



Youth employment policies in Bulgaria

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- i. to advance the knowledge base that underpins the formulation and implementation of relevant policies in Europe with the aim of enhancing the employment of young people and improving the social situation of young people who face labour market insecurities, and
- ii. to engage with relevant communities, stakeholders and practitioners in the research with a view to supporting relevant policies in Europe. Contributions to a dialogue about these results can be made through the project website <http://www.except-project.eu/>, or by following us on twitter @except_eu.

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1 Summary and key findings

The aim of this Working Paper is to provide a general overview of labour market developments in Bulgaria during last two decades with particular focus on youth situation and youth labour market policy.

The Working paper follows the common template elaborated for EXCEPT project for the assessment of youth employment policies. The template was elaborated by Marge Unt, EXCEPT project leader and the Bulgarian team.

The Working Paper could be divided into three main parts.

Part 1 (Chapter 1) presents the broader context of the labour market developments since the mid-1990s, the youth (un)employment situation and the main risk groups.

Part 2 (Chapters 2-5) includes analysis of the main trends in active and passive labour market policies, focuses on youth employment policies and describes in details 12 selected interventions. The diffusion of the EU youth employment initiatives is considered as well.

Part 3 (Chapters 6-8) discusses the coherence of youth employment policies with other policies (educational policy; social policy, etc.) and the synergy generated. On the basis of this coherence and relevance with the (un)employment drivers, youth employment policies are evaluated and policy recommendations are proposed.

Key findings:

- Over the last 25 years Bulgaria experiences serious difficulties with respect to the adaptation of labour market policies to the transformation processes in the economy and society. The labour market absorptive capacity is shrinking with a parallel reduction of the number of the economically active population and the number of jobs. Thus the sources of labour market stagnation are both in supply and demand side of the labour market. Additionally the inclusive capacity of the Bulgarian labour market is quite low as far as under inclusion we understand quality jobs, adequate incomes and accessible social services,
- During the 90ies period, LM policies responded mainly in passive measures, trying to achieve low benefit levels and adapting the regulatory framework so as to reduce the flow of registered unemployed. After 2000, in connection with the EU integration process, a shift to active measures in labour market policies based on various programmes and interventions aimed at different target groups took place.
- Currently a number of programs, projects and schemes operate addressing problems associated with unemployment of various target groups: mainly providing trainings, employment provision and employers incentives. After 2010, the proportion of measures intended for young unemployed increased. In 2013 the implementation of the European Youth Guarantee began and in 2014 special measures supporting young people were



launched under the Youth Employment Initiative. Targeted programs try above all to provide a chance for young people by facilitating their transition to working life.

- The overview of the selected measures depicts that the majority of them don't prioritize the most vulnerable groups among the youth (for example – very low educated, economically inactive, etc.). Also, the support they provide is limited in duration and this, combined with the inadequate quality of jobs, does not contribute to the sustainable inclusion of young people into the labour market. Furthermore ALMP aimed at reducing youth unemployment often have a compensatory function and have to play the role of a corrective mechanism with wide coverage. It is true particularly regarding the inactive youth with low or without education – to be effective, active labour market measures need to replicate the whole process of the institutional socialization, which once have failed. Thus active labour market measures achieve different levels of effectiveness depending on their target sub-groups among the group of jobless youth. Measures which target group contains better educated youth are assessed to be more successful, creating the so-called “creaming effect” (helping those young people who could find a job themselves, thanks to their education and competences, in case appropriate vacancies exist).
- At macro-level, young people could rely on insufficient public support to get back to employment. As a result, even youth people registered with employment offices experience difficulties in finding a proper job. Taking into account that youth must fulfil rather strict eligibility conditions in order to receive income support benefits, the cumulative effect of these ALMP developments is that large part of jobless youth cannot rely on public support either to earn labour income or to receive income protection benefits.
- Additional difficulties arise with regard to existing information and data, and conducted impact assessments. While, over the last years, there is an improvement in the quality and quantity of the existing data, it should be underlined that the most significant disadvantage still exist – the information on what happens with the young people after leaving the interventions is scarce or not available to researchers and general public.
- It could be argued as well that there is an unexplored link between the potential of the active measures and the scale of the problems. The design and targeting of the active labour market policies in the country follow the ‘activation’ pattern. Probably at least part of these measures could have been more successful if their impacts had been channelled towards small and well defined target groups and employment services –accompanied by social services and other forms of social work. But the scale of the labour market problems significantly reduces the potential of active labour market policies. The bad functioning of the Bulgarian economy, very high poverty rates and increasing problems regarding the youth welfare require other approaches which have to weaken the needs of such influences on the labour market and concentrate the efforts of active labour market measures.



- The basic strength of the current approach to tackling youth employment lies in the fact that programs provide support for alleviation of unemployment and exclusion for some young people for certain periods: ALMP for youth employment produce good results when interventions link unemployed young people looking for jobs with employers that provide jobs. Research results confirm that the negative effects (unemployment) could be higher without the impact of such specialized youth employment policies.
- A basic weakness is linked with the fact that the implemented measures do not work well for NEETs, Roma minority, young people with low or lacking education and they cannot compensate for cumulative disadvantages especially those based on social origin;
- The review and analysis provide opportunities to derive recommendations: 1) The existing active labour market intervention for youth employment should be narrowed to interventions where they are successful; 2) Simultaneously there is a need to consider labour market policies in a broader sense: by passive LMPs providing welfare for vulnerable groups and by addressing active LMPs to broader issues like quality of jobs and income policies, re-industrialization and investments, sound macroeconomic policies; 3) There is need of de-activation turn, meaning to enforce stimuli instead of sanctions for labour market involvement; 4) Adequate developments concerning the Social Pillar are highly needed, including clear and honest definitions of important concepts, such as social inclusion, quality jobs, adequate minimum incomes, working poor, people living in poverty, real participation, independent evidence-based evaluations, participatory impact assessments. The reorientation for using the EU structural funds in such directions will be extremely helpful to improve the quality of ALMPs.



2 National labour market developments

2.1 Brief description of the key labour market developments in the country since mid-‘90s

2.1.1 Capacity of the national labour market to absorb the labour supply: status quo, dynamics and most important driving forces

Over the last 25 years Bulgaria experiences serious difficulties with respect to the adaptation of labour market policies to the transformation processes in the economy and society.

The restructuring of the economy in the 90s of the 20th century is associated with intense rejection of workforce outside the labour market - a strong downsize in the number of employees, a growing rate of general and registered unemployment, increasing emigration, a high share of the grey economy and high and growing regional disparities. A series of surveys indicate mass unemployment as a major problem in society, and alarming data on the level of youth unemployment (UNDP 1998: 41).

The labour market absorptive capacity is shrinking with a parallel reduction of the number of the economically active population and the number of jobs. Thus the sources of labour market stagnation are both in supply and demand side of the labour market as well as in its different structures. In more details:

Labour supply: The shrinking of the economically active population or workforce over the age of 15 or more has become a lasting tendency. More than a quarter of a century, the demographic situation is in the area of the negative natural growth of the population, reinforced by a permanent and high emigration flow. In addition to direct demographic effects, the demographic situation, fairly defined as a demographic crisis, generates serious structural and macroeconomic imbalances. The deteriorating age structure of the population (increase in the relative share of the population at retirement and over the retirement age and contraction of the number of age groups up to 15, 19, 24 and 29 years old) poses a threat to the labour potential and the stability of the social security system. Based on information and expert judgments, only the emigration flow is estimated at around 2 million people and these are primarily people of economically active age. The trend is generated by the lack of adequate jobs, low standard of living for a large part of the population, a vague and uncertain economic development prospects stemming from underestimating investments in long-term economic growth factors (including education and research), an unattractive business environment for foreign investments and so on.



Labour demand: The labour market dynamics reveals that the national economy cannot ensure the full use of even a continually shrinking labour potential of the economically active population and the economy is not functioning at the level of its potential. Only after 2004-2005 the increase in employment somehow corresponds to the growth of GDP in a ratio of 1pp GDP growth - 0.5 pp employment growth. The dynamics of economic activity recorded during this short period was halted by the global financial crisis, which in Bulgaria entered through the shrinking of the exports, mainly of the manufacturing industry. The economic downturn has hit the labour market hardest - job cuts were done with indices higher than the economic activity shrinking indices, resulting in a strong purely statistical effect of increase in labour productivity and average wage. In addition, employment contraction continued for several years after the crisis began, while the GDP fell by 4-5 pp only in 2009 and after that has regained, albeit quite weakly, its positive trajectory.

Sectoral structure of employment: The sectoral structure of the economy generates low effective employment. With the de-industrialization, sectors with low levels of labour productivity and low wages account for about 70% of employment (like manufacturing industry, trade and repair of automobiles, services, hotels and restaurants, agriculture, forestry and fisheries, etc.). The attractive high added value sectors like IT, finance and insurance overall form only 5-6% of the total employment.. And it is not accidental that the median wage in Bulgaria (information about which is contained in the regular, 4-year, EUROSTAT Observations on the structure of the gross salary) is far lower than the average salary.

Regional structure of employment: Regional labour market disparities are drastic as a result of two mutually dependent factors - weak or no economic activity in many locations and depopulated settlements. The concentration of economic activity in several territories is one of the most serious problems of the country's development in its different aspects - economic, social, and demographic. The overcoming of these regional disparities needs enlightened macroeconomic policies.

Organizational scale of business and employment structure: In Bulgaria the situation is similar to the Western European economies, (where at present employment is mostly generated by small and medium-sized enterprises) different. Business statistics depicts that the main share of employment is held by micro-enterprises, with an average number of employees being 2 people. Then the small business sector with an average of about 20 people comes. Thus the micro and small businesses hold more than 50% of employment and economic activity of the country is maintained by a small, mainly commercial and craft, business. Such structure of employment has far reaching implications, including for the relationship education - employment. Additionally, large enterprises (250+) that could generate safe and stable employment are around 700 - 750. Given the high concentration of business (uneven distribution of large enterprises) in the majority of municipalities there is no large enterprise and even a medium-sized enterprise to support regional development and employment, in many municipalities.



Qualification structure of employment: Employment rates for higher education graduates reach levels of around 80%, especially in periods of economic recovery. The employment rate of people with secondary and secondary vocational education is around the average for the country. For people with primary education the employment rate is about 20-25%, and the employment rate for those with less than primary education is about 10%. It is also important to note that, despite the trend towards mass higher education since the early 1990s, the relative share of the employed with higher education has stabilized at around 25-27%, which leads to the conclusion that not a small part of post-graduates emigrate in the search for chances of better professional and economic realization. Additionally, this leads to a limited opportunity for adequate professional realization of the higher education graduates, as a result of which they are employed at lower education levels.

Professional structure of employment: The most common professions are technical, applied specialists, professions related to commercial services, security services & personal services. Over the past two or three years there has been a certain dynamics in the professional class "Analytical Specialists" as well, which is an indicator of some business developments, implying the need for expert evaluations and analyses.

Gender structure of employment: In Bulgaria, especially in the period of economic recovery, the female employment rates are close to the EU targets. And in the years of the crisis, women were less affected by redundancies than men as the crises led mainly to cuts in the manufacturing industry, where men are predominantly employed.

Age structure of employment: Employment levels closely follow the phases of the life cycle. For objective and subjective reasons, the employment rates are lower and respectively the unemployment rates are higher for younger age groups and for the group of workers around retirement age. In spite of the fact that youth unemployment dynamics in Bulgaria follow the tendencies common for many European states, researchers (Coenjaerts et al 2009) identify many other factors (structural labour market problems, unreformed educational system, outdated labour legislation and some cultural peculiarities, etc.) explaining why youth labour market participation in Bulgaria is lower compared to other European countries.

Overall, the absorptive capacity of the labour market is quite low. Structural labour market problems combined with a highly fragmented society has formed as a long lasting trend a "relatively surplus working age population" with high ethnic and age selectivity. The discrimination against weak groups at the labour market is a logical result of these developments.

2.1.2 Trends in cost of living, in-work poverty and labour remuneration

Levels of minimum and average wages are very low, not just in relative terms (the lowest in the EU), but in absolute terms as well - which can be seen in the ratio



between the average and minimum salary and the cost of living. The series on income and cost of living show no significant trend towards rapid and positive change of that ratio. Tracing, the relationship between labor income and labour productivity, one finds that there is a huge lag in the dynamics of labor incomes from the dynamics of labor productivity in Bulgaria throughout the whole period from 1990 till now.

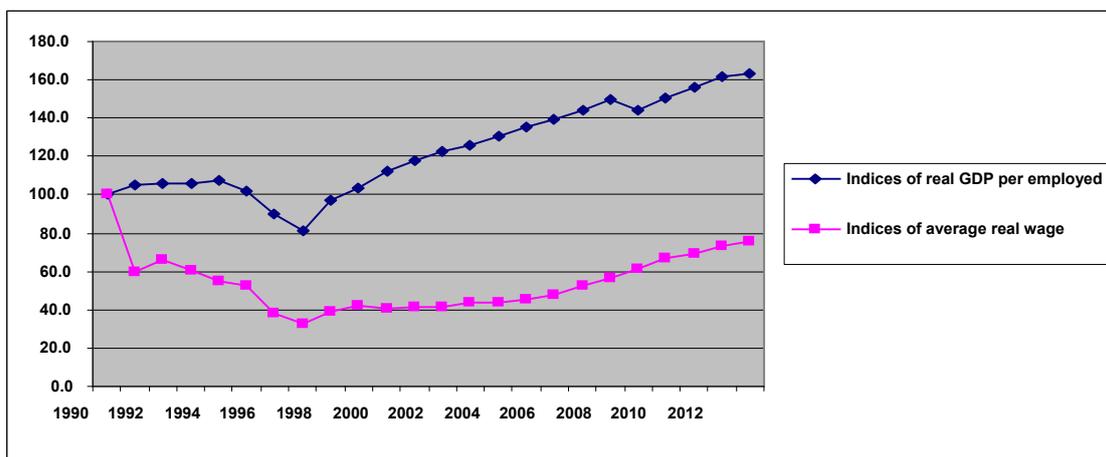


Figure 1 Indices of real GDP per capita and average real wage 1990-2013 (Ninov 2016: 27) Basis 1990= 100

The huge lag in wage dynamics behind the dynamics of labor productivity formed till 2000 is not yet compensated. According to experts evaluations, the period 1998–2009 was characterized by parallel growth both in real salaries and actual GDP, “thus the formed in 1997 just over 2 times lag in the average real wage behind the actual GDP per capita is maintained” (Ninov 2011, 3). In particular, Bulgaria has about 45% of the average labor productivity in the EU, but the level of the minimum wage is less than 20% of the average minimum wage in the Member States and the average remuneration is about 10% of the average for the Member States.

Average and minimum earnings are linked to a specific model of social relations. Earnings and ratios between them are not just financial and narrow economic category; they represent a modern way of distribution of social and economic rights. As J. Stiglitz points out: “Neoclassical theory [...] says that every worker or employee is paid according to their final contribution to society [...]. In the last quarter of a century [...] problems in corporate governance meant that a close link between pay and final contribution to society does not exist” (Stiglitz 2012, 341–2). Obviously in Bulgaria, the criterion for regulating these relations is severely distorted, especially given that the country is a champion in the EU with regard to income inequalities (including labour income inequalities and regressive tax wedge).

The specific distorted ratio between labour productivity in Bulgaria and the level of minimum and average income is the result of specific social regulations that define the social structure and socio-economic processes. These regulations are not established because of the ostensible absence of the State but with its active action and/or inaction. In this sense, the situation is not the result of the absence of income policies but



rather—the result of distorted policies that cannot mobilize public resources. The main political impact, contributing in this respect was the so-called deregulation of the labour market.

The huge drop in the levels of earned income in Bulgaria simultaneously reduces the possibilities for consumption and discourages people from participating in the labor process. The trap of low incomes leads to the reluctance of large groups of people to be involved in this so-called labor market with its dimensions. Some of them emigrate, others undertake their own business, which often does not increase income but increases the freedom of decision making, third dive in the shadow economy and fourth are the so-called discouraged.

The emigration attitudes represent a basic dimension of these developments. Recent study presented by the Bulgarian National Television shows that only 11% of young Bulgarians studying abroad will make an attempt to return to Bulgaria and find a job. The other 89% do not have such intentions¹. Many young people having completed education in the country start searching for a job abroad as well. From this point of view, employment promotion measures achieve their intended positive effects, but not in terms of improving youth employment rates in Bulgaria.

Overall, labour market in Bulgaria is better characterized as excluding, rather than as inclusive if under inclusion we understand quality jobs, adequate incomes and accessible social services.

2.1.3 Current level of labour market security/ insecurity and its changes in the last two decades

The deregulation of the labour market, transformed the whole 20-year period of transition, in particular and especially its first half, into a collapse of the established social and economic rights, or in terms of A. Sen (2003) —into a collapse of entitlements. This collapse is a relational category expressed in a change in purchasing power of some groups over others, as well in a change in the ability of different groups of people to influence the socio-economic processes in societies, that is, in their contractual and negotiating potential. This means a dramatic restructuring of the freedom to dispose of one's own life.

The deregulation of the labour market that led to a very low negotiating power of the employed predetermines a weak employment and income protection. The income policies and practices described above clearly illustrate this thesis.

In Bulgaria, there is a statutory minimum wage which amount is determined by the Council of Ministers on the basis of consultations with nationally representative organizations of social partners. For 2015 the minimum wage was EUR 184 per month and the average wage was EUR 452 per month. According to the Confederation of the

¹ <http://bnt.bg/part-of-show/do-evropa-i-nazad-kakvo-shte-va-rne-mladite-ba-igari-u-doma>



Independent Trade Unions in Bulgaria, the cost of living for one person at the same time is around about 250 euros per month. Thus the earnings' levels explain the existence of many "working poor", i.e. people who have jobs but due to the low remuneration live in poverty. Due to this, the 'labour market inclusion' (participation in employment) does not guarantee social inclusion (neither to young people nor to other employees) and this more or less determines their behaviour – as mentioned, their main reactions to this context is to move to grey economy² or emigrate looking for higher incomes. Additionally, as Eurofound reported, young people, due to their occupational and social status, are more likely to enter non-formal employment relations upon the request of their employers (Eurofound 2014).

The labour legislation is codified in the Constitution of the Republic of Bulgaria, the Labour Code and numerous sub-legislative legal acts, regulations and rules, some of which changing quite often. Tripartite partnership and collective labour agreements are established in principle. However, despite the obligatory nature of the tripartite partnership, its statements have only advisory functions and are not binding for the competent state authority.

In any case, the level of labour incomes reflects the bargaining capacity of employees and their organizations. Although with the EU integration of the country (2007) there was some recovery in the role and opportunities of trade-unions to impact on decisions taken, the need to reconsider labour income policies is highly unaddressed.

The low level of labour incomes predetermines the low level of all other incomes linked to them like pensions, unemployment benefits, etc.

Currently, in order to receive cash unemployment benefits, individuals should have at least 9 months of insurance against the unemployment risk during the last 15 months. In addition, they should be registered as unemployed with the public employment offices and should not perform work for which they are subject to compulsory social security.

These eligibility conditions suggest that the most of the young people, especially those upon leaving the educational system, are excluded from the unemployment protection system due to lack of sufficient contributory service (at least 9 out the last 15 months). Young unemployed can register themselves with the public employment offices where they can receive information about the available vacancies.

Following the rules and regulations, less than one-third of the registered unemployed have a right to unemployment benefits. The share of youth unemployment benefit recipients is even smaller. As a share of the total number of registered unemployed, the percentage of youth entitled to cash unemployment benefits is illustrated as follows:

² According to F. Schneider (Schneider, 2015), with 30.6% Bulgaria has the highest level of grey economy in comparison to 31 European countries.

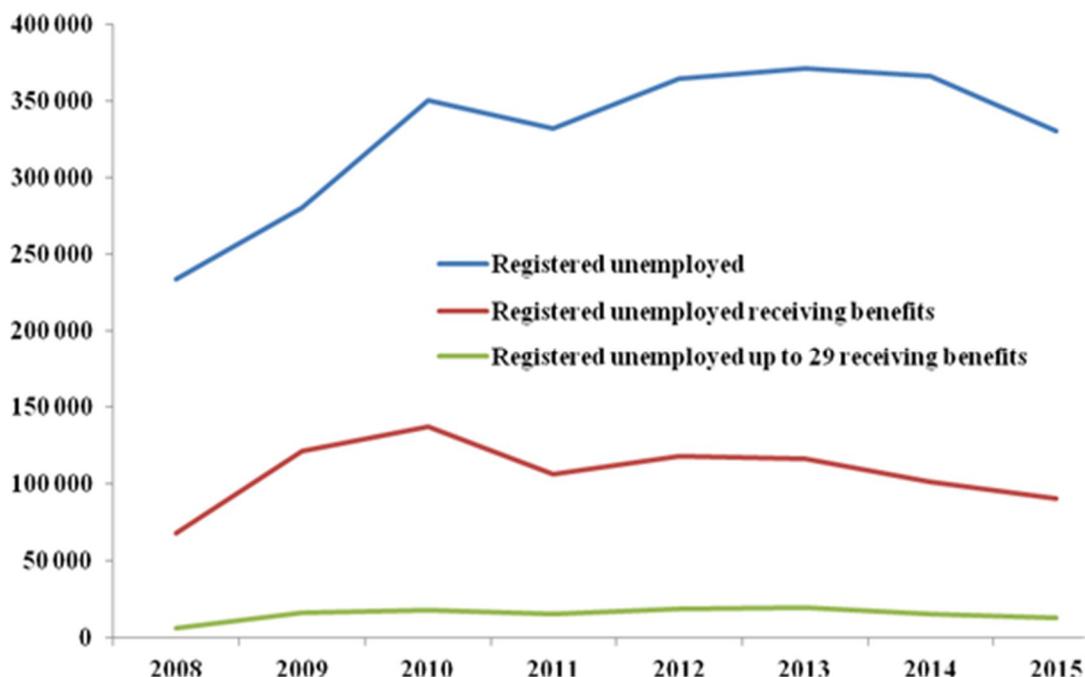


Figure 2 Share of unemployed receiving unemployment benefits

The unemployment protection system in Bulgaria has a limited coverage and low adequacy. For instance, the European Commission's services underline that "The unemployment benefits coverage is particularly low, hindering the effectiveness of activation measures" (European Commission 2016: 32). In addition it is noted that only 24% of short-term unemployed receive benefits compared to 37% EU average. This is another proof that the access to unemployment benefits is rather difficult due to strict eligibility conditions.

