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Activating and Increasing Employability of Specific Vulnerable Groups in Bulgaria:

A diagnostic of institutional capacity

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This document, produced by the World Bank, reviews the design and implementation of activation policies for social assistance recipients and other highly disadvantaged groups in Bulgaria. The analysis is based on a review of literature on socio-economic development and active labour market policy in Bulgaria and in other OECD countries, as well as data provided by the Bulgarian National Employment Agency and the Bulgarian Agency for Social Assistance. In addition, the report uses evidence collected during field visits to labour offices, social assistance offices, and municipalities in various parts of the country, and interviews at Ministry of Labour and Social Policy. Yordan Dimitrov and Nicola Duell are the key authors of the report, which was initially drafted in mid-2013. The current version incorporates revisions based on comments received from the Ministry of Labour and Social Policy on the draft report.

Since the report's drafting in 2013, some changes in the activation policies have taken place, including, *inter alia*, re-introduction of psychologists and introduction of case managers in some labour offices. With this caveat, the overall assessment of the activation policies and the proposed policy options remain highly relevant.

Настоящият документ, изготвен от Световната банка, разглежда дизайна и изпълнението на политиките за активиране на лицата, получатели на социална подкрепа и други в неравностойно положение в България. Анализът се основава на преглед на литературата по въпросите на политиките за социално-икономическото развитие и активиране на трудовия пазар в България и страните от ОИСР, както и на данни, предоставени от Агенцията по заетостта и Агенцията за социално подпомагане. В допълнение, докладът използва факти, събрани по време на посещения в бюрата по труда, бюрата за социално подпомагане и общини в различни краища на страната, както и интервюта с представители на Министерството на труда и социалната политика. Йордан Димитров и Никола Дуел са основни автори на доклада, чийто първи проект бе представен в средата на 2013 г. Настоящият документ включва ревизии, основани на коментарите получени от МТСП по проекто-доклада.

От времето на първоначалното съставяне на доклада през 2013 г. възникнаха някои промени в политиките за активиране, включително, наред с други, повторното въвеждане на психолози и въвеждането на кейс мениджъри в бюрата по труда. С тази уговорка, цялостната оценка на политиките за активиране и предложените варианти на политики остават изключително релевантни.

Executive Summary (Bulgarian)

Обобщение на главните резултати

Пазарът на труда в България в контекста на икономическата криза и главните предизвикателства

- **Пазарът на труда в България е засегнат от икономическата криза, а цикличната безработица се е превърнала в структурна безработица.** Продължителната безработица и отказа от активно търсене на работа въпреки желанието за работа (обезкуражени работници) представляват главните предизвикателства пред политиките на пазара на труда. В допълнение към тези обезкуражени работници, (които представляват по-малко от една шеста от неактивните лица - много висок дял в сравнение с други европейски страни), други групи без работа, които не търсят работа, и които посочват, че не искат да работят, следва да пораждат сериозна загриженост.
- **Равнището на неактивност в България е сред най-високите в ЕС.** Сред неактивното население в работоспособна възраст (включително обезкуражени работници и хора, посочващи, че не искат да работят) има много млади хора, хора на възраст над 55 години и хора с увреждания. Около 31% от всички неактивни лица са били в областта на образованието и обучението през 2013 г.; този процент е бил сред най-ниските в ЕС. Около 14% от неактивните лица на възраст между 15-65 г. (включително обезкуражени работници), посочват, че са с увреждания или имат здравословни проблеми, а други 18% са пенсионери. Неактивността може да бъде източник на бедност. Нещо повече, високото ниво на неактивност представлява заплаха за финансирането на системите за социална сигурност. Ето защо неактивността по принцип (и не само обезкуражените работници) трябва да бъде основен повод за загриженост. Някои от тези, които не търсят активно работа, независимо от това са регистрирани като безработни в бюрата по труда.
- **Кризата на пазара на труда се засилва и от демографските промени в страната, докато младата и квалифицирана работна сила емигрира и допълнително влошава несъответствието между търсената и предлагана квалификация.** Много от младите хора, които остават в България срещат трудности при навлизането на пазара на труда; младежката безработица и неактивността сред младите хора са най-сериозните поводи за притеснение. От средносрочна и дългосрочна гледна точка, застаряването на работната сила в България може да бъде пречка за динамичното развитие на икономиката.
- **Налице са силно изразени регионални различия в равнището на безработица в страната.** Според административни данни на АЗ, равнището на безработица в края на 2012 г. в различните общини варира между 1,8% и 63%. Такива вариации са налице, както през годините на растеж, така и в периода на криза. През периода на кризата, обаче, разликите са нараснали.

- **„Уязвимите групи на пазара на труда“** включват групите, за които е особено трудно да влязат на пазара на труда, да запазят работата си и да печелят достатъчно в условията на формалния пазар на труда, за да се издържат. Типичните бариери пред заетостта са свързани главно с несъответствие на уменията, ниска квалификация, ограничен или липсващ трудов стаж (професионален опит), здравословни проблеми, предразсъдъци и дискриминация по признак възраст и етническа принадлежност. Уязвимите подгрупи включват продължително безработните лица, лицата, които получават месечна парична помощ, части от ромското население, младите хора – по-конкретно тези с ниска квалификация или завършилите образованието си, но без трудов опит, хората на възраст над 55 години без работа и хората с увреждания. В контекста на слабото търсене на работна ръка тези групи биват изтласквани от групите, за които се предполага, че се представят по-добре.

Институции

- **Уязвимите групи се обслужват от най-малко пет различни агенции, в зависимост от вида на необходимите услуги:** (1) **Агенцията по заетостта** осигурява информация за свободните работни места и действащите мерки и програми, осигурява обучение и информация за преквалификация, мобилност до работното място, работа в чужбина, психосоциална подкрепа, професионално ориентиране, както и включване в програми и мерки. (2) **Агенцията за социално подпомагане** изплаща социални помощи (основно месечна парична помощ, семейни помощи за деца, помощи за отопление и помощи за инвалиди), на лицата, които имат право да ги получават, представя услуги на най-бедните, на хората с увреждания и други. (3) **Националният осигурителен институт** изплаща обезщетенията за безработица. (4) **Министерството на образованието** отговаря за курсовете за ограмотяване за възрастни с ниско образование, докато (5) **Националната/териториалните експертни лекарски комисии** удостоверяват уврежданията и степента на работоспособност.
- **Фрагментацията на агенциите е главното предизвикателство** за предоставянето на помощи и услуги за интеграция на пазара на труда за безработните и неактивните лица в България. Сътрудничеството между агенциите може да бъде засилено, евентуално, ако се фокусира около потребностите на конкретните целеви групи. Създаването на звена, които да работят с определени целеви групи може да бъде изключително ценно за справяне с проблемите им.
- **Агенцията по заетостта е изпълнителна агенция към министъра на труда и социалната политика** за изпълнение на държавната политика за насърчаване на заетостта, закрила на пазара на труда, професионално информиране и консултиране, професионално и мотивационно обучение на безработни и заети лица, както и за предоставянето на услуги за трудово посредничество. Последната основна структурна реформа е проведена през 2001 г., когато социалното подпомагане и обезщетенията за безработица са отделени от Агенцията по заетостта. Обществените услуги по заетостта продължават да се реформират.

- **Сътрудничеството между бюрата по труда, дирекциите за социално подпомагане и общините е насочено по-скоро към административните въпроси и прилагането на нормативната база, отколкото към включването на пазара на труда и насърчаването на заетостта.** То се осъществява в условията на прилагане на принципа на поемането на взаимни задължения и изпълнението на схеми за разкриване на работни места. Следователно сътрудничеството би могло да се подобри.
- **Частните и неправителствените организации са все още по-слабо представени при услугите на пазара на труда.** Възлагането на конкретни услуги или на работа с определени целеви групи на външни изпълнители (в сферата на услугите на пазара на труда), в България е по-слабо развито в сравнение с държавите от ЕС-15. Присъствието на неправителствени организации (НПО) на пазара на труда нараства с ускоряването на усвояването на средствата по Оперативна програма „Развитие на човешките ресурси” (ОП РЧР). Има някои успешни практики на НПО, които работят с ромските общности, но като цяло НПО не са много активни на пазара на труда.
- **Възлагането на услугите по заетостта за групите в неравностойно положение на външен изпълнител може да бъде ефективно, ако е добре организирано и добре изпълнено.** В другите европейски страни има многобройни примери за това. Основното предимство е, че специализираните организации, които партнират на обществените служби по заетостта са по ефективни и ефикасни при осигуряването на специфични услуги за определени целеви групи. За да се реализира този подход по ефективен начин обаче, решаващото е да се въведе добре работещо, ориентирано към резултатите управление на качеството. Една от трудностите е да се определят очакваните резултати за различните видове уязвими групи и да се заложат съответните стимули.
- **Изграждането на сектора на социалната икономика може да засили институционалния капацитет на публичните актьори,** като същевременно допринесе за справянето с посочените по-горе трудности. Така секторът на социалната икономика може да продължи да се развива и да провежда обучения и да изпълнява програми за заетост за групите в неравностойно положение. Изграждането на институционален капацитет, обаче, ще отнеме известно време.
- **Работодателите обявяват само около 30% от свободните си работни места в бюрата по труда,** независимо че имат достъп до различни услуги, осигурени от АЗ, съгласно Закона за насърчаване на заетостта. Общото впечатление е, че в бюрата по труда са постигнали добро сътрудничество, там където вече са установени добри връзки, но се затрудняват да достигнат до нови работодатели. Подобряването на контактите с работодателите е важно не само, за да се повиши делът на обявяваните в бюрата по труда свободни работни места, но също и за да се търсят активно възможности за заетост в частния сектор за уязвимите групи.

- **В българската Агенция по заетостта има някои основни промени** и те включват въвеждането на така наречения „процесен модел на работа“; въвеждане на индивидуален подход към клиентите; профилиране на безработните лица; разработване на профил/портрет на търсещото работа лице; ускорено използване на съвременни електронни платформи за организация на работата и предоставяне на електронни услуги; както и използване на средствата от ЕС като основен източник за финансиране на услугите по заетостта.
- **Въвеждането на „процесен модел на работа“ е започнало в края на 2003 г. и е завършено през 2005 г.** Главните отличителни черти на този модел са разбивката и оптимизацията на процеса на предоставяне на услуги, диференцирания индивидуален подход, профилирането, обслужването на едно гише, проактивното сътрудничество с работодателите и други. Макар много от тези характерни черти да са показали положителен ефект, те имат нужда от допълнително настройване и преосмисляне.
- **„Обслужването на едно гише“ е въведено и работи в по-голяма част от страната, докато т.нар. „управление на случаи“ все още се разработва от бюрата по труда.** Към края на 2012 г. „обслужването на едно гише“ е въведено в 46 от 95-те бюра по труда. В България подходът „обслужване на едно гише“ обединява няколко услуги, които се предоставят от АЗ, докато в другите страни това включва ефективно обединение между социалното подпомагане и услугите по заетостта. Освен това в България обслужването на едно гише предоставя по-малко персонализирана подкрепа, отколкото в други страни. Безработните лица може да се срещнат с трима или четирима различни посредници при първите три-четири посещения. Също така от служителите се очаква да работят по всеки въпрос, което предполага, че специализацията им постепенно отпада. Предимството е, че всеки случай може да бъде поет от всеки свободен служител. Това обаче, означава също, че въвеждането на „управлението на случай“ в бюрата по труда като начин на работа изостава, поне към февруари 2013 г. Възможно е най-новите реформи да са подобрили положението, макар е че за да се оцени прилагането им е необходимо допълнително проучване. До сега действащия подход не е много ефективен за активиране и проследяване на уязвимите групи. За да се изгради доверие, много важно е да се въведе такава система на „управление на случаи“, която позволява търсещите работа лица, страдащи от многобройни пречки на пазара на труда, да бъдат обслужвани от един и същ трудов посредник, който също така да свързва търсещото работа лице при необходимост. с други услуги (психологически, медицински, образователни, социални и др.) Тази система предполага сътрудничеството с дирекциите за социално подпомагане да бъде развито много отвъд просто предаването на досиета. Данните от други страни показват, че служителите, водещи случай са много по-проактивни при активирането на търсещите работа лица.

- **Създаването на специализирани звена, които работят с определени целеви групи може да бъде много важно за тяхното интегриране на пазара на труда.** Тези специални звена могат да работят в условията на институционална реформа чрез сливане на услугите на бюрата по труда и дирекциите за социално подпомагане, както е в други страни (напр. Финландия, Норвегия, Германия) или като се подобри сътрудничеството между службите по трудни случаи (както се прави в някои райони на Швейцария).
- **Някои бюра по труда успешно наемат ромски медиатори,** които работят по Националната програма „Активизиране на неактивни лица“. Опитът на Германия и други страни потвърждава, че ако посредниците са от същата група (напр. от същото етническо малцинство) като безработните, услугите могат да бъдат предоставяни по-ефективно, тъй като решаващи са отношенията на доверие.
- **Броят на служителите на АЗ в условията на кризата е драстично намален, а бюджетните ограничения, независимо от значителното нарастване на равнището на безработица,** са влошили значително условията за изпълнението на политики на активизиране. Недостатъчният брой служители се превръща в сериозен проблем.
- **Работното натоварване на служителите на АЗ трябва да бъде намалено като първа стъпка към повишаване на качеството.** Намалването на работното натоварване (чрез съответното увеличаване на персонала) трябва да бъде съпроводено с повишено качество и внимание към трудните за устройване на работа безработни лица. Продължаващото обучение на персонала на АЗ и подобряването на услугите ще има ефект, ако броят и качеството на управление на човешките ресурси се повиши.
- **Бюрата по труда все още не са оборудвани с електронни терминали за самообслужване** – за самостоятелно търсене на работни места, самостоятелна регистрация и месечно потвърждаване на статута на безработните и търсещите работа лица. Осигуряването на повече електронни услуги за търсещите работа лица, които са готови за започване на работа би помогнало да се пести времето на трудовите посредници. Това спестено време трябва да се използва за консултиране, ориентиране и осъществяване на контакти с частните работодатели.
- **Освен това, съществуващата информационна система има известни слабости,** които трябва да бъдат коригирани, като напр.: (i) трудности в осигуряването на регионални данни (като на общинско, така и на областно равнище) по основните променливи на пазара на труда; (ii) трудности при осигуряването на данни за целевите групи (включително уязвимите групи) на национално и областно равнище; (iii) трудности при осигуряването на достоверни данни, с разбивка по вид дейност, напр. разходи за обучение, субсидирана заетост и т.н.

- **Процесът на вземане на решения по отношение разпределението на средствата по програми и определянето на целевите групи е по-скоро централизиран, отколкото децентрализиран на практика, въпреки че има са налице формални процедури, които вземат предвид декларираните нужди на децентрализираното ниво.** Все пак напоследък се предприемат стъпки към възприемането в по-голяма степен на подхода „отдолу нагоре“ при планирането и определянето на бюджетите на програмите за заетост. Бюрата по труда и регионалните служби по заетостта предоставят информация на централното управление за своите потребности по отделните програми. Планирането и вземането на решения може в по-голяма степен да се основава на доказателства, като се вземат предвид извършваните оценки и променящото се икономическо развитие на регионално равнище.
- **Увеличеното усвояване на средствата от европейските фондове напоследък, е помогнало да се преодолее намаляването на средствата за активните политики на пазара на труда (АППТ) от държавния бюджет.** Съфинансираната от Европейския съюз Оперативна програма „Развитие на човешките ресурси“ (ОП РЧР) може да се използва за програмно ориентирано изграждане на капацитет (създаване на информационна система, въвеждане на нов модел на работа и т.н.), а не да се финансират рутинните дейности. Например, наемането на трудови посредници по ОП РЧР означава, че тези служители ще работят само за срока на програмата; тяхната работа ще зависи в голяма степен от програмния цикъл. Макар ОП РЧР да може да увеличи капацитета на АЗ, тя не решава проблемите с недостига на персонал в дългосрочен план. Следователно е препоръчително да се увеличи националното финансиране за активните политики на пазара на труда, както и за наемане на достатъчно персонал на постоянни договори, а финансирането от ЕС да се използва за по-нататъшно повишаване на институционалния капацитет и разширяване на обема на активните програми на пазара на труда.
- **През последните десет години персоналот на Агенцията за социално подпомагане в България е съкратен сравнително по-малко, в сравнение с този на Агенцията по заетостта.** По-голяма част от административната работа би могла да бъде постепенно заменена с комуникация, консултиране, оценка на потребностите и личната подкрепа на клиентите. По-голямата част от времето на социалните работници е посветено за обработване на документи, включително обща документация, проверки за допустимост, проверки на място, изплащане, отказ и спиране на социални помощи или семейни помощи за деца и други подобни. Ако се намали част от тази административна работа и/или се увеличи броя на персонала, ще има възможност да се надгради върху някои от силните страни в работата им, като по-близко сътрудничество с бюрата по труда и свързания с това тесен контакт с клиента.

Парични обезщетения за безработица и социални помощи

- **Бедността е широко разпространена в България и делът на хората, които живеят в условията на тежки материални лишения е най-висок в ЕС.**
- **Обхватът на обезщетенията за безработица и месечните парични помощи е твърде нисък, съответно 14% и 6% през 2012 г.** Правото за получаване на месечна парична помощ се определя с подоходен тест. Обезщетенията за безработица и паричните помощи може да не са достатъчни да предотвратят бедността. Тези, които не получават никакви помощи са в риск да се превърнат в обезкуражени лица. Достигането до обезкуражените лица, както и до групите на неактивните, които биха могли да работят, но не искат да работят (по-специално в случая на млади хора, които не са наети, не учат и не се обучават) представлява основен проблем за прилагането на ефективна стратегия за социална закрила и активиране.
- **Равнището на месечната парична помощ е много ниско и не е повишавано в съответствие с движението на средната и минималната работна заплата.** Все по-голям брой хора не получават помощи. Много от тях вероятно живеят в бедност, а някои са станали неактивни.
- **Освен подоходен тест, за да получи право на месечна парична помощ, кандидатът трябва да има регистрация в бюро по труда най-малко 6 месеца.** По този начин кандидатстването за парична помощ включва 6-месечен период на изчакване, ако лицето е било безработно преди да кандидатства за паричната помощ. Макар периодът на изчакване да е намален от предишните 9 месеца на 6 месеца, това изискване противоречи на логиката на социалното подпомагане, а именно то да бъде спасителна мрежа от последна инстанция.
- **Принципът на поемането на взаимни задължения при отпускането на месечната парична помощ се прилага доста стриктно в сравнение с другите европейски страни:** всеки, който получава месечна парична помощ полага общественополезен труд на непълно работно време (14 дни, по 4 часа на ден). Това условие е утежнено през април 2010 г., когато броят на работните дни е увеличен от 5 на 14 дни. За участниците няма компенсации. От една страна това условие стимулира трудовата активност на подпомаганите лица в работоспособна възраст и ограничава риска от задълбочване на зависимостта от социални помощи, но от друга страна то би могло да намали стимула да се кандидатства за парични помощи, като се допуска, че хората предпочитат да работят в сектора на неформалната икономика. Освен това има много малко доказателства, че това условие подобрява пригодността за заетост. Препоръчително е да се намали броят на дните, когато трябва да се работи без заплащане, за да се спази принципът на поемане на взаимни задължения.
- **Месечната парична помощ трябва да включват необлагаем доход.** Съществуващият минимален осигурителен праг предполага сравнително висока (пределна) данъчно-осигурителна тежест за ниско платените работни места, което пречи на започването на официална работа и насърчава включването в неформалната икономика.

- **Сериозна пречка за заетостта на получаващите месечна парична помощ е неграмотността и ниското образование.** Обвързването на правото на получаване на семейни помощи за деца с редовното посещаване на учебните занятия може да допринесе за предотвратяване на проблемите, свързани с грамотността при следващото поколение. Все пак трябва да се положат още усилия за ефективното интегриране на уязвимите групи, като напр. ромите в образователната система. Смесени класове, включващи деца от ромски и от неромски произход вероятно би довело до по-добри резултати по отношение на интеграцията, макар че прилагането на този модел би било трудно на практика.
- **В сравнение с другите европейски страни, в България нетното равнище на заместване на дохода на обезщетенията за безработица е в долната трета.** През 2010 г. равнището на заместване на обезщетеният за безработица е приблизително 30% от размера на средната работна заплата и 80% от минималната работна заплата. Периодът на изплащане на обезщетенията е между 4 месеца минимален период (при продължителност на осигурителния стаж от 3 години) и 12 месеца (при най-малко 25 години осигурителен стаж). В сравнение с другите европейски страни, периодът на изплащане на обезщетения за безработица е сравнително кратък, когато става въпрос за минималния период и среден, когато говорим за максималния период.
- **В сравнение с другите страни условията за изплащане на обезщетения за безработица са сравнително строги.** Между 2007 - 2010 г. обезщетението за продължителна безработица се е изплащало за период, не по-дълъг от 30 месеца. Тази разпоредба е отменена през 2011 г. поради нарастването на дела на продължително безработните лица вследствие на икономическата криза.
- **Право на инвалидна пенсия се предоставя въз основа на медицински преглед и се отпуска на лица с установена степен на намалена работоспособност 50 и над 50 %.** Инвалидността се установява чрез експертиза на трайната неработоспособност от експертни лекарски комисии (ТЕЛК и НЕЛК) и включва препоръки за вида работа, която лицето може да извършва в зависимост от вида и степента на увреждането (включително за степен на неработоспособност под 50%). Това е добра предпоставка за активиране на хората с увреждания и трудовите посредници трябва проактивно да използват тази информация.

Организация и предоставяне на социални услуги и услуги по заетостта

- **Безработните лица трябва да се регистрират в бюрата по труда, за да имат право да получават обезщетения и услуги.** Съгласно промените в закона от 2011 г., регистрацията трябва да се направи до седем дни. Това трябва да ускори процеса на активиране и да скъси периода на безработица, поне за лицата, които са с необходимата пригодност за заетост и са готови за пазара на труда. Но като се вземе предвид големият брой уволнени/съкратени лица и голямата работна натовареност на служителите в бюрата по труда, това се превръща във формална административна процедура. Електронната регистрация би освободила определено време на служителите на АЗ за провеждане на интервюта.

- **Кандидатстващите за месечна парична помощ също трябва да се регистрират в бюрата по труда, за да имат право на помощта.** Нараства обаче броят на безработните и обезкуражените лица, които нямат право нито на обезщетения за безработица, нито на месечни помощи. Те нямат стимул да се регистрират в БТ и съществува опасност мерките за активиране да не могат да достигнат до някои от тях.
- **Съгласно Закона за насърчаване на заетостта, АЗ трябва да предлага широк кръг услуги на безработните:** да осигурява информация и консултации на търсещите работа лица и работодателите; психосоциално консултиране на търсещите работа лица; насочване към подходящи програми и мерки за заетост; насочване към професионално и мотивационно обучение; и насочване и подкрепа за започване на работа, включително за работа в чужбина.
- **България е сред страните, които отделят най-малък процент от БВП за осигуряването на услуги за активиране (и администрация),** поне до 2010 г. Страните, които са насочили вниманието си към стратегия за активиране отделят много по-висок процент от БВП за услуги - дори страни с по-ниско равнище на безработица. По данни от проучване за оценка на въздействието, проведено от Коцева и Цветков през 2010 г., хората с най-високи бариери пред заетостта (като по-възрастните хора с ниско образование) имат най-голяма полза от този тип услуги. Резултатите от проучването показват също, че най-уязвимите групи биха могли да получават по-интензивни услуги.
- **В АЗ се прилага система за профилиране.** Профилирането на безработните лица се прави по време на първото посещение за регистрация въз основа на кратък въпросник, с който се пита за техните намерения и дейност за търсене на работа, както и за подходящите възможности, които могат да им бъдат предложени. Търсещите работа лица се разпределят в три фази, въз основа на вероятността да бъдат устроени на работа. Това е индивидуален подход, предназначен за оказване на съдействие, което в най-голяма степен е съобразена с потребностите на съответното безработно лице.
- **В редица страни профилирането обикновено се използва за ранно идентифициране на лицата, които имат най-голяма потребност от интензивна помощ и „експертни“ услуги,** докато търсещите работа лица, които са готови да започнат работа получават много по-малко помощ, така че ограничените ресурси да могат да се използват по най-ефективен начин. Данните от други европейски страни и страни от ОИСР предполагат, че добрият статистически модел на профилиране е ефективен начин за насочване на търсещите работа лица, когато съдържа конкретни данни за конкретни фактори като (продължителност на безработицата, предишен трудов опит и образование), но също и за т.н. „меки“ фактори (като напр. мотивация, здравословно състояние и социални мрежи, както и условията на регионалния пазар на труда). Освен това за качеството на модела е решаващо наличието на лонгитюдни административни данни.

- Въвеждането на индивидуални планове за действие (ИПД) има за цел да ускори процеса на активиране и по-добре да насочи съответните мерки.** ИПД са документи в писмен вид, подписвани от АЗ и търсещите работа лица, които въз основа на оценка на личните обстоятелства, способности и професионални умения на лицето, определят вида и обхвата на необходимата помощ и действията, които да бъдат предприети както от страна на АЗ, така и на безработния. В някои държави ИПД за безработното лице се изготвя след определен период на безработица, докато други държави използват този инструмент само за определени целеви групи като младежи и по-възрастни работници. За разлика от много други страни, изглежда в България индивидуалният план за действие не е официален и стратегически план, разработен от трудовия посредник и търсещото работа лице, който определя планираните дейности, а прилича повече на наблюдение на мерките/интервенциите. В България ИПД се подписва от всички безработни, които търсят работа и трудовите медиатори; отговорността за изпълненето се разпределя между двете страни. На практика, работните посещения осветяваха как времето ограничение на трудовите медиатори изглежда се отразява на типа на съвместните действия, които се дефинират.
- Честотата на консултиране с трудовия посредник и интервюта за търсене на работа се определя от това, в коя фаза е поставен безработния.** Като се вземе предвид малкият брой служители, би било полезно да се настоява индивидуални интервюта и наблюдение на търсенето на работа да се провеждат главно с уязвимите групи, докато групите, включващи лица, които са готови за пазара на труда да използват повече електронните услуги.
- Успехът на стратегията за активиране зависи от своевременността и интензивността на последващата работа.** Установено е, че ранната интервенция е важен фактор и по тази причина много държави-членки са скъсили срока, в който трябва да се разработи ИПД. Данните от други европейски страни показват, че интензивната последваща работа с чести индивидуални интервюта, както и последващата работа с младите хора с увреждания и другите групи в неравностойно положение, след като получат работа, повишава ефективността на стратегията за активиране.
- В България, процеса на активиране не се фокусира върху по-интензивното насочване и последваща работа с групите в неравностойно положение.** Напротив, изглежда, че получателите на месечни парични помощи и другите уязвими групи (които често нямат право на никаква помощ) са забравени от гледна точка на активирането, макар, както ще бъде показано в следващия раздел, една от най-важните мерки на пазара на труда да е насочена към получателите на месечни помощи и продължително безработните лица.
- Когато се планира подход за активиране на лицата с увреждания, трябва да се разгледат някои важни въпроси.** Първо, изключително важно е да се предефинира крайната цел на процеса на активиране. Стремещт да се търсят само постоянни работни места може да не е подходящ за тази целева група. Участниците и работодателите биха могли да се задоволят и с временни работни места или работа на непълно работно време след края на програмата, или с

обучение, социални услуги или социализация. Вторият решаващ момент е, че може да е подходящо програмите за хората с увреждания да се изпълняват от агенции, които са по-подготвени да работят с тази група. Трето съображение е, че почти 63% от хората на възраст между 15 и 64 години с най-малко едно трайно увреждане са неактивни. По тази причина би било полезно фокусирането на усилията на АППТ освен към безработните лица с увреждания и към неактивните лица с увреждания.

Активни програми на пазара на труда (АППТ)

- **Активните политики на пазара на труда** през последните години са **прегърпелия различни промени в стратегическата си ориентация**. Първо, през 2010 г. правителството е решило да намали националното фиксиране за активните политики на пазара на труда почти три пъти и да замрази бюджета за следващите години. Наред с това, от началото на 2011 г. официалната политика на „активиране“ се фокусира върху обучението, за сметка на създаването на работни места. И най-накрая, даден е приоритет на европейските фондове като финансов инструмент. Към настоящия момент, АППТ в много голяма степен зависят от наличието и усвояването на финансирането от ЕС.
- **Бюджетът на АППТ като процент от БВП е сред най-малките в ЕС**. Като се имат предвид заделените средства, малко вероятно е да се постигне активиране и избягване на продължителната безработица. През 2012 г., почти 40 000 души са участвали в национални програми и мерки за насърчаване на заетостта. От 2005 г. насам, броят на участниците в национални програми и мерки значително намалява, като най-резкият спад се наблюдава между 2009 и 2010 г.
- **По принцип, програмите и мерките, които се осигуряват от българските активни политики на пазара на труда са доста всеобхватни и на теория са добре разработени**. Много от съществуващите инструменти обаче, не се прилагат или имат само по няколко участници. Един пример за това е програма, която е насочена към хора в предпензионна възраст - Национална програма "Помощ за пенсиониране", но 47 души са участвали в нея през 2012 г. Все пак, това ниско ниво на прилагане не поставя под съмнение необходимостта и качеството на тази програма, но оправдава потенциалното намаляване на броя на активните мерки и програми на пазара на труда, които се изпълняват в определен период от време.
- **Фокусирането върху по-малък, добре подбран брой мерки и програми може да повиши цялостната ефективност**. Броят на АППТ изглежда твърде голям, докато броят на участниците в много от програмите е твърде малък. Това прави програмите неефективни от административна гледна точка. Когато програмите са прекалено малки, те не променят нищо и общото мнение, че АППТ не са полезни, се затвърждава.

