



Republic of Bulgaria
ECONOMIC
AND SOCIAL COUNCIL

OPINION

on:

**"THE EUROPEAN ACTION PLAN TO IMPLEMENT THE EUROPEAN
PILLAR OF SOCIAL RIGHTS"**

(own-initiative opinion)

Sofia, 2021

The Action plan of the Economic and Social Council (ESC) for 2021 includes the preparation of an own-initiative opinion on the European Action Plan to implement the European Pillar of Social Rights.

The elaboration of the opinion was assigned to the Social Policy Commission as leading body and the European Policies and the European Process Commission as supporting body. Asia Goneva - a member of ESC from group II, and Prof. Dr. Lalko Dulevski - member of ESC from group III were appointed rapporteurs.

At a joint meeting on 12 July 2021 of the Social Policy Commission and the European Policies and the European Process Commission, the draft opinion was discussed and adopted for submission to the Plenary Session of the ESC.

At its eighth session of the Plenary Session, the Economic and Social Council adopted this opinion.

ABBREVIATIONS USED

MS - Member States

EASE - Commission Recommendation on Effective Active Support to Employment

EESC - European Economic and Social Committee

EC - European Commission

EAP - European Action Plan

EPSRAP - European Pillar of Social Rights Action Plan

ESIF - European Structural and Investment Funds

EU - European Union

EPSR - European Pillar of Social Rights

EA - Economic activities

ESC - Economic and Social Council

Er - Employment rate

CLA - Collective Labour Agreement

MRR - Mechanism for Recovery and Resilience

MW - Minimum wage

SMEs - Small and medium-sized enterprises

NPRR - National Plan for Recovery and Resilience

NEAP - National Employment Action Plan

NRP - National Reform Programme

STEM - Science, Technology, Engineering and Mathematics

UN - United Nations

CSS - Civil Society Structures

SP - Social partners

CSR - Country-specific recommendations

LLL - Lifelong learning

PHRD - Programme "Human Resources Development"

SDG - Sustainable Development Goals

1. CONCLUSIONS AND RECOMMENDATIONS

1.1. ESC welcomes the European Pillar of Social Rights Action Plan and shares the vision of the European Commission and the European leaders that it creates objective prerequisites for significant progress towards a Social Europe through qualitative improvement of the minimum norms for social protection of citizens and workers, which will contribute to upward convergence and overcoming social and economic inequalities, which have acquired new dimensions as a result of the COVID-19 pandemic. ESC notes that social progress should be accompanied by sustainable economic growth and stimulating innovation.

1.2. ESC evaluates the Plan as an important document of the European Commission, which paves a common path for development and sets pan-European goals in three important areas - employment, skills and social protection. The document proposes a number of initiatives and tools to move towards a renewed Social Europe, in which coordinated national policies and measures must lead to accelerated upward convergence of working and living conditions, recovery from the severe health and economic crisis, and a transition unprecedented in nature and scope transition - socially just, green and digital.

1.3. ESC accepts the finding of the EC that the challenges on the way to a greener and more digitalised decade are similar in all MSs, although to varying degrees and welcomes the desire to develop "social regulations" to ensure solidarity between the generations, to create opportunities for all, to encourage entrepreneurs who care about their employees and workers, to promote the improvement of living and working conditions, to lead to investment in quality and inclusive education, training, skills and innovation, and to provide adequate social protection for all.

1.4. ESC supports the opinion of EESC that ensuring minimum social standards for every EU citizen is of paramount importance, that the well-being and fundamental rights of citizens should be a common social model, flexible enough to comply with national experiences and traditions, and to follow the values, principles and objectives of the Treaty¹, as well as the renewed commitments at the highest political level for the implementation of the Social Pillar². In addition, ESC supports the thesis that the implementation of EPSR requires the existence and implementation of a

¹ <https://eur-lex.europa.eu/legal-content/BG/TXT/?uri=LEGISSUM:4301855>

² The Porto Declaration, 8 May 2021.

balanced combination of binding and non-binding acts, as well as compliance with the Charter of Fundamental Rights³.

1.5. ESC finds that the Action Plan sets significant common goals, guidelines and tools, especially appreciating the expansion of the set of social indicators - 17 leading and 31 secondary indicators. Despite the presence of positive and encouraging aspects, ESC still notes that the document focuses on a limited set of objectives.

1.6. ESC considers that in the national plans for EPSR MSs are called to give more specific details to the EPSRAP and, in collaboration with the social partners and civic society organisations, to define specific national goals, tasks and criteria for progress under the 20 principles of the Pillar, incl. intermediate ones until 2025, following, of course, their specific national priorities and commitments under the NRP, the NPRR and the specific national recommendations of the European Semester.

1.7. ESC supports EESC's view that the inequalities that have deepened as a result of the pandemic, especially among workers, women, young people, migrants, etc., may continue to deepen if sustainable and competitive economies based on quality jobs and equal opportunity are not promoted, i.e. if social progress does not go hand in hand with sustainable economic growth.

