experience, to obtain their first employment contract, including through subsidised employment.
16. The "dual system" which combines education at school with education in an enterprise proved very useful for young people in many European countries such as Austria, Denmark, Germany and Switzerland. In these countries the low levels of youth unemployment is often due to the effectiveness of this system which provides successfully good quality education to a large number of young people.
17. Very often young people feel **difficulties in accessing the healthcare system** during the period between completing a level of education and advancing to the next level, provided they do not register as unemployed or do not start working.
18. **A large share of young people are at risk of poverty and social exclusion.** For example, the inability to obtain unemployment benefits due to the lack of sufficient accumulated labour and social security periods creates a real risk of falling into poverty. The inability to find a job or adequate remuneration discourages many of these people to start a family while they are still in fertile age. Another challenge is encouraging Bulgarian families to have more than one child (60% of households in Bulgaria). For a large part of **young families** buying their first home is impossible because of their insufficient income and the high interest rates on bank loans. Some of them are experiencing difficulties even to meet household expenses, to access energy efficiency schemes, etc. Very often, these problems lead to restricting contacts, and over a longer period to social exclusion and marginalisation.
19. Despite the willingness of young people to participate in voluntary campaigns increased in recent years, the majority of young people do not recognise the value of **volunteering**. A serious problem in Bulgaria is the lack of legislative protection of the rights of young volunteers, particularly minors – there is no clear legal status and regulation of voluntary work, nor is there any mechanism for recognition of competences acquired in a particular area.

### III. TACKLING YOUTH UNEMPLOYMENT IN THE EUROPEAN CONTEXT

1. The European Union adopted the Europe 2020 Strategy<sup>12</sup> which aims at achieving "smart, sustainable and inclusive growth" and includes seven flagship initiatives. With the "Youth on the Move" initiative the European Union expressed its commitment to improving education systems and to facilitate the entry of young people into the labour market.
2. In the end of 2011 the Commission published the **Communication "Youth Opportunities"**<sup>13</sup> in which it warns of the so called "lost generation" – the growing numbers of unemployed young people in the EU. The initiative aims to encourage Member States to undertake measures for creating/increasing youth employment.
3. On 5 December 2012 European Commission published a Communication **"Moving Youth into Employment"**("Youth Employment Package"),<sup>14</sup> outlining actions – at the European and at the national level – to implement the initiative "Youth Opportunities" as well as 28 data sheets for individual countries. The Commission presented its official recommendation to the Council of the European Union (the Council) for establishing **"Youth Guarantee"**: "Youth Guarantee should be implemented through a comprehensive and unified scheme which should ensure that young people receive good job offers, continuing education, apprenticeship or training within four months of leaving school or unemployed."<sup>15</sup>
4. Alongside **"Youth Guarantee"** in the **Youth Employment Package** the Commission also proposes that:
  - Member States should establish a deeper partnership with both the social partners and all other stakeholders – a measure supported by the argument that it can be achieved even without additional funding;
  - The earliest possible inclusion of young people should be ensured by employment services and the equal access to such services should be guaranteed to everyone;
  - Labour market integration should be improved;
  - Member States should benefit more from the European Social Fund (ESF).
5. The **"Annual Growth Survey"** (AGS-2013) was published in the end of 2012 and launched the **European semester 2013**. The Communication highlighted that the implementation of the "Youth Guarantee" is the essential element of the policy of Member States, including Bulgaria. Even at this early stage ESC participated in the European Semester and adopted a **Resolution on the Annual Growth Survey – 2013**<sup>16</sup> in which it recommended that youth policies should be reflected in one of the main targets of the Europe 2020 Strategy and proposed the formulation of an additional sub-target of employment related to the levels of youth employment and unemployment. Moreover, ESC joined the recommendation of the European Economic and Social Committee (EESC)<sup>17</sup>**for increasing the amount of funds allocated to combat youth unemployment – 3 billion Euros from the EIB and 3 billion Euros from the ESF.**

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<sup>12</sup> Communication of the Commission "Europe 2020 "A Strategy for Smart, Sustainable and Inclusive Growth," Brussels, 3 March 2010, COM (2010) 2020 final.

<sup>13</sup> Communication of the Commission: "Youth Opportunities," Brussels, 20 December 2011, COM (2011) 933 final.

<sup>14</sup> Communication of the Commission: "Moving Youth into Employment," Brussels, 5 December 2012, COM (2012) 727 final.