Therefore it is not surprising that the passive labour market measures and especially unemployment benefits provide insufficient protection to youth unemployed. Data shows that youth represent approximately 20% to 23% of the total number of people insured against unemployment but their share in total number of unemployment benefit recipients is much lower – it varies between 9.5% and 16.3% during the period 2004-2014 (National Social Security Institute 2015: 197).

The average unemployment benefit is too close to the poverty line and minimum wage for the country. Since 2011 the average unemployment benefit has not changed much. The same is for the share of the unemployment benefit expenditures as a percentage of GDP.

The low amount of the unemployment benefit is a result mainly due to the fact that many employees receive low salaries, i.e. are "working poor". In 2014, each second unemployed lived below the poverty threshold – a situation indicating not only the inadequacy of the unemployment benefits but the limited access to them.



2.1.4 Education/skills provided and demanded and mechanisms of addressing possible mismatch

Almost 86% of Bulgarians aged 20–24 have at least upper secondary education; this is higher than the average for EU28 (Eurostat: code tps00186). However, the employment rates of graduates are lower than the EU28 average (Eurostat code: edat_ifse_24) and a huge disparity has grown in the period after 1989 between the quality of graduates' education and skills, and the requirements of employers.

The current system of skills formation and the educational and training institutions in Bulgaria do not provide adequate and efficient prevention of risks of social exclusion. Despite some positive reforms and initiatives, the educational and training institutions have not succeeded in combating problems such as insufficient relevance of education to labour market needs, early school leaving, and high rates of NEETs. The group at highest risk in this respect are the Roma.

There are numerous discussions on the link between education and business, focusing usually on the labour market situation and the instrumental value of education. Early in 2016, one of the employers' organizations called for "urgent action to speed up education reform", expressing concern about the "increasingly acute shortage of trained staff in a wide range of professions" and "the ever-growing illiteracy among young people in the country (BICA 2016). The call was also supported by another employer organization, which turned attention to another important business area of the education system - vocational education. Problems such as the deficiency of special secondary education, unattractive secondary education and career guidance, degraded content and quality of vocational education and training with inadequate practical applicability of acquired knowledge and skills are often mentioned.

The challenge in front the country to "improve the overall quality and efficiency of school education and the capacity of higher education to meet labour market needs" is also identified by the European Commission (2015:3). In the field of higher education, the critical comments of the EC to Bulgaria are even stronger in the context of "quality problems, system's inefficiency and limited labour market compliance" (European Commission, 2016: 48). World Bank analyses explicitly point out that "skills mismatch remains a barrier to employment", both at the beginning and after the global financial and economic crisis (World Bank, 2009; 2016).

As a result, many youth employment policies start to adapt and try to compensate for the deficits of the education system. The "dual form of education" is regulated in the newly adopted Pre-school and School Education Act, which comes into force on 1 August 2016, and attempts are under way for its development.

Without underestimating these developments, it should be stressed that the issue of matching between employment and the educational system has many other important dimensions. For example, Bulgaria trains enough medical doctors and nurses, but their



shortage is increasing because of emigration in search of better labour incomes; With the deindustrialisation in the 90s, many engineers were laid off and this led to a reduction of the number of those who enrolled in these specialties in the next period; The outlined structure of employment in its different dimensions implies low adaptive opportunities for education; The narrow focus on the instrumental value of education means basically short-term business subsidizing accompanied by high uncertainty of long-term needs and prospects; The transformation of the education from a public good into a market service, resulting in violation of the principle of equal access. According some judgements, equal access is already a problem not only for young people in the poor strata, but also for the middle class; Young people are dropping out of the educational system as a result of poverty and social exclusion of entire social layers. For Bulgaria, this problem is extremely serious and complex as it has an expressed ethnic character.

From this point of view, the problems of the employment-education link should be considered not only and mainly in the narrow market conjuncture but on the basis of a sound macroeconomic and social strategy.

2.2 The key risk groups in the labour market defined by different actors

2.2.1 Main risk groups in labour market according to: labour market statistics; policy makers, media, researchers, guidelines of policy programmes

The main risk groups whom labour market policies are oriented towards are defined in the Employment Promotion Act. The act has been adopted in 2001 and more or less the definition of these groups has not been changed since then. This legislative document uses the term “groups in unequal position on the labour market” and defines them as “groups of unemployed persons with lower competitive ability on the labour market”.

Several sub-groups are distinguished as well:

- (1) Unemployed youth, including young people with permanent disabilities and young people leaving social institutions (e.g. orphanages) who have completed their education;
- (2) Long-term unemployed;
- (3) Unemployed with permanent disabilities;
- (4) Unemployed who are single parents (adoptive parents) and/or mothers (adoptive mothers) with children up to 5 years of age;
- (5) Unemployed leaving prisons;



(6) Unemployed aged 50 years of age or above;

(7) Unemployed having completed at least primary education and without vocational qualification;

(8) Other groups of unemployed.

Some more recent strategic documents do not underestimate the fact that unemployment is not the only one labour market risk deserving the attention of the national employment policy. For example, the Employment Strategy (2008-2015) recognizes the high share of economically inactive of the labour force as one of the policy challenges, thus implicitly confirming that the needs of people outside the labour force need to be addressed as well.(MLSP 2007: 23). The updated Employment Strategy (2013-2020) is based on the same approach – while it does not explicitly mention who are the most vulnerable groups, it underlines that the rising number of economically inactive people is among the most important policy challenges.(MLSP 2013: 15)

Due to the highly pronounced ethnic selectivity of employment/unemployment Roma ethnic group needs special attention. The economically active members of this group are only 38.8% of all members (National Strategy for Roma Integration 2012-2020). The share of NEETs (16-24) among the Roma is very high - 61% (European Commission 2016).

2.2.2 Risks resulting from structural deficits and social segmentation and from individual deficits

Official policy documents do clearly prioritize individual deficits - low incomes and social vulnerability are considered at individual level, and factors such as low educational attainment and irrelevance of the acquired skills to labour market demand are addressed. The updated Employment Strategy (2013-2020) mentions: “lack of employment is one of the main reasons for poverty and social exclusion”. The policy approach remains limited to the application of the so-called “activation measures”, i.e. “activation of social assistance beneficiaries to search for a job”.

Social segmentation is not considered as a structural factor which influences labour market performance. As a rule some structural factors - like demographic, economic and social developments – are just mentioned in the documents in general terms before addressing individual deficits.

While the labour market situation in Bulgaria is mainly a result of structural factors, policies address narrowly the individual capabilities and try to reinforce them.



2.2.3 Current labour market situation of youth

The youth unemployment rates have always been among the highest for the different age groups and much higher (approximately 1.5 times) than the average for the country, even during the periods with low overall unemployment. The latest annual data shows that the youth unemployment rate (15-29) was 14.4% compared to 9.2% for the country as a whole. While during the last 15 years there is a positive trend and unemployment rates for all age groups have been decreasing (compared to 2000, the overall unemployment rate was by 7.0 p.p. lower in 2015), the youth unemployment remains particularly high but has been decreasing at a faster pace (11.1 p.p. reduction over the last 15 years).

The share of youth neither in education or training, nor in employment (NEET) was 22.2% in 2015. Similar to youth unemployment rates, the share of NEETs has been decreasing over the period of the last 15 years. Compared to 2000, the decrease is 6.5 p.p. (6.7 p.p. for males and 6.3 p.p. for females). Contrary to youth unemployment, the share of NEET females is significantly higher than the share of NEET males (the annual average difference is almost 5 p.p. for the period).

In addition, the following sustainable trends need to be mentioned:

- Within the group of youth, there are no striking gender differences regarding unemployment risk, but in principle since 2000 female youth unemployment rates have been slightly lower than those for males;
- Unemployment rates for the youngest (15-24) are much higher compared to the situation of youth in the 25-29 age bracket;
- Long-term unemployment rates (15-29) change following the dynamics of the overall youth unemployment rates and the long-term unemployment ratio was approximately 50% for the whole period from 2000 to 2015, i.e. long-term unemployment represented one half of the total number of unemployment youth;
- There are sharp territorial differences as the youth unemployment rates are higher in the less economically developed regions;

Economically inactive NEETs represent the largest share (approximately 70%) of the total number of youth who do not study and work. However, important change occurred during the 2000-2015 period – the share of youth who are inactive but want to work dropped by 13 p.p. (from 66% to 54%) and this was due to the increase of the share of inactive who do not want to work (from 34% to 46%). This change was observed for both sexes.

The Employment Strategy (2004-2010) drafted in 2003, identified youth unemployment as a major problem and posed the need to prevent and reduce youth unemployment (incl. providing an opportunity for a new start within six months for unemployed youth



with a deadline in 2007) primarily by development of "active labour market policy aimed at the full social and economic integration of vulnerable groups on the labour market."

In Bulgaria, a number of programs, projects and schemes operate addressing problems associated with unemployment of various target groups. Many of the active interventions in the Eurostat classification are available since 2002 (Eurostat 2015).

In some of these measures young unemployed are the only target group. Most of the existing measures in the country are focused on all unemployed registered in the employment offices and thus include unemployed youths. After 2010, the proportion of measures intended for young unemployed increased. In 2013 the implementation of the European Youth Guarantee began in Bulgaria and in 2014 special measures supporting young people were launched under the Youth Employment Initiative. At the same time, the inclusion of young people as well as other groups in some universal measures brought additional bonuses. In this sense it could be claimed that unemployed young people gradually became one of the main target groups of the undertaken political measures. This is related to the implementation of various European initiatives targeting youth unemployment. Targeted programs try above all to provide a chance for young people by facilitating their transition to working life.

2.2.4 Identification of youth as important risk group

At national level there is a relatively **high consensus about certain groups that are at risk**. Statistical data, policy makers and research share the opinion that young people are a key risk group at the labour market. Probably the consensus is due also to the fact that almost every fourth young Bulgarian between 20 and 34 years is ready to leave the country and move to another EU country if he finds a suitable job there, as suggests the latest Eurostat study.

Except from the Employment Promotion Act, the overall policy design, including target groups identification, is shaped by the existing national strategic documents. On annual basis, the priority groups of the national active labour market policy are determined by the so-called "National Employment Promotion Action Plans".

With regard to this, youth unemployed have always been considered among the most vulnerable labour market groups who deserve support from the side of public policies. This fact has been recognized both in legislation and strategic documents.

However, by 2014 the focus had been put only on youth unemployed up to 29 years of age, i.e. no sub-groups among the group of youth were distinguished. That was changed in 2014, when a sub-group of youth aged below 25 years of age was identified as a separate priority group for the active labour market policy (MLSP 2013b: 15) The most important change occurred in 2015, when the sub-group of NEETs for the first time became a part of the list of the groups whom the active labour market policy should be oriented towards.(MLSP 2014: 18)



There is a limitation to the youth participants in ALMPs - up to 30 % of the people included in employment measures and training will be youths aged up to 29 (National Employment Action Plan for 2015).

Since 2014, all activities related to the policy for decreasing youth unemployment are carried out in the context of the National Plan for Implementation of the European Youth Guarantee. Priority is given to funding the training and employment of youths up to the age of 24 who have basic education or less. Youths with secondary education are also offered training for acquiring professional qualification. In the case of young people with a higher education, funding is provided for the start of first employment through internship. Despite the priorities defined by the strategies, practical experience has shown that it is difficult for ALMPs to reach precisely the youths with low education levels (European Commission 2016). The European Commission’s report on Bulgaria pointed out, however, that the Public Employment Services are in contact with the educational establishment to identify young people in danger of dropping out of school and to support higher education graduates; most measures target young people with secondary or tertiary education, and there is less focus on low-skilled youth.

Bulgaria has difficulties in providing services and measures under ALMPs precisely for some of the most vulnerable groups, such as youths and low-skilled people. In other words, ALMPs are hampered by limited prioritisation and targeting (European Commission 2016: 32).

2.2.5 Perception of young people by the society in general

The worsening demographic situation of the country with high emigration flows, especially of young people, has attracted some attention and from time to time there are media publications insisting on young people as a driving force. Additionally different policy documents occasionally state the same.

Furthermore, age discrimination in the country is reported to be growing³ and attempts are observed to confront different generations.

2.2.6 Youth subgroups currently recognized as ‘risk groups’ and their importance

Table 1 “Risk group” construction⁴

Potential risk groups	Importance by actors		
	Public opinion/ Media*	Mainstream policy	Research
All young people	5	3	4
Young unemployed	5	3	4
Early school leavers	3	4	4

³ Commission on Protection against Discrimination

⁴ rating on a scale between 1=no significant role to 5=very important



Young people with low skills	2	4	3
Young people with outdated qualifications	2	4	4
Young people without qualifications	3	3	3
NEET	2	4	3
Higher education graduates	2	1	2
Migrants/Ethnic minorities	2	3	3
Teenage/single parents	2	2	2
Young people from workless families	2	1	3
Young people from remote/disadvantaged areas	1	1	1
Young people with a disability	4	3	3



3 Labour market policies: Brief description of the key developments

The report uses the standard classification of labour market policies that differentiates between **active and passive labour market policies**⁵.

Eurostat classification of the labour market programmes, i.e. LMP measures (training; employment incentives; sheltered and supported employment and rehabilitation; direct job creation; start-up incentives) and LMP supports (out-of-work income maintenance and support) (Eurostat 2013) is applied.

3.1 Main trends in active and passive labour market policies since the mid-1990s

During the years since the beginning of changes (1989), labor market policies have been aimed primarily at dealing with the impact of economic reforms upon employment.

During the 90ies period, LM policies responded mainly in passive measures, trying to achieve low benefit levels and adapting the regulatory framework so as to reduce the flow of registered unemployed. Social policies consisted of palliative and reactive measures, and despite the recognition of unemployment as the main problem of society, the expenditure for the administrative support of the Employment Agency and for serving job seekers was strongly understated. In 2000, the relative shares of the expenditure for employment services and administrative support of the system in relation to the country's GDP was 0.09% (Austria - 0.14%; Belgium - 0.14%; Canada - 0.17%; Denmark - 0.12%; France - 0.18%; Germany - 0.23%; Netherlands - 0.26%; UK - 0.13%; Sweden - 0.23% at much lower unemployment rates).

After 2000, in connection with the EU integration process, a shift to active measures in labour market policies based on various programmes and interventions aimed at different target groups took place. Since the year 2000, the labour market policies have included a greater number of active programs and activities, great enough to reflect

⁵ OECD, for example, defines active and passive labour market policies as follows:

Active labour market programmes include all social expenditure (other than education) which is aimed at the improvement of the beneficiaries' prospect of finding gainful employment or to otherwise increase their earnings capacity. This category includes spending on public employment services and administration, labour market training, special programmes for youth when in transition from school to work, labour market programmes to provide or promote employment for unemployed and other persons (excluding young and disabled persons) and special programmes for the disabled.

Passive or income maintenance programmes in the context of labour market programmes consist of unemployment compensation programmes and programmes for early retirement for labour market reasons.



more adequately the changes taking place in the macro-economic environment. Today, the labour market policy has a distinctly 'activation' character and is aimed at impacting upon the processes or forming the behaviour of the target groups.

A series of documents try to identify problems and to propose measures for their solution through resource mobilization: Human Resource Development Strategy (2000-2006); National Economic Development Plan - for 2000-2006; Government Program "People are the Wealth of Bulgaria" (2001.); Employment Promotion Act (2002; 2003); The Joint Assessment Paper of Employment Priorities of the Republic of Bulgaria (2002); "A New Strategy for Social Policy" (2002); Employment Strategy (2004-2010; 2008-2015); National Action Plan for Employment (annually); National Reform Programme (2007-2009, updated every year) and so forth.

All of them envisage development of active social policy (which often affects the causes rather than the consequences), a differentiated approach to various social groups and opportunities for each of them to resolve problems in compliance with the requirement for optimizing social spending efficiency.

In 2002 and 2003, a number of programs were launched such as "From Social Benefits to Employment", "Improving Employability and Fostering Entrepreneurship of Young People", "Assistance for Retirement", "Labour Market Initiatives", "Employment of People with Disabilities Programme", "Employment of Teachers in the Education of Children with Disabilities Programme", etc. In that period, active labour market policy was primarily funded by the state budget. However, it was recognized that despite the alignment of policy contents and labour legislation in conformity with the European and international requirements, the problems in the labour market were not solved, and coverage of the unemployed by the active labour policies remained low.

Data shows that since 2008, the coverage of active labour market policies in Bulgaria has been declining. From more than 252 thousand entrants per year, for the last decade the number of new entrants fell to less than 100 thousand, i.e. more than two times. The sharpest decrease is observed with regard to training measures, where the number of entrants fell more than 4 times. The number of entrants in direct job creation measures, which in principle have the largest share in active labour market measures in Bulgaria (almost 80% of the total funding in 2013), has decreased from more than 140 thousand to 70 thousand, i.e. two times.

The main reasons for this sharp decrease are the series of political decisions taken after 2008 toward reducing the funding from national budget to active labour market policies with a view to compensating the cuts through the European Social Fund (ESF) funding. Data shows that expenditure on ALMP from the national budget has decreased approximately 3.8 times for a decade (2005-2014) – from BGN 135 mln. in 2005 to BGN 36 mln. in 2014. However, the funding from the ESF was unable to compensate the cuts until 2013 and ALMP policies remained underfinanced for long periods of time, even during the economic crisis (2010-2012).



The budget cuts were accompanied by staff cuts in the National Employment Agency. In 2004, the total number of employees including labour mediators was 3 141. Ten years later, they are only 2 397, i.e. by more than 30 percent lower despite the growing number of registered unemployed.

These political decisions weakened the capacity of public employment services to counteract the negative effects of the crisis on Bulgarian labour market and to adapt its structure and portfolio of services to changing economic and social circumstances. As a result, the overall efficiency of public employment services has been decreased.

The economic crisis linked to growing youth unemployment led to a growth of resources in the categories “out-of-work income maintenance and support” (Passive labour market policies). Funds for Start-up incentives, Direct job creation (in the period from 2009-2011), Employment incentives, and Training have been reduced considerably. The large number of initiatives leads to the insufficient focusing of ALMPs on vulnerable groups (such as unemployed youths), and insufficiently effective inclusion of these people in the labour market or reduction of their labour insecurity.

The active labour market policy in Bulgaria has been criticized by the European Commission and the Council in the context of the review of progress regarding the EU Europe 2020 Strategy. Since 2012, the need for reform of the public employment services and active employment policies has been highlighted in the context of the problems facing by the labour market. For example, in its report on macroeconomic imbalances of 2016, the authorities of the European Commission indicate that active labour market policies in Bulgaria are not sufficiently prioritized and focused, especially with regard to the most vulnerable groups in the labour market, including young people. Among the problems are highlighted the poor programs’ and measures’ design, the lack of adequate funding, strong dependence on the European Social Fund, insufficient scope of services, etc. (European Commission 2016: 38-39)

3.2 Short description of the current policy formulation process

The Ministry of Labour and Social Policy (MLSP) is the managing body of OP “Human Resource Development” (OP HRD) and as such, it delegates responsibilities and tasks for the fulfilment of certain priorities to the following intermediate units:

- The Employment Agency and its 9 Directorates entitled Regional Employment Office and 98 local directorates entitled Employment Services;
- The Ministry of Education and Science;
- The Social Assistance Agency and its 28 Regional Social Assistance Directorates and 147 local Social Assistance Directorates.

MLSP controls and coordinates the implementation of state labour policy for promoting and maintaining employment and reducing unemployment. However, there is a lack of structured cooperation and data exchange between employment and social authorities



(European Commission 2016: 32) Performing a significant role for the implementation of ALMPs are the regional and municipal administrations, the syndicate organisations, and some non-governmental organisations, which develop projects under OP Human Resource Development (OP HRD).

Other institutions, such as the Ministry of Education and Science, the Ministry of Health, the Agency for Social Assistance, the Agency for Persons with Disabilities, etc. also have some responsibilities in formulating and implementing policies.

The overall control over the implementation of policies is exercised by the General Labour Inspectorate Executive Agency (enforcement of labour legislation) and the National Social Security Institute (payment of social security compensations and benefits).

There are also regional programmes with active employment measures, which are developed on the initiative of regional and municipal administrations and address problems in the labour market in different regions or municipalities.