1.8. ESC assesses the importance of achieving the overall goal of the EAP for more employment, but notes that it should be accompanied by measures for upward economic development and the creation of quality and secure jobs, i.e. to ensure that people are in a safe and healthy working environment, receive adequate, transparent and predictable remuneration (Directive (EU) 2019/1152 of the European Parliament and of the Council of 20 June 2019 on transparent and predictable working conditions in the European Union) and are not at risk of poverty. In this regard, ESC considers that the Directive on Minimum Wages and Collective Bargaining will be an important complementary tool to the EAP.

1.9. ESC agrees with the thesis of the Commission that the first challenge that needs to be overcome - poverty, is a challenge that requires joint effort so as to achieve upward convergence and reduce inequalities among workers and emphasizes the need to significantly reduce the share of the so-called “working poor”, as the EESC

³ 2016/C 202/02

puts it. To this end, more ambitious efforts should be made, both at European and national level, in line with the first UN SDGs under the 2030 Agenda.

1.9.1. ESC draws attention to the fact that in the EPSRAP the Commission is content to commit not to a legislative initiative - Guaranteed Minimum Income Directive, but to "soft law" - Recommendation. ESC believes that more ambitious concrete actions are needed to combat poverty, inequality, social exclusion and equal opportunities.

1.10. ESC welcomes the Commission's commitment as a key monitoring tool to serve the European Semester and the view that national recovery and resilience plans are a great opportunity to plan and finance such reforms, policies and measures that also support social recovery. A positive aspect of the Plan is that it reveals in full and in detail the possible European sources of funding. The commitment of the Commission to develop and provide a methodology for reporting on social spending under the MRR will encourage MSs to better take into account the impact of reforms and investments on the incomes of different groups and to increase transparency regarding the social impact of budgets and policies, as recommended in the Plan.

1.11. ESC supports the view expressed in its opinion on the "Partnership Agreement and its programmes for the programming period 2021-2027" adopted in May 2021 - that the policies and measures for the implementation of the European Action Plan for the EPSR at national level should be an integral element of all relevant strategic and national plans and programmes, as the mechanisms for their planning, management and monitoring contribute, incl. during the European Semester to achieve the parameters of the specific national goals and priorities for progress and convergence.

1.12. ESC appreciates the important role and responsibility that the Commission assigns to the social partners and admires the recommendation to make more efforts to support collective bargaining and to prevent a decrease in membership and participation of social partners in organisations. ESC endorses the EESC's call for the generation of appropriate monitoring indicators on these issues at European and national level, as well as for their commitment to be linked to support from dedicated funds for capacity building and joint action related to the implementation of the Plan, while preserving the independence of the social partners.

1.13. ESC recognises that the current political situation does not offer sufficiently favourable conditions for dynamic work on the National Plan for the EPSR of Bulgaria. However, it insists that the process of discussing and drawing up such a plan with the active participation of the social partners and civil society structures should be launched as soon as possible. ESC considers that the EPSRAP must take into account national challenges and specificities, as well as the measures proposed in the third part of this Opinion, and set specific objectives, measures and policies in the short and long term, incl. sources of funding.

2. CONTENT AND OBJECTIVES OF THE EUROPEAN ACTION PLAN TO IMPLEMENT THE EPSR

2.1. The EPSR Action Plan is a document of the European Commission, which paves the way and proposes a number of initiatives and tools for progress towards a renewed Social Europe, in which coordinated national policies and measures must lead to consistent and accelerated upward convergence of working conditions and life on the Old Continent. Its importance is indisputable, both in the context of the COVID-19 pandemic and in view of the need to make a qualitatively new leap in the development of Europe - recovery from the severe health, social and economic crisis.

2.2. The focus of the Action Plan is on: the well-being of European citizens, social progress, a dignified life, the promotion of innovative and competitive industrial ecosystems, enhanced support for SMEs and entrepreneurship, new and quality jobs, skills development, health and safety at work, fair pay and effective protection of vulnerable groups. As a result of the asymmetric impact of the corona crisis, the range of affected and vulnerable target groups has logically expanded - young people, women, migrants, low-paid workers, people with low education and limited skills, those working in atypical forms of employment and the self-employed in their status diversity.

2.3. The Action Plan is structured in three priority areas - employment, skills and social protection. ESC defines this conceptual framework of the Plan logically justified by the ongoing unfavourable political, social and economic processes in the European Union in recent years such as the emergence of centrifugal forces, divergence, deteriorating business environment, declining competitiveness in global

markets, shortage of skilled workers, social stratification and inequalities - both at European and regional level.

2.4. The Commission proposes three key objectives in the EPSRAP to be achieved by the end of the decade in the field of employment, skills and social protection, in line with the UN Sustainable Development Goals⁴. They must lead to overcoming and preventing poverty and reducing inequalities, increasing convergence of incomes and living standards in the EU:

2.4.1. At least 78% of persons aged 20-64 should be in employment.

2.4.2. At least 60% of all adults should participate in training every year.

2.4.3. The number of people at risk of poverty or social exclusion should be reduced by at least 15 million.

2.5. ESC welcomes the definition as the **first area of the Plan "More and better jobs"** and supports the thesis that the availability of quality jobs is essential for social inclusion and active participation in society.

2.6. ESC notes that the lack of quality measures in employment growth can lead to an increase in unprotected employment, instead of quality jobs needed by people and the economy. ESC believes that the quantitative approach to increasing employment should be upgraded by setting parameters for assessing the quality of jobs in order to balance flexibility to the levels of objectivity and especially to the needs of the economy and the individual.