- **За разлика от всички други европейски страни, в България най-голямата част от АППТ, финансирани от националния бюджет, представляват схеми за пряко разкриване на работни места (70% през 2011 г.).** През 2012 г., мерките за обучение, финансирани по ОП РЧН са увеличени. Мерките за разкриване на работни места представляват дейности в обществена полза и обикновено се изпълняват в условията на големи структурни слабости на регионалния пазар на труда (напр. в Германия, след прехода) или за интегриране на групите в неравностойно положение, които имат малък шанс да си намерят работа на първичния пазар на труда. В България, участниците в тези програми получават работа на трудов договор и минимална работна заплата. Това оказва позитивен ефект върху мотивацията и самочувствието, следователно повишава пригодността за заетост и има по-голяма вероятност да помогне на хората да преодолеят бедността.
- **Главната схема за разкриване на работни места е Националната програма „От социални помощи към осигуряване на заетост”, въведена през 2003 г.** Тази програма има за цел осигуряването на заетост и социална интеграция на безработни лица, които получават месечни парични помощи, чрез разкриване на работни места за изпълнение на общественополлезни дейности. Най-малко 70% от участниците в програмата трябва да са лица, които получават месечни парични помощи. Включените в програмата лица сключват трудови договори и получават минимална работна заплата, социално и здравно осигуряване. Осигурява се работа както на пълно работно време, така и на непълно работно време. Програмата финансира заплатите и осигурителните вноски, докато работодателят заплаща за материали и оборудване. Освен това, програмата изплаща стипендии, транспортни разходи, разходи за настаняване и такси за съответното обучение или курсове за ограмотяване. Около две-трети от изпълняваните по програмата дейности през последните няколко години са от категорията „неотложни действия”, като поддръжка на пътищата през зимата. Тази програма се изпълнява от АЗ в координация с дирекциите „Социално подпомагане” (обмен на досиета) и работодателите в публичния сектор (често общините). Най-голямата част от проектите се изпълнява от общините. Обучението се организира от бюрата по труда, докато Министерството на образованието отговаря за курсовете за ограмотяване.
- **Оценката на програмата „От социални помощи към осигуряване на заетост” показва смесени резултати, какъвто беше случаят с подобни програми в други страни.** Основните недостатъци на програмата са свързани с факта, че субсидираните работни места изместват онези работни места, които биха били създадени и без нея. За да се избегне това, в програмата трябва да бъдат включени частните работодатели, както и социалните предприятия. Освен това, изглежда че изпълнението на програмата не е добре насочено; през 2012 г. само около 30% от участниците са продължително безработни лица. Почти половината от участниците се регистрират отново в бюрата по труда след приключване на мярката и може да се предположи, че много участват в мярката след пререгистрация (това може да обясни ниския дял на продължително безработните лица). Повторното наемане на едни и същи лица трябва да бъде

избегнато. И накрая, от въвеждането ѝ насам, броят на участниците драстично е спаднал.

- **Някои от програмите, които осигуряват субсидирана заетост изискват работодателите, които получават субсидии да продължат да осигуряват работа на включените в програмата лица за определен период след края на програмата.** Това е важно, за да се избегне ефекта на заместване и изместване. Субсидиите за заплатите компенсират временното неудобство от ниската производителност на трудните за настаняване на работа лица. Следователно, тази мярка е подходяща за интегриране на безработни лица с (временни) бариери пред заетостта.
- **Стимулите за заетост могат да бъдат полезни също и за преодоляване на цикличното намалено търсене на работна ръка.** Като АППТ могат да се въведат субсидии за заплати в намаляващ размер. Работодателите може да получават намаляващи субсидии за заплати, за да [продължат да] наемат участниците в програмите и след приключването им, за ограничен период от време.
- **Частните работодатели трябва по-активно да бъдат включвани в програми за заетост.** Проактивното търсене на работодатели е ключова стратегия за устройване на работа на уязвимите групи, наред с готовите за наемане групи безработни лица. Може да е полезно да се изготви ръководство за работодатели, които наемат групи в много неравностойно положение на пазара на труда.
- **Необходимо е да се засили подкрепата за наемане на хора с увреждания.** През 1990 г. специализираните предприятия са давали работа на 33 000 души с увреждания. През септември 2012 г. само 2 500 хора с увреждания са наети в специализирани предприятия.
- **По принцип полезно е комбинирането на обучение и трудов стаж. За предпочитане е да се провежда обучение в сектори и професии, за които търсенето нараства.** Предлагането на курсове за професионална квалификация трябва се основана на анализ на регионалния пазар на труда. Трябва да се провеждат консултации с работодателите за техните потребности и те трябва да бъдат приканвани да демонстрират своята ангажираност като осигуряват места за обучение, свързано с трайни работни места.
- **Програмата „Развитие” е успешен пример за комбиниране на обучение и разкриване на работни места, насочена към хората, които са съкратени вследствие на реструктуриране на предприятието.** Максималната продължителност на програмата е 12 месеца. Приоритетни групи по програмата са младите безработни до 29-годишна възраст, по-възрастните работници и продължително безработните лица. Броят на включените в програмата лица се е увеличил неимоверно в периода 2010 – 2012 г. Броят на безработните, включени в обучение, е нараснал четирикратно и през 2012 г. е достигнал 58 561 души. Около 95% от комбинациите обучение и заетост са свързани с работни места в публичния сектор.

- **Националната програма за оgramотвяване и квалификация на роми е чудесен пример за програма за обучение на хората в неравностойно положение.** В периода 2007 – 2011 г. са обучени около 2 201 безработни лица. Това е важен проект, предвид сериозния проблем с грамотността; броят на включените лица, обаче, все още е много нисък.
- **Въвеждането на системата за обучение чрез ваучери е улеснило административните процедури и е ускорило използването на програмите за обучение.** През периода 2009-2012 г., 78 636 безработни лица са преминали програми за обучение и много са били наети на работа. През 2010 и 2011 г. делът на продължително безработните лица, участвали в програми за обучение чрез ваучери е съответно 17,7% и 19,5%. Не е известно, колко от получилите ваучери за обучение са лица, които получават месечни парични помощи. Спорно е доколко системата с ваучери е подходяща за най-уязвимите групи, тъй като при нея се предполага, че търсещото работа лице е проактивно. Едно много важно предимство на системата, е че тя гарантира, че обучението е сертифицирано.
- **Провеждането на външни оценки на програмите за обучение и оgramотвяване би било много полезно, за да се подобри съответствието между търсените и предлагани умения.**
- **Макар младите хора да са най-засегната от кризата през 2009 г. група, техният брой в програмите и мерките за пазара на труда, финансирани от държавния бюджет е намалял.** Въпреки това подкрепата за младите хора с увреждания и със социални проблеми в периода на криза не е намаляла, и съответните целеви програми са получили планираното финансиране от държавния бюджет.
- **В същото време, в условията на по-ограничения бюджет за АППТ, борбата с младежката безработица има приоритет.** Това е отразено в националното споразумение „Първа работа” между правителството на Република България и представители на работодателски организации и синдикати, подписано през юни 2012 г., в изпълнение на националната инициатива „Работа за младите хора в България”, 2012-2013 г. Това споразумение има за цел да създаде нови възможности за младите хора на пазара на труда и да облекчи прехода между обучение и заетост. През 2011 г. е разработена и приета Национална програма за младежка (2011-2015 г.). Очаква се по нея да се изпълняват проекти по четири подпрограми: развитие на мрежата от младежки информационно–консултантски центрове, национални младежки инициативи и кампании, младежко доброволчество и участие в доброволчески инициативи, развитие и признаване на младежката работа.

- **Ефективността на политиките за активиране зависи от наличието и качеството на вариантите, които се предлагат на младите хора, тъй като те искат да са убедени в ефективността на планираните дейности.** Опитът от други страни показва, че професионалното обучение трябва да бъде достатъчно гъвкаво, за да интегрира хората в неравностойно положение и онези от младите хора, които са с по-ограничени способности, без да се създава отделна система, която рискува да ги стигматизира. Освен това, опитът от други страни показва също, че успехът на стратегиите за активиране зависи от предлагането на подход, ориентиран към отделния човек - за консултиране, изготвяне на индивидуални планове за действие, наставничество и управление на случай. Младите хора трябва да бъдат включени в намирането на решението.

Executive Summary (English)

Summary of main results

The Bulgarian labour market in the context of the economic crisis and key challenges

- **The Bulgarian labour market has suffered from the economic crisis, and cyclical unemployment has turned into structural unemployment.** Long-term unemployment and the giving up of searching actively for a job despite the desire to work (discouraged workers) represent major challenges for labour market policies. In addition to these discouraged workers (who represent less than one sixth of the inactives – a very high share as compared to other European countries), other groups out of work who are not searching for a job and who indicate that they don't want to work should give rise to major concern.
- **The inactivity rate in Bulgaria is among the highest within the EU.** Among the inactive population in workable age (including discouraged workers and people indicating that they don't want to work) there are many young people, people above the age of 55 years and people with disabilities. About 31 % of all inactives were in education and training in 2013; this rate was among the lowest in the EU. About 14 % of the inactives aged between 15-65 (including discouraged workers) indicate that they are disabled or have health problems, and another 18 % are retired. Inactivity can be a source of poverty. Furthermore, a high level of inactivity puts a threat to the financing of social security systems. Therefore, inactivity in general (and not only discouraged workers) should be a major matter of concern. Some of those who are not actively looking for a job are nevertheless registered as unemployed with labour offices.
- **The labour market crisis is amplified by demographic change as the young and skilled labour force emigrates, aggravating a skills mismatch.** Many of those young people who stay in Bulgaria have difficulties entering the labour market; youth unemployment and inactivity of young people are most worrying concerns. In a medium and long-term view, the ageing of the Bulgarian labour force may represent an obstacle for dynamic economic development.
- **There are strong regional disparities in unemployment rates across the country.** According to administrative data, the unemployment rate at the end of 2012, varied between 1.8% and 63% in different municipalities. These variations were present during growth, as well as during the crisis years. However, the differences have increased during the crisis.
- **“Vulnerable groups in the labour market” encompass those groups which face particularly high barriers to enter the labour market and to remain employed and earn sufficiently in the formal labour market to sustain their lives.** Typical employment barriers are linked mainly to skills mismatch, low skills level, limited or lacking work experience, health problems, prejudices and discrimination against age and ethnic groups. Vulnerable subgroups encompass long-term unemployed, General Minimum Income (GMI) recipients, parts of the Roma population, young people – in particular with low skills or young graduates lacking work experience, people above the age of 55 out of work and people with disabilities. In a context of weak labour demand these groups are crowded-out by groups who are perceived to be better performing.

Institutional setting

- **Vulnerable groups are served by up to five different agencies, depending on the type of services required:** The **(1) public employment service** provides information on vacancies and available measures and programs, delivers trainings, and information on prequalification, commuting, working abroad, psychological support, professional orientation, as well as placement in programs and measures. The **(2) social assistance agency** pays benefits (mainly social assistance, family related, energy related and health related benefits) to those eligible, provides services to the poorest, to people with disabilities and others. The **(3) National Security Institute** pays unemployment benefits. The **(4) Ministry of Education** is responsible for literacy courses for adults with low education, while the **(5) National/Territorial Expert Medical Commissions** certifies disabilities and work capabilities.
- **Fragmentation of agencies is a major challenge** for the delivery of benefits and labour market integration services to Bulgaria's unemployed and inactive populations. Agencies' collaboration could be enhanced, possibly around the needs of specific target groups. Setting up units working with specific target groups could be extremely valuable to tackle the issues of these groups.
- **The Bulgarian National Employment Agency is an executing agency to the Minister of Labour and Social Policy** for the implementation of state policy on employment promotion, protection of the labour market, vocational information and consultation, vocational and motivational training of unemployed and employed persons, as well as for provision of job placement intermediation services. The last major structural reform was fulfilled in 2001 when social assistance and insurance services were separated from the Employment Agency. Public employment services are still under reform.
- **Cooperation between the labour offices, the Social Assistance directorates and municipalities is focused mainly on administrative functions and rule enforcement, rather than on labour market inclusion and promotion.** It takes place in the context of implementing the mutual obligation principle and the implementation of job creation schemes. Thus, cooperation could be improved.
- **Private and non-governmental actors are still less represented in the labour market.** Outsourcing and subcontracting of specific services or target groups are underdeveloped in the Bulgarian labour market service space, compared to EU-15 countries. The presence of non-governmental organisations (NGOs) in the labour market is increasing with the acceleration of EU Operational Programme for Human Resource Development (OPHRDP) fund absorption. There are some successful practices of NGOs working in Roma communities, but generally NGOs are not very active in the labour market.

- **Outsourcing employment services for disadvantaged groups can be efficient if well organised and well implemented.** There are numerous examples in other European countries. The main advantage is that specialised organisations partnering with Public Employment Services (PES) are more effective and efficient in providing specific services for certain target groups. However, in order to implement this approach in an efficient way, it is crucial to introduce well working result-oriented quality management. One difficulty involves determining the expected results for different types of vulnerable groups and setting incentives accordingly.
- **The building-up of a social economy sector could strengthen the institutional capacity of public actors,** while tackling the above mentioned difficulties. Thus, the social enterprise sector could be developed further for implementation of training and employment programs for disadvantaged groups. However, establishing institutional capacity will take time.
- **Employers announce only about 30 percent of vacant jobs to employment offices,** despite the fact that they have access to various services provided by public employment services according to the Employment Promotion Act. The overall impression is that labour offices are cooperating well in cases of already established relationships, but are facing difficulties with outreaching new employers. Improving contacts with employers is not only important in order to increase the share of vacancies that are announced to the labour offices, but also in order to pro-actively search for job opportunities in the private sector for vulnerable groups.

Optimising work organisation within the National Employment Agency

- **Some major changes are occurring at the Bulgarian National Employment Agency** and they include the introduction of the so-called process model of work; the initiation of the individual approach to clients; profiling for prioritisation of the unemployed; development of jobseekers profile/portrait; accelerated use of modern electronic platforms for work organisation and provision of electronic services; and the utilization of EU funds as a main source of funding for employment services.
- **The introduction of the “process model of work” began in late 2003 and was completed in 2005.** The main traits of this model are the breakdown and optimization of servicing processes, differentiated individual approach, profiling, one-stop offices, proactive cooperation with employers and others. Although many of these characteristics have showed positive effects they need further tuning and reconsideration.
- **“One-stop shops” have been established and are operating across the country, while case management is still under development in the Labour Offices.** By the end of 2012 one stop shops were operating in 46 of the 95 labour bureaus. In Bulgaria, the “one-stop-shop” approach combines only services that are provided by the PES, while in other countries it includes synergy between social assistance and employment services. Furthermore, in Bulgaria, the one-stop office provides a less personalised

support than in other countries. Unemployed people can meet three or four different mediators during the first three to four meetings. Also, staff members are expected to treat all issues, implying the dissolving of staff specialisations. The advantage is that each case can be taken over by any available staff member. However, this also implies that case management in Labour Offices has been “underdeveloped”, at least until February 2013. More recent reforms might have improved the situation although further research would be necessary to assess their implementation. This approach is not very effective in activating and following-up with vulnerable groups. In order to build trust, it is critical to set up a case management system that allows jobseekers with multiple employment barriers to be followed by the same employment office counsellor, who would also link the jobseeker to other services (psychological, medical, educational, social, etc.), if needed. This system implies a cooperation with social assistance offices that goes far beyond file-sharing. International evidence indicates that case workers tend to be more pro-active in activating jobseekers.

- **The setting-up of specialised units working with specific target groups could be critical for their integration in the labour market.** These special units could operate in the context of an institutional reform by merging services of the labour offices and the social assistance directorate, as done in other countries (e.g. Finland, Norway, Germany) or by improving institutional cooperation for difficult cases (as has been done in some regions in Switzerland).
- **Some labour offices successfully employ Roma mediators,** who are hired under the National Programme “Activate Inactive Persons”. Experience from Germany and other countries confirm that if counsellors belong to the same group (e.g. ethnic minority) as the unemployed, the services can be delivered in a more effective way, as a trustful relationship may be crucial.
- **PES-Staff numbers were drastically reduced in the context of the crisis and budgetary constraints despite a strong rise in unemployment,** deteriorating considerably the conditions for activation policies. Understaffing has become a serious problem.
- **Caseload of PES staff should be reduced in an initial step toward quality improvement.** A reduction in caseloads (through corresponding increase in staff) must be accompanied by increased quality and attention to hard-to-place unemployed. Further training of PES staff and improvements of services will only be effective if number and management quality of human resources are improved.
- **Labour offices are not yet equipped with electronic self-service terminals** for job-search, self-registration and monthly confirmation for the unemployed and jobseekers. Supply of more e-services for ready-to-place jobseekers would help to save PES counsellors time. This saved time should be used for counselling, guidance and contacting private employers.

- **Furthermore, the existing information system has some weaknesses** that need to be improved, such as: (i) difficulties in providing regional data (both at municipal and district level) on key labour market variables; (ii) difficulties in providing data for target groups (including vulnerable groups) at the national and regional level and; (iii) difficulties in providing reliable data broken down by type of activities e.g. training expenses, subsidised employment, etc.
- **The decision making process in programme allocation and targeting is more centralised than decentralised in the practice, although formal procedures taking the declared needs of the decentralised level into account are in place** However, there have been some recent steps towards a more bottom-up approach for planning and budgeting of the employment programmes. Labour offices and Regional Employment Services provide information to headquarters about their programme needs. Planning and decision making could be more evidence-based, by taking evaluation studies and changing economic development at regional level into account.
- **The recent high absorption of European Union (EU) funds has helped to overcome cuts in the national budget for Active Labour Market Policies (ALMPs).** The EU funded Operational Programme Human Resources Development (OPHRD) can be used for program-oriented capacity building (creating information system, introduction of new model of operations, etc.), but not to finance routine activities. For instance, hiring labour brokers under OPHRD means that these staff will work only for the period of the program; their employment is highly dependent on the program cycle. While the OPHRD may increase PES capacity, it does not resolve understaffing issues in the longer-term. It is therefore recommended to increase national budget for active labour market policies as well as for employing sufficient staff on a permanent basis and to make use of EU funding for further improving institutional capacity and extending the volume of active labour market programmes.
- **The Social Assistance Agency in Bulgaria has suffered comparatively smaller staff reduction over the last ten years compared to the Employment Agency.** However, the more administrative work could be gradually replaced by client communication, consultation, needs assessments and personal support. Most of social workers' time is spent processing paper work including general documents, eligibility verification, spot checks, paying, refusing and terminating social benefits or child allowances, and the like. If some of this administrative work is reduced and/or staff number increased, there will be an opportunity to build on some of their strengths such as closer cooperation with Labour Offices and the related close contact to the client.

Unemployment and social benefits

- **Poverty is widespread in Bulgaria and the share of people living in severe material deprivation is the highest in the EU.**
- **Coverage of unemployment benefits and General Minimum Income (GMI) is quite low**, with 14% and 6% respectively in 2012. Eligibility to GMI is income-tested. Unemployment and social assistance benefits may be insufficient to prevent poverty. Those not receiving any benefits are at risk of becoming discouraged workers. Reaching-out to the discouraged people as well as those groups of inactives who could work but do not want to work (in particular in the case of young people not in employment, education and training) represents a major problem for implementing an effective social protection and activation strategy.
- **The benefit level of the GMI is very low and has not been increased in line with average wage and minimum wage development.** An increasing number of people do not receive benefits. Many of these individuals are likely to live in poverty and some have become inactive.
- **In addition to income testing to be eligible for GMI, the claimant needs to be registered with the Labour Office for at least 6 months.** Thus, a person claiming GMI has a waiting period of 6 months if unemployed prior to claiming the benefit. While the waiting period has been reduced from a previous 9 months to 6 months, the requirement contradicts the logic of social assistance acting as a safety net of last resort.
- **Enforcement of the mutual obligation principle for the GMI is rather strict compared to other European countries:** all GMI beneficiaries participate in small community work on a part-time basis (14 days for 4 hours a day). The conditionality was tightened in April 2010, when the numbers of workdays were increased from 5 to 14 days. There is no compensation for participants. On one side this conditionality stimulates the labour activity of assisted persons in workable age and restricts the risk of deepening the dependence on social benefits but on the other side it could reduce the incentive for claiming GMI, assuming that people prefer to work in the informal economy. Furthermore, there is little evidence that this conditionality improves employability. It would be advisable to reduce the number of days that need to be worked without remuneration to comply with the mutual obligation requirement.
- **The GMI benefit should include an earnings disregard.** The existing minimum social security threshold implies comparatively high (marginal) tax burden for low-paid jobs, prevents take up of paid work and promotes activity in the informal economy.
- **An important employment barrier for GMI recipients is illiteracy and low education levels.** Linking eligibility of child protection benefits to school attendance could contribute to prevent problems of illiteracy for the next generation. However, more needs to be done to effectively integrate vulnerable populations such as Roma in the schooling system. Mixing classes of Roma and non-Roma children would probably lead to better integration results, although enforcing this model will be difficult in practice.

- **Compared to other European countries, net replacement rates of unemployment benefits in Bulgaria ranged in the lower third.** In 2010, the unemployment benefit replacement rate was roughly 30 percent of average wages and 80 percent of minimum wages. The duration of the unemployment benefit varies between a minimum of four months (in the case of three years of insurance contributions) and 12 months (in the case of at least 25 years of insurance contributions). Compared with other European countries, the duration of unemployment benefit is relatively low in the case of minimum duration and average in the case of maximum duration.
- **By international comparison, Bulgaria's entitlement conditions are relatively strict.** Between 2007 and 2010, entitlement to long-term unemployment benefits was subject to a maximum benefit period of 30 months. This provision was revoked in 2011, as the share of long-term unemployed increased as a result of the crisis.
- **Eligibility to disability benefits depends on a medical assessment and is granted for disabilities above 50 percent.** The assessment is provided by a medical expert commission and includes advice with respect to the type of employment that can be carried out given the type and degree of disability (including for disability below 50 percent). This is a good pre-condition for activating people with disabilities and job brokers should pro-actively use this information.

Organisation and delivering of social and labour market related services

- **Individuals who become unemployed need to register with labour offices in order to be eligible for benefits and services of the labour offices.** According to changes in law in 2011, registration must be made within seven days. This should speed up the activation process and shorten unemployment spells, at least for those who are employable and ready for the labour market. However, given the large numbers of dismissals, this is resulting in a very formal administrative procedure, given the high caseload of labour offices' staff. Thus, there are doubts about the efficacy of this rule in speeding up registration. Electronic registration would free some time of PES staff for interviews.
- **GMI claimants also need to register with labour offices in order to be eligible for benefits.** However, there is a growing number of unemployed and discouraged people who are neither eligible for unemployment benefits nor for GMI. Those individuals do not have incentives for registering in the labour offices and there is the danger that some cannot be reached with activation measures.
- **According to the Employment Promotion Act, the PES should offer a wide range of services to the unemployed:** provide information and consultation to job seekers and employers; psychological counselling of job seekers; referral to appropriate employment programmes and measures; referral to vocational or motivational training; and guidance and support for starting work, including working abroad.

- **Bulgaria is among those countries that spent the lowest share of GDP on the provision of activation services** (and administration), at least until 2010. Countries focusing on activation strategy spend much larger shares of GDP on services, even with lower unemployment rates. According to an impact evaluation carried out by Kotzeva and Zvetkov in 2010, people with higher employment barriers (such as older persons and people with a low educational background) tend to benefit most from these types of services. The survey results also indicate that the most vulnerable group could have been serviced more intensely.
- **Social and labour market integration of highly vulnerable groups calls for setting a stronger focus on social services, psychological advice, and social-pedagogic guidance.** However, currently the task of social workers consists of detecting fraud and misbehaviour while PES counsellors are busy with many administrative tasks. This leaves little time for tackling the multiple employment barriers that GMI recipients generally face.
- **A profiling system is in place at the PES.** The phasing of the unemployed is performed during the first registration of unemployed based on a short questionnaire about their stated purposes and job search activity, as well as on the adequate opportunities they could be offered. Job-seekers are grouped into three different phases, based on the probability of being placed. The phasing is a tailor-made approach aimed at applying the most precise assistance to the needs of the unemployed.
- **Profiling is usually used in a wide range of countries to identify early who is in need of intensified help and “expert” services,** while ready-to-work jobseekers are getting much less assistance, so that the scarce resources can be used in a most efficient way. Evidence from other European and OECD countries suggest that a good statistical profiling model is an efficient way of phasing jobseekers when it not only contains hard factors (such as length of unemployment, prior work experience and formal qualifications), but also “soft” factors (such as motivational aspects, health and social networks, as well as the regional labour market conditions). Furthermore, it is crucial for the quality of the model that longitudinal administrative data are available.
- **The introduction of Individual Action Plans (IAPs) intends to speed-up the activation process and to better focus activation measures.** IAPs are generally written documents signed by the PES and the jobseeker which, based on evaluation of personal circumstances, abilities and the professional skills of the individual, determine the type and scope of assistance required by PES and actions to be taken by both the PES and the unemployed. In some countries IAPs are drawn-up for all unemployed after a defined length of unemployment, while other countries use this instrument only for specific target groups such as youth and older workers. In Bulgaria the IAP is signed by all unemployed jobseekers and the labour mediators; the responsibility for implementation is distributed between the two. In practice, field visits highlighted how the time limitation of labour mediators seem to have consequences on the type of joint actions that are defined .

- **The frequency of consultations with the employment officer and the job-search interviews is determined by the phase of unemployment.** Given the low number of staff, it would be useful to insist on individual interviews and job-search monitoring mainly for vulnerable groups, while groups who are ready for the labour market could make more use of e-services.
- **The success of activation strongly depends on timing and intensive follow-up.** Early intervention has been identified as an important factor, and many Member States have therefore shortened the periods in which an IAP has to be drawn-up. Evidence from other European countries indicate that an intensive follow-up with frequent individual interviews, as well as a follow-up with disadvantaged young people and other disadvantaged groups once they receive a job increase the effectiveness of the activation strategy.
- **In Bulgaria, the activation process does not focus on more intensive guidance and follow-up of disadvantaged groups.** In contrast, it seems that GMI recipients and other vulnerable groups (who are often not entitled to any benefit) are left behind in terms of activation, although, as will be shown in the next section, one of the most important labour market measures targets GMI recipients and long-term unemployed.
- **Important issues should be considered when planning an activation approach for disabled people.** First, it is critical to redefine the ultimate goals of the activation process. Striving only to obtain a permanent job might be inappropriate for this target group. Participants and employers might be satisfied with temporary or part-time employment after the programme ends or with trainings, social services or socialisation. The second crucial point is that programmes for people with disabilities might be appropriate to be implemented by agencies better equipped to deal with this group. A third consideration is that almost 63 percent of people aged 15 to 64 years with at least one permanent difficulty in their daily activities are inactive. Thus, focusing ALMP efforts toward inactive disabled in addition to unemployed disabled would be useful.

Active labour market programs (ALMP)

- **Active labour market policies have undergone some different strategic orientations** in the recent past. First, in 2010, the Government decided to reduce the national funding for active labour market policies by almost three times and to freeze the budget over the following years. In addition, since beginning of 2011, the official “activation” policy focused on training, at the expense of job creation. And finally, European funds were given priority as a financial instrument. At the moment, ALMPs are strongly dependent on EU financing availability and absorption.
- **The ALMP budget as a percentage of GDP is amongst the lowest in the EU.** Given allocated funds, it is unlikely that activation and avoidance of long-term unemployment can be achieved. In 2012, nearly 40,000 people participated in national programmes and measures to promote employment. Since 2005, the number of participants in national programmes and measures has decreased significantly, with a particularly steep fall between 2009 and 2010.