<sup>15</sup> Communication of the Commission "Moving Youth into Employment," Brussels, 5 December 2012, COM (2012) 727 final.

<sup>16</sup> ESC Resolution on "Communication from the Commission - Annual Growth Survey 2013on"ESC/3/007/2013

<sup>17</sup> EESC Opinion /22.05.2013

6. ESC is satisfied that the European Council of 7-8 January 2013 adopted the **"Youth Employment Initiative" proposed by the Commission** <sup>18</sup>with a budget of **6 billion Euros for the first two years of the new reference period designed to help young people in the EU** especially in regions where youth unemployment is above 25%. The allocation of the resources completely during the first two years, and not over the whole programming period 2014-2020, will ensure more flexibility for Member States at the stage of preparation of national plans for implementing policies within the youth employment initiative.
7. On 22 April 2013 the Council adopted **its Recommendation "Creating a Youth Guarantee."**<sup>19</sup> The document provides that Member States should "ensure that all young people under 25 receive good job offers, continuing education, apprenticeship or training within four months of becoming unemployed or leaving the formal education system." Attention is drawn also that in developing national schemes the regional and local characteristics, the diversity of young people, etc. should be taken into account.
8. In its Communication, **entitled "Working together for Europe's young people – A call to action on youth unemployment,"**<sup>20</sup> the Commission calls for urgent measures to tackle youth unemployment, including:
  - application of the so-called. "Youth Guarantee";
  - Investing in young people through the European Social Fund;
  - start-up action on the initiative for youth employment;
  - support for labour mobility within the EU through EURES;
  - steps to facilitate the transition from education to work by stimulating the supply of high quality professional practical experience (apprenticeship) and internships and address the shortage of skilled labour;
  - accelerating reforms to achieve a real labour market in the EU in the long term measures to support job creation in the short term – especially by SMEs and incentives for hiring young people.
9. Furthermore, the European Commission confirmed **that the progress in the introduction of youth guarantees in Member States will be monitored within the framework of the European Semester** – A decision which once again underlines the importance that European institutions ascribe to tackling youth unemployment.
10. <sup>21</sup>By the Specific Recommendations to the Republic of Bulgaria, published on 29 May 2013, the Commission and the Council advised the country **"to accelerate the national initiative for youth employment, for example through schemes under "Youth Guarantee"**. This recommendation was also made to Bulgaria during the previous European Semester and is included in some of the last acts of the ESC. In its Resolution on the Specific Recommendations to the Republic of Bulgaria, adopted in June 2013, ESC calls

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<sup>18</sup> Communication of the Commission: "Youth Employment Initiative" COM (2013) 144 final.

<sup>19</sup> Recommendation of the Council: "Creating a Youth Guarantee" 22/04/2013 (2013/C 120/01).

<sup>20</sup> Communication of the Commission: "Working together for Europe's young people – A call to action on youth unemployment", COM (2013) 447 final.

<sup>21</sup> European Commission: Recommendation for a Council Recommendation on the National Reform Programme of Bulgaria 2013 and for a Council opinion on the Convergence Programme of Bulgaria for the period 2012-2016, Brussels, 29 May 2013, COM (2013) 352 final.

for accelerated implementation of the proposed measures under "Youth Guarantee" and their subsidising with EU funds.<sup>22</sup>

11. In this context, ESC developed and adopted an **opinion on "Priorities and Policies for the Absorption of EU funds in Bulgaria within 2014-2020"**<sup>23</sup> which makes specific recommendations and proposals relating to the funding of youth policies. ESC supports investments in education and youth infrastructure with a view to improving access to quality education and youth services, with an emphasis on less developed regions of the country due to their direct relationship to the economic and spiritual development of the nation.