2.7. ESC supports the attention that the EPSRAP pays to the role of SMEs in developing sustainable employment. ESC stresses the role of SMEs in the health and social care sector, whose growth potential is estimated at 8 million jobs over the next 10 years. Providing enhanced support for SMEs and entrepreneurship has the potential to contribute to overcoming economic and social challenges at national and European level.

2.8. The **second area, Skills and Equality**, reflects the Commission's conviction that the transition to a green and digital economy increases the need for continued investment in education and training systems and employability and participation in

⁴ United Nations, 21 October 2015, A / RES / 70/1 - Transforming the world: a 2030 agenda for sustainable development.

society. The goal by 2030 60% of adults to participate in training annually is ambitious and feasible for the European Union, incl. both additional indicators - at least 80% of the population aged 16-74 with basic digital skills and reducing the share of early school leavers. Undoubtedly, ambitious measures and policies in this area will contribute to economic and social progress, insofar as they will be able to play the role of an engine for achieving a prosperous green and digital economy.

2.9. The EPSRAP assesses the danger that the COVID-19 pandemic will increase barriers to quality education for disadvantaged children and youngsters due to the limited access to online learning and continuing education and training. ESC welcomes the ambitious task of the Plan to ensure the access of children, youngsters and adults alike to modern education and training, with the modernisation of the schools and vocational training centres themselves.

2.10. In order to achieve the objectives in the **areas of "More and better jobs"** and "Skills and equality", the Plan focuses on a number of instruments and initiatives at European level, which have their own European and national significance, such as: the Commission's recommendation for effective active employment support (EASE)⁵, the Council Recommendation on the framework for the quality of traineeships⁶, the Council Recommendation on VET for sustainable competitiveness, social justice and flexibility⁷, the European Instrument for Temporary Support to Mitigate the Unemployment Risks in Emergencies (SURE)⁸, the Wage Transparency Directive, the draft Minimum Wage Directive, the European Standard for Minimum Income Schemes Initiative, the Recommendation Council on access to social protection for workers and the self-employed, Recommendation on effective and active employment support, Working Time Directive, New Strategic Framework for Health and Safety at Work 2021-2027, Autonomous Framework Agreement on Digitalisation, The Directive on work-life balance, the Council Recommendation on high-quality early childhood education and care, the implementation of the Commission's legislative proposal on working conditions for platform workers, etc.

⁵ C (2021) 1372 of 4 March 2021

⁶ [https://eur-lex.europa.eu/legal-content/BG/TXT/PDF/?uri=CELEX:32014H0327\(01\)&from=EN](https://eur-lex.europa.eu/legal-content/BG/TXT/PDF/?uri=CELEX:32014H0327(01)&from=EN)

⁷ Council Recommendation (C 417/01) of 24 November 2020

⁸ Council Regulation (EU) 2020/672 of 19 May 2020

2.11. ESC shares the thesis in the EESC opinion⁹ that in order to achieve the second principle of "Gender Equality" of the EPSR, it is necessary to apply an approach of gender mainstreaming in all EU policies and strategies, including by emphasising on the equality in employment and pay. It should be noted that the EPSRAP lacks a goal for lifelong learning to be applied to the principle of "gender equality".

2.11.1. ESC notes that gender equality should be guaranteed in all aspects of economic and social life. Work-life balance is an integral element of equality that can be supported by early childhood care and education policies. In this aspect, ESC supports the initiative for a European guarantee for children¹⁰.

2.12. The **third area "Social Protection and Inclusion"**, according to ESC, is the most serious challenge in the European and national dimensions. The failure of the reduction in the risk of poverty or social exclusion set out in the Europe 2020 Strategy¹¹ is quite significant. The sustainability of the relative share of people at risk of poverty and social exclusion in the EU at around 17% over the last 5-6 years shows that achieving the overall goal of reducing this risk requires not only raising the levels of education and skills and employment, but also a wider range of measures.

2.13. The Plan rightly points out that poverty has been reduced in the EU over the last decade, but this has not had a significant impact on reducing inequalities. The COVID-19 pandemic further exacerbates existing inequalities, indicating possible gaps in the adequacy and scope of social protection, as outlined in the Plan. In this context, guidelines for an integrated approach and efforts to ensure equal opportunities to meet needs at all stages of life and to address the root causes of poverty and social exclusion are critical.

2.13.1. ESC shares the view of EESC that the EU should set minimum social standards in full compliance with the Charter of Fundamental Rights, and that the social partners and civil society organisations should be involved in this process of consultations and discussions both at EU level and at national level.

2.14. In the EPSRAP the Commission rightly emphasises the importance and role of minimum income schemes and the need to update the eligibility criteria and the level

⁹ SOC / 679-EESC-2021, adopted on 07.07. 2021

¹⁰ <https://ec.europa.eu/social/main.jsp?catId=1428&langId=en>

¹¹ COM (2010) 2020 final, adopted on 03.03.2010, Brussels.

of benefits. Undoubtedly, these are important tools for reducing poverty and inequality, ensuring equal opportunities and achieving upward convergence. For this purpose, according to ESC, ambitious and targeted measures and policies are needed.