- **In principle, programmes and measures available through Bulgarian active labour market policies is rather encompassing and theoretically well designed.** However, many of the existing instruments are not implemented or only have a few participants. One example is a programme that targets people at preretirement age called a National programme “Assistance to retirement”, but 47 people participated in 2012. However, this low level of implementation does not doubt the need and the quality of this program but it justifies potential reduction of the number of active labor market measures and programs being implemented in a certain period of time.
- **Focusing on a smaller, well selected number of measures and programs could increase overall efficiency.** The number of ALMPs seems to be too large and the number of participants in many programs very small. This makes program administration inefficient. When programs are too small they make no difference and the general opinion that ALMPs are not useful is confirmed.
- **In contrast to all other European countries, the bulk of ALMPs funded by the national budget goes to direct job creation schemes** (70 percent in 2011). In 2012, training measures funded by ESF-OPHRD increased. Job creation measures refer to activities with a social utility and are usually implemented in the context of great structural weaknesses in the regional labour market (e.g. in Germany, after the transition) or to integrate disadvantaged groups who have few chances to find employment in the regular labour market. In Bulgaria, participants get an employment contract and are remunerated at the level of the minimum wage. This positively affects motivation and self-esteem, and thus employability is higher and is more likely to help people out of poverty.
- **The main job creation scheme is the national programme, “From Social Assistance to Employment”, introduced in 2003.** This programme aims to ensure employment and social integration of the unemployed who receive monthly GMI by generating jobs in public profit activities. At least 70 percent of participants should be GMI recipients. Participants sign an employment contract and receive the minimum wage and social insurance. Full-time or part-time employment can be provided. The programme pays wages and social security contributions while the employer pays for material and equipment. Furthermore, the programme pays for fellowships, transportation costs, accommodation costs and course fees for respective training or literacy courses. About two-thirds of activities carried out under this programme in the last few years were under the category of “emergency activities,” such as maintaining roads during the winter. This programme is implemented by the Labour Agency in coordination with social assistance offices (file sharing) and employers in general public sector bodies (often municipalities). The bulk of these projects is implemented by municipalities. Training is organised by the labour offices, while the Ministry of Education is responsible for the literacy courses.

- **Evaluations of the program “From social assistance to employment” show mixed results**, as it is the case for similar programmes in other countries. The main shortcomings relate to the fact that subsidised jobs crowd out jobs that would have been created anyway. In order to avoid that, private employers as well as social enterprises should be included in program implementation. Additionally, it seems that the implementation of the program has not been well-targeted: in 2012, only about 30 percent of participants were long-term unemployed. Almost half of participants re-registered with the Labour Office after termination of the measure and it can be assumed many are taking part in the measure after re-registration (this could explain the low share of long-term unemployed). Repeated employment of the same persons should be avoided. Finally, since its introduction, the number of participants has fallen dramatically.
- **Some employment incentive programmes require that employers who receive wage subsidies employ programme participants for a defined period of time after termination of the programme.** This is important in order to avoid substitution and displacement effects. The wage subsidy compensates for a temporary disadvantage in lower productivity of the hard to place unemployed. Therefore, this measure is suited for integrating unemployed with (temporary) employment barriers.
- **Employment incentives may also be useful to overcome a cyclical lack of demand.** Decreasing wage subsidies could be introduced as an ALMP. Employers could get a decreasing wage subsidy to employ program participants after termination of the program for a limited period of time.
- **Private employers should be more actively involved in employment programs.** Pro-active outreach to employers is a key strategy for placing vulnerable groups alongside ready-to-work unemployment groups. Guidance to employers employing highly disadvantaged groups could be helpful.
- **There is a need to strengthen support to employment for people with disabilities.** In 1990, specialised enterprises gave employment to 33,000 persons with disability. In September 2012, only 2,500 persons with disability received employment from specialized enterprises.
- **Combining training and work experience is generally useful. However, training should preferably occur in growing sectors and occupations.** The supply of training courses should be based on an analysis of the regional labour market. Employers should be consulted regarding their needs and should be asked to demonstrate their commitment by providing places for linked training and long-term placement.

- **The “Development” programme is a successful example of combined training and job creation directed at persons dismissed as part of industrial restructuring.** The programme has a maximum duration of 12 months. Young unemployed below the age of 29, older workers and long-term unemployed are prioritised groups. The number of participants in this programme increased tremendously between 2010 and 2012. The number of unemployed in training quadrupled and reached 58,561 in 2012. About 95 percent of combined training and employment relates to jobs in the public sector.
- **The National Programme for Literacy and Qualification of Roma is a great example of training programmes for disadvantaged groups.** Between 2007 and 2011, about 2,201 unemployed were trained. It is an important project, given the serious problem of illiteracy; however, participant numbers are still very low.
- **The introduction of the vouchers system eased administrative procedures and accelerated the use of training programmes.** During the period 2009-2012 78,636 unemployed passed through training programmes and many received employment. In 2010 and 2011, the proportion of long-term unemployed participating in training that received vouchers was respectively 17.7 percent and 19.5. It is unknown how many participants were GMI recipients. It is questionable whether a voucher system is appropriate for the most vulnerable groups, as it presumes that the jobseeker is proactive. One key advantage is that it ensures that training is certified.
- **Carrying out external evaluations of training and literacy programs would be useful in order to improve matching skills demand and supply.**
- **Although young people were the most affected group by the crisis in 2009, their number in labour market programmes and measures financed by State Budget decreased.** Nevertheless, support for young people with disabilities and with social problems has not been reduced during the crisis and the respective targeted programmes have received the planned financing from the State Budget.
- **Meanwhile, in the context of the tighter ALMP budget, combating youth unemployment is a priority.** This is reflected in the First Job National Agreement, signed in June 2012 by Ministers and representatives of employers’ associations and trade unions and is part of a national initiative called Jobs for Young People in Bulgaria 2012–2013. The agreement aims to create new opportunities for young people in the labour market and to ease the transition between training and the labour market. A National Youth Programme (2011–2015) was elaborated and adopted in 2011. It is expected to implement projects for youth under four sub-programmes: development of the network of youth information and consultative centres, national youth initiatives and campaigns, youth volunteering and development and recognition of youth’s work.

- **The effectiveness of activation policies depends on the availability and the quality of options offered to youth**, as they need to be convinced of the efficiency of actions planned. Experience from other countries shows that vocational training should be sufficiently flexible to integrate the disadvantaged and less capable among young people without creating a separate system that risks stigmatising. Furthermore, experience from other countries indicates that the success of the activation strategies depends on offering person-centred approaches to counselling, the setting-up of individual action plans, mentoring, and case management. Young people need to be involved in the solution.

Activating and Increasing Employability of Specific Vulnerable Groups in Bulgaria:

A diagnostics of institutional
capacity

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Abbreviation

ALMP: Active Labour Market Programs

APD: Agency for People with Disabilities

ASA Agency for Social Assistance

BGN: Bulgarian Leva (currency unit)

CC: Cooperation Councils

CSO: Civil Society Organisation

DDC: District Development Councils

EA: Employment Agency

ESF: European Social Fund

EU: European Union

EWP: Extended Work Places (a type of PES office)

GMI: Guaranteed Minimum Income

LFS: Labour Force Survey

MLSP: Ministry of Labour and Social Policy

NAVET: National Agency for Vocational Education and Training

NEAP: National Employment Action Plan

NEET: Not in Education Employment or Training

NEPB: National Employment Promotion Board

NGO: Non-governmental organisations

NSI: National Statistical Office

NSSI: National Social Security Institute

OPHRD: Operational Programme Human Resources Development

PES: Public Employment Service

REC: Regional Employment Commission

RES: Regional Employment Service

VET: Vocational Education and Training

Introduction

This report reviews the design and implementation of activation policies for social assistance recipients and other highly disadvantaged groups in Bulgaria. The report starts by providing an overview of recent labour market trends, including the impact of the economic crisis on the labour market, in general, and on vulnerable groups, in particular. Chapter 2 describes and analyses the institutional setting for the design and implementation of Bulgaria's activation strategy and policies, as well as institutional capacity and cooperation between institutions. Chapter 3 analyses the impact of the benefit system on activation. Chapter 4 reviews the activation process and the implementation of the mutual obligation principle and the targeting of services provided to disadvantaged groups. Chapter 5 reviews active labour market programs and investigates to what extent these programs are targeted towards disadvantaged groups, which types of programs are prioritized, as well as reviewing the development of funding for active measures and programs.

This report was elaborated by reviewing literature on socio-economic development and active labour market policy in Bulgaria and in other OECD countries and analysing data provided by the Bulgarian Labour Agency and the Bulgarian Social Assistance Agency. In addition, a World Bank team consisting of Ramya Sundaram, Boryana Gotcheva, Nicola Duell and Yordan Dimitrov carried out fieldwork in February 2013, visiting labour offices, social assistance offices and municipalities in various parts of the country, as well as the Ministry of Labour and Social Policy. Yordan Dimitrov and Nicola Duell are the key authors of the report, which was initially drafted in mid-2013 and benefitted from inputs from Ulrich Hoerning, Boryana Gotcheva, Alessandra Marini and Ramya Sundaram and from peer reviewers Maria Laura Sanchez Puerta and Lucian Pop of the World Bank. The report also benefitted from valuable comments from the Ministry of Labour and Social Policy. The report was prepared under the World Bank Activation and Skills Programmatic Knowledge Service under the guidance of Ramya Sundaram until September 2013, and of Alessandra Marini after that date.

1. Labour Market Trends, Economic Crisis and Labour Market Policies

1.1 Labour market latest development

Significant deterioration of the Bulgarian labour market has occurred since the start of the crisis in 2009. Between 2008 and 2012, the number of people employed decreased by almost 427,000, representing one of the worst results in the EU. The employment rate dropped from 50.8 percent in 2008 to 46.6 percent in 2012. While at the beginning of the crisis cyclic factors accounted for the employment downturn, at the end of 2012, many structural frictions were dominant.

Manufacturing and construction contributed for almost 90 percent of the employment drop in the first three to four years of the crisis with 16.4 percent of job losses between 2008 and 2011, and with 41 percent fewer jobs, respectively. Most of the labour market gains during the pre-crisis decade were wiped out in less than 2 years, with no signs of improvements even though by 2011 economic development reversed the negative tendency towards weak recovery. There are currently no economic sectors strong enough to compensate for the construction and manufacturing losses.

In addition to macroeconomic factors, an important reason for the stagnant labour market is the comparatively significant decline in the working age population (approximately 216,000 people) due to emigration, aging population and other demographic weaknesses. Children born in the early 90s are supposed to enter the labour market, but these were years of few births. Many others emigrated in the last decade. The baby boomers of the late 40s and 50s are retiring. The rapid ageing of the Bulgarian population will remain one of the major challenges for the country. The lack of skilled and highly-skilled young labour force hampers economic development.

A key characteristic of the Bulgarian labour market is that employers prefer to cut jobs, rather than wages (EC 2013). The average nominal wage went up by almost 12 percent from 2008 to 2012, while 9.1 percent of jobs were lost. A nominal wage increase goes hand in hand with a rise in productivity, which is nominally about 50 percent for the same period. However, the nominal productivity raise might be considered statistical due to significant fall in employment. Another similar argument is that most people who were dismissed in that period were low-skilled, low-educated, lower-productive and with lower salaries. For instance, in 2009 when the first significant unemployment surge was reported, 51 percent of the newly registered unemployed were without speciality and profession according to PES administrative data.

Another structural issue of the Bulgarian labour market is the mismatch between skills supply and demand. Many of the currently unemployed do not possess adequate skills and qualifications for employers. At the end of 2012 (Public Employment Services -PES- data), almost 47 percent of unemployed had a low educational level and 55 percent were without a profession and specialty. Many of these people are gradually turning into long-term unemployed as long as they constitute approximately 70% of those who are without job for more than one year. In addition to the traditional skills mismatch, there is another reason for long-term unemployment. The existing minimum social security threshold implies a comparatively high tax burden for low-paid/skills jobs. In fact, a regressive taxation promotes the growth of a shadow economy (EC, 2013).

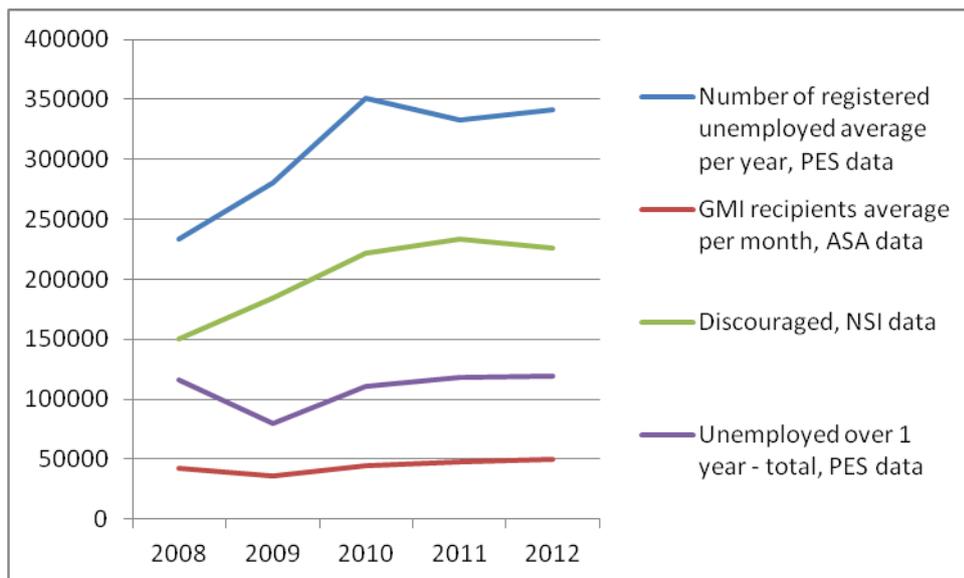
1.2 Vulnerable groups

Vulnerable groups in the labour market encompass those groups which face particularly high barriers to enter the labour market and to remain employed and earn sufficiently to sustain their lives. Typical employment barriers are linked to skills mismatch, low skills level, limited work experience, health problems, prejudices and discrimination against age and ethnic groups. Subgroups encompass General Minimum Income (GMI) recipients, parts of the Roma population, young people – in particular if they have a low skills level or young graduates lacking work experience, people above the age of 55 years out of work, long-term unemployed, discouraged people and, people with health problems.

In addition to these discouraged workers (who represent less than one sixth of the inactive – a very high share as compared to other European countries), other groups out of work who are not searching for a job and who indicate that they don't want to work should give rise to major concern. **The inactivity rate in Bulgaria is among the highest within the EU.** Among the inactive population in workable age (including discouraged workers and people indicating that they don't want to work) there are many young people, people above the age of 55 years and people with disabilities. About 31 % of all inactive were in education and training in 2013; this rate was among the lowest in the EU. About 14 % of the inactive aged between 15-65 years (including discouraged workers) is disabled or has health problems, and another 18 % is retired (European Labour Force Survey). Inactivity can be a source of poverty. Furthermore, a high level of inactivity puts a threat to the financing of social security systems. Therefore, inactivity in general (and not only discouraged workers) should be a major matter of concern. Some of those who are not actively looking for a job are nevertheless registered as unemployed with labour offices.

In a context of weak labour demand these groups are crowded-out by groups who are perceived to be better performing. These subgroups are partly overlapping, and those who face multiple employment barriers are among the most vulnerable. This paper will address the specific situation of some of these subgroups into more detail. However, it is not possible to analyse in depth the situation of some sub-groups such as people with disabilities and Roma and the wide range of policies addressed to them in the context of this paper. The following Figure gives an overview of recent developments of some of these sub-groups showing a steady increase in the number of registered unemployed and long term unemployed.

Figure 1.1 Unemployed groups, by type of joblessness, 2008-2012



Discouraged

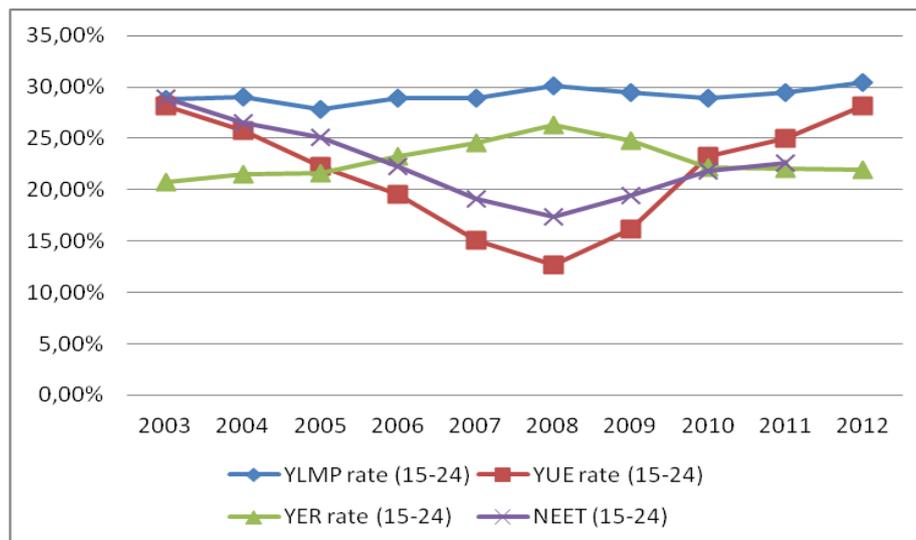
workers are a major subgroup of the respondents wanting to work, but being inactive.

Source: Bulgarian Employment Agency, Social Assistance Agency and National Statistics Institute.

1.2.1 Unemployment by age

The youth employment rate is 50 percent lower than the EU average. The youth (15-24) labour market participation rate amounted to 27.1 percent compared to an EU average of 40 percent. Moreover, Bulgaria had youth unemployment rates (15-24) of about 28 percent at the end of 2012 (close to the EU average) and topped the EU's infamous ranking for having 23 percent of inactive among young people at the end of 2011. Youth inactivity and unemployment problems existed in growth years as well but were exacerbated during the crisis. The cyclic explanation is that due to lack of jobs and labour demand, youth stay at home longer or go back to school; live more often with their parents, etc. On the other hand many structural reasons such as lack of skills, education, experience, as well as the full-time work tradition in Bulgarian society play a role. For instance, the share of youth (19-24) working part-time was only four percent (Eurostat data) in Bulgaria, with no signs of steady growth, while 75 percent of youth in the Netherlands and 40 percent in Slovenia work part-time (Dimitrov, 2012). In some countries part-time employment of young people is high, because they combine work and studies. In Bulgaria, the share of part-time employment is low compared with many other European countries.

Figure 1.2 Youth labour market participation, employment, unemployment and NEET



Source: NSI, LFS data

According to LFS data¹, unemployment is particularly high among young people. In 2013, the unemployment rate of young people below the age of 25 years amounted to 28.4 % as compared to 11.8 % for the age group 25-74. .

According to PES data, the unemployed youth up to 24 years of age represented about 10 percent of all registered unemployed in December 2012, while the adults aged 55+ represented 21.7 percent of all registered unemployed. The relatively low share of registered youth could be explained by the fact that most of the adults older than 55 are aware of the benefits of registration while youth are often unaware of these benefits and tend to register less at employment offices.

1.2.2 Unemployment by level of education, skills and qualification

In the last quarter of 2012, almost three-fourths of the unemployed had primary, basic and lower educational attainment (LFS data). People with higher education represented 5.8 percent of the unemployed, confirming that low levels of education, qualification and skills are highly correlated with unemployment risk (Table 1.1). According to LFS data, the unemployment rate of people with primary or low education increased from 25 percent in 2008 to 52 percent in 2012. The increase is smaller for people with higher educational level (Table1.1). In addition, PES data indicate an unemployment share of 47 percent for people with primary, basic and lower education².

Table 1.1 Unemployment rates by level of education according to LFS, 2008-2012

Education level	2008	2009	2010	2011	2012
Higher	2,3	2,9	4,4	5,1	5,8
Secondary general	4,5	6,2	9,7	10,5	11,7
Incl. Secondary with professional qualification	4,3	6,1	9,4	10,3	11,1

¹ Based on the ILO definition of unemployment.

² Primary education refers to schooling up to the 4th grade, basic education is up to 8th grade.

Basic	12,7	13,6	19,6	23,2	24,0
Primary and lower	24,9	27,8	43,1	49,0	51,7

Source: LFS, NSI

1.2.3 Long-term unemployed

While at the beginning of the crisis the main problem was increasing unemployment, today the real problem is long term-unemployment. LFS data show that 55 percent of unemployed people are without a job for more than 12 months, while PES data show a significantly lower share (32.6 percent). In addition to methodological differences, it is possible that many of the long term unemployed do not register at labour offices. This behaviour could be linked to the heavy administrative burden of being unemployed. Men are more likely than women to be long term unemployed according to LFS, while PES data show the opposite. Men seem to be less willing to stick to the registration rules and are probably more often working in the informal economy. According to Koettel and Weber (2012) the informality rates for Bulgarian men are 19.5 percent compared to 12.9 percent for women.

1.2.4 Inactive people and discouraged workers

Discouraged workers are a very significant group among people in working age. They are almost half as numerous as the unemployed and represent an important reserve for employment increases in the coming years. At the end of 2012, the number of discouraged workers amounted to 212,000 (LFS data), a slight decline compared to previous year when this number was about 224,000.

The Bulgarian inactivity rate of men aged between 15 and 64 years was the highest of all European countries in 2011 (European Commission, ESDE 2012). As could be expected, the share of people with a high educational level among discouraged workers was low at approximately seven percent, while those with secondary education and lower amounted to respectively 48 percent and 45 percent. The incidence of inactive young people in Bulgaria represents a very serious problem. Furthermore, inactive adults aged 55+ are almost the same number as the unemployed from the same group.

With low skills and low education, the majority of discouraged people have a similar profile to long-term unemployed, and they are therefore at the same risks as other vulnerable groups. The group of inactive people should be analysed and treated according to their characteristics and reasons for being in such situation.

1.2.5 General Minimum Income Recipients

The recipients of monthly social assistance, based on a Guaranteed Minimum Income (GMI), constitute another important group with similar characteristics to the inactive, long-term-unemployed, low-skilled and low-educated individuals. The number of GMI recipients has grown less fast compared to other groups at the margin of the labour market (Figure 1.3). The reasons are predominantly administrative, since the values of the GMI has not changed since 2009, while other income benchmarks such as minimum and average wages have been slowly increasing. In addition, claimants for GMI have to comply with many administrative and mutual obligation requirements (see Chapter 3 for more details).

1.2.6 People with disabilities

People with disabilities are among groups with low rates of employment and high inactivity. According to the LFS, at the end of 2011 about 63 percent of people aged 15 - 64 years with at

least one permanent difficulty in their daily activities were inactive, 31 percent were employed and five to six percent were unemployed. Most of these people suffer typical structural issues such as low skills and education, lack of experience, inaccessible physical environment, and employers' unwillingness to hire and scepticism.

1.2.7 Regional disparities in unemployment

Strong regional disparities in unemployment rates exist across the country. The unemployment rate at the end of 2012 varied between 1.8 percent in the municipality of Botevgrad to 63 percent in municipality of Ruzhinci (PES data). These variations were present during years of growth and crisis. However, during the crisis years the differences increased. The long-term unemployment share varies across municipalities from one percent (Nessebar) to above 60 percent (Yakoruda and Djebel). The fact that these variations persist in different periods of the cycle hints that the causes are not only cyclical but structural. For instance, according to 2011 census data almost 50 percent of the population in Yakoruda municipality had basic and lower education. In Troyan municipality, where unemployment is less than the country average (8.2 percent in December of 2012), this share is 25 percent.

1.3 Activating vulnerable groups and increasing their employability – a framework

Employment barriers can be manifold and can be classified in a number of constraints on the demand side: i) skills and experience constraints, ii) information constraints, iii) working capital constraints, iv) mobility constraints, v) social constraints (Almeida et al., 2012). A weak labour demand would represent a further key constraint. Measures and policies to tackle employment barriers have to go beyond the implementation of active labour market programmes (ALMP). The concept of “activating” unemployed has become more and more widespread in OECD countries. It is about reviewing the effects of so-called passive measures, and thus social benefits for people out-of-work and creating incentives for jobless people to actively search for work. The objective of activations strategies is to encourage jobless people to search actively for work and to increase their employability. According to the OECD (2007), they encompass i) early intervention of the Public Employment Service, ii) follow-up of job seekers' job search activities, iii) direct referrals of job seekers to vacancies, iv) establishing individual action plans, v) refer jobseekers to ALMPs in order to prevent declining motivation and increasing employability.

Different ALMPs and guidance, counselling and placement services are designed to tackle the different types of unemployment: cyclical unemployment, structural unemployment and skills mismatches, regional disparities, as well as person-related employment barriers of the jobseekers (Duell 2012). ALMPs can be broadly classified in demand-side measures and supply-side measures. Supply-sided measures focus on:

- The adaptation of the jobseekers' skills to labour demand
- Measures to promote his or her job search activities.
- Measures to improve information on vacancies and on job seekers, seeking to render matching process between labour demand and labour supply more efficient,
- Measures to promote self-employment

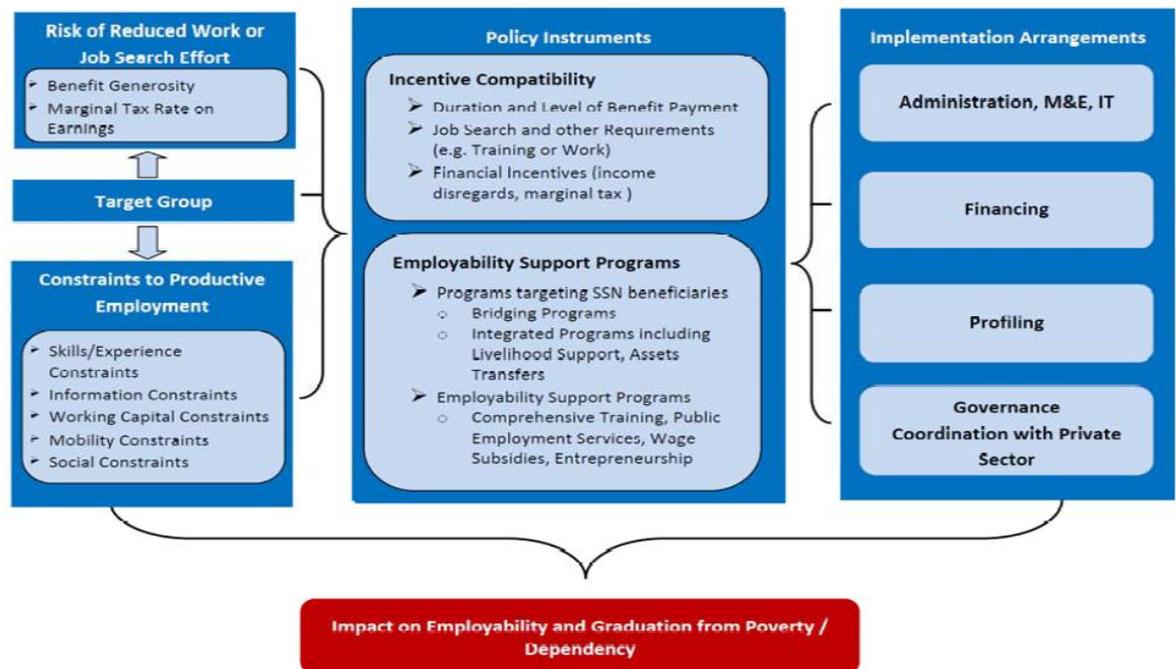
Demand-side measures are designed to generate labour demand for disadvantaged groups and encompass:

- Wage subsidies;
- Measures to increase labour demand through lowering labour costs and promote the expansion of a low wage sector. These measures include often a combination of social benefits and low wages;

- Direct job creation measures which aim to create additional jobs for target groups who are difficult to place (even in a favourable labour market context);
- Measures in the area of supported employment and vocational rehabilitation for jobseekers with health-related problems;
- Job creation through macro-economic and industrial policy measures³.

Active and passive measures need to be designed in a way that they incentivise job seekers to actively search for work (incentive compatibility) and increase their employability (Employability Support Programmes). Implementation arrangements need good administrative and IT capacities, sufficient financial resources, profiling of the target group in order to provide the right services. Furthermore, good governance capacities are essential, including coordination between different State services as well as private service providers. Almeida et al. 2012 have developed the following framework, allowing an analysis of the strategy towards activation and increasing employability (Figure 1.3).