It is believed that the social partners play an important part in the implementation of measures aimed at increasing the competitiveness of young people on the labour market. They participate in the Monitoring Committee of HRDOP in working groups on the Youth Guarantee and implement projects in the area: Project “*Chance for work – 2015*” (CITUB); Project “*Directions*” (LC Podkrepa); Project “*I study and succeed in Bulgaria*”(BICA); Project “*From Vocational Training to Effective Employment*” (BIA), etc.

3.3 Recent trends in the governance of public employment services

In Bulgaria, the process of defining and implementing the labour market policies is centralized. The Ministry of Labour and Social Policy has the main responsibility to define the policies, while the Employment Agency and the National Social Security Institute have a commitment to implement the policies, respectively the active and passive policies.

As mentioned above advisory bodies are established and there are some attempts for improving cooperation. However the effects of these developments are not well assessed.

Additionally, clear and transparent mechanisms for beneficiaries to impact on the quality of employment services are not established, although some such formal attempts are often reported.

3.4 Evaluations of labour market policies

Labour market policies in Bulgaria are not subject to regular evaluation. There is not a normative requirement and there has not been a recent shift in evaluations. Usually



there are some internal 'evaluations' or 'evaluations' commissioned to some organizations (often one and the same in subsequent years). These evaluations are fragmented - measure by measure and/or very narrow, for example considering how many people were enlisted, how many events were organized, etc. However independent impact assessments are not available and there are no even attempts to consider to what extent the LM interventions have positively impacted the labour market inclusion. Thus there are some reports, and to a certain degree there are in a process of improvement as sometime they try to assess creaming effect, substitution effects and deadweight loss. However these are hardly evaluations in the true sense of the word.

While the need of assessments in order to estimate how and which measures work and achieve the desired effects, and whether they are not linked to unforeseen negative effects is widely recognized, studies assessing the effects of the implemented reforms are lacking and yet to be undertaken.



4 Youth employment policies: A general overview

Table 2 An overview of active labour market programmes at national level (2005-2015)*

	Indicator	Year		
		2005	2010	2015 or the last year of available data, specify
1	Total number of active labour market programmes	42	55	51
1.1	including youth-targeted	9	9	9
2	Number of participants (stock) in active labour market programmes:			
2.1	Total number	173 594	139 360	65 502
2.2	% of the labour force (15-64)	5.3%	4.1%	2.0%
3	Number of youth participants (up to 29 years old) in active labour market programmes:			
3.1	Total number	44 876	31 931	14 203
3.2	% of the labour force (15-29)	6.8%	4.8%	2.6%
3.3	% of the total number of participants (stock)	25.9%	22.9%	21.7%
4	Expenditures on active labour market programmes:			
4.1	Total amount (EUR)	106.5	49.8	65.8
4.2	% of GDP	0.44%	0.13%	0.15%
5.	Expenditures on all active labour market programmes for youth participants:			
5.1	Total amount (EUR)	N/A	N/A	N/A
5.2	% of GDP	N/A	N/A	N/A
6	Expenditures on youth-targeted active labour market programmes:			
6.1	Total amount (EUR)	4.92	0.95	3.78
6.2	% of GDP	0.020 %	0.003 %	0.009%
6.3	% of the total expenditures on active labour market programmes	4.62%	1.90%	5.74%

Sources: 1 – own calculations; 2.1, 3.1, 4.1 – Annual activity reports of the National Employment Agency for the respective years; others – own calculations

Notes: 1) The total number of labour market programs includes state funded programs and measures and ESF funded operations in implementation in the given year;

The total number of labour market interventions in Bulgaria is 112, of which 107 are services and measures (categories 1-7) and 5 are supports (categories 8-9) (Eurostat 2015b). Although a number of initiatives for employment promotion have been funded in the period 2007–2014, and now under OP HRD 2014 – 2020, according to the data (Eurostat: code Imp_ind_actru), there has been a significant decrease in the rate of activation of labour market entry among the registered unemployed for categories 2–7



of the active labour market policies. While in 2007 this percentage among youths under the age of 25 was 31.2, in 2008 it was 18.9 and continued to fall until 2011, after which it rose slightly. Still, it is yet far from the levels before the financial crisis, and in 2013 it was 17.1%

The share of youths entering ALMPs, in proportion to the total number of participants in these programs, has not exceeded 20%, except in 2006 (Eurostat: code Imp_partme_bg). In other words, even the restriction of 30% of youths aged up to 29 out of the total number of participants, set by the National Reform Program, has not been attained.

4.1 Measures and schemes for young unemployed

Table 3 Overview of types of measures and schemas against youth unemployment in the last years

Type of measure	Importance ⁶	Youth specific (yes/partly/no)	Target groups ⁷	Main source of funding ⁸	Linked to EU initiatives ⁹	Main actors of delivery ¹⁰	Evaluation present (Yes, Partly, No)
(Re-) orientation courses, preparation for training or employment	2	Partly	3, 4	National	YG, YEI	State Educational institutions	Partly
Vocational guidance, career counselling	2	Partly	1, 3	EU National	YG, YEI	State Educational institutions	Partly
Training (with certificates)	2	Partly	1, 2	EU National	YG, YEI, FQTA	State Educational institutions Private sector	Partly
Training (without certificates)	2	Partly	1, 3	EU National	YG, YEI, FQTA	State Educational institutions	Partly
Employment incentives, subsidies for employer	2	Partly	1,3, 4	EU National	YG, YEI	State	Partly

⁶ Importance depends on the comparative scale of the program (coverage & expenditure) -> Does not exist = 0; Not relevant = 1; Quite important = 2; Very important = 3

⁷ Target groups: targeted youth = 1, universal = 2, targeted risk group =3, targeted to youth risk group = 4

⁸ Main source of funding: EU; national; regional; local; other

⁹ Link to EU initiatives: Youth Guarantee (YG); Youth Employment Initiative (YEI); Framework for Quality traineeships and apprenticeship (FQTA); Eures; Support to youth entrepreneurship (SYE); Other

¹⁰ Main actors of delivery: state; region; municipality; church; foundations; NGOs; private sector; educational institutions; others



Direct job creation	2	Partly	1,3,4	EU National	YG, YEI	State	Partly
Start-up incentives, self-employment programmes	2	No	2,3	EU National	YG, YEI, SYE	State	No
Apprenticeship	2	Partly	3,4	EU National	YG, YEI, FQTA	State	Partly
Supporting youth mobility	2	Yes	1	EU National	Eures	State	No

Target groups: In principle, youth can take part in practically all labour market programs, i.e. youth-targeted and universal. In addition, there are some programs addressing the needs of specific sub-groups among the youth (for example – young people up to 29 who do not have professional experience related to their field of study).

Main source of funding: Since 2009, the state expenditure on active labour market policy in general has been declining due to budget cuts. As a result, ESF replaced the state budget as the most important source of funding for the most types labour market programs.

Linked to EU initiatives: All existing labour market programs addressing youth (regardless of their source of funding), are part of the European Youth Guarantee, i.e. all state and EU-funded programs are part of the European Youth Guarantee. However, due to the chronic underfinancing which state-funded active labour market programs are subject to, recently there has been a trend towards their “duplication” within the framework of the ESF co-financed operational programs. The results is the existence of programs/interventions with very similar design and the only difference is their source of funding – the state budget or the ESF (and the Youth Employment Initiative respectively). That is for several types of programs two codes are mentioned.

Main actors of delivery: Most of the labour market programs are coordinated at central level but implemented by private sector employers and municipalities (including municipal enterprises).

4.2 Impact of measures: prevention v/s reaction

Labour market policies in Bulgaria with their narrow ‘activation’ approach are mainly reactive in their strategy, design and implementation. They try to propose, with varying degrees of success, some more chances to excluded young people like training, qualification, work experience, etc.

4.3 Increasing young people's employability

In terms of public expenditures, ALMPs are predominantly focused on direct job creation and business subsidies. It has to be underlined that the specific focus is on creation of short-term unsustainable working places rather than on real direct job creation.

Table 4 Public expenditure for labour market measures in Bulgaria (in million Euro)

LMP Type	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
1. Labour market services	14,02	15,83	15,03	15,59	18,24	15,29	13,92	15,04	14,34	14,47
2. Training	11,93	14,36	11,26	11,88	11,97	4,80	1,43	8,42	10,84	4,68
3. Employment incentives	6,34	10,76	13,40	14,30	16,77	14,16	6,85	6,50	6,45	10,57
4. Direct job creation	72,41	67,86	72,16	60,88	59,06	58,41	25,52	35,25	58,78	122,98
5. Start-up incentives	1,77	1,51	1,19	1,04	1,70	0,94	0,13	0,15	1,98	0,68
Total Active labour market measures (categories 2-7)	92,45	94,48	98,01	88,10	89,50	78,31	33,92	50,31	78,06	138,92
Passive LMM: Out-of-work income maintenance and support	51,81	46,66	45,96	44,30	53,18	133,97	162,42	162,61	182,75	183,05

Source: Eurostat (code: Imp_expme_bg) Accessed on October 25, 2016

4.4 Risk groups among youth which needs are not adequately addressed by the policy documents and existing policy initiatives

There are different groups which needs are not adequately addressed: Young people with disabilities, Roma, NEETs, Young people from disadvantaged background - workless families, Young people employed in "grey economy", etc. are some of these groups.

Especially unaddressed are the needs of groups that suffer from cumulative disadvantages. This has to do with the high inequalities in the country and the consequent increasing importance of social origin.



4.5 Initiatives and measures aimed at progression in work or assisting unemployed young people to enter jobs with real progression opportunities (including policies aimed at ‘good jobs’)

As discussed above, the concept of quality jobs is far distant from the policies and reforms in Bulgaria. In fact low quality jobs are so much prevailing in the country that it is hardly possible the question to be addressed just for one age group. The whole veer of income policies in the country needs reconsidering in order to seriously address the topic of quality jobs.

4.6 Studies on how young people experience and perceive policy initiatives, programmes and individual measures

In different studies, reports and media publications fragments concerning young people opinion about individual measures could be found. Still, there are neither systematic research on young people visions and experience with policy initiatives, programmes and individual measures nor in-depth discussions leading to adequate political reforms.



4. Youth employment policies: Focus on selected interventions

Table 5 A brief overview of the selected youth employment interventions

No	Name	Level (national, regional, local)	Main target group ¹¹	Type ¹²	Starting year; end year (if not ongoing)	Funding source (EU, national, regional, local, other)	Part of EU initiatives (if yes, which one)	Evaluation (Yes, positive; Yes, negative, Yes, mixed results; No)	“Good practice” ¹³ example (Yes/Partially/No)
1	Increase of youth employment through their permanent inclusion on the Bulgarian labour market	Regional	targeted to youth risk group	Training	2009-2010	EU (ESF) and national budget	No	No	No
2	New Workplace	National	targeted to youth risk group	Training Direct job creation	2012-2015	EU (ESF) and national budget	Youth Guarantee	No	No
3	Youth employment	National	targeted to youth risk group	Training Direct job creation	2014-2016	EU (ESF and YEI) and national budget	Youth Guarantee, Youth Employment Initiative	Yes Mixed results	No
4	Creating employment for young people by providing internship opportunities	National	targeted to youth risk group	Training Direct job creation	2010-2014	EU (ESF) and national budget	Youth Guarantee	No	No
5	Career Start	National	targeted to youth risk group	Direct job creation	2002-ongoing	National	Youth Guarantee	Yes Positive results	Yes
6	Subsidies for employers hiring unemployed youths up to 29 years of age	National	targeted to youth risk group	Employment incentives	2002-ongoing	National	Youth Guarantee	Yes Mixed results	No
7	Promoting the	National	targeted	Start-up	2010-	EU (ESF)	No	No	No

¹¹ a. targeted youth, b. universal, c. targeted risk group, d. targeted to youth risk group;

¹² (re-)orientation courses, preparation for training or employment = 1; vocational guidance, career counselling = 2; training (with or without certificates) = 3; Employment incentives, subsidies for employer = 4, direct job creation = 5, and start-up incentives, self-employment programmes = 6

¹³ EU Database of national labour market ‘good practices’ definition: “A specific policy or measure that has proven to be **effective** and **sustainable** in the field of employment, **demonstrated** by evaluation **evidence** and/or monitoring and assessment methods using process data and showing the **potential for replication**. It can cover both the formulation and the implementation of the policy or measure, which has led to **positive labour market outcomes** over an extended **period of time**.”



	launch of projects for the development of independent business activity		risk group	incentives	2015	and national budget			
8	First job	National	targeted to youth risk group	Training Direct job creation	2012-2015	EU (ESF) and national budget	Youth Guarantee	No	No
9	Activation of inactive people	National	targeted risk group, targeted to youth risk group	(re-) orientation courses, preparation for training or employment	2009-ongoing	National	Youth Guarantee	No	No
10	Career orientation system in secondary education	National	Youth targeted	vocational guidance, career counselling	2012-ongoing	EU (ESF) and national budget	Youth Guarantee	No	No
11	Student practices	National	Youth targeted	(re-) orientation courses, preparation for training or employment	2008-ongoing	EU (ESF) and national budget	Youth Guarantee	No	No
12	Development of the network of youth information and consultation centres	National	Youth targeted	(re-) orientation courses, preparation for training or employment vocational guidance, career counselling	2011-ongoing	EU (Youth in Action Programme) and national budget	No	No	No

4.7 Detailed description and evaluation of the selected measures

4.7.1 Increase of youth employment through their permanent inclusion in the Bulgarian labour market

Short description	<p>Main aim of the measure: To increase the competitiveness of young people to take up vacant jobs through ICT training and foreign language learning, and through provision of employment services (MLSP 2010: 74)</p> <p>Intended effects: Reducing youth unemployment in regions with higher share of youth unemployed of total registered unemployed people; Ensuring sustainable inclusion of young people in employment through provision of employment and training services (ICT and foreign language courses)</p> <p>Target groups: Employers; Unemployed youth up to 29 years old</p> <p>Eligibility criteria for beneficiaries: Registration at local employment offices located in 10 defined districts (NUTS-3 regions); Completed at least 7th grade</p> <p>Type of intervention: training</p> <p>Level: Regional</p>
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	<p>Start/ end date: April 2009 - the end of 2010</p> <p>Stakeholders' involvement in the formulation/ implementation of the measure: Taking into account that this measures is co-financed by the European Social Fund, it should be noted that employers participated in its designing being a members of the Monitoring Committee of the Operational Programme "Human Resources Development" 2007-2013; Employers had an important role as far as on the basis of their requests with the employment offices employment could be provided to unemployed youths who had successfully completed the training.</p> <p>Institutions through which the measure is implemented: Employment Agency, through the local employment office directorates</p> <p>Budget (EUR, thousand) and source: The operation was financed by the European Social Fund in Bulgaria through the Human Resources Development Operational Programme 2007-2013, as follows: 85% of the budget was provided from the ESF and 15% - from the state budget. The initial budget of the operation was EUR 7 669.4 thousand (2009) (MLSP 2010: 74) and only EUR 1 685.1 thousand were utilized by the end of 2010 (Employment Agency 2011: 41), i.e. less than 22% of the initial budget.</p>
Achieved results	<p>Number of young people covered & total expenditures. The operation marked progress only in 2010. 5 242 unemployed young people were provided mediation services. Training in ICT and in foreign languages included 5 574 young people and 5 047 of them completed the training successfully.</p> <p>The number of young people who had completed the training successfully and began working with the mediation of the employment offices was 1 104 (Employment Agency 2011: 41). About EUR 1 685.1 thousand was absorbed in 2010, i.e. the finding of a job for one young unemployed 'costs' a little more than EUR 1 500.</p>
Youth involvement	No specific activities planned in the programme to include targeted youth actively in designing the programme.
Links to EU initiatives	The operation was not part of an EU initiative
Available evaluations	We are not aware of any publicly available assessments of this operation
Quality of the intervention.	<p>Achieving the stated goals and intended effects: Neither the estimated budget nor the target values of the indicators were achieved. The program was unable to assist in returning of unemployed youths to employment. Only about 20% of those who completed the training were able to find jobs thanks to the intermediary services provided by the employment offices, but none of them was able to remain in employment one year after the support ended. (Employment Agency 2011: 7)</p> <p>Assessment of the magnitude of the effect: The operation did not achieve its initial targets. At its launch, its budget of EUR 7 669.4 thousand implied that 10 400 young unemployed had to receive mediation services and be included in ICT training and foreign language learning. About 90% of them had to complete the training successfully, 50% of the successful graduates had to start working, and 50% of those who had started work – had to keep their jobs for at least 1 year after the end of their participation in the operation.(MLSP 2010: 73-74)</p> <p>The measure had very strong regional focus – it had to be implemented in the territory of ten districts (NUTS-3 level regions) where the share of youth unemployed of the total number of unemployed registered at the public employment offices was higher (between 21 and 27%). In that regard, it could be concluded that at the start of the measure there were sufficient number of young people who could receive employment and training services. However, since no publicly available evaluation of this measure is available, it cannot be concluded with certainty why young people did not make use of existing opportunities.</p> <p>The problems in the implementation of the operation were noted in 2010, when it was</p>



	<p>found that the persons recruited in employment after the training were 940, which is 18.62% of those who successfully completed the training, compared to a target of 50%. In a still shrunk labour market, the achievement of this indicator in the best case requires a considerably longer period than the projected one (MLSP 2011: 73). In 2011, the implementation of the operation was stopped due to failure to select a contractor under a public procurement notice to carry out the training of young people. Action was taken to redesign the operation and the period of its implementation was extended by 12 months. (MLSP 2012: 74)</p> <p>The accumulated problems could not be overcome, and no activities were performed under the operation in 2011 and 2012 (due to judicial appeal against the selection of contractor.). At the end of September 2012, MLSP submitted a proposal to cancel the operation due to "serious slowdown of activities and existing risk of failure to fulfil the planned project activities and indicators".(MLSP 2014: 82)</p> <p>The extent to which the intervention provides quality and sustainable employment cannot be assessed as far as no evaluation of this measure is publicly available, i.e. there is no information what type of jobs were taken by young people after completion of their participation in the measure.</p> <p>Effectiveness of the program: Implementation problems and the decision taken based on the results of a preliminary study of the problems facing the integration of the labour market of young people, which excluded young people from the other 18 districts in the country, were among the reasons for the failure to achieve the target values.</p> <p>Main weaknesses: The approach adopted to resolve the problem of youth unemployment was not particularly adequate to the specific economic conditions, which in combination with implementation problems, led to the failure of the operation.</p>
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4.7.2 New Workplace

<p>Short description</p>	<p>The measure aims to encourage employers to hire young unemployed up to 29 years of age by providing support for the investment and labour costs for a period of between 6 and 12 months depending on the creation of new jobs for the target group. It provides opportunities for vocational training and /or training in key competencies of employed young people depending on the needs of the employer.". (MLSP 2013c: 90-91)</p> <p>Intended effects: increasing the labour demand through providing stimuli to employers to hire youth unemployed registered at local employment offices; decreasing youth unemployment; improving the knowledge and skills of young people in accordance to employers' needs</p> <p>Target groups: Young unemployed up to 29 years of age registered at the employment office directorates; Employers</p> <p>Eligibility criteria for beneficiaries: up to 29 years of age; registration at the local employment offices of Employment Agency</p> <p>Type of intervention: training and direct job creation</p> <p>Level: National level</p> <p>Start/ end date: The call for project proposals was published at the end of 2012. The actual implementation of individual projects started in 2013. The deadline for the implementation of the operation was by the end of 2015</p> <p>Stakeholders' involvement in the formulation/ implementation of the measure: Employers participated in its designing being a members of the Monitoring Committee of the Operational Programme "Human Resources Development" 2007-2013; Employers played an important role – this measure was implemented on a competitive principle as a call for proposals and employers were the eligible beneficiaries. In that regard, funds were spent directly by employers and they had the</p>
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	<p>responsibility of the implementation of this measure in general. Of course, the implementation was dependent upon the existing EU funds management European and national rules and procedures.</p> <p>Institutions through which the measure is implemented: The Employment Agency, in its capacity of the institution that grants the funding, exercised control over the projects implementation</p> <p>Budget (EUR, thousand) and source: The allocated budget for this measure was EUR 7 812.5 thousand, under the Operational Programme “Human Resources Development” 2007-2013. As the programme was co-financed by the European Social Fund, 85% of the budget came from the European Social Fund and 15% - from the state budget (MLSP 2013c: 90); The budget for one project proposal was approximately between EUR 10 000 and 200 000.</p>
Achieved results	<p>Number of young people covered & expenditures: By the end of 2015, 2 262 unemployed young people participated in vocational training or training for acquiring key competencies. Of these, 1 772 started working at subsidized jobs for a period of 6 to 12 months, then the creation of one job costs about EUR 1 900.</p>
Youth involvement	<p>There is no publicly available information if young people had participated in the process of designing the measure.</p>
Links to EU initiatives	<p>The operation was part of the European Youth Guarantee in Bulgaria.</p>
Available evaluations	<p>We are not aware of any publicly available assessments of this operation. The only publicly available information on the implementation of the operation is part of the annual implementation reports under the Human Resources Development Operational Programme 2007-2013, and they are published after the middle of the next reporting year.</p>
Quality of the intervention.	<p>Achievement of stated goals and intended effects: The employers’ projects financed under this measure finished at the end of 2015. According to the Ministry of Labour and Social Policy’s report, the planned number of young people to take part in trainings was exceeded (2 197 – planned; 2 562 – achieved). However, fewer young people became employed after successfully completed training courses (1 998 – planned; 1 772 – achieved). (MLSP 2016: 47)</p> <p>Assessment of the magnitude of the effect: Taking into account the youth unemployment rates in Bulgaria, the coverage of this measure could be assessed as modest. This is due decisions that determined its design and the maximum number of young people who could take part in this measure given the available funds.</p> <p>Providing quality and sustainable employment: As far as we don’t have information on the existence of publicly available evaluation of this measure, such an assessment is difficult to be made. However, it is doubtful whether this measure could provide quality and sustainable employment, at least during its implementation. The arguments for such a conclusions are:</p> <ul style="list-style-type: none"> - The support to young people is of limited duration (between 6 and 12 months); - The subsidized wage is equal to the minimum social insurance thresholds for the given economic activity and occupation, i.e. net wage to be received by young people is rather low. <p>Effectiveness of the program: Unemployed young people who participated in the operation had the opportunity to improve their vocational skills and to acquire certain key competences. Also, they gained work experience that hypothetically should facilitate the transition from education to employment or from unemployment to employment and expand their future job opportunities.</p> <p>Main weaknesses: One of the obstacles to the participation of young people was the fact that they had to register at local employment offices. This is so as far as existing surveys show that services provided by local employment offices are not the</p>