2.15. ESC welcomes the initiative set out in the Plan to ensure social inclusion of children at risk of poverty by providing effective access to fundamental services such as health and education. Only by overcoming the social exclusion of children at risk of poverty can long-term and sustainable results for social and economic progress be achieved. ESC welcomes the Commission's proposals for an EU strategy on children's rights and a recommendation to create a guarantee for children, as well as the goal of lifting five million children out of poverty by 2030.

2.16. EPSRAP offers a structured action programme until 2030, which includes a variety of tools - from legally binding regulations (directives), through recommendations and strategies, to the development of joint reports, plans, packages and specific instruments.

2.16.1. ESC finds it necessary to note that in such a document the EC does not allow itself to set specific and detailed requirements and detailed instructions on what policies and instruments MSs should underpin the principles of the EPSR in their national plans. However, more decisive and bolder actions could be proposed to set and adhere to the necessary reforms, in accordance with all the principles of the EPSR and following the political consensus during the Social Summit in Porto.

2.17. With the Plan, the Commission proposes a new scope of the Social Scoreboard, which now covers 17 leading and 31 secondary indicators. However, there is an asymmetry in the coverage of the 20 principles of the EPSR with relevant monitoring indicators. For some elements of the Pillar there are no indicators, or they are partially covered with such, which may create preconditions for insufficient quality of monitoring at both European and national level and of the upward convergence within the European Semester.

2.18. The Action Plan with the necessary completeness and details reveals the possible European sources for financing the reforms, policies and measures, incl. their complementarity in the different directions and principles of the Pillar, which will facilitate the compilation of national plans. At the same time, ESC believes that a debate should be held at European level on the adequacy of the requirements

arising from the Stability and Growth Pact in view of the need for sufficient fiscal space for Member States to adequately respond to the implementation of the EPSR.

2.19. ESC stands in solidarity with the general agreement enshrined in the Porto Declaration¹² that “the application of the principles in the European Pillar of Social Rights will be essential to ensure the creation of more and better jobs for all in the context of inclusive recovery. Relevant legislative and non-legislative work at EU and Member State level should continue in this regard”. The actions for the implementation and monitoring of the EPSRAP belong to the Member States, but in order to achieve comparable results in the different regions, it is important to establish a clear framework for monitoring the results of the Plan within the European Semester.

2.20. In the context of the priority areas of employment and skills, with the EPSRAP the Commission also proposes a "Recommendation for effective and active employment support"¹³ which launches policies aimed at overcoming the effects of the corona crisis. It is recommended that Member States develop national coherent policy packages to support labour market transitions, combining temporary and permanent measures, based on the three components developed in the Recommendation:

2.20.1. Job placement initiatives and transitions, entrepreneurship support;

2.20.2. Opportunities and support measures for retraining and upgrading skills;

2.20.3. Increased support from the Employment Services in the transitions from one job to another.

2.21. ESC supports the approach adopted in the "Recommendation for effective and active employment support" linking urgent and lasting measures, giving a very good assessment of the requirements and coherent packages: to complement the country-specific recommendations in the field of employment in recent years two years; to be based on mapping the necessary skills and possible discrepancies by economic sectors and regions; to focus on the specific problems of green and digital transition.

2.22. ESC considers it important that Member States require EASE measures to be included in the NPRRs, as they are submitted to the Commission for support through

¹² On May 8, 2021 the members of the European Council adopted the Porto Declaration on Social Affairs.

¹³ The European Commission issued on March 4, 2021. Recommendation on "Active employment support"

the Mechanism for Recovery and Resilience. Under the conditions set out in the legal framework of the MRR, the assessment of compliance of such measures will depend, among other criteria, on whether they meet the scope and objectives of the mechanism, their contribution to addressing the challenges identified in the relevant CSRs and adopted by Council in the framework of the European Semester, and last but not least - their complementarity and coordination with other EU programmes and instruments, with a view to achieving full and optimal utilization of the support provided.

2.22.1. Member States should monitor and evaluate EASE measures, thus: implementing more evidence-based policies and initiatives; ensuring efficient use of resources and a positive return on investment; is reported within the existing framework of experience and progress in promoting employment and job transitions.

2.22.2. ESC believes that the implementation of the Plan requires the development of such regulations, policies and instruments that are subject to objective monitoring and will lead to effective implementation of the objectives. There are two criteria for effective implementation - achieving the national benchmark and upward convergence, with priority given to the convergence criterion, and the national criterion to support and ensure its accelerated achievement.

3. THE EUROPEAN PLAN FOR THE EPSR - PROJECTIONS FOR BULGARIA

3.1. The implementation of the EPSR is a shared commitment and responsibility of the Union and the Member States, but the role and responsibilities of governments in cooperation with the national social partners are key. This concerns the analysis and assessment of national specifics, the state of social systems at national level, the needs for financial security, adequacy and existing guarantees as a basis for the development of an objective and justified "national roadmap" / national EPSR plan, in the short-term, medium- and long-term aspect.