#### **IV. MEASURES FOR SUCCESSFUL IMPLEMENTATION OF "YOUTH GUARANTEE" IN BULGARIA**

1. **The International Labour Organisation (ILO) defines "Youth Guarantee" as a concept offering the right to employment, education or training to a particular group of young people and puts the public employment service or other public authorities under the obligation to provide services and/or render performance under programmes within a specified period.**<sup>24</sup> Unlike typical active measures in the labour market, the youth guarantee provides to all young people the right to participate under specific measures as long as they meet previously formulated criteria.
2. ESC views positively the continuous and dedicated efforts of European institutions to improve young people's access to the labour market and increase their overall quality of life. After the initial stipulation and justification of "Youth Guarantee," to date the three main EU institutions (the European Commission, the European Parliament and the Council) supported the initiative, but its implementation remains a commitment that should be performed exclusively on the national level. This should be done in a way that corresponds most closely to the economic situation and the social conditions in the relevant Member State.
3. Taking into account the aggravating problems facing young people in Bulgaria with respect to their realisation in the labour market, the cautious forecasts for economic growth, as well as the recommendations of the Council on the National Reform Programme of Bulgaria (2012-2016, the), ESC welcomes the recommendation of the Council for establishing **youth guarantee in Bulgaria** and the initiatives of the Bulgarian government for the preparation of the **National Action Plan** under the scheme.
4. ESC believes that guarantee schemes for young people are necessary for **achieving the three objectives of the Europe 2020 Strategy**, namely:
  - employment for 75% of people aged between 20 and 64;
  - reducing the rate of early school leavers to less than 10%;
  - 20 million less poor persons or persons at risk of poverty and social exclusion.
5. ESC draws attention to the recommendation of the Council that the "Youth Guarantee" should be provided to young people in their registration at the employment agency, while

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<sup>22</sup> ESC Resolution on the "Council Recommendation on the National Reform Programme of Bulgaria 2013." and for presenting ESC Opinion on the "Council Recommendation on the Convergence Programme of Bulgaria 2012-2016." (SWD(2013) 352 final)", ESC/3/012/2013

<sup>23</sup> ESC Opinion: "Priorities and Policies for the Absorption of EU Funds in Bulgaria within 2014-2020" ESC/3/010/2013.

<sup>24</sup> ILO, Youth guarantees: A response to the youth employment crisis?

[http://www.ilo.org/wcmsp5/groups/public/---ed\\_emp/documents/publication/wcms\\_209468.pdf](http://www.ilo.org/wcmsp5/groups/public/---ed_emp/documents/publication/wcms_209468.pdf)

for NEETs who are not registered in such an agency, Member States should define a reference point for its provision within the same term of four months."<sup>25</sup>

6. ESC emphasises that the **main tasks/functions of the "Youth Guarantee"** are to ensure the transition, crucial for every young person, from education and training to employment, and minimise the length of time that young people spend as unemployed or discouraged workers in the labour market.
7. Given the specific conditions for Bulgaria, which should apply to youth policies, the ESC recommends that the proposals for education, training, employment, internship or apprenticeship, directed to young people, should be tailored primarily to the needs of the individual, his or her family and financial situation, the extent of his or her current education, etc. Moreover, they need to be tailored to regional specificities, employment opportunities, training or further education in the field/sector of economic life that is crucial for the development of the region.
8. According to ESC, **the "Youth Guarantee" scheme should include the support measures<sup>26</sup> identified by the Council**, namely: building a partnering approach, early intervention and activation measures for young people, measures facilitating the integration of young people into the labour market, the use of EU structural funds, evaluation and continuous improvement of the scheme and its implementation as soon as possible.
9. ESC stresses the importance **to clarify in advance the possible difficulties in the provision of "Youth Guarantee" in Bulgaria**. For example, how within four months of leaving school (or work) to ensure an invitation to the acquisition of work experience, education or training to young people who are not registered in the state employment agencies. Another difficulty may be related to the duration of the guarantee – if the six-month internship, for example, does not lead to subsequent employment for the respective young person, can he or she be included again in the programme, etc. The answers to these questions should be clearly structured and should find their place in the developed implementation plan for the initiative. In this regard, ESC calls for urgent legislative changes to ensure information and legal support for the policies and measures for the successful implementation of the "Youth Guarantee" in Bulgaria, including:
  - introducing additional requirements to identify the place of work (code according to the Unified Classifier of the Administrative-Territorial and Territorial units) of employees as a key element of the employment/service contract;
  - obligations to digitise data about the educational and training status of citizens by the schools and VTC for education and training programmes funded with public funds;
  - integrating the information systems of the Ministry of Education and Science and the Ministry of Labour and Social Policy and providing real-time access to the Employment Agency, the National Revenue Agency, the General Labour Inspectorate and other institutions;
  - registration of school leavers and personal identification of the so called "discouraged persons" aged 15-24 and 25-29.
10. ESC supports the thesis of the EESC **to "raise the age limit of people who can benefit from the "Youth Guarantee" to 30 years of age** to allow access to it by young people who leave later university or are in transition between training and employment."<sup>27</sup> To avoid the excessive reduction of funds spent on each young person, provided that the scope of the

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<sup>25</sup> Recommendation of the Council: "Creating a Youth Guarantee" 22/04/2013 (2013/C 120/01), p. 3.