	<p>preferred channel for job seeking by young people. Data from a nation-wide social survey conducted in 2014 (ISS and MBMD 2014) shows that roughly one out of three young unemployed is registered at local employment offices; therefore, public employment services have relatively low popularity among young people as a form of institutional support that can help them to find a job.</p> <p>Another hypothetical obstacle would be associated with the attractiveness of the operation for the young people, i.e. subsidized employment under the operation was limited in time (between 6 and 12 months) and with low salary. These could be factors that reduce the attractiveness of the operation for the young jobseekers.</p>
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4.7.3 Youth employment

Short description	<p>Main aim of the measure: To increase the competitiveness of young people by providing opportunities for internships or on the job training.</p> <p>Employers who provide internships under the scheme are reimbursed for salaries in the amount of minimum insurable income for the main economic activity and qualification group of occupations to which the opened internship position belongs, as well as the health insurance and social security contributions of the young people for a period of 6 months. Employers who provide on the job training are reimbursed for the remuneration of the individuals hired in the amount of 90% of the minimum wage for the country and the costs of health insurance and social security contributions, also for a period of six months. If after the internship, the young person remains on the job and signs a permanent employment contract, the employer is additionally covered for the costs of health insurance and social security contributions for another period of six months. In the event that current address of a young person is different from the job location, young people are covered for the travel costs to and from the job during the first month of the internship or training.</p> <p>Intended effects: To facilitate the transition from education to employment and to accumulate valuable experience required for filling vacant jobs announced by employers</p> <p>Target groups: Employers and unemployed; Young people up to 29 years of age registered at the employment office directorates.</p> <p>Type of intervention: training and direct job creation</p> <p>Level: National</p> <p>Start/ end date: 2014-2016</p> <p>Stakeholders' involvement in the formulation/implementation of the measure: Employers participated in its designing being a members of the Monitoring Committee of the Operational Programme "Human Resources Development" 2007-2013 (however, there is no public available information what employers' opinion was). Employers participate in the operation by submitting announcements for vacancies to which youths can be hired. Thereafter, the Employment Agency and employers conclude the so-called <i>Employment Provision Contract</i></p> <p>Institutions through which the measure is implemented: by the Employment Agency, through the local employment office directorates.</p> <p>Budget (EUR, thousand) and source: The total budget of the operation is EUR 17 895.2 thousands. (National Employment Agency. 2016: 55) The operation is funded under the Youth Employment Initiative of the EU. The budget comes from the European Social Fund, the Youth Employment Initiative and from the state budget.</p>
Achieved results	<p>Number of young people covered & expenditures</p> <p>As of 31.12.2015, the total number of participants in the operations were 4 865 people, as 3 230 of them received on-the-job training and 1 635 – participated in internships. (MLSP 2016: 25). There is no publicly available information on the costs are incurred since the beginning of the operation.</p>



Youth involvement	The operation is co-financed by the Human Resources Operational Programme 2014-2020. Therefore, its design has been adopted by a Programme's Monitoring Committee where non-governmental organizations representing youth are present. On that basis, it might be assumed that they have been involved in the process of planning and measure formulation.
Links to EU initiatives	The programme is part of the Youth Employment Initiative and Youth Guarantee in Bulgaria.
Available evaluations	According to a recent evaluation, 57% of the total number of participants received a job proposal after completion of the measure. Among them, 45% were employed after the end of their participation. (Sigma Metrics 2016: 12)
Quality of the intervention.	Achievement of stated goals and intended effects: The current performance of the target values of the indicators is good (71%), as far as of the planned 8 000 young people more than 5 700 are already involved in the intervention. However, there is no information on the status on the labour market of young people who have ended their participation in the operation.

4.7.4 Creating employment for young people by providing internship opportunities

Short description	<p>Main aim of the measure: The program provides an opportunity for young people up to 29 years of age for internships with employers in order to increase the competitiveness of young people</p> <p>Intended effects: to facilitate the transition from education to employment; to enable the accumulation of valuable initial professional experience required for appointment to vacancies announced by employers</p> <p>Target groups: young people up to 29 years of age registered at public employment services with at least secondary education. Additional requirement - should not have working experience in the respective field of study.</p> <p>Eligibility criteria for beneficiaries: unemployed young people up to 29 years of age; registration in the employment offices; completed secondary or higher education; no experience in the field of occupation</p> <p>Type of intervention: training and direct job creation</p> <p>Level: National level</p> <p>Start/ end date: It was launched at the end of 2010, but the actual activities started in early 2011. The operation was implemented by the end of 2014, and the interns were appointed in 2013</p> <p>Stakeholders' involvement in the formulation/implementation of this measure: Employers participated in its designing being a members of the Monitoring Committee of the Operational Programme "Human Resources Development" 2007-2013 (however, there is no public available information what employers' opinion was). The operation was implemented in cooperation with employers as they announced job vacancies, to which they would like to hire unemployed young people as interns.</p> <p>Institutions through which the measure is implemented: The Employment Agency, through the local employment office directorates</p> <p>Budget (EUR, thousand) and source: The budget was allocated under the Human Resources Development Operational Programme 2007-2013, with sources: 85% from the European Social Fund and 15% from the state budget. Totally EUR 18 407.6 thousands have been paid for this measure (Unified Management Information System 2017)</p>
Achieved results	<p>Number of young people covered & expenditures: At the end of 2013, the total number of young people involved in internship was 9 167. (MLSP 2014b:55)</p> <p>As of the end of 2013, a little over EUR 17.5 million was spent for the operation</p>



	(National Employment Agency 2010:41; 2011:49; 2012: 45; 2014c; Unified Management Information System 2017). With a number of interns of just over 9 000, the provision of 6-month internship with an employer cost about EUR 1 900 per an intern.
Youth involvement	No specific activities planned to include targeted youth actively in designing the programme.
Links to EU initiatives	The operation was part of the European Youth Guarantee in Bulgaria.
Available evaluations	No publicly available evaluations of the operation.
Quality of the intervention.	<p>Achievement of stated goals and intended effects: The operation achieved its objectives, providing 6-month internships to more than 9 100 unemployed young people without work experience in the occupation. This is above the target value of 8 550 young people.</p> <p>Assessment of the magnitude of the effect: Based on surveys among participants in the operation, the auditors found that "participants [...] believe that the induction training is useful and that mentors devoted enough time for explanations. According to them, the internship of six months is useful for gaining experience and skills". (National Audit Office 2014: 27)</p> <p>Notwithstanding the positive findings, the Audit Office recommended: "To take action to improve the quality of internships by financing internships that provide balance in the labour market, meet the standards for training and work, increase labour productivity, overcome regional imbalances and improve mobility"(National Audit Office 2014: 34). Furthermore, attention is paid to the omissions, especially the lack of research on the effects of the operations carried out - a fact that does not allow the 'lessons' to be used to manage subsequent operations.</p> <p>Provision of quality and sustainable employment: No, remunerations are quite low; the duration of subsidized employment is limited and the employers had not been obliged to offer the participants permanent jobs.</p> <p>Effectiveness of the program: The audit report of the National Audit Office indicates that the share of young people who remain in employment with the same employer after the internship is very high - 91% (National Audit Office 2014: 30). In this sense, the intervention can be considered as effective.</p> <p>The most important incentive for young people participating in the operation was the fact that they gained valuable first work experience in the specialty /the area of their completed education.</p> <p>Main weaknesses: There are two main weaknesses. First, the working conditions do not provide quality employment – remuneration is low and the duration of the participation is limited. Second, it is targeted at better educated young people, thus limiting the possibility for the most vulnerable groups to take part in publicly supported interventions. In addition, the design of the operation should be better aligned with the Recommendation on the quality of traineeships in the EU and in particular - regulation of learning objectives, formalization of training (issuance of a certificate) after checking the knowledge and skills, requirements to the professional qualifications and experience of the mentor, etc.</p>

4.7.5 Programme Career Start

Short description	<p>Main aim of the measure: The program aims to provide work experience for unemployed young people who have completed secondary or higher education in order to facilitate the transition from education to employment.</p> <p>Intended effects: Prevention of disqualification of young people; Prevention against 'brain drain'; Providing opportunities for renewal of public administration; Providing</p>
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	<p>opportunities for further recruitment of young people to permanent jobs; Achieving a flexible combination of knowledge, skills and experience in-line with the requirements of the market economy.</p> <p>Target groups: young people under 29 years of age, without professional record, who are registered with the employment offices</p> <p>Eligibility criteria for beneficiaries: Age; No professional experience; Registration at public employment services</p> <p>Type of intervention: Direct job creation</p> <p>Level: National level</p> <p>Start/ end date: It has operated since 2002 - ongoing</p> <p>Stakeholders' involvement in the formulation/implementation of the measure: All interventions, part of the National Action Plan on Employment, have to be discussed and adopted by the National Council for Employment Promotion. It is composed by public authorities and social partners' representatives; Under Component 1, central, regional and municipal administrations announce a plan of vacant positions to which they want to hire young unemployed as interns. Under Component 2, private employers do the same.</p> <p>Institutions through which the measure is implemented: by the Employment Agency, through the network of local employment office directorates.</p> <p>Budget (EUR, thousand) and source: The funding comes from the state budget.</p>
Achieved results	<p>Number of young people covered & expenditures: From 2002 to 2012, 8 822 youths with higher education were included in employment in the public administration under the programme. Young people are appointed in public administration with an employment contract for a period of nine months.</p> <p>In the National Action Plan on Employment in 2013, for the implementation of the program were allocated funds for providing employment for 2 725 young people, of whom 2 000 new recruits. In the period January – August 2013 employment was provided to 719 young people under the programme. BGN 2 331 339 was spent. In 2013, 3 433 candidates for the programme submitted applications with the Employment offices competing for 2 256 jobs.</p> <p>The salary (BGN 400 - 2013) and additional remuneration pursuant to the Labour Code is subsidized from the state budget, while social security and health insurance contributions are payable by the employer.</p>
Youth involvement	No specific activities planned in the programme to include targeted youth actively in designing the programme.
Links to EU initiatives	Component I of the programme is included in the National Plan for implementing the European Youth Guarantee 2014 – 2020
Available evaluations	<p>In 2011, this program was included in the performed ex-post assessment of the active labour market measures which stated that this was one of the most successful programmes in the country. The assessment tried to estimate the gross effect, dead weight, the effect of substitution and the effect of displacement. According to this assessment, of the 1 040 young people included in the programme in 2011, 74.1% found a job (Active Labour Market Policies Consortium 2015: 66).</p> <p>The effect of displacement is measured by a question to a test and control group of employers about whether the subsidized recruitment of interns has resulted in a competitive advantage and respectively, if this led employers to dismiss workers. The results indicated that the effect of displacement was not particularly strong (88.9% of the employers who hired young unemployed under the programme said “No”) (Active Labour Market Policies Consortium 2015: 73), and the net effect that estimates what portion of next employment is due only to this program was 24.7%(Active Labour Market Policies Consortium 2015: 79).</p>
Quality of the intervention?	Assessment of the magnitude of the effect: Over time, the average monthly number of people who work under the programme is increasing



	<p>Effectiveness of the program: It is assumed that the most important incentive for young people participating in the programme is to gain valuable first work experience in the specialty / area of completed education. In addition, this practice aims to resolve the problem of lack of professional experience for future job applications. Access is provided to mediation services and institutional support both before and after the operation.</p> <p>Main weaknesses: Discussions in the social networks indicate some problems and recommendations:</p> <ul style="list-style-type: none"> - A question arises about the selection of young people among all applicants and the issue of selection of young people through 'social links'. - There are doubts about the quality of the experience gained - to what extent young people are actually engaged in activities corresponding to their education and to what extent they are used as assistant administrative personnel. - The issue of low pay is strongly raised – young people with higher education receive payment at the level of the minimum wage, which is considered as extremely insufficient. - Discussed are also issues related to the unclear procedure in the event of giving up on an already started internship, -after signing the contract. The reasons stated most often are: the low pay; the uninteresting work unrelated to the completed education /mainly bringing coffee and similar/; the desire to go abroad. In this case the procedure of discharge from obligations is not clear in terms of potential penalties. - Another strongly raised issue is the connection between the internship and subsequent appointments. For this purpose it is necessary to have a longer monitoring period of the persons included. Such information will create opportunities for more accurate assessment of the advantages and disadvantages of the programme and possible ways of its improvement. - Among the young people we interviewed all who participated in the program "Career Start" expressed their satisfaction with the opportunity that they received from the state to begin work in the specialty they have. Three of those who have finished the programs have received a proposal for continuing the work and pass to the open-ended contract.
<p>Reasons for the intervention to be assessed as 'good practice' example</p>	<p>This is one of the programs that are considered the most successful in the country. In addition, the results of external evaluations showed that it has the highest net effect among all state-funded interventions.</p>

4.7.6 Subsidies for employers hiring unemployed youths up to 29 years of age

<p>Short description</p>	<p>Main aim of the measure: Encouraging employers to provide "first job" to unemployed people up to 29 years of age</p> <p>Intended effects: Increasing youth employment and reducing youth unemployment; Increasing labour demand; Facilitating school-to-work transitions for young people.</p> <p>Target groups: Unemployed young people below 29 years of age, including with permanent disability, young people leaving orphanages and other social institutions, military invalids.</p> <p>Eligibility criteria for beneficiaries: Age – up to 29 years; Registered at the employment offices; Disabled young people ; Long-term unemployed young people up to 29 years of age</p> <p>Type of intervention: Employment incentives</p> <p>Level: National</p> <p>Start/ end date: Since mid-2000s – ongoing (renewed on an annual basis)</p>
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	<p>Stakeholders' involvement in the formulation/implementation of the measure: All interventions, part of the National Action Plan on Employment, have to be discussed and adopted by the National Council for Employment Promotion. It is composed by public authorities and social partners' representatives; In addition, employers participate in the implementation of the measure as they announce vacant positions that can be filled by young people participating in the intervention.</p> <p>Institutions through which the measure is implemented: National Employment Agency and its territorial branches.</p> <p>Budget (EUR, thousand) and source: National budget. For 2016 – EUR 1 954.2 thousands.</p>
Achieved results	<p>The number of participants is as follows: 2016 – 1 010 young people (MLSP 2016b); 2015 – 1 165 young people (Employment Agency 2016).</p>
Youth involvement	<p>No specific activities planned in the programme to include targeted youth actively in designing the programme.</p>
Links to EU initiatives	<p>The program is a part of Youth Guarantee implementation national action plan in Bulgaria.</p>
Available evaluations	<p>There is an independent evaluation. The findings show that the net effect of this measure is rather low – 10.6%, i.e. only about 11 per cent of the participants would have found job thanks to this intervention. (Active Labour Market Policies Consortium. 2015: 68)</p>
Quality of the intervention	<p>Achievement of stated goals and intended effects: Taking into account its low coverage, it cannot be assumed that this measure significantly influence the youth employment and unemployment rates.</p> <p>Main weaknesses: The main weaknesses are low remuneration, the limited duration of the support and the insecurity faced by the participants after leaving the measure.</p>

4.7.7 Promoting the launch of projects for the development of independent business activity

Short description	<p>Main aim of the measure: The aim of this measure is unemployed individuals who have a clear idea of starting a business to get support in its further development through specialized training and provision of services.</p> <p>The scheme is implemented in three components:</p> <p>Component I – provision of trainings for unemployed persons in entrepreneurial, managerial and business skills. Training is provided through the so-called 'training vouchers'. The vouchers are securities with a fixed par value and the employment office directorates of the Employment Agency give them directly to the unemployed, who in turn, can choose the training provider by themselves. The training organization supports the unemployed in elaborating a business plan for the further development of the idea underlying the business start-up.</p> <p>Component II – following the successful completion of training, the unemployed individuals establish their own businesses and compete for funding amounting to about EUR 10 000. The funds can be used for salaries of hired personnel, purchase of equipment and for covering other costs related to the first months of the enterprise operations.</p> <p>Component III – within this component are provided consulting services to those who started projects under Component II.</p> <p>Intended effects: Unemployed individuals who had an idea to start their own business, received: (1) specialized training in entrepreneurship and business skills development; (2) specialized support to develop a business plan; (3) part of the unemployed could receive up to about EUR 10 000 to cover the costs in the first</p>
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	<p>months of operation of the newly established enterprise; (4) consulting services for business development (accounting, legal and other advice).</p> <p>Target groups: All unemployed persons registered with the employment office directorates of the Employment Agency</p> <p>Eligibility criteria for beneficiaries: Unemployed persons registered with the employment office directorates of the Employment Agency with an business idea</p> <p>Type of intervention: start-up incentives</p> <p>Level: National level</p> <p>Start/ end date: Component I started in November 2010 and component III - in March 2012. On the other hand, the provision of financing for the individuals who established their own businesses was carried out in several stages in 2013 and 2014.</p> <p>Stakeholders' involvement in the formulation/implementation of the measure: The employers participated in its designing being a members of the Monitoring Committee of the Operational Programme "Human Resources Development" 2007-2013 (however, there is no public available information what employers' opinion was).</p> <p>Institutions through which the measure is implemented: Two components of the scheme (I and III) were implemented by the Employment Agency. The implementation of the components involved training organizations (training providers) on the one hand, and consulting centres for business development on the other. While training organizations were involved in implementation based on the judgment of the unemployed individuals who received training vouchers, the other group of organizations were involved in the implementation in the capacity of contractors of activities subject to public procurement. Component III was implemented by unemployed persons who have registered their own businesses, i.e. by private entities. The Employment Agency (in its capacity of authority granting the funding) exercised control over spending of the funds.</p> <p>Budget (EUR, thousand) and source: The budget was allocated under the Human Resources Development Operational Programme 2007-2013, with sources: 85% from the European Social Fund and 15% from the state budget. Totally EUR 15 135.1 thousand have been spent on this intervention (Unified Management Information System 2017).</p>
<p>Achieved results</p>	<p>Number of young people covered & expenditures: There is no publicly available information regarding the number of young people who took part in the operation. The available information indicates that at the end of 2014, a little less than EUR 11.5 million was spent for implementation of the operation 2010-2014 (National Employment Agency 2011: 41; 2012: 49; 2013: 45; 2014: 64). Of this, nearly EUR 6.0 million was spent on training in entrepreneurship and business skills development of 15 754 unemployed individuals, i.e. about EUR 380 per person.</p> <p>A little more than EUR 5.1 million were earmarked for support of 1 134 enterprises (MLSP 2015: 58). The support was envisaged for 2014 and 2015, where for the first year was allocated about EUR 4 600 per enterprise.</p> <p>About EUR 515 000 were earmarked for provision of consulting services to 474 enterprises (MLSP 2015: 58), i.e. about EUR 1 100 per enterprise.</p>
<p>Youth involvement</p>	<p>No specific activities planned in the programme to include targeted youth actively in designing the programme.</p>
<p>Links to EU initiatives</p>	<p>The operation is not part of a EU initiative</p>
<p>Available evaluations</p>	<p>There are no publicly available assessments of this operation.</p>
<p>Quality of the intervention?</p>	<p>Achievement of stated goals and intended effects: There are grounds to believe that the operation did not fully achieve its original objectives. It was launched in 2009. The estimations at that time were "2 500 enterprises to be set up and 7 500 persons to be included in employment" (MLSP 2010: 74), and the deadline of implementation</p>



was by the end of 2013 (MLSP 2010: 206). Also, only in one of the components of the operation the planned number of individuals to receive training and / or receive consulting services amounted to 50 000 (MLSP 2010: 78). The total budget of the operation at its start was EUR 35.8 million.

In the next year, due to delays related to the implementation of public procurement, no individuals were included in the operation throughout the whole of 2010 (MLSP 2011: 76). In 2011, the progress was also not satisfactory, and according to the Ministry of Labour and Social Policy "the actual roll-out of the activities under this operation is expected to take place in 2012 and 2013" (MLSP 2012: 78).