3.2. ESC confirms its view expressed in its opinion of 2018 in point 1.6.¹⁴ that the consistency in grouping and listing the principles in the EPSR is not an expression

¹⁴ Item 1.6 of the ESC opinion on "The European Pillar of Social Rights and the role of organized civil society" adopted on March 12, 2018. - "Building a solid ECHR requires action and measures at EU and European institution level to establish an effective mechanism, supported by a stronger Union budget for the inclusion of the social pillar in economic governance and the European Semester. ESC welcomes the inclusion in the documents of the autumn

of ranking them by importance or direction for the sequence of actions, with a view to their better implementation. Considers, therefore, that in developing the content of the National Action Plan for the EPSR of Bulgaria, account should be taken of the specifics, needs and most pressing areas of impact, as a rule subject to criticism or guidance within the European Semester and more specially the parameters of the criteria in the table of social indicators.

3.3. ESC believes that in developing a National Plan of Bulgaria for the EPSR should take into account some clear specifics and even paradoxes that could arise in planning the implementation of the three general objectives of the EP and recommends that they should plan and deploy in the period until 2030 **achievable but ambitious national targets that are in line with national specificities and ultimately help to achieve the overall objectives of the EPSRAP.**

3.4. ESC expects and insists that the Bulgarian plan for the implementation of the EPSR should be developed **in cooperation with the participation of social partners and civil society structures and to include aligned with the EPSRAP agreed between them targets, measures and policies** in the short and long term.

- **the first general target of EPSRAP by 2030 "at least 78% of people aged 20-64 should be in employment".**

3.5. ESC assesses the critical importance of increasing employment and creating new jobs, but believes that its achievement at the pan-European level may not be a sign of undeniable success.

3.5.1. ESC considers that the employment rate, which will measure the implementation of this goal, is a quantitative indicator, the increase of which can be easily achieved statistically. In this regard ESC emphasises the need to create quality jobs and prevent abuse of atypical employment by persons who do not join it voluntarily. ESC draws attention to the importance of additional indicators aimed at increasing women's employment - at least halving the difference in Er for men and

package of the European Semester - 2018. and in particular in the Joint Employment Report a detailed analysis of the 14 social indicators accompanying the ECtHR in three areas: equal opportunities and access to the labor market; fair working conditions; social protection and inclusion. In addition, ESC expects the process in the European Semester to focus on the promotion of social investment and through the Specific National Recommendations to seek to ensure the achievement of the objectives of the ECHR".

women, which for Bulgaria is 10 percentage points and increasing access to formal “early childhood education and care”, with a view to stronger women's participation in the labour market and reconciling work and private life. The third additional indicator - reducing the share of young people (15-29) neither in employment nor in education or training (NEETs) and improving their employability also suggests rather the use of non-traditional forms.

3.5.2. ESC draws attention to the fact that the convergent realistic version of the long-term forecast of the population of Bulgaria of the NSI indicates that by 2030 population aged 20-64 will decrease by 375 thousand people compared to 2020, which means an average annual decline of 37,5 thousand people.

Employment forecast in Bulgaria until 2030

Employment indicators in Bulgaria (2019-2030)

| 20-64 age | 2019 | 2020 | 2030 | 2030 |
|------------------------|--------|--------|--------|--------|
| Employed (thousands) | 3121.2 | 3014,7 | 2911,1 | 3014,7 |
| Population (thousands) | 4161,6 | 4107,2 | 3732,2 | 3732,2 |
| Employment rate | 75.0 | 73.4 | 78.0 | 80.7 |

Source: NSI

3.5.3. The demographic trend for Bulgaria shows that even a decline of 210 thousand people, compared to the pre-crisis 2019, will allow in 2030 Bulgaria to realize Er of 78%, while maintaining the number of employees from 2020 (3014.7 thousand) our national goal should be significantly more ambitious - 80-81%. ESC believes that this feature should be taken into account in the development of measures and policies at the national level, noting that at the same time the labour market will continue to experience severe labour shortages, which is the most risk factor for accelerated recovery and achieving qualitatively new growth.

3.6. ESC believes that the measures and policies to achieve the goal of improving the employment rate and reducing unemployment in the national plan of the EPSR should focus on job creation, in view of market needs, the parallel development and application of criteria for assessment of the quality of employment, as well as taking

into account the target values of Er with the specific demographic characteristics of the population in the range 20-64 years of age.

3.6.1. The national plan on the EPSR should include differentiated policies and measures to cover unregistered and jobseekers, special measures including them, as well as measures for noticeable change in relation to young people who neither study nor work through specialized programmes for youth employment and efficient use of the opportunities of the European Youth Guarantee.

3.6.2. There is definitely a need to focus on the prevention of early school leaving, as well as on programmes for the systematic development of basic digital skills for people aged 16-74.

3.6.3. The promotion of various forms of entrepreneurship and self-employment, incl. through the NEAP and PHRD programmes, it should undoubtedly find a proper place in this part of the Plan.

3.7. The European Action Plan emphasises the importance of the SURE instrument for maintaining employment during a pandemic, but there are no clear references to its implementation in the future, in order to overcome the negative consequences. ESC finds it necessary to develop and introduce a permanent mechanism as an automatic regulator for employment protection, dynamic and adapted not only to crisis situations but also to normal economic cyclicity, in order to preserve employment or at least avoid sharp deviations.