Figure 1.3 Conceptual framework



Source: Almeida et al. 2012

1.4 Social safety nets and active labour market programmes and services for unemployed in Bulgaria – an overview

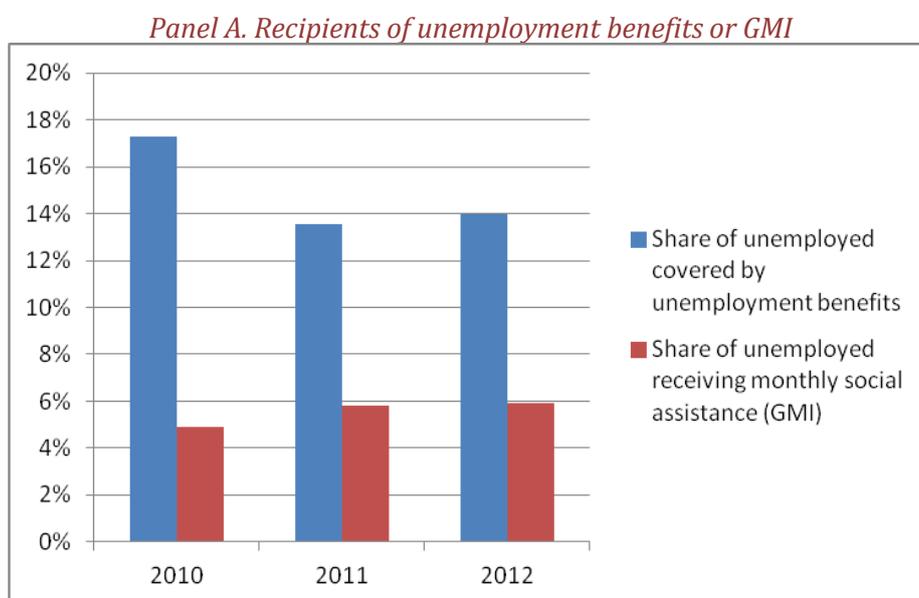
Registered unemployed may be eligible for unemployment benefits or for GMI. The share of registered unemployed receiving unemployment benefits has declined somewhat between 2010 and 2012, while the share of GMI recipients slightly increased (Figure 1.4 Panel A). The slight drop in unemployment benefit coverage is caused by the increasing share of long term unemployed in the total unemployed population.

³ This area is out of the scope of this paper whose objective is to look at the institutional capacity and the tools of PES.

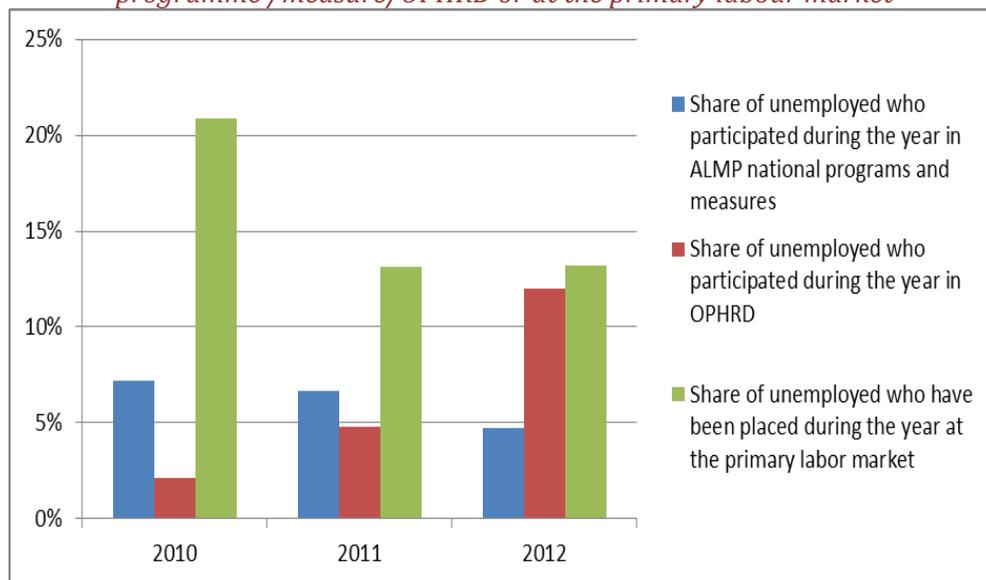
In the first years of the crisis, the number of unemployed referred to an ALMP decreased drastically. However, in 2011 and 2012 their share rose thanks to the increased use of ESF funding (see Part II and IV for details). In contrast, as a result of the crisis, the share of registered unemployed that were placed in the primary labour market declined (Figure 1.4 Panel B). These results are calculated on the basis of the actual numbers of unemployed who have passed through the labour offices during the year (unemployed at the end of the previous year plus the total number of annual unemployed inflow).

Active labour market policies have undergone different strategic orientations. First, in 2010, the Government decided to reduce national funding for ALMPs by almost three times and to freeze them in the following years. In addition, since the beginning of 2011, the official policy focused on training, at the expense of job creation. And finally, European funds were given priority as a financial instrument. At the moment, ALMPs are strongly dependent on EU financing availability and absorption.

Figure 1.3 Registered unemployed in passive and active labour market programmes and share of placement at the regular labour market, 2010-2012



Panel B: Share of registered unemployed being placed by the PES in an active labour market programme /measure/OPHRD or at the primary labour market



Source: EA, ASA, NSSI, own calculations

The rest of the paper is organised as follows: in Chapter 2 the institutional set-up for providing activation strategies is described and institutional capacities analysed. Chapter 3 provides a brief analysis the out-of-work benefit system and its impact on setting the right incentives for searching for work. Chapter 4 focuses on the activation process itself. Chapter 5 deals with the active labour market programmes and their impact on improving employability of jobseeker and prospects for labour market integration.

2. Institutional Set-Up

2.1 Introduction: Overview of main actors

This section considers the institutional set up of the employment services in the context of their work with some of the most vulnerable groups in the labour market, such as monthly social assistance recipients, long-term unemployed, low-educated adults, people with disabilities, and people older than 55 years and young people.

Different target groups are supposed to be served by different institutions depending on the type of problems they face and the services they need. The public employment agency delivers services such as provision of information, consultancies on vacancies, available measures and programmes, provisions of trainings, prequalification, commuting, working abroad, psychological support, professional orientation, and placement in programmes and measures. The social assistance agency pays benefits (mainly social assistance, family related, energy related and health related benefits) to those who are eligible, provides services to the poorest, to people with disabilities and others. The National Security Institute pays unemployment benefits. The Ministry of Education is responsible for literacy courses of low educated adults. The National/Territorial Expert Medical Commissions certify disabilities and work capabilities. The Ministries of Justice and/or of Interiors deals with people who have problems with crimes, drugs, homelessness, etc. The separation of services described is a matter of choice taken by Bulgarian authorities. It requires close cooperation and has proven to be effective in some cases and not in others.

The services to the unemployed delivered by the National Social Security Institute - NSSI (unemployment benefits payments) and Social Assistance Agency (working with long-term disadvantaged unemployed) were taken out from PES' responsibilities in the context of large structural reforms that occurred in the late 90's, which were considered a success at the time. Other services such as unemployed literacy training were transferred to the Ministry of Education more recently based on some functional separation. The effect of the latter is still debatable.

Concerning the work with people at the margin of the labour market, this separation starts leading to ineffectiveness and inefficiency, which is analysed in this chapter. Problems of vulnerable groups and their solutions should be treated in their complexity. For instance, literacy training might be a pre-condition for the social and labour market integration of highly disadvantaged groups. The **Ministry of Education's** mission is to provide education while PES and/or ASA tasks are to integrate people at risk. In this respect, one of the important messages in this paper points to the need for a stronger integration of services and overcoming of the functional separation of services. As the labour market integration is deemed as the most important factor for those who are at the margin of society, we are focusing on employment services. Social assistance services will also be looked at in detail, as they should play a significant supporting role for bringing marginalised people back to the labour market and society. Finally, the role of private and non-governmental actors will also be analysed.

2.2 The institutional framework of the Public Employment Service

The Bulgarian National Employment Agency is an executing agency to the Minister of Labour and Social Policy for the implementation of state policy on employment promotion, protection of the labour market, vocational information and consultation, vocational and motivational training of unemployed and employed persons, as well as for provision of job placement intermediation services.

Since the early 90s the public employment service has undergone a permanent process of improvement, striving to improve performance and meeting labour market challenges.

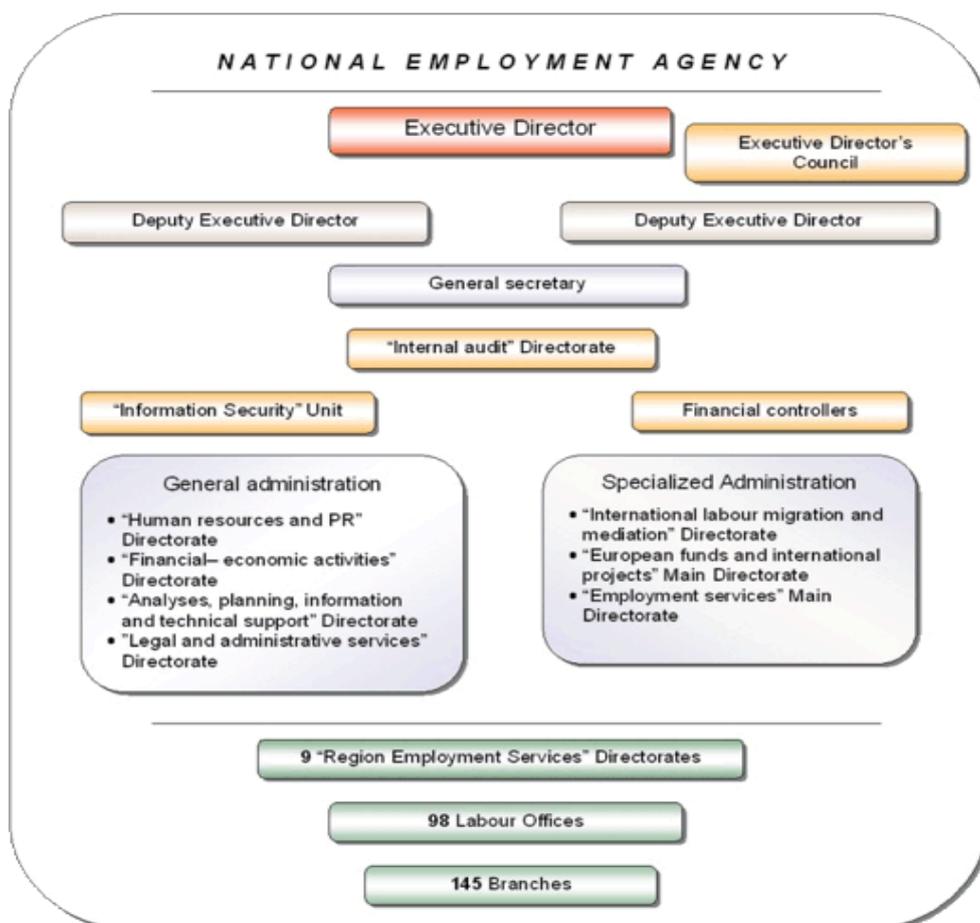
The last major structural reform was fulfilled in 2001 when social assistance and insurance services were separated from the Employment Agency. Thus, employment service staff was reduced from five to six thousand people to approximately three thousand employees.

Public employment services are still under reform. Some of the major changes that are occurring include the introduction of the so-called process model of work mainly characterised with optimization of service processes; one-stop shops, ; the initiation of the individual approach to clients; profiling, phasing for prioritisation of the unemployed; development of jobseekers profile/portrait; accelerated use of modern electronic platforms for work organisation and provision of electronic services; and the penetration of EU funds as a main source of funding for employment services. In addition to these innovations, the optimisation continues towards staff decreases, structural unit reductions, enhanced cooperation with key stakeholders, different focus on targeting of services, clients, performance indicators, etc. Without underestimating all constructive developments that are happening, the next sections will focus on some gaps and challenges that might be key to better performance in terms of activating some of the most disadvantage groups at the labour market.

2.2.1 Organisational structure

Recent reorganisation of the PES has achieved to build less bureaucratic units and closer work with clients. The general organisational chart is presented in Figure 2.1

Figure 2.1 Employment Agency Organisational Chart

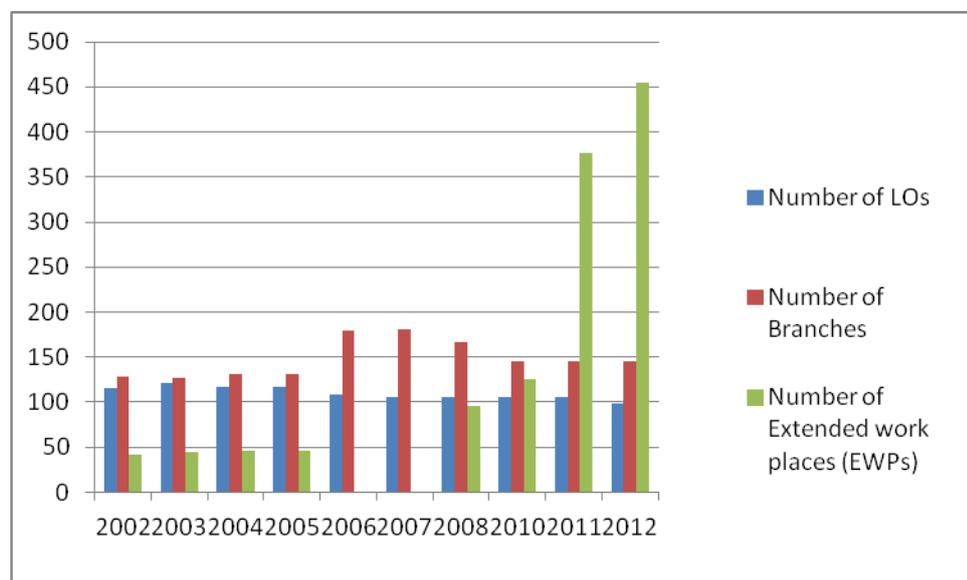


Source: Employment Agency

http://www.az.government.bg/eng/internal_en.asp?CatID=11/01&WA=AboutUs/StructAZ_en.htm

The major units directly dealing with clients within the Employment Agency structure are the labour offices. Labour offices are organized in two types of subunits, branches and extended work places, which are even closer to the clients. Labour offices include some administrative management functions as well as “back” offices, which process mainly documents. On the other side, branches and extended work places do not have administration functions and their staff work mainly with clients. Extended work places are located in the heart of specific target group communities (e.g. the Roma mediators, see Chapter 3). The tendency is to decrease the number of labour offices and augment the number of branches and extended work places (Figure 2.2). Coverage of extended work places increased significantly in ten years, from 42 offices in 2002 to 455 at the end of 2012. The number of their staff was also increased in order to better serve the jobless in remote areas and reduced geographical mobility.⁴

Figure 2.2 Employment Agency structural units



Source: EA's Statuses and Yearbooks (no data for EWPs in 2006 and 2007)

Two issues are worth discussing regarding the structure of the Employment Agency: the lack of specific units targeting disadvantaged groups and the comparatively underdeveloped outsourcing and subcontracting of specific services or target groups.

Despite the fact that groups such as long-term unemployed, monthly social assistance recipients, Roma and youth are declared priority groups, their employment barriers have remained unresolved for many years and have turned into a permanent issue. A possible solution is the establishment of specific units specialised in dealing with them. A step into that direction is the hiring of mediators working with specific groups (Roma mediators, mediators working with disabled people, etc.). According to one respondent, labour brokers usually are hired to work with a specific group, but later the target group specialisation becomes blurred. According to the opinion of Labour Office staff, there are no systematic and purposeful efforts to create mediator specialists in working with only one or two target groups of disadvantaged unemployed. Thus, improvements could go in two directions: specialisation of people working with specific groups and/or establishment of specialised units providing integrated services only to some of the most vulnerable groups.

⁴ In 2011, for this purpose 129 extended workplaces for 53 labour offices were opened (Loukanova 2012).

The “process model of work” provides a good foundation for outsourcing services. To some extent the calls for proposals under the EU funded Operational Programme Human Resources Development (OPHRD) is transferring the responsibility to deal with specific groups and services to outside economic agents. But the latest developments in OPHRD show that the Employment Agency is trying to limit even these types of projects and to implement schemes where the Employment Agency itself is a leading operator.

Outsourcing/subcontracting of services for disadvantaged groups would represent an innovative approach in the Bulgarian context. This could mean for instance involving the Agency for disabled people (e.g. the practice of Flandria), or specific private, public or quasi-public organisations to deal with youths, etc. One of the basic arguments for such a proposal is that one institution is unlikely to be equally good in dealing with such different target groups and services. A key benefit of outsourced providers is their ability to work across target groups and divisions that might be inherent in government structure, e.g. a social assistance care provider moving into activation/labour market services for the hard-to-place unemployed (see section 2.7. for more details). Nevertheless, different skill (and mind) sets are needed for social work and activation. However, if such a solution was taken, it could be bounded in a well-developed system for result oriented management and performance control, well developed public-partnership rules of cooperation and communication piloted at the onset. Box 2.1 provides an example of a specialised agency and its approach to activating disadvantaged groups in Slovakia.

Box 2.1 Example for activation of disadvantaged groups through specialised agencies

One good example is the Agency for Supported Employment in Slovakia: Somotor focuses on integration of long-term unemployed with low qualifications and especially those unable to find jobs in the open labour market without help. According to the agency, 90 percent of programme participants are Roma. The agency adopted a complex and much individualised approach to their treatment reflecting the complexity of the barriers that they face. Barriers can be both objective or hard (low skills, poor housing situation, indebtedness, benefit dependency) and subjective or soft (internal barriers, fear of unknown, misperception of the social assistance, or fear of losing the income stability provided via social assistance). The agency provides complex services, which include specialised personal psychological counselling and social work with the person as well as his/her environment that leads to the preparation of individual integration plan. Work with the wider surrounding community is a core element and includes close communication with local mayor and employers that employ Agency’s clients (World Bank 2011).

2.2.2 Staffing and workload

The number of employment services staff has been going down over the last ten years. At the beginning of 2013, the number of PES’s staff was almost one-quarter lower than in 2004. Staff in central, regional and specialised administrations decreased between 24.8 percent and 29.5 percent. The general administration staff has been reduced by approximately 12 percent. The biggest relative cuts occurred for the labour offices staff (31.5 percent reduction) and in particular for “staff dealing with clients” (down by 35.4 percent). Table 2.1 shows that in contrast to other units, staff has increased in the EU funds related directorate. The main reason is the significant increase of structural funds in the financing of the active labour market policies.

Table 2.1 Employment Agency staff number developments

2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
------	------	------	------	------	------	------	------	------	------

Total staff	3141	3 141	2823	2825	2551	2551	2396	2396	2401	2401
including:										
General administration	117		101	120			103	103	103	103
Specialised administration	3019		2707	2668			2264	2264	2269	2270
Regional administration	2914	2914	2586	2564	2288	2289	2137	2137	2064	2055
Labour offices	2686	2686	2369	2311	2035	2036	1875	1875	1849	1839
EU funds related directorate	27		43	43	71	71	85	85	152	161
Share of staff dealing with clients among all staff	84%			84%	84%	84%	71%	71%	71%	71%
Additional staff under OPHRD (e.g. mediators)								250*	800**	

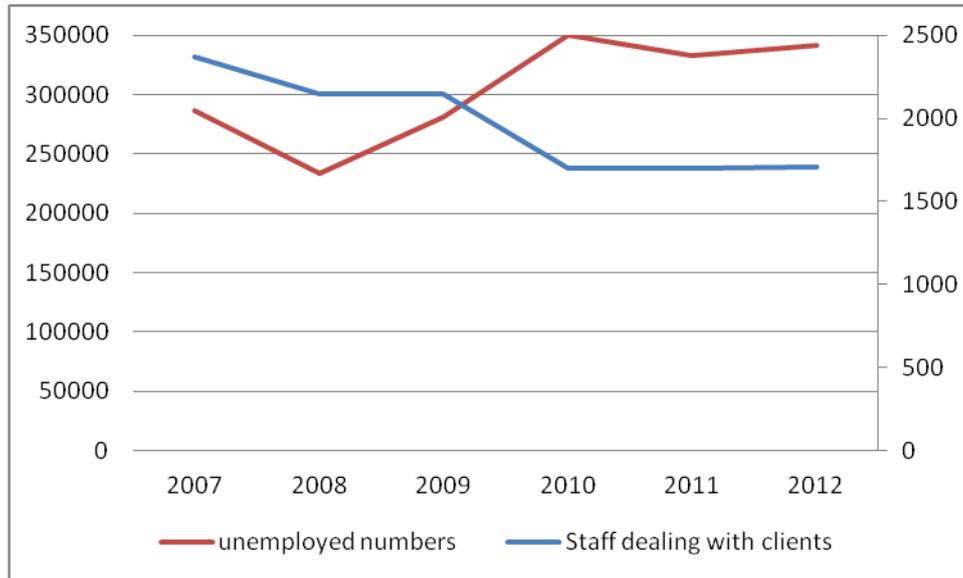
Source: EA's Statutes, Yearbooks, author's calculations

*Appointed under the scheme "Improving the quality of services provided by the NEA to citizens and businesses with a focus on vulnerable groups in the labour market - Succeeding together"

** A number mentioned during a meeting at EA headquarter in February 2013

The operational programme of the EU gives the opportunity to hire additional people, mainly labour brokers, which is a way to offset the constant staff reductions. The only disadvantage of this practice is its sustainability. If payments under the EU structural funds are delayed, something that is not unexpected, then these additional staff positions become unstable. We may witness several negative impacts: first, the Agency will lose the services (capacity) of this staff for a certain period and second, human investments may be lost if individuals have to leave their positions until financing is secured. In addition, the job perspective of the labour mediators is temporary. And finally, effectiveness of the active labour market policy will depend on EU funds management instead of other important factors such as unemployment, structural characteristics of the unemployed, and the like.

Figure 2.3 Number of unemployed (left scale) and number of PES staff (right scale)



Source: EA and authors' calculations

Although the jobseekers numbers started to grow in 2008, PES staff including those dealing with clients continued to decline (Figure 2.3). This was largely due to the Government's general policy towards administration cuts. It is important to distinguish some nuances of state administrative shrinkage with PES administration:

- The trends in figure 2.3 have led to an almost 84 percent increase in caseload per employment service staff between 2008 and 2012.
- In 2012, the workload per labour broker was approximately 200 jobseekers. These numbers vary drastically between labour offices. While in some small labour offices, like Mezdra, this number was a bit lower than the average - 188 in 2012, in some of the large offices like Sliven, Bourgas, Serdica and others, the caseload varied between 500 and 700, which is very high compared to other European countries.
- Staff reductions were implemented in a context of steadily increasing unemployment as well as a deteriorating situation for some vulnerable groups, such as youth and long-term unemployed.
- Labour brokers should be considered in a different way than the general administration given the fact that they work with clients and the supply is supposed to respond to the higher services demand.
- The practice in other EU countries shows that an increase in the number of labour brokers may lead to positive effects such as shorter unemployment duration (see below).
- Given that labour brokers tend to work more enthusiastically and intensively with jobseekers from phases 1 and 2, who are the most ready to place (see section 2.2.4. and Chapter 3 for more details), the high caseload aggravates poor servicing of disadvantaged groups as their labour market chances may look even worse.
- Field work carried out by the World Bank team indicated that staff is overloaded with administrative tasks.

In general terms, evidence from other countries suggests that a reasonable caseload is an important factor for the effective delivery of services. A pilot project in German labour

offices showed that an improvement of caseload (1:70 per case worker) has helped to reduce unemployment duration. Similar results were observed in the case of the Netherlands (Konle-Seidl 2011). Caseload is ideally lower for those caseworkers servicing hard-to-place jobseekers. In Finland, the integrated social assistance and public employment services (LAFOS), which serve long-term unemployed social assistance beneficiaries, employed 650 staff (full-time equivalents) in 2007 and had on average 23,500 jobseeker clients (39 cases per staff) (Duell et al. 2009). Comparing these results with Bulgaria, the caseload of 1:200 (or higher) includes only the employees of the labour offices and excludes the staff of other institutions such as social assistance services, Ministry of Education, Agency of disabled people, and others that deal with GMI recipients. However, this segmentation of services does not impact the ratio to a large extent because only the Employment Agency and Agency for disabled people, to a lesser extent, are in charge of labour market activation of disadvantage people.

According to the National Reform Programme 2012, trainings for career development and qualification refinement are envisaged for 1,550 labour mediators in the Employment Agency system (Bulgarian Government, National Reform Plan). If overall caseload is not significantly reduced, it is questionable whether training measures will show high effectiveness as labour mediators have to devote much of their time to administrative tasks, due to the increasing share of European funds in the overall ALMP (see section 2.4. for more details).

Evidence from other countries show that jobseekers who are detached from the labour market and who are marginalised need intensive guidance and follow-up. In the case of Bulgaria, social assistance offices, as well as labour offices, have less capacity and time to provide social services, including psychological services and social-pedagogic guidance to vulnerable groups and guidance for employers who would hire vulnerable groups. Re-focusing work of social workers, as well as increasing staff in both social assistance offices and employment offices, would be a pre-condition for improving the situation. A further approach would be to build capacity in the social economy sector. Good examples are present in the field of the delegated social services. The State outsources some services to specific disadvantage groups to external providers of which many are non-governmental and private organisations (see section 2.7. for more details). The main difference is that some service providers specialise in working with specific vulnerable groups rather than in the services, themselves. If the State commits certain financial resources in the long-term in this field, the number of employees dealing with groups at the margin of the labour market will increase and be regulated on a market basis.

Generally, there is big potential for combating unemployment of vulnerable groups using additional human resources no matter whether they join existing public institutions or the non-governmental sector. Of course, staff increases should be accompanied by other measures such as specialisation, refocusing, trainings, restructuring, and others discussed throughout this paper.

2.2.3 Work organisation

The introduction of the “process model of work” began in late 2003 and was completed in 2005 and almost simultaneously the model was complemented by the establishment of one-stop shops. One stop shops/offices were operating in 46 labour bureaus out of 95 by the end of 2012. The one-stop approach has achieved easier access to services, faster, more accurate and convenient treatment of the unemployed and on the other hand higher efficiency of work, better coordination and interchangeability of the staff. Both the Labour Office staff and the clients assess this change as positive according to a survey conducted by “Alfa Research” in 2008.

The one-stop approach in Bulgaria combines only services that are provided by the PES, while in other countries it includes synergy between social and employment services. Individuals in the most vulnerable groups may have complex problems such as low education, low income, no job experience, bad living conditions, psychological, alcohol, drug problems, etc. The one-stop offices treat only employment and qualification issues. For other personal difficulties, individuals are expected to find support on their own.

The introduction of psychologists in labour offices was not satisfactory. The impact evaluation of public employment services has shown that only 2.5 percent of the permanently unemployed have used consultations with psychologists (Kotseva, Tsvetkov, 2010). According to the Employment Agency, employees' psychological consultations have been crowded out by motivation trainings. Almost 94.9 percent of the permanently unemployed have participated in these trainings, but demonstrated little interest. Probably due to "no participation" and "no interest" factors, the combined net impact of psychologist consultancies and motivation trainings was estimated to range at a level of 1.9 percent (although statistically insignificant). Further evidence supporting the fact that the PES does not consider psychological advice as useful is that the number of psychologists employed is decreasing steadily. Some labour offices no longer employ psychologists. When "staff optimisation" was imposed, the psychologists together with technical assistants, drivers and other administrative staff were the first to be sacrificed. Overall, psychological services have been treated formally and few attempts to improve their quality have been made.

One possible improvement is the provision of integrated services covering different problems of the most disadvantaged unemployed. It is crucial that these services are developed according to high standards. Possible solutions are: (i) separate units merging services provided from different institutions (e.g. PES and ASA) dealing with the most vulnerable groups; (ii) additional staff for the labour offices ensuring provision of different type of services beyond employment ones; (iii) establishment of a well-coordinated mechanism for provision of joint services from different institutions coordinated by labour offices or a combination of the three.

Another drawback of the existing one-stop model is the lack of personal engagement and responsibility of the PES staff towards the unemployed person. On one side, the unemployed are the focus (individual approach), but on the other side, the one-stop office provides impersonalised support. It can happen that the unemployed person meets three or four different mediators during the first three to four meetings, and therefore has to introduce himself/herself every time. Labour mediators emphasise the tasks of the process (phasing, personal plan/profile/portrait development, interviews, etc.), but are less focus on the individual. This problem is exacerbated by the fact that the individual plans are a sequence of steps, not a filed document in an electronic database (Chapter 3). In addition, labour mediators do not personally engage with the disadvantaged unemployed much. Such an understanding could be crucial when dealing with vulnerable people with multi-faceted employment barriers.

2.2.4 Electronic services

Labour offices are not yet equipped with electronic self-service terminals for job-search, self-registration and monthly confirmation for the unemployed and jobseekers, as evident during the field visits. An electronic labour exchange publishes ads for job vacancies uploaded by employers or their intermediaries (Loukanova 2012). Supply of more e-services for ready-to-place jobseekers would help to save PES counsellors time. This saved time should be used for counselling, guidance and contacting private employers. According to the National Reform Programme 2012, electronic terminals are planned in 108 contact points in the Employment Offices in order to facilitate citizens and business' access to information about offered and demanded jobs (planned total budget EUR 1.3 million).

2.3 Decision making in programmes allocation and targeting

Generally the decision making process in programme allocation and targeting is centralised although written procedures and rules establish explicit criteria to incorporate local level needs. The annual National Employment Action Plan (NEAP) adopted by the Council of Ministers defines employment policy. NEAP is elaborated annually by MLPS acting jointly with other ministries and social partners. NEAP is drawn up in consultation with the National Employment Promotion Board (NEPB)⁵. The national programmes, as well as the programmes financed by OPHRD of the EU, which are the biggest part of the ALMP, are developed and realised by the EA and MLSP. Some small regional and branch programmes are the responsibility of the social partners and Regional Employment Commissions to the District Development Councils.