In the following 2012, a call was announced for submission of project proposals by unemployed individuals who had successfully completed training or received consulting under Component I of the scheme (at that time 14 210 people). The planned number of businesses to be established thanks to the operation was already significantly reduced (almost double) compared to the original estimations. By the end of 2014, the expectations were for 1 300 businesses to be set up compared to 2 500 in the beginning. The earmarked funds were EUR 25.6 million. Also, EUR 2.6 million was allocated within Component III of the operation for providing ancillary consulting services to start-ups established with support from Component II (MLSP 2013c: 91-92).

Subsequently, the difficulties related to the implementation of the operation, led to a further reduction in the planned number of individuals to be involved in training or get consulting - initially the decrease was from 50 000 to 25 000 and in 2013 - to 16 250 people. The budget of Component I of the operation was reduced accordingly (MLSP 2014b: 60).

Provision of quality and sustainable employment: The lack of publicly available impact assessments of the operation does not allow analysing its adequacy to the needs of young people. However, the current implementation of the operation shows that it can hardly be a tool to ensure high-quality and sustainable employment (a very small share of employees hired with public support work in the same establishment one year after the end of the support). Publicly available information does not allow inferring what were the working conditions in the enterprises and what was their 'demographics' (for example, how many businesses have ceased operations after the funding has expired).

Considering the fact that the operation was not directly aimed at unemployed young people and its scope was not so large (only about 1 100 established enterprises), its impact for reducing youth unemployment will probably be negligible.

Effectiveness of the program: The main reasons that hampered the implementation of the operation are associated with drop out of unemployed who declared at an earlier stage a wish to participate in the operation. According to MLSP, this is due to "the broad information campaign, the delay in the implementation of project activities - training and consulting blocked by holding of public procurement procedures [...] altered economic situation and long expectations of the unemployed" (MLSP 2014b: 60).

The delay of activities under Component II caused delays of other activities of the operation. Conclusion of contracts under Component II of the operation was completed in 2014, i.e. two years after the announcement of the first of six calls for project proposals by unemployed persons that received support under Component I and registered their own businesses. 1 134 contracts were concluded, which is well below the originally planned 2 500 enterprises. The budget earmarked for these activities was also significantly reduced.

The delay in concluding the contracts imposed the operation to be extended until the end of 2015. This delay became the reason the number of enterprises that obtained consulting services under Component III, to be only 474 at the end of 2014 (compared



	<p>to about 1134 concluded contracts).</p> <p>These circumstances show that as a result of a number of problems in the implementation of the operation, some of which, according to MLSP, were also associated with the deteriorated economic environment, did not allow the operation to achieve fully its initial targets.</p> <p>In this regard, in 2015, the operation was not yet completed, complicating the assessment of the effects thereof. There are no publicly available assessments of the impact of the operation. Indirect assessment can be made based on the values of one of the indicators for the operation - number of persons working in the enterprises one year following the end of support. According to a MLSP report as of September 30, 2015, the number of supported enterprises was 1 134, while the number of persons employed 1 year after the support ended was 520 (MLSP 2016: 18). This is very low, and demonstrates the existence of problems in terms of sustainability of the established enterprises and the employment they provided.</p> <p>Main weaknesses: Considering the performance of the operation, two basic recommendations could be made: 1) a complete change of the design of the operation in order to facilitate its implementation; 2) setting precise criteria to ensure the sustainability of the enterprise in terms of the jobs established with public support.</p>
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4.7.8 First job

<p>Short description</p>	<p>Main aim of the measure: The intervention provides incentives for employers to hire unemployed young people up to 29 years of age and registered with the employment offices.</p> <p>Intended effects: reducing youth unemployment</p> <p>Target groups: young people up to 29 years of age</p> <p>Eligibility criteria for beneficiaries: Age; Registration at public employment services</p> <p>Type of intervention: training and direct job creation</p> <p>It is implemented in two components: institutional training (vocational - for first and second qualification degree and training in part of vocation for first, second and third qualification degree, or key components depending on the needs of the employer) and direct job creation. Foreign languages, mathematics, digital competence and competencies 2, 3, 4 and 5, according to the European Qualifications Framework are indicated as key competences.</p> <p>Level: National</p> <p>Start/ end date: 2012-2015</p> <p>Budget (EUR, thousand) and source: The funds come from the Human Resources Development Operational Programme 2007-2013 and the respective measure is 85% funded from the ESF and 15% - from the state budget. Totally EUR 8 618.3 thousand have been spent on this operation</p>
<p>Achieved results</p>	<p>Number of young people covered & expenditures: According to the report of the Employment Agency, the youths included were as follows: In 2012 – 2 206 individuals, of whom 1 568 - in training, 975 completed it successfully and 638 were included in employment; in 2013 – 2 127 individuals, of whom 699 – in training and 1 428 – in employment after training completion; BGN 5 336 102 were paid off. In 2014 – 2 172 individuals, of whom 1 098 – in training and 1 074 - in employment after training completion, and the average monthly number of young people who worked was 878. The expenditures for the program reported in 2014 were BGN 11 million (National Employment Agency 2013: 45; 2014: 64; 2015: 64). Until 30.09.2015, a total of 3 366 unemployed were included in training and 3 136 individuals were included in employment after training (National Employment Agency 2015: 46). In 2015, however, (until September) no new individuals were involved in the scheme and the average monthly number of young people who worked was only 61.</p>



Youth involvement	No specific activities planned in the programme to include targeted youth actively in designing the programme or other way.
Links to EU initiatives	The scheme is included in the National Plan for implementing the European Youth Guarantee 2014 – 2020.
Available evaluations	There are no publicly available evaluations of this intervention.
Quality of the intervention?	<p>Achievement of stated goals and intended effects: The mere fact that the scheme was included in the National Plan for implementing the European Youth Guarantee 2014-2020 means that it was judged as promising by the responsible institutions. Along with that, media reports indicate that business is interested in such schemes, and this is reflected in the announced positions. Thus, the implementation of the scheme is heavily dependent on the needs of employers.</p> <p>Main weaknesses: The difficulty encountered by this scheme, is that qualified young people who are in demand by employers often do not want to work for the low pay offered to them; and those who are willing to work under the scheme, are often without qualifications and competence, therefore a part of them do not complete the training, and employers do not want to employ them.</p>

4.7.9 National Programme “Activation of inactive people”

Short description	<p>Main aim of the measure: The aim of the programme is to activate and include in the labour market inactive and discouraged persons by motivating them to register at the employment offices and to acquire the right to be included in training and/or employment</p> <p>Intended effects: Increasing the labour supply; Reducing the share of economically inactive people; Increasing the economic activity rate</p> <p>Target groups:</p> <p>(1) Inactive (unemployed persons who are not registered at employment offices) and discouraged persons (persons who want to work and are available to begin work but do not look for jobs because they think they won't find one);</p> <p>(2) Registered unemployed designating themselves as Roma (with at least completed secondary education), appointed under the programme as Roma mediators at the employment offices. Thus unemployed Roma people are appointed to work on a case to case basis with inactive people</p> <p>Eligibility criteria for beneficiaries: unemployed persons who are not registered at employment offices; unemployed Roma people</p> <p>Type of intervention: (re-) orientation courses, preparation for training or employment</p> <p>Level: National level</p> <p>Start/ end date: 2009 – ongoing</p> <p>Stakeholders' involvement in the formulation/implementation of the measure: All interventions, part of the National Action Plan on Employment, have to be discussed and adopted by the National Council for Employment Promotion. It is composed by public authorities and social partners' representatives.</p> <p>Institutions through which the measure is implemented: the Employment Agency and its territorial branches.</p> <p>Budget (EUR, thousand) and source: Funding comes from the state budget</p>
Achieved results	<p>Number of young people covered:</p> <p>According to the reports of the Employment Agency, as a result of the measures taken under the program, since the beginning of 2013, 3 292 unemployed youths were registered with the employment offices and by early 2012 they were 7 303. In April 2013, the programme was expanded and developed further with the component Psychological Support, Motivational Training and Counselling for Unemployed</p>



	<p>Individuals. Case managers were appointed to provide support in the transition between various situations on the labour market - from unemployment to employment, from unemployment to education. The case managers act as mediators between individuals and institutions that provide social, health, education and other services and complement effectively the mediation services provided by the employment offices. They work together with professionals in various fields to offer a package of services that meet to the fullest extent the needs of young people.</p> <p>According to these reports, during the first nine months of 2015, 30 case managers were appointed who provided individual counselling to 3 606 persons and 35 psychologists individually consulted 3 723 persons and conducted 460 group counselling for psychological support of 5 515 participants. 4 814 workshops on job search were held, which involved 28 236 unemployed. As a result of the activities of the Roma mediators "6 975 inactive persons have registered as unemployed under the programme with the employment offices, job arrangements were made for 1 604 of them (479 individuals were included in programmes and incentive measures)"(National Employment Agency 2014, 2015b, 2016)</p>
Youth involvement	No specific activities planned in the programme to include targeted youth actively in designing the programme.
Links to EU initiatives	The program is related to the performance of the country's commitments under the National Action Plan for implementing the European Youth Guarantee to identify young people who do not work, do not study and are not registered as unemployed with the employment offices
Available evaluations	No available evaluations on this program.
In your view: How would you assess the quality of the intervention?	<p>For adequate assessment of the program there is need for much more information and monitoring of its importance in relation to individual cases of inactivity.</p> <p>According to the Employment Agency, this program has a big social impact.</p> <p>In the previously referred to ex-post assessment of the state funded active labour market policies in Bulgaria, the programme is not included "in the study of the gross and net effects because its main purpose is to activate and include inactive and discouraged people in the labour market, and not just providing employment to the surveyed mediators included in the programme" (Active Labour Market Policies Consortium 2015: 68).</p>

4.7.10 Career orientation system in secondary education

Short description	<p>Main aim of the measure: Creating an integrated system facilitating labour market entry and realisation of young people having completed secondary education.</p> <p>Intended effects: Creating and applying of a functioning model of career counselling at school level</p> <p>Target groups: Students of secondary schools</p> <p>Eligibility criteria for beneficiaries: education</p> <p>Type of intervention: career counselling, vocational guidance</p> <p>Level: National level</p> <p>Start/ end date: 2012-ongoing</p> <p>Stakeholders' involvement in the formulation/implementation of the measure: Schools and nationally representative employers' organisations are involved in the implementation of this intervention.</p> <p>Institutions through which the measure is implemented: Ministry of Education and Science</p> <p>Budget (EUR, thousand) and source: This intervention received support from the European Social Fund of the EU, i.e. 85% of its budget comes from the ESF and the other 15% - from the state budget. For the period 2012-2015 totally EUR 4 523</p>
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	thousand were allocated. For the period 2015-2017 – EUR 3 835 thousand.
Achieved results	Number of young people covered: More than 398 thousand students took part in this operation in the period 2015-2017; More than 137 thousand students had completed career counselling programmes.
Youth involvement	No specific activities planned in the programme to include targeted youth actively in designing the programme.
Links to EU initiatives	Youth Guarantee.
Available evaluations	No evaluations available
Quality of the intervention?	Achievement of stated goals and intended effects: This intervention achieves its direct objectives – to create school-based career counselling centres and to provide services to students. However the educational and training institutions have not succeeded in combating with the problems such as insufficient relevance of education to labour market needs, the early school leaving and the high rates of NEETs. On the basis of the interviews with young people, it could be suggested that when Bulgarian youths choose a tertiary education, they are led more by their personal interests, rather than the opportunities for future work. The reason for this can be found in the unawareness of the situation on the Bulgarian labor market, in the lack of professional advice and guidance before completing high school; with high intentions for migration, etc.

4.7.11 Students' practices

Short description	<p>Main aim of the measure: The main aim is to improve the quality of the tertiary education and to establish a well-functioning connection between the business organisations and universities</p> <p>Intended effects: Facilitating school-to-work transition of the university students</p> <p>Target groups: University students</p> <p>Eligibility criteria for beneficiaries: Education</p> <p>Type of intervention: (re-) orientation courses, preparation for training or employment</p> <p>Level: National level</p> <p>Start/ end date: 2008-ongoing</p> <p>Stakeholders' involvement in the formulation/implementation of this measure: Various stakeholders (public authorities at national, regional and local levels), social partners, NGOs, etc. are represented in the Monitoring Committee of the Human Resources Development Operational Programme (2007-2013) and Science and Education for Smart Growth Operational Programme (2014-2020) that adopts each operation. However, it is difficult to assess the quality of this participation. On their part, universities and employers are engaged in the implementation of this intervention – universities establish partnerships with employers who are ready to offer students a short-term practice in real working environment.</p> <p>Institutions through which the measure is implemented: Ministry of Education and Science</p> <p>Budget (EUR, thousand) and source: This intervention is co-financed by the European Social Fund of the EU. Therefore, 85% of the funds come from the ESF and the other part (15%) – from the state budget. For the period 2008-2015, EUR 32 836 thousands was spent on this intervention (for the period 2008-2010 this sum includes allocations to the so-called <i>pupil practices</i>, i.e. practices for students of secondary schools) (Unified Management Information System 2017). For the period 2015-2017 the budget is EUR 18 918 thousands (Ministry of Education and Science 2017).</p>
Achieved results	Number of young people covered: For the period 2008-2015, 102 453 students participated in student practices and 85 958 of them successfully completed a practice



	(MLSP 2016: 68). As the 2015-2017 period is concerned, according to statistical data published by Ministry of Education and Science, approximately 12 600 students have completed student practices (Ministry of Education and Science 2017).
Youth involvement	No specific activities planned in the programme to include targeted youth actively in designing the programme.
Links to EU initiatives	Youth Guarantee.
Available evaluations	No evaluations on this program available.
Quality of the intervention?	<p>Achievement of stated goals and intended effects: The intervention successfully achieves its manifested goals in providing real opportunities for the students to gain working experience in real working environment. However, it is difficult to assess the degree to which its intended effects have been achieved as independent (or even – internal) evaluations are lacking.</p> <p>Assessment of the magnitude of the effect: This intervention has very big coverage. It is available for students from almost all Bulgarian universities.</p> <p>Provision of quality and sustainable employment: Hardly. In any case, information is not available. However it is not among the primary and declared intended effects of the intervention.</p> <p>Effectiveness of the program: As the intervention is not intended to produce direct positive employment results, its contribution to lowering youth unemployment is not clear. However, there are some negative unintended effects that might be considered: 1) possibly, there is a big substitution effect as employers might decide to get students instead to hire unemployed people (employers get workforce at zero cost); 2) this programme has very high creaming-skimming effects as only students but no other young people (for example people with secondary education) are selected – it might be supposed that students could find a practice easier than the other young people; 3) this is linked to a possible deadweight effect, i.e. tertiary graduates find a job very easily and therefore they might not need this intervention to support them; 4) the choice of employers for young people is geographically limited as practices are organised during the semester and it is likely that the young people are not able to travel even if there is a better alternative.</p> <p>Main weaknesses: In terms of its effectiveness, the main weakness of the intervention is that it is targeted at young people whose employment opportunities are relatively higher. Another weakness is that these practices are not officially recognized as working/ professional experience, i.e. even without a certificate issued by the employer.</p>
Reasons for the intervention to be assessed as a ‘good practice’ example.	There are two factors: The first factor is that this intervention has a huge budget and large coverage. The second is that it mitigates the weaknesses in the tertiary education curricula by providing students an opportunity to gain real practical experience.

4.7.12 Development of the network of youth information and consultation centres

Short description	<p>Main aim of the measure: Supporting activities initiated by the youth, supporting youth workers and actions, activation of NEETs (Ministry of Youth and Sports 2016).</p> <p>Intended effects: Personal development and professional realisation of young people</p> <p>Target groups: 15-29 year olds; Youth workers and other professionals directly engaged in providing of services to young people</p> <p>Eligibility criteria for beneficiaries: Age</p>
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	<p>Type of intervention: (re-) orientation courses, preparation for training or employment vocational guidance, career counselling</p> <p>Level: National level</p> <p>Start/ end date: 2011-ongoing</p> <p>Stakeholders' involvement in the formulation/implementation of the measure: Municipalities, schools and NGOs are engaged in the implementation of this intervention.</p> <p>Institutions through which the measure is implemented: Ministry of Youth and Sports</p> <p>Budget (EUR, thousand) and source: Part of Ministry of Youth and Sports' budget. Totally EUR 1 261 thousand have been spent (2011-2015).</p>
Achieved results	<p>Number of young people covered:</p> <p>In 2015, the following results were achieved (Ministry of Youth and Sports 2016):</p> <ul style="list-style-type: none"> - 107 523 young people received services; - 32 776 young people received consultations; - 387 professionals completed training.
Youth involvement	No specific activities planned in the programme to include targeted youth actively in designing the programme.
Links to EU initiatives	The program is not linked to an EU initiative.
Available evaluations	No evaluations available.
Quality of the intervention?	Despite the sustainable growth of the youth centres network, public authorities believe that their capacity should be strengthened further and the quality of the provided services – to be improved. In addition, they should ensure a better coverage of small towns (Ministry of Youth and Sports 2013).

4.8 Policy measures considered to be the most effective in addressing youth unemployment

Among the presented measures, the two policy interventions that could be considered most effective in addressing youth unemployment are “Career Start” and “Student Practices”.

First, with regard to “Career Start”, its main advantage is that it offers in principle young people a chance to get a job instantly after leaving a university, i.e. it makes the school-to-work transition very smooth for some young people. Finding a job immediately after graduation and without experiencing long periods out of employment after leaving the educational system is an important advantage shaping young people’s future careers. Also, this programme provides an opportunity of getting a ‘first-hand’ experience in a real working environment in the specialty/area of completed education. This allows young people to familiarize themselves with the employers’ expectations and to acquire important job-related knowledge and skills, to adjust individual attitudes towards the labour market requirements. Also, according to existing evaluations, this is the policy intervention with the highest gross and net effects, i.e. this intervention contributes towards improving the employment opportunities for the highest share of the participants. Finally, this intervention has been a part of the active labour market policy



mix since early 2000s and has proven its effectiveness in different economic circumstances.

Second, as far as “Student Practices” is concerned, maybe one of its main advantages is that this is the youth-oriented intervention with the biggest coverage and budget. In addition, it is based on the so-called early intervention approach that addresses one of the most serious challenges faced by the young people in their school-to-work transitions – namely the lack of professional experience, working habits and job-related attitudes. By providing opportunity of starting a practice (outside the university curricula) in real working environment, young people become familiar with the employers’ expectations, work organisation and other important job-related knowledge and skills. In addition, they can establish valuable contacts which could help them in finding a job after leaving the university.

4.9 The least effective measures

The policy intervention which could be considered to be the least effective is “Increase of youth employment through their permanent inclusion on the Bulgarian labour market”. This is due both to its design and also to its implementation mechanisms. Firstly, it had been implemented only in few Bulgarian regions seriously limiting its potential coverage. Secondly, it was based on an approach that did not take into account the contextual factors – young people had been offered an employment services and training courses developing generic skills (ICT skills and foreign language fluency) and not job-specific skills that improve young people changes of finding a particular job. Thirdly, despite the fact that this intervention was not targeted at the most vulnerable young people (e.g. very low educated) the duration of support was not sufficient to allow for developing these generic skills in the necessary depth. Fourthly, the provision of these training courses was governed very poorly which caused delays in the implementation of the measure and eventually led to its failure.

However, it is not a particular policy intervention that needs to be reviewed critically but some elements of the overall policy approach. The description of the selected measures shows that the majority of them follow one and the same approach. It is true that they are targeted at some specific risk groups among the youth (for example young people without previous professional experience in the field of study), but it is evident that they don't prioritize the most vulnerable groups among the youth (for example – very low educated, economically inactive, etc.). Also, the support they provide is limited in duration and this, combined with the inadequate working conditions (remuneration is rather low), does not contribute to the sustainable inclusion of young people into the labour market. In fact, the jobs that are offered by these programmes cannot be considered as quality jobs. Furthermore, these measures are rather expensive as in the most of the cases training courses organised by the employer of public employment services are combined with subsidized employment. Employers are not obliged to take part in ensuring the sustainability of the direct outcomes (to cover



part of the expenses or to preserve the subsidized workplace for a given period of time) and therefore the value-for-money of this approach is doubtful.