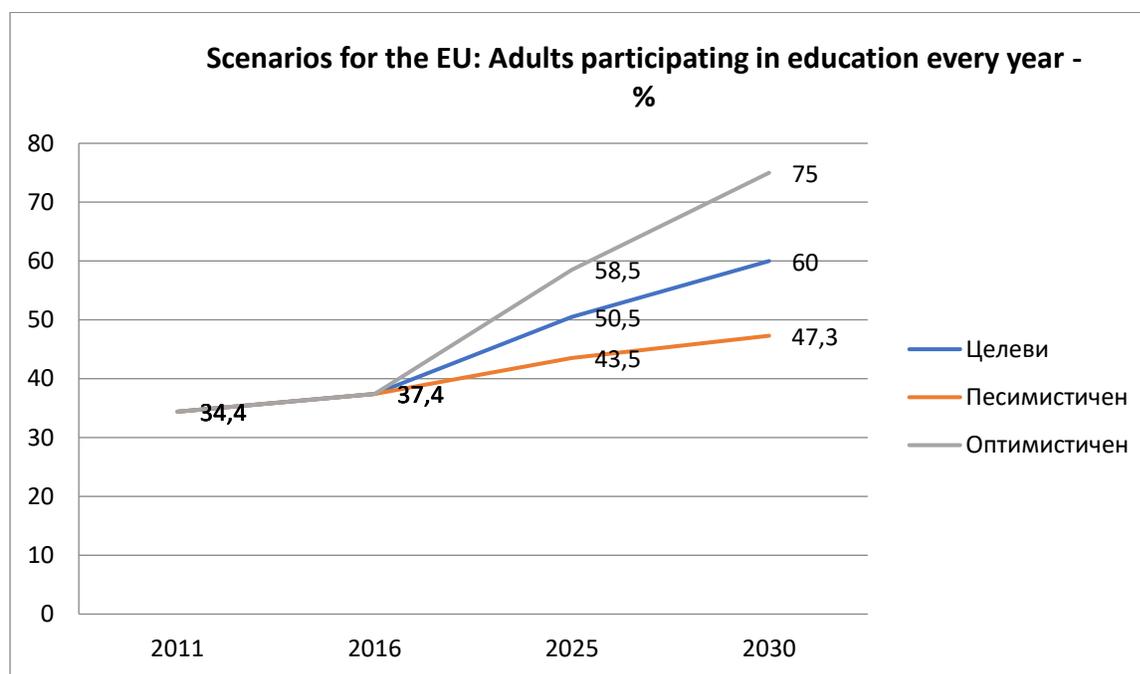
➤ **the second general target "at least 60% of all adults should participate in training each year" of the EPSRAP by 2030.**

3.8. ESC defines the second goal of the European plan as quite ambitious and probably feasible at EU level, including the two additional indicators - at least 80% of the population 16-74 with basic digital skills and reducing the share of early school leavers. ESC finds that the data in the target scenario for the EU show that when doubling the current rate of increase in the value of the indicator in 2030 the goal can be achieved:

Scenarios for achieving the goal of reaching the adult population in formal and non-formal education and training for the EU

Depending on the growth rate of the indicator, the EC envisages three scenarios for the EU by 2030:

- **Pessimistic:** If the growth rate from the period 2011-2016 is maintained (annual average by 1.7%), then by 2030 the coverage of the adult population (25-64) in formal and non-formal education and training will reach only 47.3%.
- **Target:** When doubling the pace 2011-2016 from 1.7 to 3.4% on average annually, the goal will be achieved in 2030.
- **Optimistic:** When the pace is tripled 2011-2016 from 1.7 to 5.1% on average per year, then in 2030 a range of 75% can be achieved.



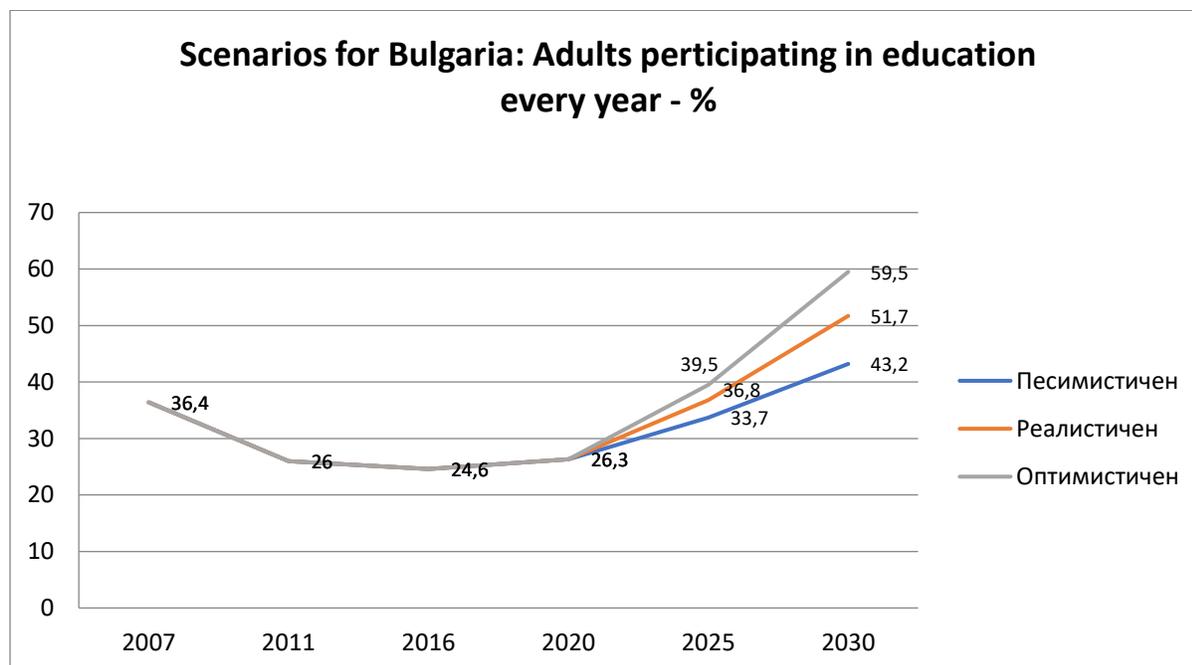
Source: Commission Staff Working Document, {COM (2021) 102 final}, Brussels, 4.3.2021, SWD (2021) 46 final, p.110