Nevertheless, there are some steps towards a bottom-up approach of the employment programmes planning and budgeting. Labour offices and Regional Employment Services provide information to headquarters about their programme needs. According to the labour office officials, the main determinants of these demand identification are contract obligations from previous years, absolute numbers of beneficiaries and some forecasts for the next year. However, the final decision is left to the upper levels of the employment policy bodies.

2.3.1 Regional labour market developments and ALMP spending

Table 2.3 shows the number of unemployed and ALMP spending by Regional Employment Services (RES). Based on the data in Table 2.3 we attempted to find the relationship between the number of potential beneficiaries of the ALMP and spending during the years. We calculated some correlation coefficients to express the analysed relationships. Without considering the coefficients in Table 2.4 as absolute, a couple of conclusions could be drawn. In five RES out of nine, there is a negative correlation between the unemployed growth index during year X and the ALMP spending growth index in the same year. In other regions, a weak correlation could be found (<0.2). The latter could be interpreted in several ways:

- There is no clear direct relation between the current unemployment developments and the respective ALMP spending. In other words, the decision making process is not sufficiently determined by the number of potential beneficiaries, respective of needs, or
- RES (LOs) programme requests are based on unreliable forecasts for regional labour markets.

⁵ NEPB is established (according to art. 8 of Employment Promotion Act within the Minister of Labour and Social Policy) as a standing body for cooperation and consultation in the development of employment policy. NEPB consists of an equal number of representatives designated by the Council of Ministers and the nationally representative employers' and workers' organizations.

Table 2.3 Unemployed vs. ALMP spending at regional level

	2008		2010		2012	
	Registered unemployed					
	'000	% of the total	'000	% of the total	'000	% of the total
Total	234	100%	350	100%	342	100%
RES Sofia	30	13%	44	12%	43	12%
RES Varna	27	12%	39	11%	39	11%
RES Bourgas	20	8%	33	9%	30	9%
RES Lovech	38	16%	56	16%	54	16%
RES Montana	29	12%	40	11%	40	12%
RES Plovdiv	19	8%	36	10%	37	11%
RES Rouse	31	13%	43	12%	44	13%
RES Blagoevgrad	18	8%	30	9%	24	7%
RES Haskovo	22	9%	30	9%	32	9%
Overall ALMP Spending (NAEP+OPHRD) in BGN						
	'000'000	% of the total	'000'000	% of the total	'000'000	% of the total
RES Sofia	14	9%	8	12%	29	12%
RES Varna	19	12%	8	11%	23	9%
RES Bourgas	12	8%	6	9%	22	9%
RES Lovech	19	12%	8	11%	35	14%
RES Montana	28	17%	11	16%	32	13%
RES Plovdiv	22	14%	10	14%	37	15%
RES Rouse	21	13%	9	12%	31	13%
RES Blagoevgrad	12	8%	6	9%	17	7%
RES Haskovo	13	8%	5	7%	21	8%
Total	160	100%	70	100%	246	100%

Source: AE administrative data and author's calculations

Table 2.4 Correlations between growth indexes of unemployed and ALMP spending in the period 2007 to 2012

	Unemployed vs. ALMP spending in year X	Unemployed in year X-1 vs. ALMP spending in year X
RES Sofia	+	++
RES Varna	-	+
RES Bourgas	--	++
RES Lovech	+	-
RES Montana	-	-
RES Plovdiv	-	++
RES Rouse	+	-
RES Blagoevgrad	--	++
RES Haskovo	+	++
Total	-	++

Source: AE administrative data and author's calculations. (The double sign means correlation higher than +/- 0,2; single sign means correlation lower than +/- 0,2)

However, comparison between the change in unemployment and the expected change in ALMP expenditure (in the coming year) shows a different picture. While overall positive, there are still important variations by regions. The latter means that data from previous years are more likely to determine the decision making, although there is no clear pattern. The positive correlation in six regions may indicate that the unemployed in the previous year determine the ALMP resources of the current year. Based on that verification, it cannot be pretended that a positive relationship exists between unemployment developments in the regions and the level of expenditure on ALMPs.

2.3.2 Development of the situation of specific vulnerable groups vs. ALMP targeting at regional level

A similar analysis can be made to assess whether targeting is determined by specific target groups' developments at the regional and/or national level. We will take youth as one of the most risky groups over the past three years. There seems to be a high level of commitment to address youth unemployment, so it would be interesting to check whether in practice, youth are a priority. Table 2.5 illustrates the number of youth unemployed and youth participants in ALMPs by Regional Employment Services. Based on this data, we tried to find some rough correlations between the number of potential youth beneficiaries of ALMP and their real participation during the years. We calculated two groups of correlation coefficients to express the analysed relationships – with one-year lag and without. As stated above, without considering the coefficients in Table 2.6 as the absolute truth, they may help us to describe some worthy observations.

In five RES out of nine, there is a negative correlation between the youth unemployment growth rate during year X and the growth rate of youth participants in ALMP in the same

year. At the national level, this relationship is positive mainly because the four regions with positive correlations are the biggest in Bulgaria (Sofia, Varna, Plovdiv and Haskovo). The picture differs when we search for correlation between youth unemployed and youth participants in ALMPs in the coming year. In this case we have only two RES with weak negative correlations and stronger national correlation.

Panel A	Table 2.5 Youth unemployed (Panel A) youth participants in ALMP (incl. OPHRD) (Panel B) programmes and measures					
	2008		2010		2012	
	'000	% of the total	'000	% of the total	'000	% of the total
Total	42	100%	64	100%	75	100%
RES Sofia	4	10%	7	12%	10	14%
RES Bourgas	4	10%	7	11%	9	11%
RES Varna	5	12%	7	12%	8	10%
RES Lovech	5	11%	7	11%	8	11%
RES Montana	4	11%	6	10%	7	10%
RES Plovdiv	7	18%	12	18%	13	17%
RES Rouse	4	10%	6	10%	6	8%
RES Blagoevgrad	3	7%	5	8%	6	8%
RES Haskovo	5	12%	6	10%	8	10%
Panel B	'000	% of the total	'000	% of the total	'000	% of the total
Total	21	100%	18	100%	27	100%
RES Sofia	2	11%	2	11%	3	13%
RES Bourgas	2	10%	1	7%	3	10%
RES Varna	2	10%	3	17%	3	11%
RES Lovech	2	11%	1	6%	3	12%
RES Montana	3	14%	2	10%	3	12%
RES Plovdiv	3	15%	4	22%	4	15%
RES Rouse	2	10%	1	7%	2	9%
RES Blagoevgrad	1	7%	0,8	4%	2	9%
RES Haskovo	3	13%	3	14%	2	9%

Table 2.6 Correlations between growth rates of youth unemployed and youth participants in ALMP in the period 2007 to 2012

	Youth unemployed vs. Youth participants in ALMP in year X	Youth unemployed in year X-1 vs. Youth participants in ALMP in year X
RES Sofia	+	+
RES Bourgas	--	+
RES Varna	++	+
RES Lovech	--	-
RES Montana	-	++
RES Plovdiv	++	++
RES Rouse	--	++
RES Blagoevgrad	--	-
RES Haskovo	++	++
Total	+	++

Source: AE administrative data and author's calculations. (The double sign means correlation higher than +/- 0,2; single sign means correlation lower than +/- 0,2)

Based on the data and results in Table 2.5 and 2.6, the following tentative conclusions can be drawn:

- The relationship with one-year lag is stronger, more often positive and is a hint for evidence based planning.
- Negative correlations for one and the same year demonstrate that ALMP instruments are not very flexible to react quickly on urgent situations in the labour market.
- Correlations in different regions vary, which could be considered as a lack of a unified approach to decision making and planning.

Finally, it would be useful to also analyse targeting of other groups in the future, if data were available. Over the last three years, youth undeniably have been a priority group with a lot of funds and programmes directed toward them, which may distort the results. The correlation between the development of unemployment and labour market participation of other groups, such as people with disabilities, long-term unemployed or adults above 55 could be worse.

2.3.3 Evidence based decision making

Another important issue is whether evidence-based decision making occurs. The Employment Promotion Act sets up appropriate mechanisms. For instance, every quarter of each financial year, the MLSP, after consultation with NEPB, may reallocate any unabsorbed financial resources from one functional region and/or programme and measure to another

functional region and/or programme and measures which can absorb additional resources (art. 4, para 3 of EPA). This opportunity is less flexible with OPHRD and should be taken into account given the share of EU funds.

Resources reallocation or policy changes are mostly based on demand and absorption capacity.⁶ An example from the 2009 planning process showed contradicting practices. The plan for 2009 did not take into consideration the results of a survey by Alfa Research in 2008 (ESC, 2009). However, during the actualisation of the plan in September 2009, the assessment was taken into account and measures showing lower effectiveness were discontinued or drastically shrunk at the expense of better performing measures. However, it is important to recognise that evaluation results are less reliable the more employment barriers prevail.

In addition, there is no strong evidence that net-impact assessments influence decision making for future employment policies. For instance, according to the WYG International Net Impact Evaluation (2007), one of the least performing programmes, with negative net impact, was the computer training of young people. However, these are the most popular training programmes under the voucher training system of OPHRD. Similar results are found with other youth programmes, such as "Start in Career," apprenticeship programmes and others that have a slight positive net impact at the bottom of the ranking, but were revived in 2012 when youth unemployment became a national priority. [The setting-up of a transparent evidence-based decision making process would contribute to increasing the overall efficiency of the PES work](#)

Generally, evidence based management relies more on absorption assessments, rather than net impact evaluations. To summarise, some evidence-based policy exists, but it has some weaknesses such as:

- Programmes are being judged mainly on their demand and absorption capacity,
- Net impact assessments are taken into account to a smaller extent,
- Evidence-base policy is applied inconsistently,
- Evidence-based policy is applied more often at the national level and rarely at the regional level.

2.4 The impact of EU funds

The increase in EU funds for ALMP financing has influenced organisation and staff decisions in several dimensions. One of the most visible effects is the increase in the number of staff managing EU funds. The number of EU experts increased from 27 in 2004 to 160 in 2013. Some have substituted labour offices personnel. This shift in staff leads to higher centralisation and less free resources to work directly with clients. A possible positive effect is higher (double) salaries for experts working with EU funds, but this is neutralised by the fact that these experts work more with documents, rules and procedures than with clients' needs and demands. Furthermore, EU programmes brought different rules of work. Now one Labour Office employee should simultaneously deal with varied rules, procedures, documents, etc., leaving less time for concentration on clients' problems and solutions.

Another important effect is the extension of documentary work . As long as almost half of the current programmes are financed through EU funds, Labour Office employees are processing all documentary work, which is onerous. Thus, according to interviews with Labour Office staff,

⁶ The demand and absorption capacity is seen in terms of number of applicants (and their financial requests) who desire to apply and manage projects, measures and subsidies under ALMP and OPHRD.

staff numbers have declined while staff time for clients has decreased.⁷ Some respondents proposed outsourcing EU funds work, leaving EA staff to work with clients.

Additional staff appointment under OPHRD is also a consequence of EU funds availability. As previously mentioned, in 2012-2013, about 800 people working for the PES were financed by OPHRD. Financing PES staff through EU funds, which are based on programmes and thus limited in the time period, has significant risks, such as instability, lack of long-term development perspective, and more bureaucracy in personnel management. PES management is attempting to compensate for the downsizing of regular staff, but this solution appears temporary. It does not mean that Employment Agency leadership should forego that opportunity. But since staff is temporary, it should be appointed for time-limited tasks, pilot projects, experiments, etc. Otherwise, the Employment Agency should ensure continuity of appointments, which currently is not done.

EU structural funds are less flexible in re/directing resources on urgent targets. Relying more and more on EU financing, the state restricts its capabilities to act adequately and timely to address serious labour market issues. National programmes and measures could reach the final beneficiaries in less than six months from initiation of a new idea. Under OPHRD, this could take two to four times longer.

2.5 Cooperation of the labour offices with other stakeholders

The PES is to coordinate its work with many actors who deal with people at the margin of the labour market. One of the modern practices is complete integration between different institutions, such as social assistance and labour offices, municipal services, etc. Some of these institutions transform into single structures, some establish joint offices or their cooperation covers information sharing, joint activities and services, etc. In the context of vulnerable groups in the Bulgarian labour market, some of the most interlinked institutions with the Employment Agency are the Agency for Social Assistance (ASA), Labour inspectorate, Agency for People with Disabilities (APD), Ministry of Education, public and private employers, vocational and education centers, private employment services and others.

Generally, the cooperation is limited to basic activities, such as information sharing and participation in joint commissions like Regional Employment Commissions (REC) to the District Development Councils (DDC), National Employment Promotion Board, cooperation councils (CC) and others. In the implementation of some programmes, such as “From Social Assistance to Employment,” Social/Personal Assistant, and others, a closer cooperation between social assistance and labour offices is present in terms of project proposals or target groups’ assessments, control and monitoring activities, etc.

Cooperation can be bound by written agreements. This is the case for the programmes and measures for employment of people with disabilities (Audit of Programmes for people with disabilities, 2011). The employment agency (EA) had a written agreement with General Labour Inspectorate including information sharing for the purposes of the programme spending control. EA also has Framework Agreements with ASA and APD to implement active labour market policies (e.g. joint career day organised by APD and EA, etc.).

Other programmes are not subject to written rules for cooperation (Audit of National Programme for Employment and Vocational Training of People with Disabilities, 2008). In such programmes, a case-by-case approach is used, not only in programmes, but also in different

⁷ No quantitative measures for Employment Agency employee time management exist.

regions. For instance, cooperation and coordination may depend on past relationships between institutions and people, informal contacts, and local officials' individual efforts.

Operational details of existing collaborations are also important. According to the audit report of the National Programme, "Assistants to disabled people," (2008) good coordination and cooperation exist among the institutions participating in the programme, based on consistency of practices for methodological support and control. Experts of labour offices and DSAs coordinate activities through field visits based on unified control checks. Also a five-phase assessment process of employers' project applications is implemented where different institutions are involved - LOs, RES, RECs to DDC, Cooperation councils, and DSAs. At the same time, the collaboration between programme implementers and key stakeholders, such as APD and the national representative of non-governmental organisation, is not sufficient due to the lack of a well-functioning and consistent national database for people with disabilities (such was developed at the beginning of 2013, but is still not operational).

Based on the interviews during field visits and some additional desk research, the following main characteristics of inter-institutional/organisational cooperation and coordination can be concluded:

- Coordination and cooperation appears to be functionally/activity based, rather than problem and/or target group oriented. Many different players may be involved in one programme, but each focuses on an individual task (assessment, control, information provision and the like). For instance, the Labour Inspectorate cares about labour contracts control, but is not focused on controls for youth or the long-term unemployed. Thus, the focus of the target group or problem is likely missed. No unified/joint body within certain programmes is thinking simultaneously for all aspects of the target disadvantage group.
- There are some examples of cooperation between different actors in the labour market, described in different Court of Auditors' reports, but cooperation appears rather partial and serves partners themselves, not target groups.
- Cooperation and coordination is at times formalised (written rules, agreements, etc.) and at times, not.
- Cooperation takes place at different levels - information sharing, joint control activities, project proposals assessment, coordinated rules and procedures, planning activities, and labour supply-demand relationships.
- A possible solution would be target group oriented management. Joint or highly integrated units focusing on these disadvantage groups will more effectively address these groups.
- Finally, details matter. While information sharing may exist, it might occur through hard copy documentation, and not electronically. There could be joint control activities, but they may additionally burden the implementation by verifying issues important for social assistance, but not for the employment project, itself. Such examples are numerous.

2.6 Institutional capacity and role of the Social Assistance Agency

Together with Public Employment Services, the Social Assistance Agency (ASA) is a key actor in social integration. A number of long-term unemployed are social assistance recipients. Usually, the beneficiaries move between PES and ASA safety nets in different periods of their working life. The strength of social assistance services in Bulgaria are:

- Its experience and know-how to provide social services to some groups most at risk.
- Application of some “case management” approach practices. In fact, social workers (unlike labour mediators) have personal familiarity with many of the clients (which is not typical for labour offices). They may know the home of their clients, what they possess, eat, with whom they live, etc.

The Social Assistance Agency in Bulgaria has suffered comparatively smaller staff reduction over the last ten years compared to the Employment Agency. The total number of personnel has been reduced by almost 18 percent from 5,790 in 2003 to 4,736 in 2013. The staff of the Social Assistance Directorates (the equivalent of labour offices) declined by approximately 15 percent compared to 31 percent in labour offices. In 2013, there were 147 social assistance offices, almost half of its number (271) in 2003. However, 50 social assistance directorates operate, more than labour offices and with slightly better regional coverage.

It is hard to analyse SA workload based on the clients served. Some programmes have a diminishing number of participants. For instance, the number of GMI recipients has dropped by almost 65 percent from 143,500 (monthly average) in 2003 to 49,700 in 2012. The situation is similar with the child allowances. In 2004, 760,700 families were assisted, while in 2012, only 545,300 families received assistance (almost 30 percent decline). Despite these declines, single programmes, such as assistance to earthquake victims, energy lump sums or a lot of new European programmes, create additional workloads.

In addition, social assistance programmes often work with clients who are claimed ineligible. For example, in 2012 there were 266,000 cases approved for energy benefits and 56,000 rejected. The latter also consumes ASA resources.

People working in the social assistance system have the feeling that their workload is steadily increasing, mainly owing to a growing share of administrative work. Comparison between clients and staff assumes that the workload might be declining, but the opposite was stated during interviews conducted by the World Bank team. In theory, DSAs have the following functions according to the Social Protection Law and ASA statute:

- Receive documents of individuals and families applying for social assistance, make spot checks, examine records and collect information for the individuals and families.
- Perform overall activity of granting, paying, refusing and terminating of social benefits and child allowances, as well as organise social rehabilitation and integration of people with disabilities. Carry ongoing practical activities of child protection in the municipality, make temporary accommodation and suspension of children placement in families of relatives, foster care and in specialised institutions.
- Identify and implement specific measures to protect children and supervise their implementation.
- Provide targeted financial assistance to support children and his/her family aiming at prevention and reintegration, and rising of children with relatives and foster families.
- Examine municipal population needs of social services, carry out social work supporting vulnerable groups to socially integrate in the community.
- Carry out activities of placement and removal from specialised institutions, consult and work individually with clients for their adaptation and integration.
- Conduct inspections and prepare responses to received suggestions, complaints, warnings and requests for social assistance and child protection.

- Meet with clients and advise on issues of social assistance, child protection and the rights of people with disabilities.
- Cooperate with local stakeholders in the field of social protection and vulnerable groups.

Much of social workers' time is spent processing paper work including general documents, eligibility verification, on spot checks, granting, paying, refusing and terminating of social benefits or child allowances, and the like (according to the interviews with DSA staff). Generally, the formal work prevails over client communication, consultation, needs assessments and personal support. If the administrative work is reduced, there will be an opportunity to build on some of their strengths described in section 2.6 (being closer to the client, guidance, tackling the multiple problems people face). Another option is to increase the staff capacity for this type of non-administrative social work

2.7 Private and Non-governmental sector service providers

Disadvantaged groups are supported by various non-state actors in the labour market, including private labour offices, temporary employment agencies, employers, non-governmental organisations (NGOs), vocational education and training centres (VET centres).

Private labour offices have been increasing in Bulgaria, fluctuating between 500 and 600. Based on Employment Agency data, 40,000 to 50,000 people were served by private labour offices in the first quarter of 2009. However, efficiency was relatively low as only 17,000 people were placed in a job in 2008, corresponding to 30 to 40 people per private labour bureau per year.

Temporary Employment Agencies were legally set up at the end of 2011. They represent a new instrument in the Bulgarian labour market, and no evidence for their work exists yet. Their legal framework is stipulated in Employment Promotion Act (Chapter 8).

Vocational Training Centers are registered according to the law for vocational education and training. They are registered in the National Agency for Vocational Training (NAVET). In May 2013, there were about 867 VET centers with an active license. Many of these centers are not very active, but a few are renowned to perform well. The Bulgarian-German VET centers are such an example. With the help of German technical assistance, five well-equipped centers have been established with qualified staff since the time of their establishment. Their operations are integrated in PES' process model of work. As described during the field visit, Bulgarian-German VET centers send training programmes and schedules to Los, which are announced before the unemployed who may enrol in the offered training courses. However these Bulgarian-German VET centers are integrated so closely with labour offices' tasks because they are state owned. On contrary, the activities of most other VET centers are not as well integrated and coordinated with LOs.

OPHRD aided in the development of VET centers. The huge increase of vocational training financed under the operational programme (including the voucher system) since 2010 has led to better perspectives of these labour market players.

No reliable quality system is set up to guarantee that all trainings conducted achieve positive results (e.g. external examination similar to the school system). No impact evaluations are undertaken to reveal whether the trainees completing some courses acquire the intended skills and knowledge. Strong doubts exist that the trainings are of high quality. Distrust in the system is largely due to the following:

- The trainings are supply driven, rather than demand driven, meaning that most trainings occur because OPHRD provides funds for a specific task, not because employers or the employees need and want that the specific training.
- Although, more than 80,000 unemployed have been trained under OPHRD within the last three years, and more than 100,000 employed attended training courses, the employers still state that the workforce does not possess the skills and qualifications demanded. This may be because employers do not know exactly what they need, many of the trainings are of poor quality, or the trainings are not of sufficient breadth and/or depth.
- There is no reliable quality assurance system for adults' vocational training. Indirectly, given the comparatively poor results of the Bulgarian education system (see PISA 2009 results), it is hard to believe that VET system produces trainees with significantly improved knowledge.

The presence of non-governmental organisations (NGOs) in the labour market is increasing with the acceleration of OPHRD fund absorption. The National Employment Action Plan that finances the national programmes and measures is largely directed at employers as organisational counterparts. In contrast, OPHRD has a lot of programmes where NGOs are eligible as beneficiaries.

There are some good practices with NGOs working in Roma communities, but generally NGOs are not very active in the labour market. Some of the major reasons are:

- The state is still not willing to delegate (outsource) some of its labour market functions to NGOs.
- The PES acts as a rival, rather than a partner or a contractor to private and non-governmental organisations.

NGOs themselves do not have enough capacity in terms of financing, material, human resources, know-how, and experience. Moreover, according to three reports on the status of civil society organisations (CSOs) in Bulgaria (Civil Society in Bulgaria: Citizen Actions Without Engagement by Open Society Institute/OSI, Sofia, 2011; the USAID 2010 and 2011 NGO Sustainability Index for Central and Eastern Europe and Eurasia, 14th and 15th edition, 2011 and 2012), the civil society sector has suffered an overall deterioration of its sustainability over the last four years as a result of the economic crisis. This is particularly true for labour market NGOs.

Sustainability of NGOs in the labour market depends on project financing, which hampers long-term planning and development. For instance, a combination between yearly-delegated services/budgets and projects could ensure brighter perspectives for labour market NGOs.

Generally, a policy towards wider participation of NGOs and other private actors should be encouraged. Good practices are available in the field of social services where many service providers are non-profit or private. Their progress in the last ten years is based on processes of decentralisation, deinstitutionalisation and community-based services. Their financial stability is rooted in state-delegated services and budgets. Many of these social service providers focus on the target groups rather than the services themselves. Some are sporadically trying to provide employment services, but the main problem is an insufficient state policy to encourage such activities. So if the Government decides to stimulate the labour market mediation among non-governmental and private agents, the existing social service providers could be one of the first entering this field together with the current labour market actors. In such an "open" labour mediation market, integrated service providers targeting specific disadvantage groups would naturally emerge on a market basis.

Outsourcing employment services for disadvantaged groups can be efficient if well organised and well implemented. There are numerous examples in other European countries. The main advantage is that specialised organisations partnering with PES are more effective and efficient in providing specific services for certain target groups. However, in order to implement this approach in an efficient way, it is crucial to introduce well working result-oriented quality management. One difficulty involves determining the expected results for different types of vulnerable groups and setting incentives accordingly.

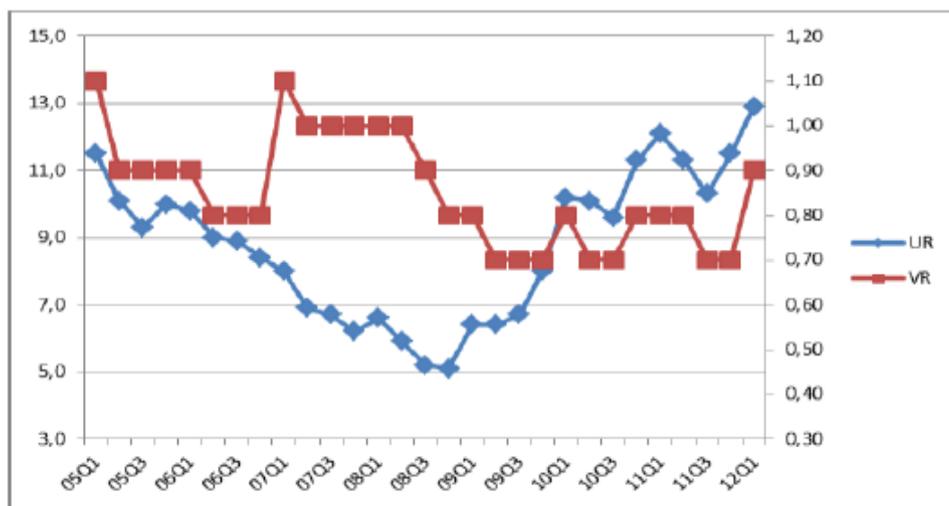
2.8 Employers

Employers have access to various services provided by public employment services according to the Employment Promotion Act. They may receive information about job seekers, programmes and measures, procedures and rules for layoffs. They may take advantage of brokerage services, such as availability of vacancies, offering of vacancies, selection of personnel, referral of appropriate candidates, and feedback from the same process. Employers could request trainings, people to hire, and labour force mobility support.

Employers' cooperation is voluntary (except for public employers). However, if employers work with labour offices, they are asked to inform the labour office about vacancies opened or closed, and the application result of the unemployed referred by the Labour Office.

Employers announce about 30 percent of vacant jobs to employment offices (Bulgarian Employment Agency, Peer PES Paper, 2012). About 45 percent of registered vacancies are aimed at people with low qualifications, about 27 percent target secondary education level and completed vocational training and about 23 percent of registered job openings target high-skilled workers (Employment Agency 2012). The public sector is obliged to announce vacancies to labour offices. In the context of the economic crisis the unemployment rate has been higher than the vacancy rate as recorded by the Labour Force Survey (see Figure 2.4 and Figure 2.5).

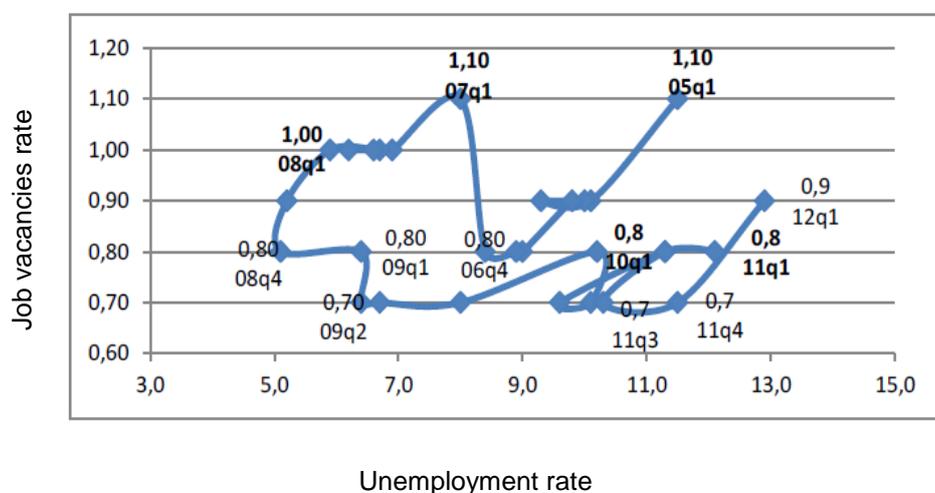
Figure 2.4 Unemployment and vacancy rates in Bulgaria (%)



Source: Loukanova 2012 on the basis of Eurostat

The following figures show the Beveridge curve on the basis of national data of registered unemployed and vacancies.

Figure 2.5 Unemployment and vacancy rates in the period from the first quarter of 2005 to the first quarter of 2012 in Bulgaria



Source: Eurostat.

The JVR data for q3/2009 and q1/2012 are preliminary. Source: NSI, Bulgaria.

Source: Loukanova 2012

A survey performed by Alfa Research about the quality of labour mediation showed employers' positive attitude toward cooperation with labour offices. Their overall satisfaction is graded as 5.6 out of 6. Almost all interviewed employers have stated that they will continue to work with the labour offices. However, these positive results are biased, since 86.3 percent of employers working with labour offices have been doing so for more than three years. This means that respondents preferring to cooperate with labour offices are overrepresented, while employers who are not cooperating at all or not on a regular basis have not been surveyed. Between 60 and 70 percent of respondents appreciate the labour offices' support to select an employee, like the updated general information they receive or the info about job seekers, or the way vacancy information is distributed among unemployed. Another 12 percent of employers worked for first time with labour offices. The majority of this group worked for a short time with labour offices before discontinuing their cooperation. Employers who refused to work with labour offices cited the slow response of labour offices to inquiries and the lack of suitable candidates for vacancies advertised.