5 Diffusion of EU youth employment initiatives

Table 6 Diffusion of EU youth employment initiatives in Bulgaria

EU initiatives	Date of adoption as a policy document	Date of regulation	Start of implementation	Presence in basic national documents:	Number of young people involved:	Envisaged expenses:
Youth Guarantee Schemes	End of 2013	18.12.2013	Beginning of 2014	Youth Guarantee is part of the National Reform Programme (updates 2014 and 2015). It is an important element of the National Action Plan on Employment 2015. It is one of the priority areas identified in the National Employment Strategy (2013-2020). National Action Plan on Implementation of the European Youth Guarantee is a basis for the programming of the operations under Operational Programme "Human Resources Development" 2014-2020, co-financed by the ESF and including Youth Employment Initiative (YEI)	Approximately 250 000 young people up to 29 years to take part in employment promotion measures, traineeships and apprenticeships.	Approximately EUR 375 mln. for the period from 2014 to 2020, including: - EUR 166 mln. from the national budget - EUR 209 mln. from the ESF and YEI
Youth Employment Initiative	2014, with the adoption by the EC's services of the OP "HRD" 2014-2020	28.11.2014	The first YEI operation was launched in August 2014	The YEI is part of the Operational Programme "Human Resources Development" 2014-2020 and the Partnership Agreement between the European Commission regarding the management of the European Structural and Investment Funds in Bulgaria. The YEI is mentioned as an instrument for the implementation of the policies envisaged in the National Reform Programme (2015 update).	For the period 2014-2023 it is envisaged that more than 65 000 young people aged 15-29 to take part in YEI funded measures	By the end of 2014, no expenditures were paid to beneficiaries. No data for 2015. Planned: EUR 55.1 mln. – YEI EUR 55.1 mln. – ESF EUR 9.7 mln. – nat. co-finance. Total: EUR 120.1 mln. for 2014-2018
Quality traineeships and apprenticeships	March 2014, when the amendments of the	March 2014	The first LM intervention based on	The need to improve the quality of traineeships and apprenticeships is identified in the National	No results have been reported yet by the public	Currently, EUR 18.4 mln. are provided for



ships	Labour Code regarding the “traineeship labour contract” come into effect.		the new Labour Code rules was launched in August 2014. Before that there were many other LM interventions offering traineeships/ apprenticeships to young people, but they did not take into account the European Council’s Recommendation on Quality Framework for Traineeships (March 2014)	Employment Strategy (2013-2020). It is mentioned in the National Action Plan on the Implementation of the European Youth Guarantee (2014-2020). In March 2014, the Government introduced amendments in the Labour Code to regulate the so-called “traineeship labour contract”. This type of contract could be signed between the employer and young adult up to 29 years of age. The duration of the contract is at least 6 months and not more than 12 months. These actions, undertaken as a response to the Commission’s recommendation, were reported in the National Reform Programme (2014 update). In 2013, Bulgaria submitted concrete commitments towards improving the quality of traineeships and apprenticeships. The most important commitment was the introduction of the so-called “dual system”. In that regard, as of 1st of August 2016, new amendments of the Labour Code and Law on Vocational Education and Training will enter into force. These amendments in fact regulate the “dual system” or “vocational training combined through work”.	institutions	the period from March 2015 to the end of 2016 under one YEI and ESF co-financed operation. No data on what is the operation’s current financial implementation is publicly available.
Eures Job	Not adopted by a policy document. The national EURES institution is the National Employment Agency.	N/A	2007 – the year of Bulgarian accession to the European Union.	National EURES initiatives are part of the Operational Programme “Human Resources Development” 2014-2020.	Envisaged in 2014 - 2023, 300 000 jobseekers and 2 000 employers to receive EURES information and consultancy services	No public information available
Supported young entrepreneurs	2013, in the National Action Plan	December 2013	No measures/ operations	Since the end of 2013, this initiative has not been recognized in a policy	As a part of LM interventions	No data on expenditures as these



urs	on the Implementation of the Youth Guarantee 2014, with the adoption by the European Commission's services of the Operational Programme "Human Resources Development" 2014-2020	November 2014	to support youth start-up initiatives have been launched yet.	document. The National Employment Strategy (2013-2020) prioritizes the need to support start-up initiatives, but does not emphasize on young entrepreneurs. In 2013, with the adoption of the NAP on the Implementation of the European Youth Guarantee, the support to youth entrepreneurs was included in the national employment policy agenda. The policy document which prioritizes youth entrepreneurship is the OP "HRD" 2014-2020 (co-financed by the ESF and including the support to YEI). In February 2016, the OP was amended and support to youth entrepreneurs through financial instruments was included among the eligible actions. Another policy document is the OP "Innovations and Competitiveness" (co-financed by the European Regional Development Fund)	targeted at all unemployed, almost 4 300 young people up to 25 years entered start-up initiatives during 2004-2013 (Eurostat data). No data on the planned number of youth entrepreneurs to be supported during 2014-2020, with one exception – in the OP "HRD" is envisaged that more than 3 300 entrepreneurs aged 15-29 will remain in self-employment 6 months after the end of the public support.	interventions are not targeted particularly at youth. No financial data available on the planned expenditures to support youth start-up initiatives during the 2014-2020 programming period.
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5.1 Important EU initiatives for the implementation of youth labour market inclusion

European initiatives and policies are important for Bulgaria. As pointed out, the emphasis on active labour market measures was related to the country's integration into the EU. The Youth Initiative is a typical example of a similar development. Also, the establishment of the tripartite partnership, of the National Social and Economic Council, of various consultative bodies at different ministries are results of European initiatives. In this sense, it can be argued that Bulgaria is among the countries where there is a diffusion of European initiatives. The nature, shape and significance of this diffusion depend on internal political developments, but not less, and on the clear direction and the attached importance at the common European level.

Having said this, it is important to note that the inadequate attention to the quality of jobs, income policies and the distorted tax system in Bulgaria is partly a result also of the lack of clear EU direction.



6 Other policy measures

6.1 Impact of policy measures on the employment of different risk groups among young people

Table 7 Impact of policy measures (Estimates: very weak =1; weak = 2; medium = 3; 4 = strong; 5 = very strong)

Policy measures	Risk groups in the labour market										
	All young people	All young unemployed	Early school leavers	Young people with low skills	Young people without qualifications	Migrants/ethnic minorities	Teenage/single parents	Young people from jobless families	NET	Young people with disability	Young people from remote/disadvantaged areas
Early intervention	2	2	1	3	3	2	3	2	2	2	1
Apprenticeship/vocational training	2	3	3	3	3	2	2	3	3	2	3
Grant for school enrolment/specific juvenile sub-groups	2	1	3	2	3	3	3	3	3	3	4
Training in basic skills and comp.	4	4	3	3	3	2	4	3	4	3	3
Second chance education programs.	1	3	2	4	4	2	3	3	3	3	3
Family/ child benefits	2	2	2	2	2	3	3	3	3	3	3
Early childhood care	3	2	2	3	2	1	2	2	3	2	4
Policy measures related to housing	1	1	1	1	1	2	1	1	2	2	2
Minimum income schemes	3	4	2	3	3	2	3	3	2	3	3
Subsistence benefits	2	2	2	4	3	3	2	2	1	2	2
Promotion of employment/labour mobility	2	3	2	3	3	2	1	1	2	2	2
Micro-credit/self-employment	1	2	1	1	1	1	1	1	2	1	1



There are different policies that are linked with the youth employment and the chances of children, especially from families with low income. While such policies could in principle contribute positively to the overall situation, in practice their ambitions and coverage are quite low to provide such effect. Here are some of them:

Unemployment assistance system: The program **Providing Social Assistance by Applying a Differentiated Approach** is part of the social assistance system and is related to the income of persons, instead to the work experience and the amount of security contributions before unemployment. In order to be entitled to the benefits, the monthly income of the person or the family must be less than the fixed minimum income in the country. Except this persons entitled to monthly unemployment benefits have to be registered at the Employment Service for at least 9 months before applying for social assistance, and who have not refused offered work or inclusion in training and retraining courses.

Social assistance system: Cash assistance benefits are paid monthly to the person or family meeting certain conditions, such as low income, lack of mobile or real estate property, savings that do not exceed 500 BGN (255.65 €) per family member, etc.

Another social assistance program is **Targeted Heating Allowance**. This targeted social assistance is granted for a period of five months, from 1st November to 31st March. Entitled to this allowance are persons and families whose average monthly income for six months previous to the month when the request application is submitted was less than the differentiated minimum income for heating, and who meet certain criteria.

Still another program entitles people to targeted assistance for **payment of rent for municipal housing**. Users of this benefit are persons whose income for the previous month was up to 1.5 times of the differentiated minimum income, providing they are also lone elderly people over the age of 70; or orphans up to the age of 25, who have completed training at a social professional learning centre; or lonely parents.

People with reduced work capacity are also given assistance under the program **Integration of People with Disabilities**. Social integration allowances are given to people for transport services, medical treatment, diet nutrition and medicaments, information and telecommunication services. They amount to BGN 10–13 (5,11/6.65 €) monthly for each service.

Social services in the community are among the basic instruments for promoting social inclusion of vulnerable groups. Some of the risk groups at whom these measures are targeted include: children and youths accommodated in special institutions – in communal social services of a residential type, in foster families, in the homes of relatives; children and youths who are leaving the specialized institutions for children. A characteristic feature of social services is that they are based on social work and aim to provide support for daily activities and social inclusion.



Tax credits. Young families may benefit from tax concessions in the form of deduction from the sum of their annual tax base of the interest payments made during the year for housing mortgage, providing certain other conditions are met. Tax concessions are also granted to families with children: depending on the number of children in the family, deductions are made from the sum of the parents' annual tax base.

Income support during parenthood. Cash compensation for pregnancy and childbirth, providing the mother has the necessary length of service – 12 months are provided. If this is not the case, the mother has the right to monthly social benefits for raising a child up to the age of one year, provided by the Social Assistance Agency to the amount of BGN100 (51.13 €) monthly. The daily benefit granted for pregnancy and childbirth is set at 90% of the average daily gross wage or the average daily insurance income on which insurance contributions were paid, or are due, for the 24 calendar months prior to the beginning of pregnancy or childbirth leave. This provision gives an advantage to mothers with high levels of education and stimulates them to early return to work after the child reaches the age of one year. The cash benefit for pregnancy and childbirth is paid for the duration of 410 calendar days – this being one of the longest terms in Europe. After that, if the child is not placed in a childcare establishment, the mother has the right to additional leave to care for it until it reaches the age of two years. During this leave, a compensatory benefit is provided to the mother: in 2015, it was BGN 340 (173.83€), which is less than the minimum salary. As a form of social service, the state offers families the option of putting children in childcare establishments from the age of 10 months to three years, and from the age of three to the age of seven. The fees paid by parents to these state establishments are considerably lower (in some cases more than ten times lower) than for private ones (BGN 60 per month, amounting to 30.67 €). Other problems are the shortage of kindergarten places in the large cities and the capital, and the pre-school training of children from minority groups, especially the Roma.

When a woman raising a child obtains employment, she may receive 50% of her maternity allowance, which she may transfer to a friend or a childminder hired from the employment service. A one-time financial allowance is given upon the birth of a child, regardless of whether the mother is insured. The amount of this allowance is: for a first child – BGN 250 (127.82 €); for a second child – BGN 600 (306.78 €); for a third or every following child – BGN 200 (102.26 €); for twins – BGN 1200 (613.55€). Mothers who are regular university students are given one-time allowance amounting to BGN 2,880 (1,472.52 €).

Programme Assistance for Families with Children. Families are entitled to child allowance if their children regularly attend school and their average monthly income per household member does not exceed BGN 350 (178.95 €). The monthly allowance for first and third and every following child amounts to BGN 35 (18 €), and for a second child, BGN 50 (25 €). For a child with disabilities, the allowance is BGN 240 (122.71 €).



Social-pedagogical measures and assistance to young people with special needs.

Persons with long-term disabilities and decreased work capacity are provided facilitated enrolment in higher schools according to procedures stipulated in the statutes of the higher school. Persons with long-term disabilities and decreased work capacity of 70, or over 70, percent are relieved of tuition fees in state higher schools. Persons with long-term disabilities are entitled to the right to remunerated work regardless of whether they receive a pension. They also benefit from a number of exemptions and preferences in accordance with other normative acts: financial assistance for public transport services, for municipal housing rent, for training, etc.

6.2 Trends in impact of these policy measures on unemployed young people as a whole (2005-2015)

Table 8 Trends in impact

Policy measures	Significant improvement	Improvement	No change	Deterioration	Significant deterioration
Early intervention and activation measures (outreach strategies etc.)				X	
Apprenticeship/vocational training		X			
Training in basic skills and competences				X	
Second chance education programmes			X		
Family and child benefits			X		
Early childhood care			X		
Policy measures related to housing				X	
Minimum income schemes				X	
Subsistence benefits			X		
Promotion of labour mobility		X			

As could be seen the impact of most of these policies measures have not changed during the period. Meanwhile, the impact of some policies measures linked to human capital formation and wellbeing has deteriorated, while some ‘activation’ measures have improved.



7 Consistency of the policies for youth inclusion

7.1 Links of youth employment policies and universal labour market policies (policies not targeted at any special age group)

It could be stated that these two groups of policies are well coordinated and consistent: They follow the same philosophy, logic and strategy – basically the ‘activation’ approach combined with austerity measures. In fact the youth employment policies are a prolongation of the active universal labour market policies, specified for a specific age group. Additionally, as mentioned, youth can take part in practically all labour market programs. What is more, for some universal active labour market programs, additional points are added in applications’ evaluations if young people and/or people around retirement age are included because both groups are considered as more vulnerable groups at the labour market.

The problems are rather outside the narrow co-ordination of the two groups of policies. They lay in the necessity to discuss the limits of the ‘activation’ approach and its combination with austerity.

7.2 Links of youth employment policies with educational policies

The short answer to this complex question is that youth employment policies and educational policies in Bulgaria are rather divergent and contradictory. However, it could be argued that this is not due so much to the mismatch between education & employment (with the already mentioned narrow focus of the discussions) but is generated much more by the worsening quality of education.

In more details, the focus here is on how education policies affect the ability to receive education, influence the quality of education and the educational attainment of children and young people and ultimately – influence their capacity for social inclusion. It could be expected that educational policies seek to neutralize to some extent the negative impact of the socio-economic context on the formation of human capital. But the data do not support such an expectation. Main arguments for this assertion are the low share of education expenditures to GDP (well below the EU average); negligible rate of their growth; the rapid increase in the share of private expenditure on education in total costs and compared with growth of public spending.

Those indicators and especially the last one outline obvious dissonance between education policies and the particularities of the context (especially income distribution).



This conclusion is confirmed by data from the Programme for International Student Assessment (PISA)¹⁴.

The low share and increased private spending on education are associated with lower quality of education. The relationship is manifested clearly by the low pay of employees in education where despite certain promotions salaries remain low in comparison with other sectors (police, defence). The greatest shortage of university graduates arose in education as well.

2012 PISA data show that 39.6% of 15 year olds in Bulgaria are illiterate and have very low skills to read. Below the critical minimum in mathematics were 43.8% and in the natural sciences, the proportion of students with low achievements is 36.9. These results place Bulgarian pupils in Grade 9 in the last place in the EU in math and reading, and on the penultimate place in natural sciences.

The results depict strong correlation with the socio-economic status of the family of the student. Around 39.5% of Bulgarian children with poor results in mathematics come from low-income families. This percentage is higher than the average for the survey (37%) share of children who come from disadvantaged groups with lower scores in mathematics. Average for the study, the proportion of children from higher social (income) groups with lower scores is 10%, which means a difference of 27 percentage points. In Bulgaria this share is about 18%. This is probably due to the fact that the literacy of children is influenced not only by inequalities and low income of families, but additionally by the low quality of education due to which children from families with relatively high incomes show poor results, as well.

The analyses point out that low levels of reading ability and numeracy are prerequisites for harder job (greater likelihood of unemployment) or finding poor, unskilled and poorly paid jobs, poor health (which can be combined with limited access to adequate health care) and a high probability of occurrence of other dimensions of social exclusion. The high share of illiterate population is a prerequisite for economic slowdown, and perhaps - less demand for labour.

The study also found that pre-school education is a significant factor for the normal formation of human capital. Data show that among children who have demonstrated knowledge in the critical minimum in mathematics, 41% had no preschool education; 30% had less than one year of preschool education and 20% had more than two years preschool training.

Extremely important conclusion from the study is that the damages that an individual has suffered in the formation of human capital could hardly be recovered later on - children with low reading remain with the deficit as adults, and 61% of those who are affected most by low levels of literacy, according to PISA, remain unchanged at a higher age.

¹⁴ PISA began in 2000 and every three years assesses children from 43 countries



In light of this data, educational policies (in particular - the share of spending on education, the pace of their growth, trends in the ratio between public and private expenditure on education by levels of education, including public financing of private and public schools) cannot be assessed as socio-inclusive, that is as positively contributing to the formation of human capital and capacity development of children's social inclusion and foremost - for the successful inclusion and operation of the labour market.

However, lower scores indicate a large majority of children who are professionally shaped as well - almost 50 per cent (49.6%) of those with low literacy. These results indicate problems for the formation of human capital in vocational training also. So experts recommend maximum long detention in general education and opportunities for flexible transfer from one type of school to another. On this occasion arises also an important link in the distribution of income (inequality, poverty and policies) as the most important reason for the early school leaving is a shortage of resources in a part of the families.

To assess the impact of income distribution on the formation of human capital in particular - on the education of children, it is important to consider longitudinal data about the scale and dynamics of different important indicators, such as: income inequalities; child poverty; maternity leave (duration and amount of compensation); family taxation (discounts for children); family allowances; cost of preschool childcare (respectively - share of children covered, the share of the funds paid by parents whose children are enrolled in such establishments); cost to parents for children's education, etc.

In any case, young people grown up in such a social milieu have to be supported by ALMP. Thus ALMP aimed at reducing youth unemployment often have a compensatory function with regard to the educational system and seek for improving those skills and competences which in principle have to be acquired within the educational system. This problem is discussed mainly within the framework of the broken links between education and business needs. However, this recourse is rather limited and reduces the problem to the level of the question whether there are well qualified youths having particular skills and competences.

In fact, active labour market policies have to compensate not only existing educational deficits, they often have to play the role of a corrective mechanism with wide coverage. It is true particularly regarding the inactive youth with low or without education – to be effective, active labour market measures need to replicate the whole process of the institutional socialization, which once have failed. In principle, it is hard to believe that this objective could be achieved only through active labour market policies. Probably this is one of the explanations why active labour market measures achieve different levels of effectiveness depending on their target groups (sub-groups among the group of jobless youth). Measures which target group contains better educated youth are



assessed to be more successful. In other words – active labour market measures create the so-called “creaming effect”, i.e. they help those young people who could find a job themselves, thanks to their education and competences, in case appropriate vacancies exist.

The low effectiveness of the youth employment interventions is due partially to the low effectiveness of other policies influencing the human capital formation (social inclusion) during the preceding phases of the youth’s life. Due to problems of other human capital formation policies significant part of the young people experience social exclusion in one degree or another. There are series of failures in the process of human capital formation, for example, the incidence of birth underweight, developmental delay in infancy, early school leaving, low functional literacy, low capacity to incorporate and successfully perform in the labour market.

These developments are related to the vision that social inclusion of young people, and in particular - their inclusion in the labor market is a result of the previous life phases (human capital formation, ‘socialization’), and therefore the impact of youth employment policies is intertwined with the impact of many other policies that influence the formation and use of human capital. It is worth considering this, because it can provide a much more holistic and perhaps - a more realistic notion of the capacity of youth employment policies to serve as a tool for social inclusion of young people. Even with partial success, such an approach to the assessment can avoid a significant problem of other evaluation approaches - the significant differences between the assessments at micro- and macro- level. In fact, the differences arise because the narrowing or expanding of the information on which the judgment is based, alter significantly the judgment itself (the A.Sen’s notion of ‘expansion of information’ is already well-known). Moreover, ‘*narrowing the focus*’, generally ‘raises the assessment’ and ‘*expanding the focus*’ – lowers it. After all, we should try to overcome the difficulties, if we assume that the above issues are really important for adequate (*‘holistic’*) assessment of the youth employment policies effectiveness.

The review of the major human capital formation reforms shows that changes in policies in Bulgaria over the last decade (and before) failed to reduce social exclusion during the formation of human capital and even largely amplify it before the young man to face the labor market. Due to changes in policies and respective changes in the income distribution a significant divergence in the impact of youth policies for inclusion in the labor market and the impact of policies on the formation of human capital has occurred. The latter significantly apriori restrict both opportunities and incentives for inclusion in the labor market.



7.3 Links of youth employment policies with other components of social policies

If we have in mind wellbeing, the two groups of policies are not coordinated and consistent: Weak social policies (education and pension reforms) reduce employability and chances for employment; youth employment policies based on activation further reduce access to support provided through social policies.

In a different sense, opposite to wellbeing, both types of policies in fact are coordinated with social policy being fully subordinated and dependent on ALMPs. The "activation" approach is highly incorporated in all the other elements of the social protection system - mostly through a system of sanctions, inadequate eligibility conditions and deliberate maintenance of low and inaccessible social benefits in order to increase the attractiveness of employment.

Bellow we will illustrate this conclusion in: social insurance; health insurances; social assistance; minimum income schemes; family policies.

Social security: The access to unemployment benefits for unemployed young people is very limited. This is due to the requirement for all insured persons for at least 9 months of insurance period of the last 15 months. This is hardly a feasible condition for many young people who have just left their educational institutions. Furthermore, as part of the "activation" approach, the right to compensation is granted only after being registered as unemployed in the territorial divisions of the Employment Agency and the unemployment benefit is terminated if the registration is terminated.

On the other hand, for people with a shorter working career and low remuneration the amount of compensation is low and the length of time is shorter. The unemployment benefit is calculated as 60% of the income for the last 24 months, the minimum amount being 7.2 BGN (3.7 EUR) per day. For people with a length of service of less than 3 years, the period of receiving unemployment benefit is only 4 months.

Thus, the social security system practically excludes young people who have failed to find a job immediately after graduation, as well as economically inactive youths, including the so-called "NEETs".

In more details, the protection against the unemployment risk was regulated in 1997, when the Law on Unemployment Protection and Employment Promotion was adopted. At that time, the insurance against the unemployment risk is part of the so-called "Vocational training and unemployment" Fund. The Fund was managed by National Employment Agency. Eligible to unemployment benefits are people having contributed to the Fund for at least 9 out of the last 15 months prior the unemployment. The benefit amount is 60% of the received gross monthly remuneration for the last 9 months, but not less than 80% and not more than 150% of the statutory monthly minimum wage for the country. The period of receipt is between 4 months (for people whose length of



insurance is up to 3 months) and 12 months (for people whose length of insurance is more than 25 years).