3.9. However, ESC finds that the hypotheses for Bulgaria are very discouraging, as the data from the last three waves of the Adult Education Survey¹⁵ are quite negative:

- from 36.4% in 2007 adult participants (25-64) in education and training fell sharply to 26.6% in 2011 and in 2016 - down to 24.6%;

¹⁵ [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Adult_Education_Survey_\(AES\)](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Adult_Education_Survey_(AES))

- in 2016 by levels of education the participants have very different relative share, as those with a low level (ISCED0-2) are only 7.6%, with medium (ISCED 3-4) 22.3% and with high (ISCED 5-8) 38.2%.



Source: NSI

3.10. ESC considers that if we assume that by 2016 the downward trend has been controlled and a smooth upward trend begins by 2020 (1.7% on average per year), the current starting base for the same year would be slightly above the level of 2016 - 26.3%. Obviously, all scenarios for Bulgaria are a huge challenge due to the low base and this should be taken into account when setting goals in the national plan.

3.11. ESC welcomes the Commission's intentions to propose a programme for the transformation of higher education and notes the progress made by Bulgaria in this direction with the publication of the National Map of Higher Education, European approach to micro qualifications, looks forward to the announcement of the initiative on individual accounts joins the expectation that this will unlock the full potential of education and lifelong learning, enable adults to cope with transitions in working life and facilitate flexible learning models and transitions in the labour market.

3.12. ESC considers that progress towards the set goal is crucial to ensure access to education and training, incl. LLL based on innovative tools and policies - sector

funds, voucher systems, etc.) for all employees, according to the current needs of the labour market and the dynamics of the economy.

- **The third general target "the number of people at risk of poverty or social exclusion should be reduced by at least 15 million" of EPSRAP.**

3.13. ESC is strongly concerned about the successful implementation of the goal of reducing the number of people at risk of poverty and social exclusion, especially given the failure of this indicator in the Europe 2020 Strategy. EPSRAP relies in this regard on the integrated indicator of "risk of poverty and social exclusion", which includes elements of subjective and absolute poverty (material deprivation and intensity of economic activity of households).

3.13.1. ESC recognizes that increasing education, skills and employment play an important role in the fight to reduce poverty, but there is no automatism in this dependence. The statistical logic and experience of recent decades show a strong dependence of monetary poverty levels on differentiation and income inequality.

3.13.2. ESC recognizes that the statistical indicator itself, which is based on the level of poverty, is very strongly correlated with income inequality and it is clear that strong differentiation leads to high levels of monetary poverty and vice versa, weak differentiation - to low levels of poverty. At the same time, the level of economic development does not play a role here - both strong and weaker economies fall into both groups. In this regard, ESC expresses fears that Bulgaria may turn out to be a paradox and in the European race to be in the lead. Even while maintaining the current high level of monetary poverty - 22.6%, the net effect of population decline by 2030 will be a reduction of poor Bulgarians by 93,717 people.

3.13.3. ESC points out that only with measures to increase incomes from below, as is the goal of the initiative for the minimum income in the Plan, the third goal can not be achieved even purely statistically. Therefore, attention should be paid to that part of the guidelines in EPSRAP where the emphasis is on measures in the field of taxation and redistribution.

Inequalities and poverty levels

Gini coefficient and level of monetary poverty (for the 7 "top on top" and 7 "on the bottom" of the EU Member States) - 2019

| The 7 Member States on the top | Gini coefficient | Monetary poverty rate | The 7 Member States at the bottom | Gini coefficient | Monetary poverty rate |
|---------------------------------------|-------------------------|------------------------------|--|-------------------------|------------------------------|
| Belgium | 25,1 | 14,8 | Bulgaria | 40,8 | 22,6 |
| Czech Republic | 24,0 | 10,1 | Romania | 34,8 | 23,8 |
| Denmark | 27,5 | 12,5 | Latvia | 35,2 | 22,9 |
| The Netherlands | 26,8 | 13,2 | Lithuania | 35,4 | 20,6 |
| Austria | 27,5 | 13,3 | Spain | 33,0 | 20,7 |
| Slovenia | 23,9 | 12,0 | Italy | 32,8 | 20,1 |
| Slovakia | 22,8 | 11,9 | Estonia | 30,5 | 21,7 |

3.14. ESC finds that in the national plan a serious emphasis should be placed on a set of measures that would have a positive and integrated impact on the fight against poverty and social exclusion, incl. those that enhance the effect of employment, training and qualification measures.