The overall impression is that labour offices are cooperating well with already established relationships, but are having difficulties extending the number of new employers. This situation might be changing with acceleration of the OPHRD program, given its scale, and some participation rules and thresholds imposed on European programmes beneficiaries who cannot be awarded twice in one programme or cannot exceed the state aid *de minimis* rule for three years.

Field visits of the World Bank team showed that, probably due to heavy caseload, employment office counsellors are not pro-active in outreach toward private employers. Improving contacts with employers is not only important in order to increase the share of vacancies that are announced to the labour offices, but also in order to pro-actively search for job opportunities in the private sector for vulnerable groups. Furthermore, it would be useful to have more private sector employers involved in active labour market programmes (see Chapter 4).

3. Benefits, Activation Process and Services Provided to GMI Recipients and Disadvantaged Groups

3.1 The design of the social benefit schemes

Poverty is widespread in Bulgaria and the share of people living in severe material deprivation is the highest in the EU (European Commission 2012). The relative poverty, as measured by the 60 percent threshold in relation to the median income, amounted to 21.2 percent in 2012, 15.1 percent if considering the 50 percent threshold, and 10.1 percent in relation to the 40 percent threshold.⁸ The poverty rate relating to these three thresholds were all largely above the EU average and the gap was particularly large (nearly double) for the 40 percent threshold. Expenditures on General Minimum Income (GMI) represented 0.07 percent of GDP, and expenditures on child allowances 0.67 percent of GDP.

Mainly four types of cash benefits are provided by social assistance agencies: (i) General Minimum Income (GMI); (ii) heating allowances in the winter season for families with low income; (iii) child protection allowances and smaller programmes for families under Law on Family Allowances and the Child Protection Law (such as monthly benefits for families with children, birth grants for uninsured households; World Bank 2009); and (iv) income supplements for people with disabilities. Table Annex A1 gives details of people and households receiving social benefits from the Social Assistance Agency. The social benefit system is highly differentiated. The calculation of the benefit depends on the target group, rules for mean-testing and defined income threshold.

The GMI is a means and income tested monthly social assistance scheme provided to persons or families whose income is lower than a certain minimum income differential and who are searching for employment. Social assistance may be granted to unemployed families, but there are also other groups. Currently, there is no time limit to receive the GMI. Persons or families whose income for the previous month is lower than a certain minimum income differential are entitled to monthly social assistance benefits. The basis for determining the differentiated minimum income is the guaranteed minimum income (GMI), determined yearly by the Council of Ministers. Differentiated minimum income is defined for different target groups such as: elderly, disabled, youth, orphans, single parents, and pregnant women. The differentiated minimum income ranges between 20 to 165 percent of GMI.

Several requirements must be met for eligible families to receive GMI. The monthly means-tested GMI is granted if an individual or family meets certain conditions related to possession of home, capital, deposits, shares, securities, movable and immobile properties and others. Another requirement is registration with the labour offices for at least 6 months before application for social assistance. Furthermore, claimants shall not have refused participation in active labour market measures, programmes and services. GMI beneficiaries also need to meet a workfare requirement – to participate in public works offered by the Labour Office for a minimum of 14 days per month. Beneficiaries may be families or individuals. The design of the GMI programme, set up in 1992, was influenced by the Belgian Programme “*Minimum d’existence-Minimex*” and the French Programme “*Revenu minimum d’insertion*” (RMI) (Shopov 2012),⁹ but unlike these programmes, the Bulgarian GMI does not exclude young people under the age of 25.

⁸ <http://appsso.eurostat.ec.europa.eu/nui/submitViewTableAction.do>

⁹ In 2009, the French system reformed the RMI into the broader “Revenu de Solidarité Active” (RSA) program.

The energy benefit is also a means tested safety net instrument for coping with the increase in energy and heating prices. Individuals and families whose average monthly income for the preceding six months before the month of application is less than or equal to a differentiated minimum income and who meet criteria similar to GMI criteria, are eligible for heating assistance. The differentiated minimum income differs for various target groups depending on the type of household, age, ability of the beneficiary to work, disability status, presence of children of varying ages, children with disabilities, etc. The monthly amount of targeted assistance provided is based on the equivalent of 350 kWh of electricity (250 kWh daily and 100 kWh night electricity), at the average retail price of electricity for residential consumers at the beginning of the heating season.

Family or child allowance is income-tested monthly child assistance provided through the completion of secondary education, up to 20 years of age. Beneficiaries with average monthly income per family member for the previous 12 months that is less than or equal to the income designated by law for the state budget of Bulgaria for the year, can claim the benefit. The State Budget Act of the Republic of Bulgaria determines the amount (cash or social investment) annually for the year, but it cannot be less than the previous year. Social Investments may include full or partial payment of fees for a nursery or kindergarten; full or partial payment of canteens; purchase of clothing, shoes, textbooks, etc.

The three social assistance measures use different income ceilings for the eligibility of the benefit. Furthermore, in addition to income-tests, asset-tests are included as an eligibility requirement for GMI, but not for the Child Protection Allowance.

3.2 The design of the Guaranteed Minimum Income Scheme and activation

3.2.1 Level of Guaranteed Minimum Income, poverty avoidance and work incentives

In 2009, the basic level of GMI corresponded to BGN 65 for a single person. It could be higher if the household consisted of two unemployed adults. Additionally, the number of children plays a role in the health status (differentiated minimum income), but also other factors than the number of family members play a role. While the GMI level increased to BGN 65 from BGN 40 in 2001, it has not increased since January 2009. Moreover, the outcome thresholds have not increased although minimum wages have. This is probably one reason why the number of GMI recipients did not increase to the same degree as long-term unemployment. It could be expected that the number of GMI recipients would increase as people were long-term unemployed and increasingly spent their savings and as the previous unemployment benefit scheme for long-term unemployed was abolished.

While minimum wages have caught-up with average wage development, the level of GMI has remained low. Minimum wages have increased BGN 70 in two years, from BGN240 in 2010 to BGN 310 in 2012 (see table 3.4). Prior to this last enhancement of the minimum wage, the increase in minimum wages was less than the average wage increase and this gap significantly widened between 2006 and 2011 (Loukanova, 2011b). Average wages have grown because employment of low-skilled and low-wage earners decreased (see Chapter 1). In 2012, minimum wages were the lowest level among EU 27 countries (European Commission 2012).

Table 3.1 Poverty line, minimum wages and average wages, 2007-2012

Relationship between minimum wage, poverty line and average wage, 2007–2012						
	2007	2008	2009	2010	2011	2012
Official poverty line (in BGN)	152	166	194	211	236	241
General Minimum Income GMI for a single person (in BGN)	55	55	65	65	65	65
Minimum wage (in BGN)	180	220	240	240	250	283.33
Average wage (in BGN)	430	524	578*	600**	686	766
GMI for a single person / average wage (%)	12,8	10,5	11.2	11	0,9	8,5
Minimum wage /official poverty line (%)	118.4	132.5	123.7	113.7	105.93	117.56
Minimum wage /average wage (%)	41.9	42.0	41.5	40.0	36.44	36.99

Notes: €1 = BGN 1.96. *For the first nine months of 2009. **Estimates for the first nine months of 2010. Source: European Foundation for the improvement of the living and Working Conditions, <http://www.eurofound.europa.eu/eiro/2009/12/articles/bg0912029i.htm> Indicated source: Ministry of Labour and Social Policy (Министерство на труда и социалната политика, MLSP) and National Statistical Institute (Национален Статистически Институт, NSI)

The actual level of social assistance benefit for a single person represented 11% of average wages in 2010. This was relatively low as compared to other OECD countries (Immervoll 2012). Countries with a comparatively low relative level of social assistance (for people in working age) or unemployment assistance benefits include Estonia, Germany and the UK. Other countries with means-tested unemployment assistance benefits have a higher relative benefit level: e.g., in 2010, benefits levels were 39 percent in Austria, 32 percent in Ireland, 23 percent in Sweden and between 16-18 percent in Finland, France and Australia. In most cases, benefits are unlimited and tested against family income (except in Hungary, Sweden and Estonia, where they are tested against individual income). In a number of countries unemployment assistance or social assistance may be topped up by other benefits, such as housing allowances. In addition to the income test, assets are tested in less than half of the countries. In some countries, there are rules about earning disregards (e.g. Australia, France, Sweden, UK, Ireland).

3.2.2 Earning disregards for social assistance and in-work benefit

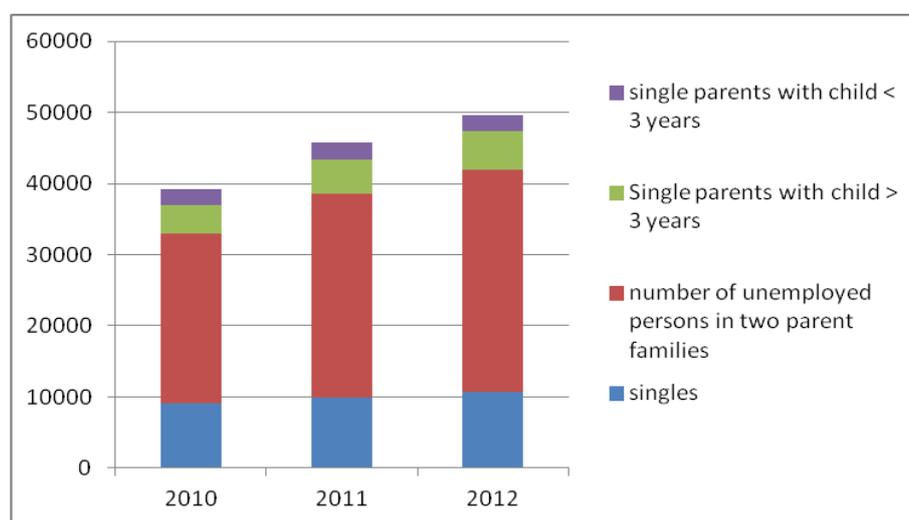
In the first half of the 1990s earning disregards were taken into account when calculating the GMI. About 30 percent of labour income could be used for topping-up GMI. This approach stimulated pro-active behaviour, but was later abolished due to the high administrative burden. It seems that the low level of institutional capacity in terms of number of staff, as well as the focus set on controls, has prevented implementation of in-work benefit schemes. The unemployment benefit system does allow for earning disregards in case of part-time work. However, in a number of OECD countries, there are rules about earning disregards (e.g. Australia, France, Sweden, UK, Ireland), (Immervoll 2012).

3.2.3 Structure of beneficiaries

The number of single persons and families receiving GMI increased from roughly 44,000 to over 50,000 between 2010 and 2012, less than the increase in the number of long-term unemployed. About 93 percent of all GMI recipient cases involved families where at least one person was of working age. About 1.6 percent of the cases were individuals or all family members were below working age, and in about 4.7 percent recipients were above working age, most of whom were single (and in the remaining households both were above working age). About five percent of the cases referred to two-parent families where the children, but not the parents, were supported.

The majority of unemployed receiving GMI live in two parent families (Figure 3.1). The number of unemployed in GMI recipient families who lived in a two parent family or who were single parents with children aged above 3 years increased by over 30 percent between 2010 and 2012.

Figure 3.1 Number of unemployed in families receiving GMI with at least one household member in working age, by family type, 2010-2012



Source: data provided by the Social Assistance Agency, own calculations

3.2.4 The role of the Social Assistance Agency and means-testing

Income and assets testing absorb a large part of social workers activities. Monthly on-site visits are performed in order to check whether the person has other income sources (e.g. from informal employment, a new household member). Social workers have a high level of discretion in their assessment of the household income. Social assistance officers interviewed claimed that control is crucial to detect informal employment, claimant women who are not married, and self-declared single parents who actually live with a partner.

Although tracking misbehaviour is acceptable in principle, the extent of controls and high discretion of social workers to detect additional income may foster formal labour market detachment. There is also no incentive to improve one's own living conditions, as this improvement is likely to be sanctioned. Given poor living conditions, the right attempt to control eligibility may have undesirable effects, such as fostering poor living conditions, which may lead to poor health conditions. Marginality of GMI recipients seems to be quite high. It may be more desirable to combat abuse from social assistance in a situation where severe poverty has already been markedly reduced. The low level of benefit (see below) may set incentives for joining the informal labour market.

3.2.5 Job-search requirement for GMI recipients

In addition to income testing for GMI eligibility, the claimant must be registered with the Labour Office for at least six months. Thus, a person claiming GMI has a waiting period of six months if the person had not been unemployed prior to claiming the benefit. This waiting period has been reduced from nine months. This requirement contradicts the logic of social assistance being a safety net of last resort.

This waiting period does not apply to participants in labour market programmes (Art. 10, para 4, it.4 Social Assistance Act). This, in turn, tends to favour repeated participation in labour market programmes. However, recent amendments in the main programme “From Social assistance to employment” have introduced de facto waiting periods for participation in this specific measure (see Chapter IV).

3.2.6 Mutual obligation for GMI recipients

Enforcement of the mutual obligation principle is comparatively strict: all GMI beneficiaries participate in small community work on a part-time basis (14 days for 4 hours a day). There is no compensation for participants (e.g. in contrast to similar programmes in Australia, where participants can top-up their benefits – although compensation is not very generous - see below).

The conditionality was tightened in April 2010, when the number of workdays was increased from 5 to 14 days. The main objective of the Government has been to stimulate work activity, to safeguard labour habits and to protect people from social benefits dependence. On the other hand this might have reduced the incentive for claiming GMI, as people prefer to work in the informal economy. Thus, the system might promote the informal economy. This is in conflict with the objective of reducing informal employment and implies the above mentioned on-site income test controls, which include avoiding working in the informal economy. Therefore, it would be advisable to balance the number of days that need to be worked to comply with the mutual obligation requirement. Table 3.2 shows the number of persons who have been referred to “socially beneficial activities.” The share of GMI recipients who have not carried out socially beneficial activities is quite low.

Table 3.2 Number of persons referred to socially beneficial activities in 2012

	2012
Number of persons referred to socially beneficial activities	39731
1. Number of persons who have performed socially beneficial activities	37 123
2. Number of persons not provided with jobs by the municipality	98
3. Number of persons who have not performed socially beneficial activities for good reasons	1 163
4. Number of persons who have refused to perform socially beneficial activities in relation to Art.12, Para 5 of RISAA ¹⁰	1 032

¹⁰ If a person refuses to participate in the 14-days community work, monthly assistance shall be suspended for a period of two months from the first day of the month in which the refusal was made.

Source: information received by the Social Assistance Agency (ASA)

Activities for the community work are, in general, organised by the municipalities and include cleaning and road maintenance in the winter. There is little reason to believe that employability could be improved. As such, there seems to be a de-motivational effect from this nearly part-time non-paid community work. This assessment would be confirmed by experiences gained in other countries.

Box 3.1 Mutual obligation and job creation in Australia

Besides job creation measures for Indigenous Australians, *Work for the Dole* (WfD) had been the most important job creation programme for more than a decade. The latter programme was introduced in 1997 and aims at developing work habits. Means-tested income support recipients receive AUD 20.80 per fortnight to assist with the costs of participation. The programme has been used as a key element of the benefit compliance system. Examples for WfD activities are maintenance of vehicles and buildings, landscaping or gardening, decorating, metalworking customer services, hospitality, helping members of the community such as the elderly, people with disabilities or children. WfD activities are available with non-for-profit and community organisations, or with local, State, Territory or Australian Government organisations and agencies. The activities should be additional, so that no competition with other companies and no displacement of workers may occur.

The *Green Corps* programme is a small job creation programme that should benefit Australia's natural environment and cultural heritage. At least 80% of the total activity time should be spent on environmental tasks. It contains a training component and is therefore more expensive than *WfD*.

Assessments of the effectiveness of Work-for-the Dole demonstrate mixed results. The nature of low-skilled tasks carried out in the context of non-paid work, the lack of structured training, and the poor prospects for acquiring useful skills for getting more stable employment on the regular labour market was early on pointed out as the weaknesses of the programme and stigmatisation effects of mutual obligation programmes, such as WfD, are acclaimed.

Source: OECD 2012

3.3 Eligibility and conditionality for Child Protection Allowances

The Child Protection Allowance is means-tested. The income threshold is BGN 350, which is higher than the GMI eligibility. In this way, it is possible to better cover children growing up in poor families, as the GMI scheme is too small to provide an adequate coverage. Furthermore, this higher income threshold helps to avoid disincentives for GMI beneficiaries to take up low paid jobs, as they may still receive the Child Protection Allowance.

The receipt of this allowance is linked to a school attendance requirement. This is verified on a monthly basis through confirmation with the school director, supplemented by on-the-spot visits. Table 3.3 gives an overview of sanctions because of unexcused absences from school. The refusal rate is below one percent.

¹¹ If one refuses twice, monthly social assistance will be suspended for two years.

Table 3.3 Monthly allowances for children and compliance with school attendance

	2010	2011	2012
Families receiving monthly allowances for children	570 577	557 002	544 716
Number of children – total	839 698	823 188	807 917
Number of families sanctioned for 5 unexcused absences of their children from school	3 837	3 104	3 614
Number of children with 5 or more unexcused absences	4 179	3 353	3 936

Source: Information provided by the Social Assistance Agency

An important employment barrier for GMI recipients is illiteracy. Linking eligibility of child protection benefits seems to be the right approach to prevent problems of illiteracy for the next generation. The controls of school-attendance, however, seem to have some objective obstacles as schools have an incentive for false school attendance declarations. The latter may hamper the effectiveness of the school conditionality. On-the-spot visits only partly resolve the problem, as learning and literacy are not necessarily linked to school attendance. Concentration of children from families with an illiterate background and whose mother tongue is not Bulgarian is impeding learning. Furthermore, incentives seem to be wrong as regard school attendance by school type (e.g. warm meals are provided in “special” schools). Mixing classes of Roma and non-Roma children would probably lead to better integration results, although enforcing this model will be difficult in practice.

3.4 Access to other out-of work benefits for people in working age

3.4.1 Unemployment benefits

The unemployment benefit level and duration depends on declared insurance income and the length of insurance. Social security insurance for all types of risks is obligatory for workers and civil servants who are employed for five or more days, or 40 hours, within a calendar month (Loukanova 2011a). The Law on the Budget of the State Social Insurance regulates the minimum and maximum of the unemployment benefit level.

In 2010, the unemployment benefit replacement rate was roughly 30 percent of average wages and 80 percent of minimum wages (see table 3.4). This replacement rate is significantly higher than in the case of GMI receipt for a single person (see Table 3.1 above).

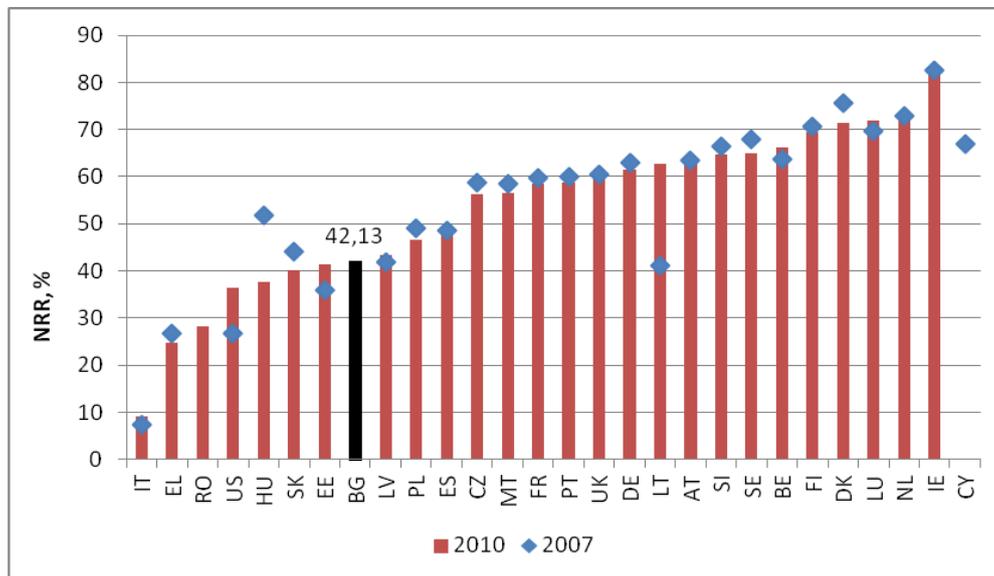
Table 3.4 Unemployment benefits/net replacement rates of insurance income and wages

	2007	2008	2009	2010
UB, annual, on average, Euro				
Replacement rate of:				
- Average wage	28,2	25,9	23,6	29,7
- Minimum wage	67,4	64,3	60,0	80,1*

Source: Loukanova 2011a

As compared to other European countries, net replacement rates of unemployment benefits in Bulgaria ranged in the lower third (see Figure 3.2 below).

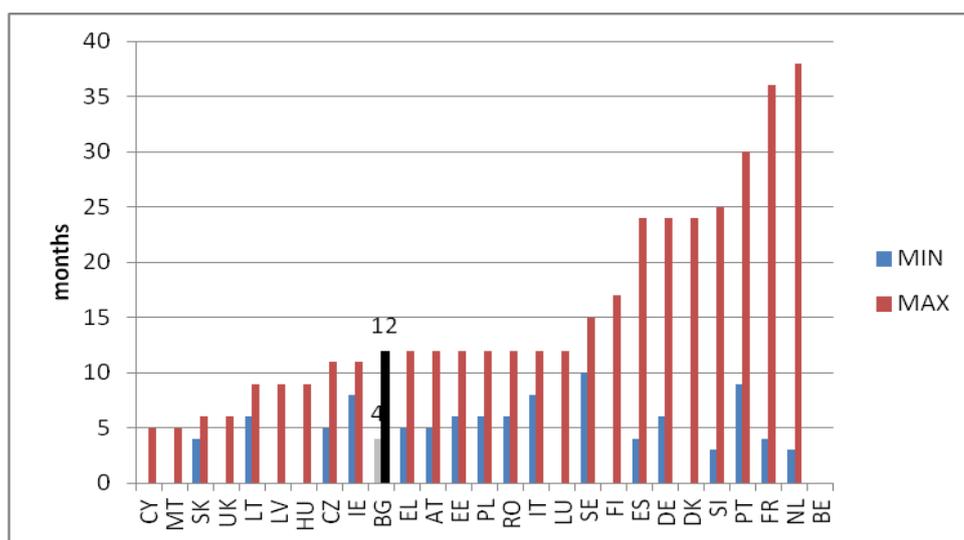
Figure 3.2 Level of unemployment benefit/net replacement rates in Europe



Source: European Commission (ESDE 2012/13)

The duration of the unemployment benefit varies between a minimum of four months (in the case of three years of insurance) and 12 months (in the case of at least 25 years of insurance). Compared with other European countries, the unemployment benefit duration is relatively low regarding the minimum duration and rather average regarding the maximum duration (see Figure 3.3).

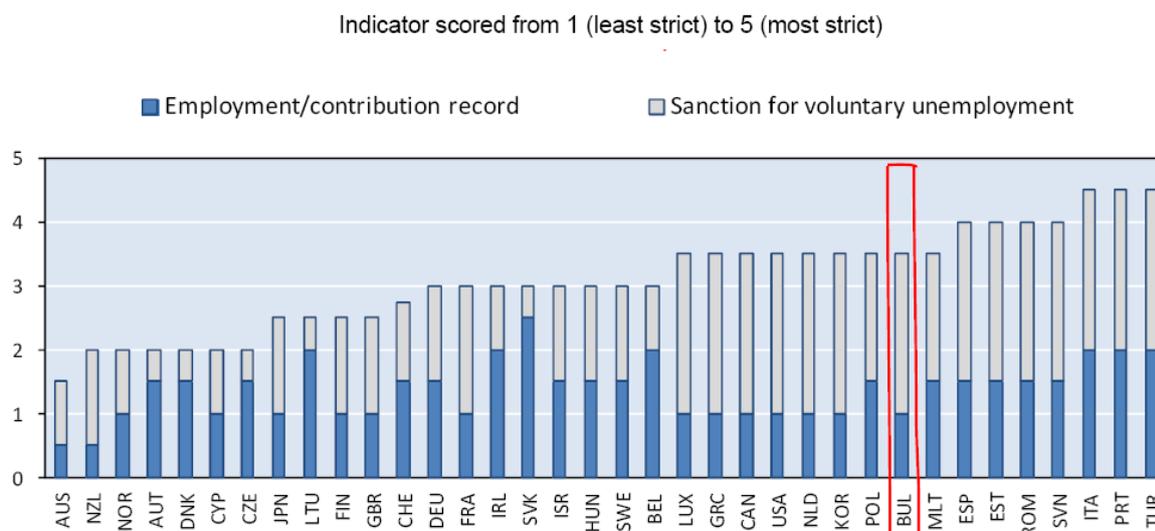
Figure 3.3 Minimum and maximum duration of unemployment benefit



Source: European Commission ESDE 2012/13

By international comparison, Bulgaria's entitlement conditions are relatively strict (see Figure 3.4). However, Bulgaria does not belong to the group of countries with the strictest requirements with regard to previous employment, contribution periods, or sanctions for voluntary unemployment.

Figure 3.4 Strictness of entitlement conditions , OECD countries



Source: Venn 2012

According to Venn (2012), Bulgaria belongs to the group of countries with less than a year of employment and/or contribution as a condition of receiving the unemployment benefit. Unemployed are eligible for a minimum period to unemployment benefits if they have been insured with the State Social Security for at least nine months during the last 15 months. Other countries in this group are Canada, Cyprus, Finland, France, Greece, Japan, Korea, Luxembourg, the Netherlands, Norway, Slovenia, the US and the UK. Prior contribution requirements are stricter in a number of countries, and were particularly tight in Slovakia (3 years of employment).

In the case of repeated unemployment spells, the unemployed needs to have a contribution record for three years before being entitled to the unemployment benefit. These unemployed will get the minimum unemployment benefit for a period of four months (Loukanova 2011a). This sets disincentives to take up temporary jobs and thus, to shorten the unemployment spell.

The unemployment benefit scheme allows for part-time work paid below the minimum wage, in which case the amount of unemployment benefit is halved (Loukanova 2011a). Thus, unemployment benefit recipients still have some incentive to accept low-paid part-time work as their total income from work and unemployment benefit will be higher. However, it is doubtful that the income disregard is very effective, as the Bulgarian economy is characterised by a low part-time share. It would be advisable to use this part-time option more widely.

Between 2007 and 2010, entitlement to long-term unemployment benefits was capped at a maximum benefit period of 30 months. This was revoked in 2011, as the share of long-term unemployed increased as a result of the crisis (Loukanova 2011a). It was meant for the older unemployed who do not yet receive a pension. Budget Law regulating the State Public Insurance fixed the amount of the benefit yearly.

In general, the young unemployed have no access to the unemployment benefit (Loukanova 2010). This might be problematic in times of high unemployment, as it is more difficult to reach out to young people. It is, however of great importance that young people with no or little work experience are rapidly activated (Düll, Vogler-Ludwig 2011).

3.4.2 Disability benefits

Eligibility to disability benefits depends on the medical assessment and is granted for disabilities above 50 percent. This assessment is provided by a medical expert commission and contains advice for the type of employment that can be carried out given the type and degree of disability (including for disability below 50 percent). This is a good pre-condition for activating people with disabilities and job brokers should pro-actively use this information.

Given the low level of GMI, there might be an incentive for jobless people to obtain disabilities above the 50 percent recognised. The average pension for disability is slightly above 200 BGN, which is about 4 times higher than monthly social assistance.