In 2001, when the Code on Mandatory Social Insurance was adopted (Social Insurance Code – since 2003), the Law on Unemployment Protection and Employment Promotion was abolished. The insurance against the unemployment risk, within the “Unemployment” Fund, became a part of the public social insurance managed by the National Social Security Institute.

Since that moment the principle that the benefit amount should not exceed 60% of the contributory income have not been changed. No changes have been introduced regarding the duration of the benefit reception.

However, since 2011 the period for determining the so-called “reference income” (the income to be used for determining the benefit amount) has been widening – in 2009 the “reference income” was the income for the last 9 months, in 2011 – 18 months, and since the beginning of 2012 – 24 months.

Changes have been introduced with regard to the unemployment benefit minimum and maximum amounts. In July 2010 the rule that the benefit amount should not exceed a certain maximum threshold (to be determined on annual basis) was abolished, i.e. the unemployment benefit should not exceed only 60% of the maximum contributory income for the country. This rule is still in force.

Health Insurance: If young people do not find work or do not qualify for unemployment benefits or monthly social assistance benefits, they risk losing their health insurance rights and thus are deprived of the opportunity to attend preventive examinations and receive hospital treatment funded by the state. This is so as the payment of health insurance contributions is obligatory for all Bulgarian citizens, regardless of their material status and the possibility to pay the contributions. The state pays the health insurance contributions for children, regular students, youths in specialized institutions and recipients of monthly social benefits or targeted heating allowances. Others, however, have an obligation to pay themselves their health insurance contributions. If they fail to do so within three months of the past 36 months, health insurance rights are lost. In order to recover them, they have to pay all due contributions for the period of the last 60 months.

Social assistance:

The registration in the territorial divisions of the Employment Agency is also necessary for the acquisition of the right to monthly social benefits. As with unemployment benefits, and within this policy, additional restrictions are introduced to encourage people out of employment to actively seek work. For example, the right to monthly welfare benefits arises only when the unemployed persons have been registered in the territorial divisions of the Employment Agency at least 6 months before submitting the application for social assistance and have not refused offered to them work or inclusion



in different courses like literacy training, acquiring professional qualifications or key competencies.

Following the picture outlined above and undoubtedly the most important feature of the socio-economic situation of Bulgaria are high and sustain levels of poverty, including child poverty. Eurostat data for 2012 (EC 2014, 9) indicates that as far as poverty is concerned, Bulgaria is at the extreme and at a large distance from the EU average. 49,3% is the share of population at-risk-of poverty or social exclusion¹⁵. Moreover, the level of absolute poverty (material deprivation) significantly exceeds the level of relative poverty, which is commonly used in the EU, which means that a large number (share) of people, incl. young people and children, are living in conditions of profound material deprivation. Material deprivation damages irreparably the health and lives of people, including and especially the health and lives of children, it prevents access to basic goods and services, which results in malnutrition (incl. of pregnant mothers and small children), poor health, high mortality, poor education, limited and poor individual and public prospects.

Data on poverty and especially - for material deprivation, as well as income disparities seem to correlate significantly with data on child poverty and other indicators that are associated with long-term consequences of the current situation. Such indicator is, for example, the proportion of children born underweight - a number of studies show that the most important reason is the deep material deprivation (malnutrition) of mothers. A number of studies have also shown that such children are likely to have less education, will be a long time unemployed people, will have lower incomes, will live shorter lives, will suffer more. So the proportion of new-borns with low birth weight is not only an indicator of a prolonged and deep material deprivation but also for intergenerational transfer of such deprivation ("exclusion at birth").

Such peculiarities of the Bulgarian context emerged long before the crisis of 2008 and remain until now. To respond to these peculiarities of the Bulgarian context the current social policy is of the type 'last resort'. It tries to support the survival of various vulnerable groups, putting them in competition with each other. It includes various benefits, such as: child allowances (17 euro monthly per child), monthly non beneficiary social pension for old-age (approximately 58 euro per month); heating support, disability pension and integration, support in extreme cases, etc., all of which have plenty of eligibility conditions and many bureaucratic procedures to be followed. In general, social assistance is at very low levels and provides survival at the extremes of existence.

Minimum incomes

¹⁵ AROPE, defined as the share of the population in at least one of the following three conditions: (1) at risk of poverty, meaning below the poverty threshold; (2) in a situation of severe material deprivation; (3) living in a household with very low work intensity.



Along with the continuously noted low efficiency of social transfers, a decorative welfare system has been established, based on the so-called ‘guaranteed minimum income’ (33,23 euro per month per person), which is actually a tool to calculate the differentiated amounts of payments for social assistance depending on the category of the recipient. Its legal definition states that the minimum guaranteed income is “legally defined amount, which is used as a basis for determining the social assistance in order to ensure a minimum income to meet the basic living needs of individuals according to age, marital status, health status, and property” (Social Assistance Act), while in practice, it is determined annually by the Council of Ministers “according to the state’s financial ability.” Based on the guaranteed minimum income, differentiated minimum incomes are calculated, different for different categories groups of people, depending on their age, marital status, disability, employment, and school attendance.

What is more, the right to the very low minimum incomes of people able to work is strictly subordinated to the idea that they should work irrespective of whether jobs are available and/or what the quality of the possible employment is. Thus, the links between benefits and activation measures are strong and multi-dimensional. Inside the social assistance system, minimum income schemes subordinate categories/groups of people on the basis of deserving and not undeserving poor. Non-disabled people at labor working age and without disability are at the bottom of the ladder. Thus, for people up to 65 years old (young people included), non-disabled and living alone, the differentiated minimum income is 73% of the guaranteed minimum income—that is 47,45 BGN (around 25 Euro) monthly. Additional restrictions are introduced for young people living together with their parents - adults up to the age of 30 are not entitled to monthly social assistance if they live with their parents and the income of a family member exceeds three times the guaranteed minimum income (around 33 Euro monthly for the period 2009-2016).

If people have not received support through active labour market policies, their incomes are lower than the threshold for receiving monthly social benefits and are entitled to monthly social benefits, the recipients are included in local authorities’ programs that provide social services, environmental programs, urban development and hygiene of settlements and other programs for community-based activities. Public service work is 4 hours a day for a period of 14 days. If the recipient of monthly social assistance refuses to work for community service, his assistance is suspended for two months, and in case of repeated refusal for a period of two years. In this way, social policy performs disciplining and sanctioning functions.

Unlike the minimum wage, which although rather low is continuously increasing over the years, the differentiated minimum income remains unchanged. So the means of social assistance to vulnerable groups fail to lead to any real reduction in the effects of poverty.



Table 9 Guaranteed minimum income and minimum wage (2008 -2014)

Year	2008	2009	2010	2011	2012	2013	2014
Guaranteed minimum income – GMI (Euro per month)	28.12	33.23	33.23	33.23	33.23	33.23	33.23
Minimum wage (Euro per month)	112.48	122.71	122.71	122.71/138.05	138.05/148.28	158.5	173.84

Source: National Statistical Institute

The last two European Commission Country Specific Recommendations for Bulgaria point out that the low adequacy and coverage of the minimum income schemes in Bulgaria have to be reconsidered. Till now there are no any political reactions to these recommendations.

Family policies

There are numerous studies proving the importance of the early years for later development – learning begins at birth and the first few years of life are a critical period for brain development. This early learning can be enhanced or inhibited by the environment in which a child grows up. (Wilkinson and Pickett 2009: 110) A study in the UK found that, by the age of three years, children from disadvantaged backgrounds were already educationally up to a year behind children from more privileged homes” (Centre for Longitudinal Studies 2007).

For these reasons, and because of the specifics of the Bulgarian context, family policies are essential to support families in raising children, reducing material deprivation of children and improve human capital formation. However, data show that the impact of family policies in the country is exceptionally low, and in some cases it is not and positive. Family policies, not only do not substantially affect income inequality (as a whole and for childcare), but slightly offset the negative difference between disposable income and the amount of the cost of living. Moreover, some policies are oriented towards cost containment support to families with children. In 2002, a radical reform of the family benefits system was introduced. The most important change was that some of the family benefits, previously granted regardless of the family income, were made subject to mean-testing. This political decision has transformed the universalistic nature of the family benefits system and has channelled the public support towards the families with the lowest incomes.

Moreover, another policy trend should be emphasized. Since the introduction of the reform, the adequacy of the family benefits (both in terms of their coverage and amounts) has been weakened. For example, the ratio of the income threshold used for



the mean-testing and the average monetary income per household member has been decreasing since the start year of the reform – in 2003 the income threshold constituted 145% of the average monetary income per household member and in 2014 this ratio was approximately 89%.

The result is that the number of children receiving mean-tested family benefits has been decreasing since the beginning of the reform. Data shows that in 2005 more than 911 thousand children received monthly family benefits but in 2014 the number of benefit recipients was approximately 778 thousand. The difference (more than 133 thousand children) is too big to be explained only with the decreasing fertility rates and demographic changes.

In addition to that fact, the amount of the monthly child benefits for long time periods had not followed the changes in the cost of living. Despite the fact that the family benefit amounts should be determined annually by the Budget Law, their amounts remained unchanged for the period 2009-2015 with only one exception – in 2014 the amount of the benefit for the second child was increased from BGN 35 to BGN 50.

The direct consequence of this policy course is that fewer children receive support from the state and the incomes of family benefits recipients lag behind the dynamics of prices and the average income for the total population.

The inadequacy of family benefits result in higher child poverty rates and increases the vulnerability of families with children. In 2013 the child poverty was 31.7% by approximately 10 p.p. higher than the average for the country and by 6 p.p. higher compared to 2005.

The risk of monetary poverty has been increasing for all households with families. The risk of poverty is the highest for single parents and families with many children. Almost 43% of single parents and their children and 80% of families with three children or more lived below the poverty line in 2013, respectively by 12 and 14 p.p. higher compared to 2005.

The family benefit system put at a disadvantageous position not only the most risky households. The most typical families – families composed of two parents and one child are also vulnerable. For the period 2005-2013 the risk of poverty for them rose by more than 5 p.p. – from 11% to 16%.

It has to be noted that the length of childcare leave for mothers in Bulgaria is one of the longest in Europe. The childcare benefits women receive during the child's first year are likewise high, amounting to 90% of their salary. However this policy is favourable for women with high income. Social welfare benefits are provided for mothers without income as well, but they are very small. There is a limited capacity for providing state childcare services for children up to the age of seven in nurseries and kindergartens, especially in the large cities and the capital



7.4 Coordination of youth employment policies, educational policies, universal labour market policies, social policies and youth policies

The established specific pattern of coordination of these types of policies was to a certain extent described above. In summary, it consists of the following: 1. A gradual and increasing pressure on the educational policies to adapt to the existing business conjuncture – currently expressed in actions related with the dual vocational training system, a closer link between education and employment by providing traineeships and qualification practices, financial incentives for certain specialties in secondary and tertiary education and the like; 2. Increasing social policy's (in its different dimensions) overdependence on the active labour market policies based on an 'activation' approach; 3. Common strategy of universal and youth employment policies based on a combination of activation and austerity measures and an emphasis on business subsidizing.

These trends are progressively and consistently transposed into legislation and institutional arrangements. Additionally there is a relative reinforcement and improvement of the coordination between various responsible institutions. The described trends are supported as well by different financial incentives and sanctions.

7.5 Synergy generating

This specific model of coordination of the different types of policies contributes to certain partial, fragmentary and short-term labour market improvements. However, being based mainly on a sanctioning and disciplining effect for certain target groups, it could hardly generate synergies to improve employment and social inclusion of young people,

In order to generate synergies based on improving employment and social inclusion of young people, a change in the overall strategy of the policy approach is needed. This change should be based on: 1. Welfare social policy (and its various dimensions) on well-being, incl. by reducing the huge income inequalities and provision of real support to vulnerable groups; 2. Reconsidering the short-sighted view on education as an instrumental goal and recognizing its importance as a final goal and value for a knowledge-based society; 3. Focusing on existing universal and youth employment policies where they are currently successful - mainly decreasing frictional unemployment and supporting target groups with a particular qualification; 4. A wider and more meaningful vision of active labour market policies by linking them to macroeconomic policies, investment activity, strategic niches for economic activity, etc.

Such a change could be possible only if based on a clear vision and progressive implementation of pro-developmental income policies.



Jared Bernstein (2013) particularly stresses the need to explore policies that reduce inequities by helping to increase the share of low and middle-income employees because these policies are becoming increasingly necessary to achieve fairer (equitable) economy and obviously - better social inclusion. Since there are allegations that the implementation of such policies harms growth and jobs, Bernstein calls to carefully investigate the empirical effects of progressive policy interventions (Bernstein 2013: 69)¹⁶.

7.6 Major changes, reforms or policy innovations planned with regard to youth unemployment and policies aimed at quality of jobs for youth

There are frequent and fragmented changes related to target groups, available interventions, eligibility conditions, public-awareness campaigns and the like in youth, as well as in universal, employment policies

The quality of jobs for both the young and the total workforce is left out of the changes, reforms and policies undertaken.

¹⁶ As such policies Bernstein points out the increase in the influence of trade unions, higher minimum wages, strong social safety net, progressive taxation, sectoral policies that stimulate industry versus finance, and public job creation to achieve full employment.



8 Estimation of effectiveness of policy measures

8.1 Dominant causes of youth unemployment and social exclusion

The dominant causes of youth unemployment and social exclusion are complex. They could be summarized as follows:

1. Unfavourable economic dynamics, connected with long-term crisisful, pro-cyclical development with peaks and falls and inadequate job growth even when the situation is more favourable.
2. Many problems in the socialization processes (human capital formation). An important part of these problems is generated outside the educational system but highly impacts its effects. More concretely, the very high poverty level and high inequalities turn into extremely fragmented and differentiated societies. The educational system can't alleviate these effects. Instead it replicates and reinforces them into high educational inequalities.

Young people undergo a process of social inclusion (*'socialization'*) since they are born, and their capacity to engage and operate successfully in the labor market depends on previous periods of preparation for transition to employment. If policies affecting the previous phases of social inclusion (the human capital formation) and youth employment policies have divergent influences, this will undoubtedly restrict their effectiveness. From this perspective arises another significant question about the *'second chance'*: if and how well specific youth employment policies manage to compensate for the potentially negative impact of other policies affecting human capital formation.

3. Low absorptive capacity and very low inclusive potential of the labour market.

Extremely important question is the one about the quality of jobs and the adequacy of remuneration. If working conditions are poor and wages too low (e.g., below the cost of living), then such employment will hardly contribute to social inclusion and this raises serious challenges in assessing the effectiveness of youth inclusion programmes, even if they are *'successful'* in the sense that they succeed to introduce a significant part of unemployed young people in the system of employment.

4. Weak, inadequate and insufficient social policy. Similar to educational policies, the social policy supports and reinforces the established high inequalities instead to alleviate them.



5. Restricted effectiveness of the youth employment policies – quite poor quality especially for some youth risk groups (NEETs, early drops out, Roma young people, etc.)
6. Increasing impact of social origin on employment chances and opportunities.

8.2 Causes of youth unemployment: *individual v/s structural*

The causes that generate youth unemployment are mainly structural and sometimes mixed. Subjective and individual factors also influence, but they are not critical to changing the overall situation.

Additionally, while official messages constantly suggest the importance of individual factors that lead people to live in poverty and unemployment, it should be noted that may be individual factors are much more influential in rich than in poor strata. More concretely wealthy families could create high chances for professional realization of young people. However this concerns a small part - under 10% of the households - and leads to extreme polarization and atomisation in society, including in the educational and working careers of adolescents.

8.3 The extent to which existing policy interventions address the main causes for unemployment and social exclusion of young people

As described youth labour market inclusion policies in Bulgaria do not address well main causes for youth social exclusion. Youth employment policies 'treat the symptoms instead of treating the disease', and this determines the efficiency of their impact.

However, youth labour market policies cannot overcome the restrictive effects of human capital formation policies and manage to achieve just minor mitigation. So they spend money on partial and insignificant (even - cosmetic) correction effects of other policies, whose expediency is more than questionable. Assessing the effectiveness of youth policies - even when progress in increasing youth employment could be reported- is further exacerbated by the fact that the labour market has a low potential for social inclusion - both in terms of earnings capacity (their relationship to the cost of living, including the cost of children) and in terms of protection of income in their eventual loss. Finally, the assessment of the ALMP is further deteriorated due to the reactions of young people to the labour market state. A significant portion of young people avoids the national labour market through emigration or inclusion in the informal labour market (in many cases - simultaneously in both), and possibly - in the black economy.

A review of longitudinal data on major proportions in the distribution of income at macro level gives grounds to assert that the above problems arise from significant and adverse changes in income distribution at macro level, which is ultimately reflected in



the concentration of income, increasing inequalities, increasing poverty and social exclusion. It is these changes that weaken the formation of human capital. But these changes also have other impacts on the social inclusion of young people and in particular their employment.

Studies of the impact of inequality on economic growth and employment offer no statements about the presence of significant connections, but there are reasons to believe (at least in the case of Bulgaria), that the changed proportions of income distribution at the macro level are closely related to macroeconomic imbalances that are not conducive to economic growth. The report (26.02.2016) by the services of the European Commission assesses Bulgaria's economy in the light of the Annual Growth Survey (published on November 26, 2015) and identified significant macroeconomic imbalances in the Bulgarian economy, which create risks for economic developments.

Moreover, even if the macro-distribution disparities are not functionally connected with macro-economic imbalances and therefore do not jeopardize economic growth and employment, they certainly block the development, creating conditions for growth without development (dynamic outlining the growth of the type "extraction of rent").

The famous theoretician of development Dudley Seers (Seers 1969) ever wrote: "The questions to ask about a country's development are therefore: What has been happening to poverty? What has been happening to unemployment? What has been happening to inequality? If all of three of these have become less severe, then beyond doubt this has been a period of development for the country concerned. If one or two of these central problems have been growing worse, especially if all three have, it would be strange to call the result "development", even if per capita income had soared. This applies of course, to the future too. A "plan" which conveys no targets for reducing poverty, unemployment and inequality can hardly be considered a "development plan" (Seers 1969: 5). However "the three central problems" that Seers states may worsen even if there are special "plans" to reduce them, but other policies deteriorate the situation. In any case, in terms of development social inclusion is related as well to two human rights officially recognized and adopted by the UN since the last century – the right to development and the right to participate in development. If policies generate huge income distribution imbalances, that restrict development, the result is also violation of fundamental human rights to development and participation in the development and enforcing massive process of social exclusion. Policies on youth employment can hardly change this state and in this sense they hardly have a chance to be really socially efficient when the process of development is restricted or even blocked.



8.4 Gaps in provision

The review above clearly suggests that not enough is being done. The 'activation' approach combined with austerity has generated wide gaps in provision and inadequate support for unemployed young people.

The Bulgarian ALMP are formulated and implemented on the basis of the so-called Employment Promotion Act. The Act contains a section dedicated particularly to youth employment promotion measures. However, this section envisages mainly 'direct job creation measures' that is pro-employment business subsidies. The youth participants (15-24) in direct job creation measures (entrants) have the biggest share in the total number of youth ALMP participants (23.5% in 2013). Along with this and despite the existence of numerous policy documents underlying the need of devoting special attention to youth unemployment and which prioritize jobless youth, the number of youth ALMP entrants decline both in absolute and relative terms for the period from 2004 to 2013. For example, the number of youth entrants in ALMP measures (without services) was more than 35 thousand people (14% of the total number of entrants) and slightly above 14 thousand people in 2013 (14.4% of the total number of entrants).

Almost the same trend could be noted with regard to labour market services. In 2008, the first year for which data is available, the number of youth who received labour market services was 670 people (32.4% of the total number of entrants). In 2013, however, their share of the total number of labour market services recipients shrank to 19% despite the absolute growth (2 466 young people in total received labour market services).

The number of youth-targeted labour market policy interventions¹⁷ also does not demonstrate that jobless youth are among the top-priority groups of the labour market policy. In 2004, in only 5 out of 45 interventions youth represented over 50% of the total number of entrants (11% of the total number of interventions). In 2013 – the number of youth-targeted interventions was 6 out of 46 interventions (13% of the total number of interventions).

Thus in general the support to young people to get a job or return to employment remained weak. And these trends can be explained not by decisions to restructure the overall spending on ALMP but by the budget cuts introduced after 2008, that is the austerity measures. There is enough evidence to support the conclusion that the trend started since 2009.

The direct consequences of these trends with regard to support to jobless youth could be summarized as follows:

¹⁷ Youth-targeted active labour market policy interventions are interventions for which youth (15-24) represent over 50 percent of the total number of entrants in a given year.