3.14.1. Fair working conditions, with a fundamental focus on pay rules, the introduction of clear procedures and deadlines for negotiating wages at various levels, reducing the share of low-paid workers and the working poor, gradually and at an ambitious pace, in order to reach levels, below 15% and 7%, respectively, overcoming drastic inequalities and achieving a significant cohesion effect (striving for an average wage and compensation of wages per employee in PPS - 60% of that in the EU, compliance with the guidelines of the draft Directive on minimum wages¹⁶, the Recommendation on Minimum Income, the 2020 National Agreement, etc.).

¹⁶ Proposal for a "Directive of the European Parliament and of the Council on adequate minimum wages in the European Union" of 28.10.2020

3.14.2. Improving the situation of people at risk of poverty and/or social exclusion, as well as reducing to socially acceptable limits the quintile ratio between people with the lowest and highest incomes (5 times, which is the EU average).

3.14.3. Stimulating the actions of the social partners for negotiating minimum social standards (mechanism for determining the minimum wage for the country, by EA (economic activities) and groups of staff, reducing the pay gap between men and women, etc.).

3.14.4. Introduction of minimum standards and adequate labour protection of workers in the digital economy and other non-standard forms of work, incl. on safety and health at work. Promotion of environmentally friendly industries, adaptation of new and third-country workers, fair transition from closed industries to new jobs.

3.14.5. Gradual raising of social protection in equal priority of economic and fiscal policy, modernization and expansion of social protection, in order to overcome the challenges for the future of labour. Reorganization of the legislation so as to provide protection to all employees, regardless of the forms, connections and relations in their labour activity, as well as to guarantee, in case of need of all Bulgarian citizens protection through a national minimum income scheme.

3.14.6. Implementation of ambitious measures to increase the adequacy of payments from the insurance system, especially pensions for employment, incl. removing the so-called "ceiling". Extending the scope of the risk of unemployment to all workers, incl. self-employed and regulating the so-called economic unemployment.

3.14.7. Launching, with the involvement of the social partners and other stakeholders, a process of developing a qualitatively new consolidated and comprehensive concept for non-contributory social protection policies, including renewed and modernized access criteria and an adaptive mechanism for updating and adequacy. In this context, modernizing of social programmes and guarantee of accessible and strong public services, incl. long-term care.

3.15. ESC will monitor and insist on consistent monitoring of the implementation of EPSR Action Plan at European and national level, which will be expressed in the following measures:

3.15.1. At European level by the European Commission:

- when monitoring social indicators, to clearly take into account the impact of ongoing demographic processes in the Member States and in Europe as a whole on employment, poverty, etc. demographically sensitive indicators;
- to introduce intermediate values to be achieved by 2025 in accordance with the leading targets of the Plan, with a view to possible revision or undertaking of additional measures for realization by 2030;
- to refine and complement the set of social indicators, with a view to fully covering all the principles of the Pillar with indicators (e.g. CLA coverage, Kitz index, minimum, average and median wages in nominal, real terms and in terms of PPP, poverty line, frequency and severity of accidents at work and occupational diseases, etc.);
- to set up a special section “Monitoring to assess progress in the implementation of the EPSR” in all relevant national and European documents in the framework of the European Semester;
- to optimise the ratio between the proposed binding and non-binding measures and instruments according to separate principles of the Pillar in dialogue with the social partners.

3.15.2. At the national level by the Bulgarian government:

- to establish in a working group with the participation of the social partners on the development of a National Action Plan for the implementation of the EPSR with specific deadlines and commitments;
- to complement the headline targets with operational sub-targets that clearly illustrate qualitative changes in addition to the quantitative dimensions of progress;
- to develop national targets by 2030, incl. intermediate targets by 2025, with sub-targets to provide the necessary general framework for assessing progress, incl. and in qualitative aspect in the three priority directions of the EC;
- in the first priority area - to develop and propose national measures and packages in accordance with the EC Recommendation on the EASE, including appropriate projects in the NPRR;

- in the second priority area - to accelerate: the introduction of sectoral funds for qualification and retraining; the approval of the voucher system for financing the vocational training; to discuss the possibilities for the introduction of individual vocational training accounts; the opening of individual accounts for training of persons with higher qualification; priority and accelerated improvement of digital skills - basic and advanced, in close cooperation with the social partners; the creation of a streamlined system for validation and/or continuing education in the workplace for adults;
- in the third priority area - comprehensive reform of the social assistance system with codification of legislation and programs; special measures for vulnerable and high-risk groups of the population to reduce poverty and social exclusion, incl. among workers;
- to make the necessary changes or to create new legislation in order to fill gaps and more effectively apply the principles of the Pillar.

/signed/

Zornitsa Roussinova

PRESIDENT OF THE ECONOMIC AND SOCIAL COUNCIL