4. The activation process

4.1 Registration and Coverage of Unemployed with the Employment Offices

4.1.1 *Registration with the Labour Office*

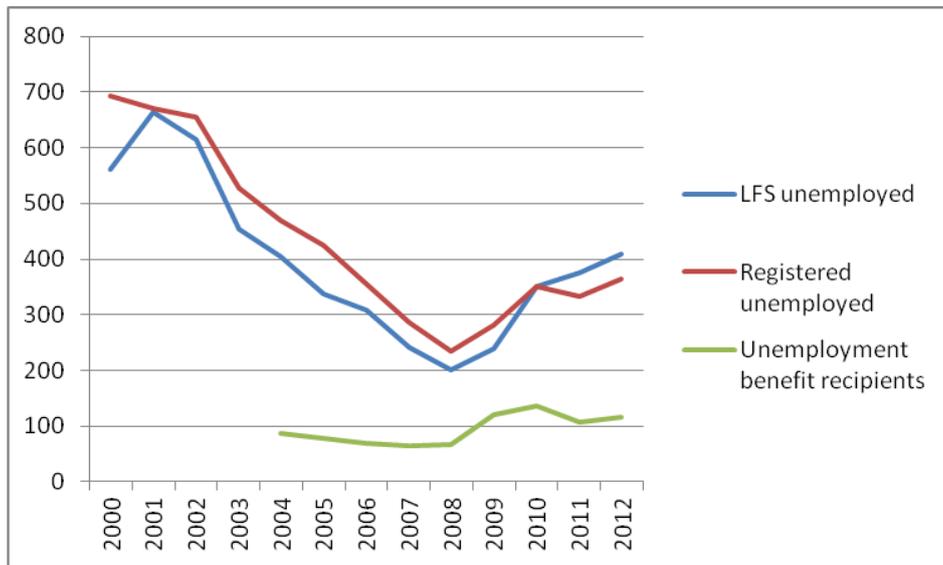
Individuals who become unemployed need to register with labour offices in order to be eligible for benefits and services of the labour offices. According to changes in law in 2011, registration must be made within seven days (Loukanova 2012). This should speed up the activation process and shorten unemployment spells, at least for those who are employable and ready for the labour market. However, in the case of larger numbers of dismissals, this may result in a very formalistic administrative procedure, given the high caseload of labour offices' staff. Thus, it can be doubted whether this rule speeds up a lot registration. Electronic registration would free some time of PES staff for interviews.

A second group that needs to register with labour offices is GMI claimants (see above). However, there is a growing number of unemployed people who are neither eligible for unemployment benefits nor for GMI. If there is no incentive for registration there is the danger that some cannot be reached with activation measures.

4.1.2 *Coverage of unemployed through the labour offices: number of ILO unemployed and number of registered unemployed*

Between 2000 and 2010, the number of registered unemployed was slightly above the number of unemployed measured by the European Labour Force Survey (LFS, ILO definition). One reason could be that those who register with the labour offices are not actively looking for a job, but registration is a precondition for claiming GMI. Between 2010 and 2012, the number of LFS unemployed was above the number of registered unemployed, indicating that more people were jobless and actively searching for a job than actually registered with the employment agencies. A tentative explanation could be that the conditions for GMI receipt were tightened (see below), resulting in a lower number of persons who would be eligible for GMI from the income-test side but did not want to work. While some of the passive (potential) GMI recipients do not register with the labour offices anymore, probably also potential GMI recipients and jobless whose unemployment benefit eligibility run out do not register, as they do not expect that the labour offices can help them find a job.

Figure 4.1.5 Number of unemployed (Labour Force Survey), registered unemployed and unemployment benefit recipients in 1000, yearly averages, 2000-2012

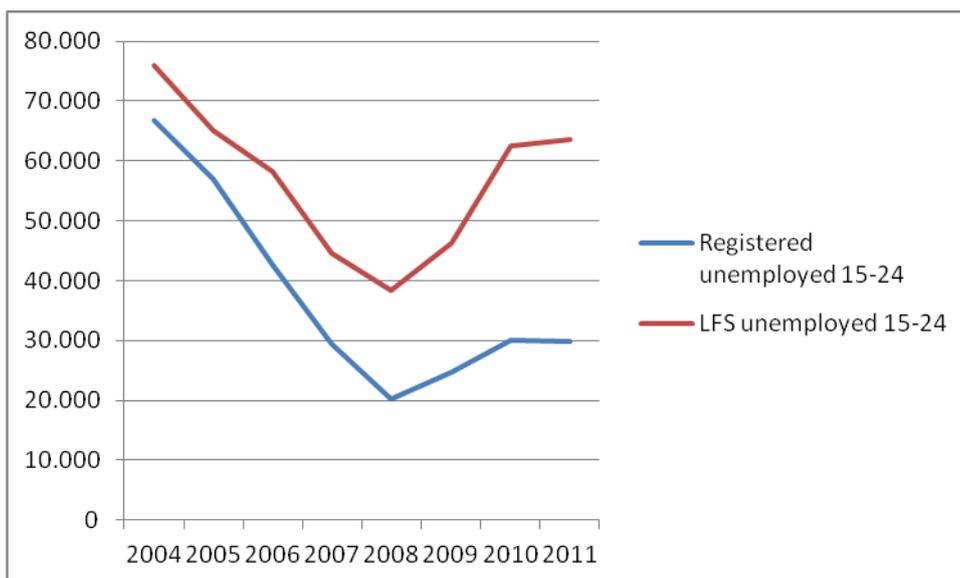


Source: Bulgarian Labour Agency, Eurostat

The average number of unemployment benefit recipients was largely below the number of unemployed. The number only slightly increased at the beginning of the crisis and even decreased between 2010 and 2011, although unemployed, as measured by LFS, increased. This is linked to the rising number of long-term unemployed.

Young people are often not eligible for unemployment benefits and are therefore often not registered with the employment office (Figure 3.6). Non-registration of young people is a serious problem in light of the high share of young people who are neither in employment nor in education and training (NEET) (see Chapter I).

Figure: 4.2 Unemployed youth and registered unemployed youth (15-24) in 1000, 2004-2011

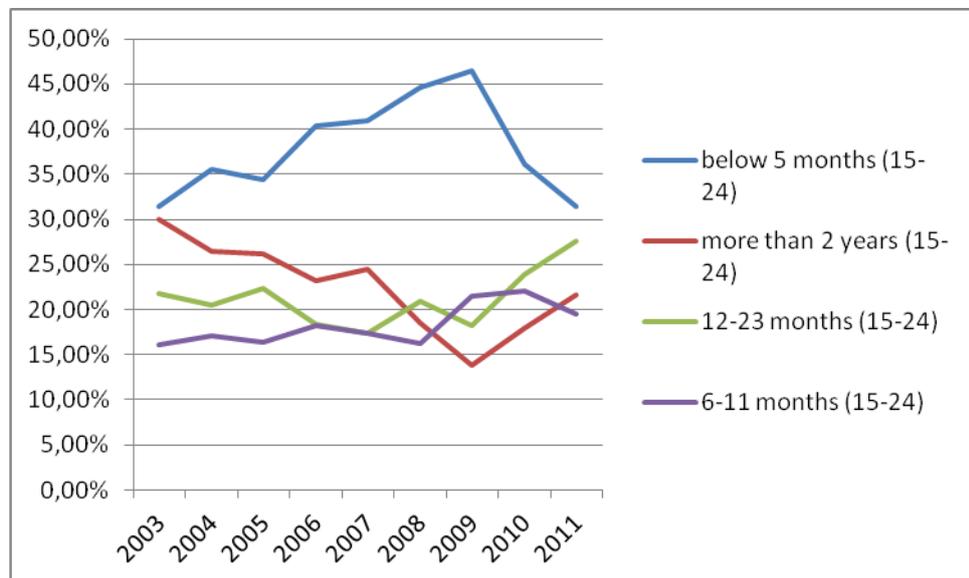


Source: Eurostat, European LFS, National data from the Labour Agency

An increasing number of European countries apply an activation strategy, which sets incentives for young people to participate in training or education, to actively search for a job or to participate in an active labour market programme. If young people have access to unemployment and/or social benefits, an activation approach based on a mutual obligation approach is easier to implement. The moderate use of sanctions and the obligation to participate either in education, an active labour market policy measures or a job are key elements of such a strategy. The access to benefits helps to reach out to young people, although additional outreach activities are necessary to contact those who are the most disconnected from the labour market (Düll, Vogler-Ludwig 2011).

Activating young people needs to be of highest priority since the share of long-term unemployed youth has dramatically risen in the context of the economic crisis (Figure 3.7). In order to avoid long-term unemployment and detachment from the labour market, young people need to be activated early.

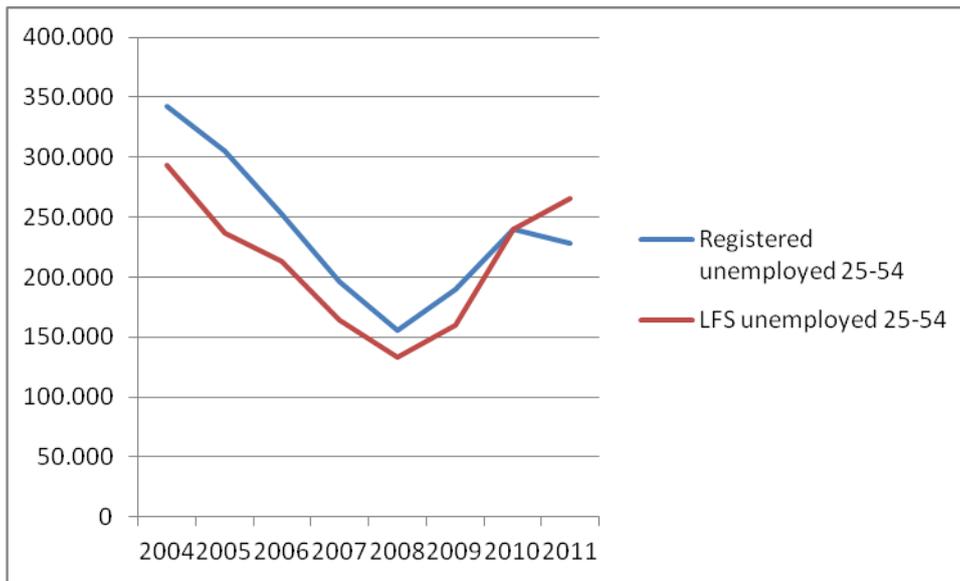
Figure 4.3 Youth unemployment by duration of unemployment



Source: Dimitrov 2012

For adults aged between 25 and 54, the reverse was true: there were slightly more registered unemployed in PES than unemployed according to ELFS for the period 2004 to 2009. This indicates that a (small) number of registered unemployed are passive and were not actively looking for a job. A further explanation could be that they were participating in an active labour market programme and were therefore stating that they would not be available within the next two weeks. During participation in subsidised employment programmes registration is suspended (Venn 2012). In 2010, the number of registered unemployed equalled the number of LFS unemployed and in 2011 the situation was reversed. This might be linked to repeated unemployment during the economic crisis, which does not or only briefly allows for eligibility to benefits and may thus lower incentive to register with the employment office.

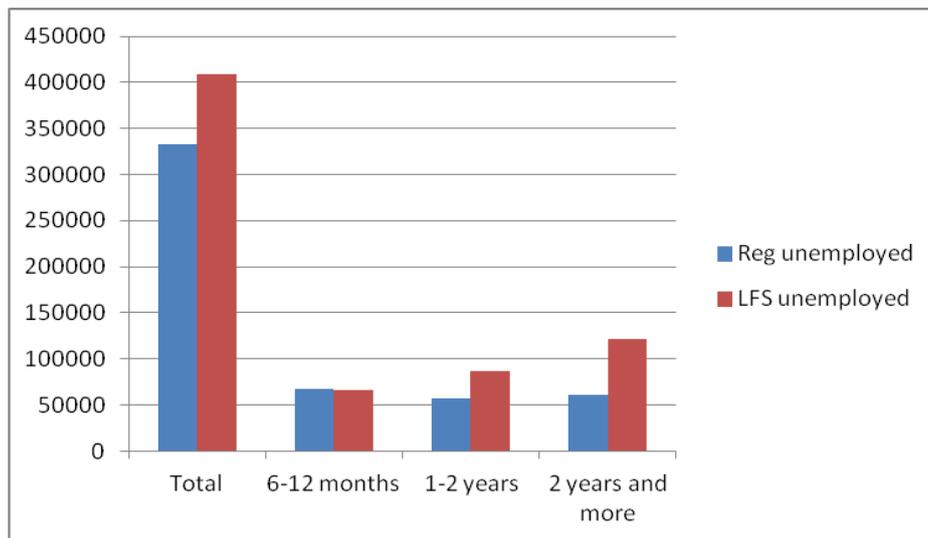
Figure 4.4 Unemployed and registered unemployed (25-54 years old), 2004-2011



Source: Eurostat, European LFS, national data from the Labour Agency

Comparing the number of registered unemployed and numbers of LFS unemployed shows that the number of unemployed with duration of six to 12 months was quite similar in 2011. However large differences existed for the long-term unemployed and in particular for the very long-term unemployed. Many of those still looking for a job are not registered with the labour offices (Figure 3.9). Field visits showed that some labour offices try to reach the non-registered unemployed through providing information e.g. *via* Roma mediators (see Chapter 2).

Figure 4.5 Unemployment by duration, registered unemployed and LFS unemployed, in 1000, 2011

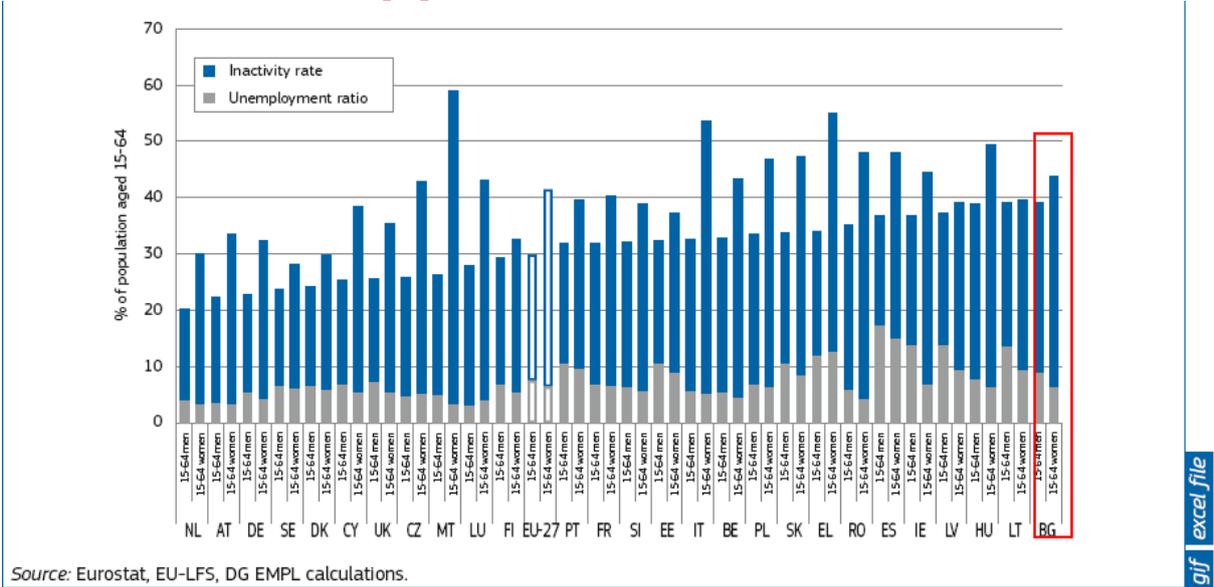


Source: Eurostat, European LFS, national data from the Bulgarian Labour Agency

As Immervoll states, “low and declining benefit coverage of the unemployed erodes the capacity of the benefit system to fulfil its income protection function and its role in facilitating a good match between jobseekers and vacancies”. “As part of an employment-oriented policy framework, benefits provide a principal instrument for linking unemployed people to employment services and active labour market programmes; those outside the scope of benefits can find accessing these services significantly more difficult” (Immervoll 2012).

In the context of the Bulgarian labour market, the high inactivity rate is worrying, as shown in Chapter 1. Inactivity rates are among the highest in the EU (Figure 3.10). An unknown number of the inactive might be poor, but not eligible to GMI.

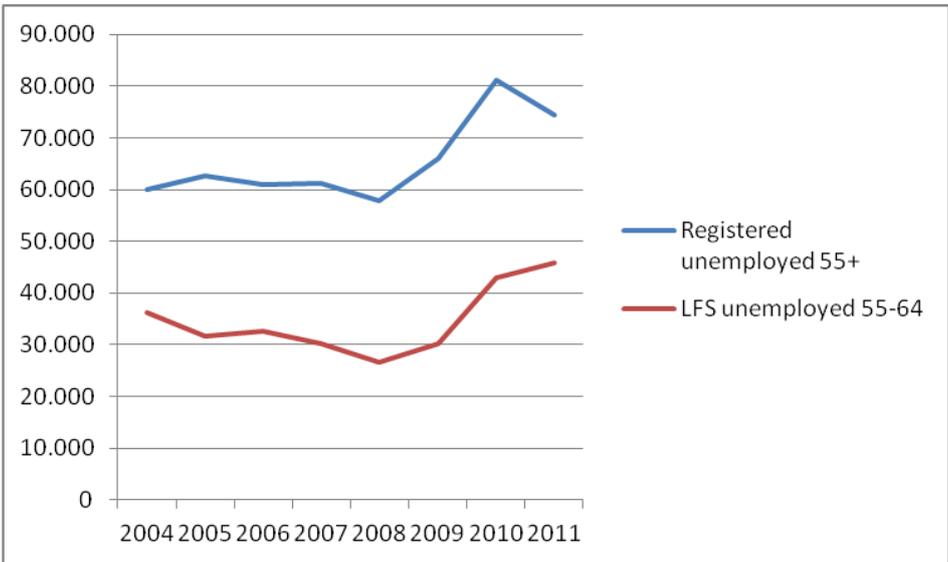
Figure 4.6 Unemployment and inactivity as a percentage of male and female population, 2011, EU countries



Source: European Commission, ESDE 2012

Finally, the number of registered jobseekers aged 55 and more is significantly higher than the number of LFS unemployed. This might be linked to the fact that many pensioners are registered with the Labour Office (there are no LFS data for the age group 65 to 74). Another explanation might be that there are many discouraged or just passive older registered unemployed.

Figure 4.7 Older unemployed according to LFS and registered unemployed in 1000, 2004-2011



Source: Eurostat, European LFS, National data from the Bulgarian Labour Agency

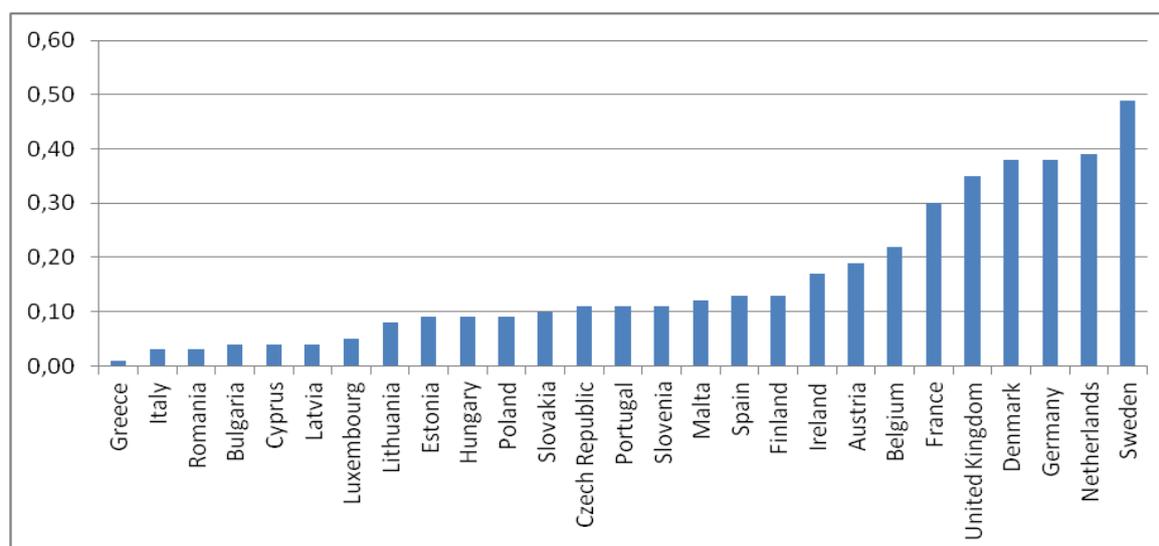
4.2 Services provided by the Employment Offices to the unemployed

According to the Employment Promotion Act, Article 26, the PES should offer the following services to the unemployed:

- (i) Provide information and consultation to job seekers and employers;
- (ii) Psychological counselling of job seekers;
- (iii) Referral to appropriate employment programmes and measures;
- (iv) Referral to vocational or motivational training; and
- (v) Guidance and support for starting work, including working abroad.

Bulgaria is among those countries that spent the lowest share of GDP on the provision of activation services (and administration), at least until 2010. Countries focusing on activation strategy spend much larger shares of GDP on services, although unemployment rates are lower. The UK, which does not spend much on active labour market measures and programmes, spends a comparable share of GDP on services as the Netherlands, Germany, Denmark and France (between 0.3 and 0.4% of GDP) (see Figure 3.12).

Figure 4.8 Expenditures on labour market services (including administration) as a share of GDP in %, 2010, EU countries



Source: Eurostat, LMP data basis; for the UK data refer to 2009

Only about 16 percent of surveyed unemployed who used the services of the Employment Office in 2007 found jobs through the direct assistance of the Labour Office, according to an impact evaluation carried out by Kotzeva and Zvetkov in 2010. About 8.9 percent started work under employment programmes and measures. By the time the interviews were carried out, nearly two-thirds of those who started work (not necessarily through referrals made by the Employment Office) still had the same job, 11 percent changed their jobs, while 13.5 percent were jobless again.

People with higher employment barriers (such as older persons and people with a low educational background) tend to benefit most from these services offered by the Employment Offices. The evaluation study showed that the net employment effect for those who received information and guidance to job vacancies (in a limited definition) as compared to the control group were highest among persons with primary or lower education (+39 percent)

as well for persons aged 51 and more. Net employment effects were higher for women than for men. Using an extended definition, net effects were lower for all groups. Overall, the evaluation concludes that mediation services provided for vulnerable groups were more effective than for people who were ready to place, although gross employment effects for vulnerable groups were lower indicating their weaker labour market position. According to the survey results the "...most important positive changes to people who benefited from mediation services in comparison with those from the control group occurred in terms of social contacts, knowledge and skills and self-confidence." (Kotzeva, Tzvetkov 2010).

The survey revealed that the most vulnerable group could have been serviced more intensely. Table 3.5 shows that most of the long-term unemployed were not consulted by a psychologist (see also Chapter 2). About 70 percent stated that they were not advised to take part in training or re-training courses and an even higher share did not receive advice on changing occupation or career development. Nearly three-quarters of the long-term unemployed stated that they were never offered a job. The survey results also indicate that most long-term unemployed show no interest in motivational training, and 43 percent showed no interest in getting information on job vacancies. Nevertheless, only a third could be regarded as inactive (never searched for a job or looked for a job only once a year). The evaluators rightly recommended improving psychological support as part of the service package aimed at motivation and consulting.

Table 4.1 Use of mediation services by permanently unemployed

Use of mediation services by permanently unemployed

Use of mediation services	Answers	Percentage of respondents
Were you given any advice on changing your occupation or on career development?	1 Yes, individual	4,8%
	2 Yes, in a group	4,6%
	3 Yes, but I did not show interest	10,9%
	4 No	79,6%
Were you included in motivational training?	1 Yes, individual	,2%
	2 Yes, in a group	4,8%
	3 Yes, but I did not show interest	94,9%
	4 No	,0%
Were there any consultations/meeting with a psychologist?	1 Yes, I participated	2,5%
	2 Yes, but I did not participate	1,7%
	3 No	95,8%
Were you provided any information on joining a qualification/re-qualification course?	1 Yes, and I was included	6,7%
	2 Yes, but was not included	8,4%
	3 Yes, but I did not show interest	14,5%
	4 No	70,3%
Were you provided with any information on job vacancies?	1 Yes, and it was useful	12,4%
	2 Yes, but I did not show interest	43,4%
	3 No	44,2%
Were you offered any jobs upon your registration with the Labour Office?	1 Yes, and I made use of it	3,6%
	2 Yes, but I did not show interest	24,0%
	3 No	72,4%
How often did you apply for a job during your registration with the Labour Office?	1 Once a week	7,6%
	2 1 – 3 times monthly	22,9%
	3 Once every several months	36,6%
	4 Once a year or even less often	4,6%
	5 I have not applied for a job	28,2%

Source: Kotzeva and Zvetkov in 2010

4.2.1 Roma mediators

Some labour offices employ Roma mediators, who are hired under the National Programme “Activate Inactive Persons”, as already discussed in Chapter 2. In order to be effective, mediators should be well trained (European Commission 2012, Country Specific Recommendations). Experience from Germany and other countries confirm that if counsellors belong to the same group (e.g. ethnic minority) as the unemployed, the services can be delivered in a more effective way, as a trustful relationship may be crucial.

4.2.2 Individualised approach and case management

The “one-stop-shop” concept is implemented in Bulgaria, as discussed in Chapter 2. However, this did not involve integrating services between social assistance offices and labour offices. The implementation of this concept apparently implies the dissolving of staff specialisations, as each staff member should be able to treat all issues. The advantage is that each case could be taken over by an available staff member. Thus, the way the one-stop shop model is implemented in Bulgaria, case management was not possible.

This approach is probably not effective with regard to activating and following-up with vulnerable groups, even though it might increase efficiency in work organisation. In order to build trust, it is useful to further develop a case management system allowing to follow up a jobseeker with multiple employment barriers with one employment office counsellor, which links the jobseeker to other services (psychological, educational, medical, social, etc.), if needed. This implies a cooperation with social assistance offices that goes far beyond file-sharing (Duell et al. 2010). International evidence indicates that case workers tend to be more pro-active (Konle-Seidl 2012).

Research from other European countries confirms that for long-term unemployed with multiple employment barriers integrated approaches are necessary (Lechner and Wetzel 2012). Case management is most useful in this respect and further activities such as outreach activities are advisable.

4.3 Profiling and individual action plans

According to regulations, the first interview between the claimant and the labour office is supposed to last 15 minutes. According to the field visits of the World Bank team, interviews take longer if the person is illiterate. Thus, staff dedicate more time to hard-to-serve clients in the first interview, but not because more counselling is provided. In order to fulfil an average of minutes, this implies that the time spent on other interviews needs to be distinctively below 15 minutes. The time span of 15 minutes, as stipulated in the regulation, is not enough for disadvantaged groups, even if they are literate. In the light of rising unemployment and understaffing, there is an objective to reduce time spent on the first interview to five minutes.

The phasing of the unemployed is performed during the first registration of unemployed based on a short questionnaire about their stated purposes and job search activity, as well as on the adequate opportunities they could be offered. However, the phases could be changed later during the follow-up meetings.

Job-seekers are grouped into four different phases. The four phases (groups) defined as of February 2013 are:

- First Phase: highly qualified, high length of service, active jobseekers who are expected to be unemployed for three to six months.

- Second Phase: jobseekers who are ready for the labour market and who are eligible to participate in an active labour market measure under the Employment Promotion Law. They can probably be placed within six to nine months.
- Third Phase: Jobseekers who are more difficult to place and who are eligible for national and European programmes. Again, they are expected to be placed within a six-nine month period
- Fourth Phase: Inactive jobseekers, with low chances at the primary labour market declaring themselves as being unwilling to work who register themselves in order to use other types of conditional benefits including monthly social assistance, unemployment benefits, etc. (MLSP, 2010)

Evidence from other European and OECD countries suggest statistical profiling could be effective in phasing the unemployed and targeting services to their needs. A good statistical profiling model not only contains hard factors such as length of unemployment, prior work experience and formal qualifications, but also “soft” factors such as motivational aspects, health and social networks, as well as the regional labour market conditions. Furthermore, it is crucial for the quality of the model that longitudinal administrative data are available (Konle-Seidl, 2011). Profiling is usually used in a wide range of countries to identify early who is in need of intensified help and “expert” services, while ready-to-work jobseekers are getting much less assistance, so that the scarce resources can be used in a most efficient way. An alternative way to allocate individuals to services and interventions consists of tracking the outcomes of the services and to match them with the jobseekers characteristics in order to figure out which services are likely to be the most efficient for jobseekers with specific characteristics. Several countries have developed such targeting systems e.g. Canada, Germany, some of the US states and to some measure Denmark (Konle-Seidl, 2011).

Box 3.2 Examples of profiling systems in other countries

Countries that have developed sophisticated profiling tools include Australia and Germany. In Germany, the Four-Phases Model (4PM) includes a software-guided assessment on clients’ potentials underpinned by databases on personnel and social skills, although the German PES currently applies six jobseeker categories, with a differentiation of long-term unemployed into three groups (Konle-Seidl 2011). In Australia, a rather differentiated classification by target groups is made in relation to the degree of disadvantage (OECD 2012). It needs to be added, that across Europe statistical profiling is usually not the only tool for profiling jobseekers, but to a varying extent also structured interviews and checklists are used by the caseworker.

International evidence (e.g. France and Germany) shows that profiling is used to determine the nature, timing and level of intervention. In Germany, a specific software tool (VerBIS) is used to help case workers structure time and remind them of the steps they need to take and thus, helps to standardise, monitor and implicitly steer service delivery (Konle-Seidl, 2011).

The drawing-up of Individual Action Plans (IAP) intends to speed-up the activation process and to better focus measures. Individual Action Plans (IAP) are generally written documents signed by the PES and the jobseeker which, based on evaluation of personal circumstances, abilities and the professional skills of the individual, determine the type and scope of assistance required by PES and actions to be taken. In some countries IAPs are drawn-up for all unemployed after a defined length of unemployment, while others use this instrument only for specific target groups such as youth and older workers (Duell and Vogler-Ludwig, 2011, Tubb 2012). In some countries intensive interviews to draw-up and follow-up IAPs are more frequent for youth (e.g. in Belgium, Finland, OECD 2007). In general terms, there is a tendency to shorten the length of the unemployment spell by implementing IAPs (Duell 2012).