<sup>26</sup> Ibid.

<sup>27</sup> Opinion of the European Economic and Social Committee. SOC/485 "Youth Guarantee," Brussels, 22 May 2013.



measures is extended to include young people aged 25-29, ESC recommends that this option should be made especially for regions with levels of youth unemployment above 30%. It should be emphasised that the transition from education to employment and from employment to employment continue after the age of 24, especially in regions with shocking levels of youth unemployment. **Extending the scope of the guarantee will undoubtedly require more funding, but once the infrastructure is put in place, the results will become much more tangible and lasting.**

11. One of the most important achievements of the "Youth Guarantee" is highlighting the importance of **workplace learning, internships and apprenticeships a springboard for improving the employability of young people and greatly facilitating the transition from education to employment.** Benefits of various apprenticeship schemes (or "professional internships") contribute significantly to reducing youth unemployment. They contribute to the improvement of the labour market at its various levels:
  - It simplifies the transition from education to employment for young people who are traditionally one of the most vulnerable groups in the labour market;
  - Quality professionals are provided for sectors which are in need for them;
  - The workforce in the country is rejuvenated;
  - Properly proposed schemes for apprenticeship and internship, proposed by companies operating on the free market, can contribute to reducing regional disparities in employment;
  - The organisation and participation in internships and apprenticeship contribute to the development of the specialisation/profession, career prospects and in the long run also to an increase in income.
12. Taking into account the position of the Council that "measures taken within the "Youth Guarantee" scheme, aimed at increasing the skills and competences, helping to bridge the existing gaps in supply and demand and meet the demand for labour," ESC recommends **that a crucial step in reforming education should be the dialogue with employers' organisations.** Data from the "Youth Report 2010-2012" show low numbers of young people who have participated in internships and apprenticeships provided by the private sector through the intermediary of public authorities. This gives reason to believe that **the social dialogue in this direction can be developed further.**
13. For a number of reasons, including lack of knowledge of labour and social security rights, low competence and qualifications, dire need for financial means, etc., many young people agree to work under unfair working conditions, without a contract or under part-time schemes. In this regard, ESC welcomes the efforts of the European institutions to **ensure the security and quality of the internships and jobs for young people.**
14. ESC supports the idea of the Commission that each Member State should have a **"pool of new projects to help young people to find a good job, apprenticeship or education"**. Such "reinsurance" may be useful for Bulgaria in the context of the full absorption of EU funds to which the state is entitled.
15. ESC notes that in some countries, including EU Member States that have implemented youth guarantees, subsidised employment, apprenticeship schemes have become traps for youth employment. Young people find it difficult to make the transition from "ancillary" to full employment. In this regard, in order to avoid abuse of the employment of young people and the funding from the state budget and European funds, ESC recommends assigning monitoring functions both to the responsible government bodies and to trade unions,

employers and civil structures. In order to avoid subjectivism, **such monitoring functions** should be based on clear statistics and on the results of targeted sociological surveys.

16. According to the data of the European Commission, in Member States the level of government expenditure on young people from the NEET group in relative terms (as a percentage of GDP) is the highest in Bulgaria and Greece (respectively 3.3% and 3.28%)<sup>28</sup>. ESC raises awareness about the urgent need for the establishment of "**Youth Guarantee**" in Bulgaria. The state makes increasing expenditure on continuing/supplementary education for young people, including a people with low level of education and training, for retraining, on active measures in the labour market, on social assistance, etc. At the same time, because of youth unemployment **the state loses revenue and fails to realise its growth potential**. For every young person who is out of employment, the state loses potential revenue from social security contributions, payments of taxes on potential business, or indirect taxes on consumption, and this is another important reason for the urgent implementation in Bulgaria of **the "Youth Guarantee."**

(signed)

**Prof. Lalko Dulevski, Ph.D**

**PRESIDENT OF THE ECONOMIC AND SOCIAL COUNCIL**

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<sup>28</sup> Staff Working Document of the Commission accompanying the Proposal for a Council Recommendation on the establishment of the Youth Guarantee, 5 December 2012 (SWD(2012) 409 final).