(1) Insufficient coverage of public employment services towards jobless youth. There is a reverse trend of declining number of young people entering active labour market measures;

(2) Incapacity of public employment services to reach all sub-groups within the group of jobless youth. Most of the employment measures are towards youth registered with the public employment offices and insufficient attention is paid to economically inactive and long-term unemployed youth who have limited contacts with public institutions;

(3) Incapacity of public employment services to offer youth ALMP participants personalized services (the focus is mainly on direct job creation measures) taking into account their individual situations;

(4) Underfinancing of public employment services creates sort of competition between ALMP beneficiaries (youth, long-term unemployed, low skilled, etc.) – should the support to youth is intensified, this will lead to lower support to other groups in need;

(5) At macro-level, young people could rely on insufficient public support to get back to employment. As a result, even youth people registered with employment offices experience difficulties in finding a proper job. According to the National Employment Agency, the average duration of the registration for the young unemployed up to 29 had risen from 3.6 months in 2009 to 4.9 months in 2014 (National Employment Agency 2015: 37). However, the average duration of the registration of young unemployed is among the lowest compared to other groups (the average for all registered unemployed was 8.7 months in 2014, by 1.4 months higher than in 2009). Taking into account that youth must fulfil rather strict eligibility conditions in order to receive income support benefits, the cumulative effect of these ALMP developments is that large part of jobless youth cannot rely on public support either to earn labour income or to receive income protection benefits.

(6) There are many measures under the main policy axes: training, employment provision and employer incentives. A large part of these measures are fragmented, i.e. include one and the same or similar activity, but are distributed according to: (1) a project principle, or on the basis of the source of financing (state budget or EU funding); (2) the entity implementing the measure (public or private organizations, NGOs, etc.); (3) the target group; (4) the principle of budget annuality. This impedes the conduction of comprehensive assessments of the existing public policies.

(7) Additional difficulties arise with regard to existing information and data, and conducted impact assessments. While, over the last years, there is an improvement in the quality and quantity of the existing data, it should be underlined that the most significant disadvantage still exist – the information on what happens with the young people after leaving the interventions is scarce or not available to researchers and general public.



(8) It could be argued as well that there is an unexplored link between the potential of the active measures and the scale of the problems. The design and targeting of the active labour market policies in the country follow traditional activation patterns. Probably at least part of these measures could have been more successful if their impacts had been channelled towards small and well defined target groups and employment services –accompanied by social services and other forms of social work. But the scale of the labour market problems significantly reduces the potential of active labour market policies. The bad functioning of the Bulgarian economy, very high poverty rates and increasing problems regarding the youth welfare require other approaches which have to weaken the needs of such influences on the labour market and concentrate the efforts of active labour market measures.

(9) Meanwhile, the attention towards the youth unemployment in the country grows bigger. Bulgaria is trying to follow and participate in the European initiatives aimed at reducing youth unemployment. But these political intentions remain within the limited framework of the active labour market measures while the ALMP have to compensate for both: dysfunctions of the education system and non-existence of working places.

8.5 Involvement of the targeted youth into the decisions about designing, delivery, development of policies and interventions to support youth employment

As mentioned and mainly thanks to EC interventions different consultative bodies were established in Bulgaria with the idea to impact on the decisions taken in the areas of employment, social inclusion, etc. Following these developments, the inclusion of young people in the creation of active employment policies is mainly through the participation of a representative of nationally represented youth organizations in the Monitoring Committee of the Human Resources Development Operational Program 2014-2020. The functions of this committee are to monitor and coordinate the implementation of the program, to exam and approve operations, to take decisions on changes in operations or terminating them, to adopt an Indicative Annual Program, to allocate remaining funds from the budget, etc.

Still the construction and the way these bodies work hardly provide enough space for 'the civil quota' actually to influence the decisions taken.

And as a whole, there is a low or missing participation and involvement of young people and targeted youth groups into the decisions about designing, delivery, development of policies and interventions to support youth employment.



8.6 Strengths and weaknesses of overall approach to tackling youth employment and social inclusion issues

The basic strength of the approach to tackling youth employment lies in the fact that programs provide support for alleviation of unemployment and exclusion for some young people for certain periods.

The undertaken steps to regulate and extend the scope of vocational training through apprenticeships, apprenticeships and dual education and the provision of work placements and start-up work for young people have to be positively assessed.

The basic weaknesses are connected with the excluding labour market and the jobless growth (low absorptive capacity). The shortcomings lie in the low earnings and, consequently, the low unemployment benefits received afterwards. Being employed on minimum wage does not guarantee a sufficient capacity to achieve a satisfactory material status.

8.7 Lessons learned from ‘bad’ or ‘good’ practices examples which might be relevant to other countries/contexts

Lessons from good practices: there are cases when ALMP for youth employment have produced good results – usually these are interventions when link is provided between unemployed young people looking for jobs and employers that are

Research results confirm that the negative effects (unemployment) would be higher without the impact of specialized youth employment policies.

Lessons from bad practices: the implemented measures do not work well for NEETs, Roma minority, young people with low or lacking education and they cannot compensate for cumulative disadvantages especially those based on social origin. While it is often stated that the principle “one size fits all” does not work, with the activation we see that very similar interventions are proposed to very different groups. This practice has to be reconsidered.

On the basis of the review and analysis made many recommendations could be derived. In summary they could be presented as follows:

The focus of the existing active labour market intervention for youth employment should be narrowed to interventions where they are successful.

Simultaneously there is a need to consider labour market policies in a broader sense: by passive LMPs providing welfare for vulnerable groups and by addressing active LMPs to broader issues like quality of jobs and income policies, re-industrialization and investments, sound macroeconomic policies.

Additionally the relations between public interventions and business should be re-balanced. Currently the Bulgarian businesses instead of involvement expect public



subsidies and insist that there are not enough people to work and new workers have to be imported. Most probably this is linked with further dumping in the wages and salaries, while the rate of employment in the country and especially youth employment rate is quite low. This situation clearly reflects problems that have to be addressed.

Provision of really independent evidence-based assessments are highly needed, as well establishing of participative mechanisms for the employed and unemployed, young people included, to impact on decisions taken in ref. with labour market.

8.8 Opportunities to support national policies through international cooperation

For Bulgaria the most added value will be linked with adequate developments concerning the Social Pillar, the ideas for re-industrialization, the tax and insurance systems, distribution and re-distribution trends, good practices in establishing minimum wage and adequate minimum incomes. Lessons learned how to attract back some of the millions of young people that left the country and how to provide quality jobs could be extremely helpful. The reorientation for using the EU structural funds in such directions will be extremely helpful as well.

Extremely useful for Bulgaria as well could be EU improvements in basic concepts and indicators – their definitions and meanings. Clear and honest definitions of plenty of important concepts, such as social inclusion, quality jobs, adequate minimum incomes, working poor, people living in poverty, real participation, independent evidence-based evaluations, participatory impact assessments, etc. could be very helpful.



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ANNEX 1: Statistical tables and data

Table 10 Participants by LMP intervention in Bulgaria

Type of measure	Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
1. Labour market services					2 070	11 873	10 098	8 248	10 646	12 993
2. Active labour market measures	252 119	240 213	180 547	200 583	165 561	122 441	79 235	89 347	138 629	99 527
Training	70 566	62 359	38 677	47 575	29 934	12 140	22 139	21 159	42 697	17 263
Employment incentives	19 702	18 001	15 212	15 518	18 092	5 070	2 762	6 046	4 034	9 489
Direct job creation	140 592	135 944	70 895	86 611	73 533	73 806	54 076	59 930	79 068	70 498
Start-up incentives	21 259	23 909	55 763	50 879	44 002	31 425	2 258	12 212	830	2 277
3. Passive labour market measures	155 428	157 248	148 066	131 860	158 719	288 353	256 040	219 387	247 294	251 266
Out-of-work income maintenance and support	155 428	157 248	148 066	131 860	158 719	288 353	256 040	219 387	247 294	251 266
Early retirement	:	:	:	:	:	:	:	:	:	:
TOTAL (1+2+3)	407 547	397 461	328 613	332 443	326 350	422 667	345 373	316 982	396 569	363 786

Source: Eurostat, DG EMPL

Table 11 Expenditure by LMP intervention in Bulgaria (EUR, mln)

Type of measure	Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
1. Labour market services	14.0	15.8	15.0	15.6	18.2	15.3	13.9	15.0	14.3	14.5
2. Active labour market measures	92.5	94.5	98.0	88.1	89.5	78.3	33.9	50.3	78.1	138.9
Training	11.9	14.4	11.3	11.9	12.0	4.8	1.4	8.4	10.8	4.7
Employment incentives	6.3	10.8	13.4	14.3	16.8	14.2	6.9	6.5	6.5	10.6
Direct job creation	72.4	67.9	72.2	60.9	59.1	58.4	25.5	35.3	58.8	123.0
Start-up incentives	1.8	1.5	1.2	1.0	1.7	0.9	0.1	0.2	2.0	0.7
3. Passive labour market measures	51.8	46.7	46.0	44.3	53.2	134.0	162.4	162.6	182.8	183.1
Out-of-work income maintenance and support	51.8	46.7	46.0	44.3	53.2	134.0	162.4	162.6	182.8	183.1
Early retirement	:	:	:	:	:	:	:	:	:	:
TOTAL (1+2+3)	158.3	157.0	159.0	148.0	160.9	227.6	210.3	228.0	275.1	336.4

Source: Eurostat, DG EMPL



No. 27 – Youth employment policies in Bulgaria

Table 12 Expenditure on ALMP through the state budget in Bulgaria (EUR, mln)

Source of funding	Year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
1. Administration (salaries, maintenance, etc.)		32.1	16.4	34.3	38.1	16.7	14.1	15.1	14.4	14.7	14.8
2. Labour market programmes and measures		102.8	120.7	97.3	95.9	74.8	34.0	16.9	19.6	25.5	21.2
TOTAL (1+2)		134.8	137.1	131.6	134.0	91.5	48.2	32.1	34.0	40.2	36.0

Source: Ministry of Labour and Social Policy, Annual budget implementation reports

Table 13 Participants by LMP intervention (15-24) in Bulgaria

Type of measure	Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
1. Labour market services						670	2 220	2 064	1 714	2 086	2 466
2. Active labour market measures		35	35	37	37	24	11	13	10	18	14 332
Training		17 451	17 804	13 342	11 833	7 360	1 940	6 419	2 699	5 120	3 947
Employment incentives		4 070	3 470	2 828	3 084	3 069	320	450	928	1 057	2 014
Direct job creation		13 761	10 933	8 861	13 954	6 480	4 445	6 743	6 174	11 136	8 214
Start-up incentives		:	3 492	12 650	8 760	7 724	5 205	5	251	1 251	157
3. Passive labour market measures		9	12	10	8	9	21	18	16	18	18 201
Out-of-work income maintenance and support		9 306	12 493	10 537	8 296	9 461	21 762	18 625	16 737	18 598	18 201
Early retirement		:	:	:	:	:	:	:	:	:	:
TOTAL (1+2+3)		44	48	48	45	34	35	34	28	39	34 999

Source: Eurostat, DG EMPL

Table 14 Number of ALMP interventions in which youth entrants represent more than 50% of the total number of participants

Type of measure	Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
1. Labour market services		0	0	0	0	0	0	0	0	0	0
2. Active labour market measures		5	5	7	6	4	3	6	6	4	6
Training		3	3	5	4	2	2	2	2	1	2
Employment incentives		1	1	1	1	1	0	1	1	1	1
Direct job creation		1	1	1	1	1	1	3	3	2	3
Start-up incentives		0	0	0	0	0	0	0	0	0	0
TOTAL youth-targeted interventions (1+2)		5	5	7	6	4	3	6	6	4	6
TOTAL number of interventions in implementation		45	48	40	33	36	35	35	37	39	46
Share of youth-targeted measures of total number of measures in implementation		11%	10%	18%	18%	11%	9%	17%	16%	10%	13%

Source: Authors' calculations based on data from DG EMPL and Eurostat



Table 15 Number of registered unemployed and registered unemployed receiving unemployment benefits

Parameter \ Year	2008	2009	2010	2011	2012	2013	2014	2015
Registered unemployed	233 719	280 980	350 944	332 601	364 537	371 380	366 471	330 816
Registered unemployed receiving benefits	67 481	121 034	136 755	106 580	117 688	116 525	100 806	90 192
Registered unemployed up to 29	41 657	51 335	63 500	63690	74779	74 720	64 122	51 680
Registered unemployed up to 29 receiving benefits	6 424	16 011	17 909	14848	18 802	19 021	15 502	12 437

Source: National Social Security Institute. 2015. Demography, Economy and Social Insurance 2014 (time series), Sofia: National Social Security Institute, p. 197

Table 16 Unemployment benefits – average amounts and expenditures

Year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Average monthly unemployment benefit amount (BGN)				141,38	143,97	192,26	257,80	257,35	266,72	267,25
Expenditures on unemployment benefits (BGN, mln., total)	90.8	88.8	85.8	99.0	238.1	311.2	320.0	354.3	351.3	339.2
Expenditures on unemployment benefits as % of GDP	0.2	0.2	0.1	0.1	0.3	0.4	0.4	0.4	0.4	0.4

Source: Eurostat [code: spr_exp_fun] and NSI, Accessed on April 04, 2016

Table 17 Unemployment trap

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Unemployment trap	75.2	75.7	75.4	75.1	77.0	74.9	76.0	76.7	81.7	80.9	81.6	81.6	81.6

Source: National Statistical Institute, <http://www.nsi.bg>

Table 18 Minimum wage in Bulgaria

Year	2008	2009	2010	2011	2012	2013	2014	2015	2016
Amount (BGN per month)	220	220	240	240/270	270/290	310	340	380	420

Table 19 Period of receipt of unemployment benefits

Length of insurance	Period of unemployment benefits receipt
to 3 years	4 months
over 3 to 5 years	6 months
over 5 to 10 years	8 months
over 10 to 15 years	9 months
over 15 to 20 years	10 months
over 20 to 25 years	11 months
over 25 years	12 months

Source: Social Insurance Code



ANNEX 2: Diffusion of EU Youth Employment Initiatives in Bulgaria

1. Youth Guarantee in Bulgaria

According to the Council Recommendation of 22 April 2013 on establishing a Youth Guarantee, Bulgaria has adopted a National Plan for Implementing Youth Guarantee (NPIYG) – 18 December 2013. The implementation of the Bulgarian Youth Guarantee started in the beginning of 2014. In June 2014 the National Plan was updated. In October 2014, a national agreement was signed between the authorities and relevant stakeholders to ensure the delivery of the Youth Guarantee implementation plan. During 2014 the implementation of the Bulgarian Youth Guarantee is carried out in stages and with focus on the quality of the offers. The basic aims of YG are also included in National Action Plan for Employment for 2015. There is a special section on the website of Employment Agency informing about Youth Guarantee.

The NPIYG consists of two main parts:

- Measures aiming to encourage young people to seek jobs, complete an additional qualification or finish their education;
- Measures to integrate and re-integrate people in the labour market.

The roles of public authorities and other organizations in implementing YG, as well as the manner of financing is outlined. In these processes representatives of the Ministry of Labour and Social Policy, the Ministry of Education and Science, the Ministry of Youth and Sports, social partners (Employer organizations) and youth organizations will participate.

There would be a total of BGN 409 million for all young people under the age of 29 for 2014-2020. The most part of the funds – BGN 230 million – would be spent on various programs and measures for the provision of services for 2014-2015 (BGN 23 412 345 for 2014 and BGN 207 863 655 for 2015). The intention is programs and measures to include around 420 000 young people over the entire 7-year period.

During the first stage in 2014 more than 7 000 young people under 29 will be included in training or job. For 2015 the NPIYG provides around 61 000 youths to be included in different programs and measures.

By the end of 2015 the expected results from implementation of the YG are:

- Decreasing the level of youth unemployment (15-25) to 27.2%
- Decreasing the NEET share of young people aged 15-24 to 20.5%
- Increasing the share of registered unemployment youths (15-24), included in training or employment compared with the total number of registered unemployment youths to 50%

2. Youth Employment Initiative in Bulgaria

The Youth Employment Initiative was proposed by the European Council (7-8 February 2013) with a budget of €6 billion for the period 2014-2020. Of the funding, €3 billion would come from a dedicated Youth Employment budget line complemented by at least €3 billion more from the European Social Fund¹⁸.

In Bulgaria elaboration of specific measures to be financed by Youth Employment Initiative (YEI) began in the mid of 2013. The Youth Employment Initiative specific allocation is €55,188,745 for the period 2014–2015 (matched by the same amount from the ESF)¹⁹. The Human Resources Development operational programme which includes YEI has been adopted in November 2014.

¹⁸ <http://ec.europa.eu/social/main.jsp?langId=en&catId=89&newsId=1829>

¹⁹ http://europa.eu/rapid/press-release_IP-14-784_bg.htm



With the national co-funding the total amount for the whole period (2014-2020) is around 240 million BGN.

The target group includes young people up to age 25 not in education nor in training who live in eligible regions. In Bulgaria 5 from 6 regions in NUTS II are eligible for financing from YEI – Northcentral, Northeast, Northwest, Southeast, and Southwest. In these regions live 80% from unemployed youth (2012) – 55.4 persons from 69.8 thousands young people. The level of youth unemployment for 2012 in these regions was above 25%. Southwest region is not eligible because the level of youth unemployment for 2012 is under 25%. The Youth Employment Initiative supports: apprenticeships, internships, trainings, vocational education.

3. EURES (EUROpean Employment Services)

EURES (EUROpean Employment Services)²⁰ is a network for cooperation between public employment services of EU 28, Norway, Island, Lichtenstein and Switzerland. It was established in 1993 in order to facilitate mobility of workers within European labour market. The information is spread throughout Job Mobility Portal in the national language. Consultations and assistance to the jobseeker by over 900 advisers across Europe is provided.

The first stage in the project “Your first job with EURES” is implemented between 2012 and mid-2015, funded by EU budget 2011-2013. The aim was to help young people in the EU aged between 18 and 30 to find a job, training or practice in a country of the EU. The second stage is expanded to the people up to 35 years. The activities are funded from EURES axis EaSI (18% of the total budget) through annual invitations for proposals²¹ and implemented by are Operational Programme “Human Resources Development”. The online based European classification of skills, competences, qualifications and occupations (ESCO) provides new opportunities.

Statistics²² shows that in the Job Mobility Portal can be found 243 789 CVs and 6220 companies. On 29/03/2016 most jobseekers in the Portal are from Italy – 48162. People with higher education (master and bachelor degrees) are most users of the possibilities proposed by EURES – 86 946. The most desired occupation by job seekers is waiter/waitress, followed by language teacher and hotel receptionist. For Bulgaria are offered 3884 vacancies and 16,951 positions (one vacancy can be open for one or more positions).

Data by Employment Agency²³ show increasing number of Bulgarian workers who declare intention for work abroad during the period 2010-2013. EURES advisers and assistants have consulted and informed 23 211 jobseekers in the period June 2010- May 2011; 29 018 in the period June 2011- May 2012 and 37 475 in the period June 2012- May 2013. 386 information days for jobseekers and 35 job fairs with 12 500 job applicants are organized. The interest to the EURES site is high - in 2013, 186 110 individual visitors and 449 334 visits in the Bulgarian on EURES web site are identified.

4. Quality traineeships and apprenticeships

The initiatives that refer to traineeships and apprenticeships are part of the active labour market policies in Bulgaria. Some of the most significant schemes in Bulgaria are related to development of vocational education. These initiatives are included in the National action plan for employment 2014-2020 and are financed by state budget. The provided amount for this period is BGN 388 972 695. This money is for subsidized employment, traineeships and apprenticeships, training for unemployed young people, registered in the Regional Employment Offices.

The normative framework of traineeships and apprenticeships includes several laws and regulations: Employment Promotion Act, Crafts Act, Vocational Training and Education Act.

²⁰ <http://eures.bg/?lang=1>

²¹ <http://ec.europa.eu/social/main.jsp?catId=632&langId=en>

²² <https://ec.europa.eu/eures/eures-apps/cvo/page/statistics?lang=en>

²³ Data are cited in Operational programme “Human Resources Development 2014-2020”



With the adjustments in the Labour Code from March 2014 employment contract with a condition of traineeships was regulated. Such a contract can be signed with people up to age 29, with upper secondary or tertiary education with no work experience in the specific occupation.

The financing comes from the national budget, as well from the Operational programme “Human Resources Development” (ESF). For the period 2014-2020 is provided 154 079 young people to be included in traineeship and apprenticeship. In some cases the funding comes from employer – as for example Apprenticeship-type scheme of Telerik Academy for Software Engineers.

In 2013 Bulgaria (and more 26 EU Member States' and 5 non EU countries) has submitted concrete commitments on next steps to increase the quantity, quality and supply of apprenticeships²⁴.

5. Supported young entrepreneurs

The programs for fostering entrepreneurship, financed by EU, are another policy instrument for stimulating youth employment. In the framework of the Operational program “Human Resources Development” 2007-2013 over 10 000 people successfully ended training in entrepreneurship skills and till end of 2013, 400 enterprises were established. The total budget is BGN 31 468 981.

The program “Innovation and Competitiveness 2014-2020” supports start-up entrepreneurs up to age 29, who intend to realize a business idea with amount over BGN 25 000. Special measures for encouragement of entrepreneurship in Bulgaria are provided by the Employment promotion act. In 2014 the financing in this normative framework is BGN 132 638.

A program Erasmus²⁵ for young entrepreneurs launched 2009. It proposes cross-border training and exchange of experience. Since its beginning 2500 exchanges are implemented with 5000 young and experienced entrepreneurs. 89% of them are up to 40 years.

The initiatives related to the young people are also included in the National Plan for Implementing European Youth Guarantee 2014-2020 in Bulgaria.

²⁴ <http://ec.europa.eu/social/main.jsp?catId=1148&langId=en>

²⁵ <http://www.erasmus-entrepreneurs.eu/upload/ET0714072BGN.pdf>