In Bulgaria IAP is a plan elaborated by the Labour Office counsellor and the jobseeker to define planned activities, but in practice the time limitation of counsellors has consequences on the type of joint actions defined. In Bulgaria, the unemployed needs to provide only verbal information about job seeking activities outside the employment agency such as internet, job announcements, etc. More evidence is asked for in case of a referral of the Labour Office to a job (Venn 2012).

The frequency of consultations with the employment officer and the job-search interviews is determined by the phase of unemployment. According to field visit evidence, “active unemployed” (phase 1 and 2) have to meet their labour mediator every month, long-term unemployed in Phase 3 are met by the labour mediator every two months, or more often if the person can be referred to a job or an ALMP. Inactive unemployed in revoked Phase 4 were required to meet their labour mediator only once every 3 months.

Introducing e-services for confirming registration is being planned to speed up job-search monitoring. Although this would increase efficiency of labour organisation, the use of an e-service by hard-to-place groups would mean giving-up opportunities for needed individual guidance and follow-up. Therefore, given the low number of staff, it would be useful to insist on individual interviews and job-search monitoring for vulnerable groups, while groups who are ready for the labour market could make more use of e-services. Box 3.3 describes how in countries implementing explicit activation strategies for disadvantaged groups, job search is monitored more closely and interviews are more frequent.

Box 3.3 Frequency of interviews in selected OECD countries

In Australia, unemployed are required to report online, by phone, in writing, or in person every fortnight. Each job seeker is required to complete a minimum number of job contacts each fortnight. The number of interviews is assessed on an individual basis, taking individual factors, as well as general factors into account. The benchmark is generally set between six and ten jobs per fortnight in metropolitan areas and four-six for non-metropolitan areas. In the Australian case, unemployed usually claim means-tested unemployment assistance. Implementing such a tight rule would probably not be relevant in Bulgaria given the markedly higher unemployment rates in Bulgaria as compared to Australia.

In the case of France, the unemployed are required to meet with an employment counsellor once a month starting from the fourth month of unemployment. More frequent interviews can be proposed for hard-to-place jobseekers, such as young people without qualifications, workers dismissed for economic reasons or long-term unemployed.

In Germany, an integration agreement is signed between the unemployed and the employment office specifying requirements for placement efforts of the employment office, the jobseekers own efforts and make clear the specific activation strategy. This agreement is binding for both sides.

The UK has been known for its intensive job-search monitoring and follow-up. In 2011, unemployed had to participate in Fortnightly Research Reviews. This is an eligibility-test for benefits. At the initial interview, jobseekers and employment officers have to establish job goals and agree on steps to take. The follow-up interviews allow discussing these goals and achievements of the steps taken with the unemployed.

Source: Venn 2012

The success of activation strongly depends on timing. Early intervention has been identified as an important factor, and many Member States have therefore shortened the periods in which

an IAP has to be drawn-up. An intensive follow-up with frequent individual interviews, as well as a follow-up with disadvantaged young people and other disadvantaged groups once they receive a job increase the effectiveness of the activation strategy (Düll, Vogler-Ludwig 2011).

4.3.1 Job-search requirement

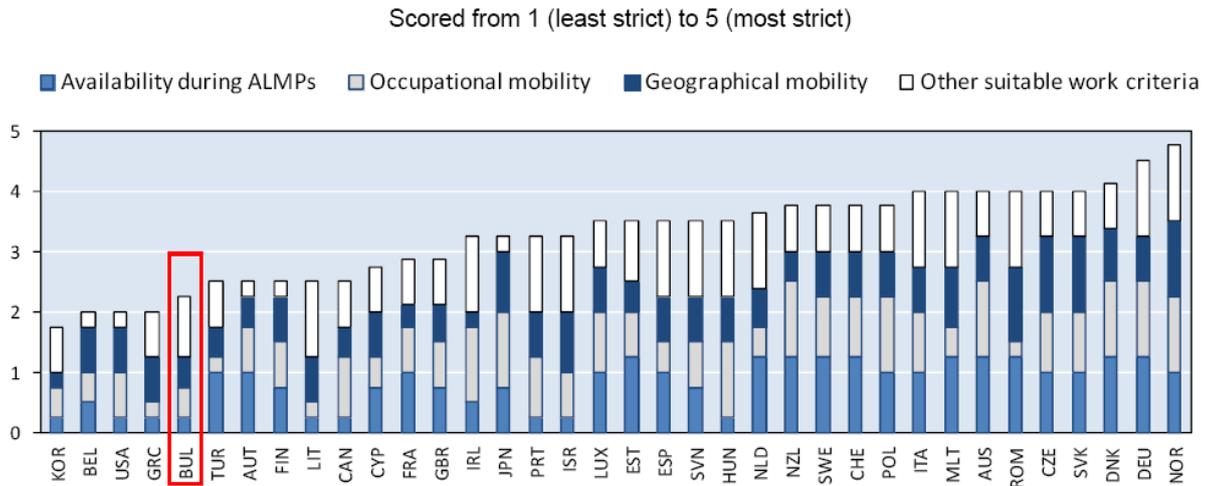
The strictness of job search requirements may help to prevent long-term unemployment, as it obliges jobseekers to accept jobs they would otherwise refuse in some cases. The relevance of the strictness of job search requirements increases with the level of social assistance or means-tested unemployment assistance benefit, the narrowing of the gap between social benefits and minimum wages and the general labour market conditions.

Bulgaria belongs to the group of countries with the less strict job-search requirements. The OECD has compared the strictness of job-search and availability requirements, which is not an easy task as different regulations need to be translated into discrete scores. This might be linked to the relatively low generosity of unemployment and social assistance benefits. In contrast, countries with more generous systems and a well-developed activation strategy, such as Northern European countries and Germany, have much stricter requirements with regard to availability for a job during participation in active labour market programmes, as well as with regard to occupational mobility and to geographical mobility (see Figure 3.13 below).

Bulgaria is comparatively strict with regard to sanctions for refusing a job or participation in an active labour market programme or measure (see Figure 3.14). While a job vacancy is only considered suitable if it matches the education and training of the unemployed person, after 18 months of unemployment, this is no longer a valid reason for refusing a job offer (according to responses of the Bulgarian authorities to an OECD questionnaire, Venn 2012). However, there are no sanctions for the unemployed if they are not ready to make serious changes in their career.

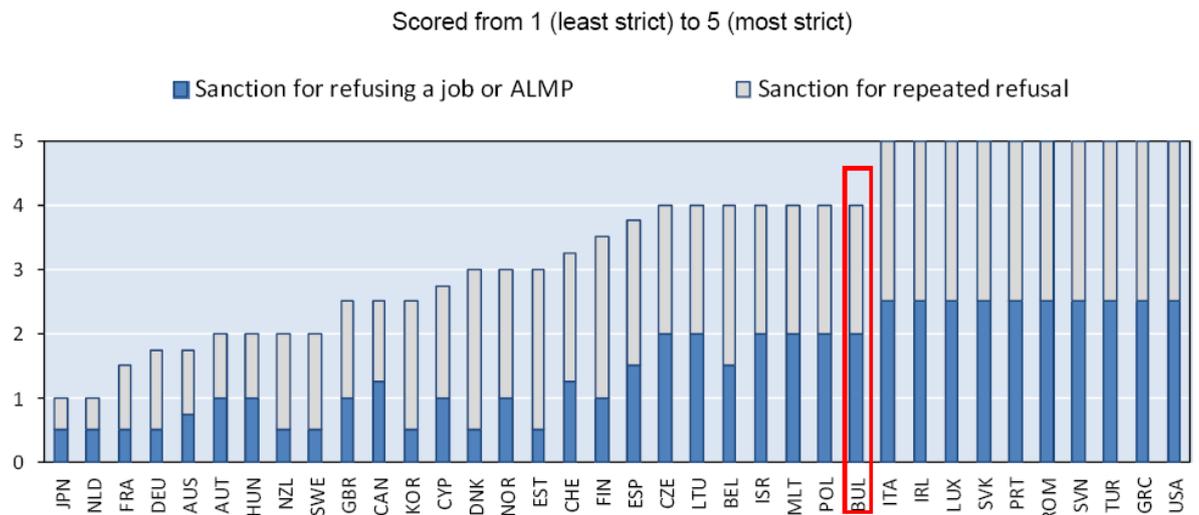
With regard to regional mobility, suitable jobs must be in the same location or within 30km of their residence, as long as there is adequate public transport. There are financial incentives for unemployed persons who accept a job outside this range (Venn 2012) however, the number of participants is low. Regional mobility is low in Bulgaria. The housing market constitutes a strong restraint to mobility within the country and the public transportation system might be another reason for low mobility. However, mobility across borders is high, as high wage differentials are setting strong incentives for international labour migration.

Figure 4.9 Strictness of job-search and availability requirements for unemployment benefits in OECD countries



Source: Venn 2012

Figure 4.10 Strictness of sanctions in the unemployment benefit scheme, OECD countries



Source: Venn 2012

4.3.2 Incentives for rapid job search of social assistance beneficiaries

The Employment Promotion Act (Art. 42 a) foresees a bonus payment if vulnerable unemployed find a job quickly. Vulnerable groups are mainly social assistance recipients and permanently disabled. The implementation of this measure has been very low: in 2008 there were 121 participants, and the years thereafter there were nearly no participants at all.

Incentives for rapid labour market integration are important in order to reduce inflow into long-term unemployment. However, in times of crisis the effectiveness of the measure is probably low, as vulnerable groups are exposed to fiercer competition at the labour market and have less chances of getting a job. Its effectiveness is higher if it can be assumed that vulnerable groups have low motivation for searching for a job. This type of scheme can be important when the economy recovers (Immervoll 2012).

Art. 43 of the same Law sets incentives for creating part-time jobs and for rapid placement of jobseekers (below an unemployment spell of 12 months). Take-up of this measure has initially been higher with 33,224 participants in 2008 and 23,241 participants in 2010, but was not implemented at all in 2011 and 2012.

The implementation of this measure in times of crisis would help to reduce the number of unemployed, not by creating jobs, but by sharing job opportunities. The part-time share is particularly low in Bulgaria, amounting to only 2.4 percent as compared with 20 percent on EU27 average (2012, Eurostat LFS). However, with a view of avoiding poverty, part-time jobs might not be the first choice, given the low level of wages. As has already been argued above, an in-work benefit system would be appropriate to achieve both poverty reduction and activation.

4.4 Activation of specific disadvantaged groups

The activation process in Bulgaria does not focus on more intensive guidance and follow-up of disadvantaged groups. In contrast, it seems that GMI recipients and other vulnerable groups (who are often not entitled to any benefit) are left behind in terms of activation, although, as will be shown in the next section, one of the most important labour market measures targets GMI recipients and long-term unemployed.

Staff have no incentive to be more pro-active and to focus on integration of the difficult-to-place, as already argued in Chapter 2. A benchmarking system between employment offices could take integration results of phase 3 and revoked phase 4 unemployed in the local labour market context explicitly into account.

4.4.1 Roma

Roma are among one of the most vulnerable groups in Bulgaria, and among the hardest to place in the job market. According to the impact evaluation carried out by Kotzeva and Tzvetkov in 2010 on the basis of unemployed registered in 2007, the following gross employment effects for Roma were found: only 26 percent found a job and more than two-thirds still had this job at the time of the survey in 2010. For comparison, gross employment rates of Bulgarian ethnic groups amounted to two-thirds (and 86 percent who found a job still had the same job at the time of the interview in 2010). Gross employment effects also differed significantly by educational level: amounting to 38 percent for persons with primary or lower education, and approximately 70 percent for people with higher education or with secondary education.

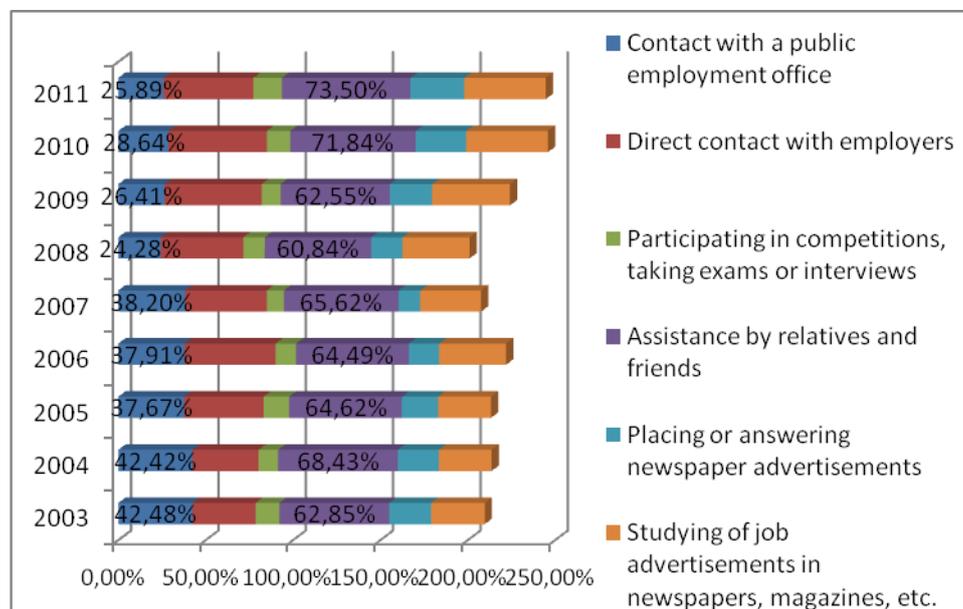
4.4.2 Young people

The impact of public employment services showed the highest positive employment effects on young people (below 29 years of age) and for women in 2010. The use of placement services of labour offices increased the chances for registered unemployed youth to find a job by 13.7 percent. Compared to other groups, the provision of information and job opportunities has been the most useful for young people, while advice on vocational training was less important. The evaluation indicates that young people also appreciate e-services and access to the EURES network (Kotzeva, Tzvetkov 2010).

Nevertheless, it seems that young people increasingly use other channels for job search or are inactive. LFS data illustrate that the majority of young people who are unemployed rely on relatives and friends to find a job. A large portion of the unemployed looks for jobs through direct contact with employers and through job advertisements in newspapers and magazines. Just one out of four unemployed youths uses labour offices, almost half the amount compared to

early 2003 (Figure 3.15). Yet, one-third of youths who are unemployed are registered in the labour offices, meaning that only 43 percent of those registered rely on labour office help (Dimitrov 2012).

Figure 4.11 Rate of youth unemployment by methods of job search



Source: LFS and author's calculations

Public employment services could reach young inactive people much better. The level of inactive NEETs among young people is most worrying. Experiences from other countries indicate that the effectiveness of integration strategies for low-skilled youth is increased by the implementation of individualised and person-centred approaches, departing not only from an encompassing overview of the range of individual problems and labour market barriers, but also from the identification of individual strengths.

Case management, the drawing-up of individual action plans and mentorship are widely recognised as good practices in this context. A number of countries have increased early and intensive activation of disadvantaged youth in order to increase the effectiveness of activation. A close monitoring during participation in labour market programmes and later follow-up once youth find employment are likely to improve the sustainability of employment outcomes (Duell 2012). Furthermore, youth integration programmes of the PES need to be well targeted, as otherwise, there is the risk of 'creaming' - meaning that weaker beneficiaries are displaced by stronger ones (Düll, Vogler-Ludwig 2012).

Partnerships with specialised private and public service providers can be useful in order to better serve people with individual social or psychological problems, if specialised staff is not available at the PES. For example, in the UK, long-term individuals or those at risk of becoming long-term unemployed, such as the disabled, drug users and ex-offenders, are referred to private or voluntary organisations (Tubb 2012). The difficulty with outsourcing services for very disadvantaged groups is the definition of the desired result and the basis of remuneration for the services provided. Furthermore, organisational capacity to serve (highly) disadvantaged groups must be well established in the country.

4.4.3 Unemployed with disabilities

The existing ex-post evaluations (WYG, 2006 and Court of Auditors 2011) confirm that ALMP measures for disabled people show positive results, although these measures are less effective than measures addressed to target groups with less severe employment barriers. Employers prefer to employ people with lower levels of disabilities requiring no work place adaptation. People with disabilities are likely to quit their job because of employer's decisions with higher probability than other disadvantaged groups. There are objective obstacles for people with disabilities to integrate into the labour market such as health problems, low education and qualification, employers' disinformation, lower productivity, etc.

There are many positive results of activation measures for people with disabilities. About 69 percent of disabled participants think that participation in the programmes has helped a lot in general and to some extent to find a suitable job (WYG, 2006). Programmes for people with disabilities enjoy significant demand (Court of Auditors, 2011).

However, there are three important issues to be considered when planning an activation approach for disabled people. The first is redefining the ultimate goals of the activation process. Striving only to obtain a permanent job might be inappropriate for this target group. The disabled programme participants and even the employers might be satisfied with temporary or part-time employment after the programme ends or with trainings, social services or socialisation. The latter will influence the process of impact evaluations as well and might lead to better results. The second crucial point is that programmes for people with disabilities might be appropriate to be taken over by agencies better equipped to deal with this group. It is not enough to state that people with disabilities are a priority group. As for other disadvantaged groups, the resources make the difference. And the third major concern is that almost 63 percent of people aged 15 to 64 years with at least one permanent difficulty in their daily activities are inactive (NSI, LFS, 2011). Thus, focusing ALMP efforts toward inactive disabled in addition to unemployed disabled would be useful.

4.4.4 Older unemployed

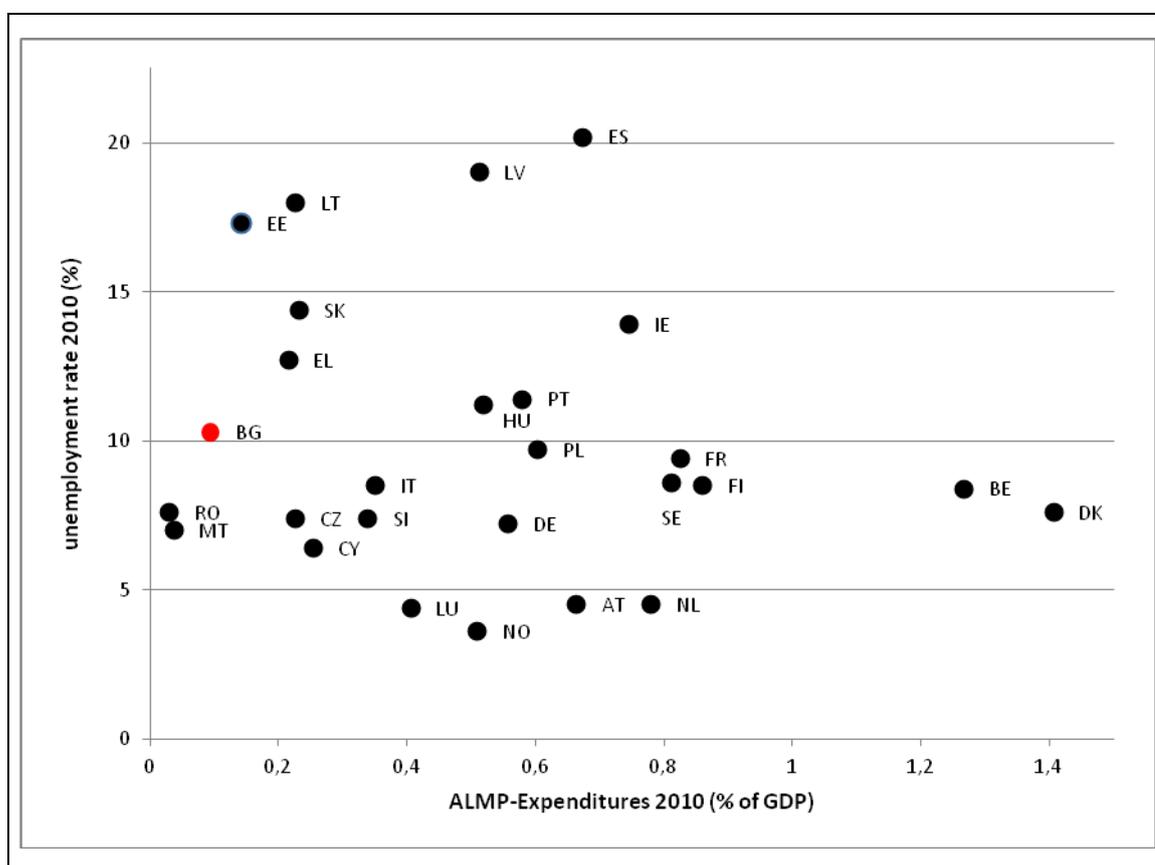
Little attention is paid to raising the employability of older workers (although they are a target group of almost all programmes, see Chapter 5). In the long-term, and in a more favourable labour market environment, it will be crucial to better use competencies of older jobseekers, as the Bulgarian labour force is ageing rapidly and will be declining. Evaluating competencies of older jobseekers are among interesting practices implemented in some countries. In Germany, local joint social assistance and PES services are cooperating in order to improve employability and placement of older jobseekers on means-tested unemployment assistance.

5. Active Labour Market Programmes

5.1 Budget spent on Active Labour Market Programmes (ALMP)

The budget for ALMPs has been increasing steadily over the last few years, and mainly as a result of ESF funding. In 2010, when the national budget was greatly cut, funding for ALMPs amounted to about 50 million euro; in 2011 it increased to 65 million euro and in 2012 to approximately 126 million euro. The large rise in spending between 2011 and 2012 is linked to the increased use of ESF funds (Chapter 2). Prior to the more intense use of ESF funding, spending on active labour market measures and programmes as a share of GDP in Bulgaria was particularly low as compared with other European countries (Figure 5.1). Even if most recent increase in budget is taken into account, the share of spending on ALMPs in GDP remains comparatively low (approximately 0.3 percent of GDP, comparable to many other New Member States of the EU).

Figure 5.1 Unemployment rate and expenditures on ALMP (cat. 2-7) as a share of GDP, 2010, in %



Source: Eurostat, LMP data base and LFS.

5.2 Focus of ALMP spending by type of programme

The palette of programmes and measures available through Bulgarian ALMPs is rather encompassing and theoretically well designed, however, many of the existing instruments are not implemented nor only have a few participants. Many of these instruments are not new.

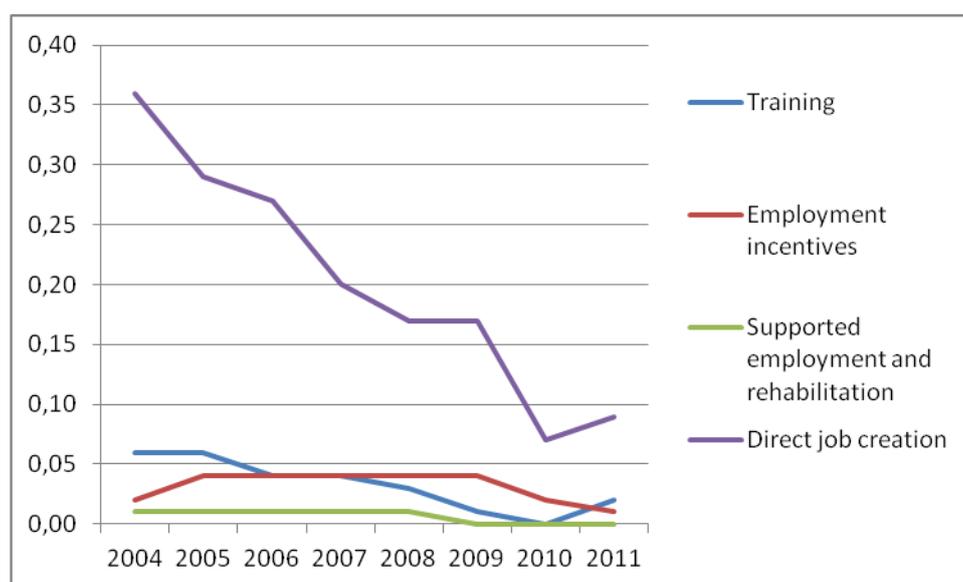
In contrast to all other European countries, the bulk of ALMPs funded by the national budget goes to direct job creation schemes, at least until 2011. In 2012, training measures funded by ESF-OPHRD increased. It is difficult to state whether this can be regarded as a sustainable restructuring of ALMPs.

The main job creation scheme is the national programme, “From Social Assistance to Employment”. The share of direct job creation in total ALMP expenditure was 70 percent in 2011 (Eurostat, LFS). It decreased in the context of cutting ALMPs in the national budget. Only Hungary and Latvia spent more than 40 percent of their ALMP budget on a job creation programme (although this was lower than in Bulgaria), all other countries spent even less than 40 percent of their ALMP budget for this type of programme.

In contrast, training measures have not been a focus of Bulgarian ALMPs until 2012, expenditures for training accounted for only 15 percent of the ALMP budget in 2011. Spending on training measures as a share of GDP constantly declined between 2004 and 2010 and rose between 2010 and 2012. Countries spending more than 40 percent of their ALMP budget on training programmes in 2010 include (in descending order): Austria, Portugal, Finland, Malta, Ireland, Germany, Italy, Latvia, France, Norway and Estonia.

The share of employment incentives, such as wage subsidies, is also comparatively low and declined between 2009 and 2011. In contrast, 40 percent or more of ALMP budgets were spent on employment incentives in the following countries (in descending order, 2010): Cyprus, Luxembourg, Romania, Sweden, Greece, Belgium, Estonia and Slovakia. As can be seen from Figure 5.2, expenditures, measured as a percentage of GDP, supporting employment and rehabilitation measures were very low. As shown in Table A2 and A3 in the Annex this is reflected in a very low number of participants.

Figure 4.2 Expenditures of selected ALMP (excluding OPHRD), % GDP, 2004-2011



Source: Eurostat, LMP data base

Given the low volume of ALMP spending, the high number of implemented programmes is surprising. In some, only a very low number of persons participate, as can be seen from Table A2 Annex and Table A3. Sometimes there are only single cases. This seems rather inefficient because the programmes need to be administered and the staff requires knowledge about each of these very small programmes.

It is astonishing that measures to promote self-employment do not figure among the main ALMPs in Bulgaria. According to the Eurostat LMP database in 2011 about 150,000 euro were spent by the PES on start-up incentives compared to 35.6 million euro for direct job creation measures. Access to capital is among the employment barriers. Across European countries, Public employment services encourage unemployed to become self-employed by providing start-up incentives measures. In the vast majority of countries this represented a rather small measure. They can take the form of subsidised credit for business start-ups, unemployment benefits can be capitalised, consist in an establishment allowance or subsidies, in a co-financing of social security contributions during an initial period (Duell 2011). Self-employment is an employment option for people with different skills levels, working in various sectors and is therefore linked to highly diverse realities as to the quality of these jobs. From a world-wide perspective, “factor-driven economies” tend to have higher self-employment rates than “efficiency-driven” or “innovation-driven” economies.¹²

5.2.1 Training measures

There are different types of training courses, which vary in scope and target group: e.g. training in relation with skills needed in a subsidised employment, support of apprenticeship training, literacy training, further training and up-skilling. As a main change in the area of training, a voucher system for training was introduced by using OPHRD funds.

The content of (vocational) training provided depends on the offer made by the private training institutions. For disadvantaged groups, adaptation of the offer to the individual and skills background of the unemployed would likely be necessary.

Generally, combining training and work experience is useful. In the context of combined employment incentive and training, the training relates to occupations in sectors that use the employment incentives. However, this can be problematic when a regional concentration on sectors are in decline, e.g. in the construction sector, as the sustainability of training is endangered.

Training should preferably occur in growing sectors and occupations. Thus, it is right to ask employers for their needs. However, they might declare a need for subsidised employment and not point to skills shortages. It would therefore be useful to carry out a thorough analysis and some basic forecasting for regional labour markets. It would also be advisable to monitor closely the profile of participants and the type of training provided.

¹² The Global Enterprise Monitor (GEM) classifies the surveyed countries according to the World's Economic Forum classification in “factor-driven”, “efficiency-driven” and “innovation-driven” economies (Kelly et al. 2010). Factor-driven economies are dominated by agricultural and extraction business, efficiency-driven economies are marked by industrialisation and increased reliance on economies of scale. In innovative-driven economies businesses are more knowledge-intensive and the service sector expands. Among the EU-countries participating in the GEM, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Netherlands, Norway, Portugal, Slovenia, Spain and Sweden are classified as “innovation-driven economies”. Among the EU-countries participating in the GEM, Hungary, Latvia and Romania belong to the group of “efficiency-driven economies”.

5.2.2 Employment incentives

Under some programmes, employers who receive wage subsidies must employ the participants for a defined period of time after termination of the programme. This is important in order to avoid substitution and displacement effects and thus, to avoid a company behaviour of employing only subsidised workforce without providing the opportunity to employ the programme participant. This perverse behaviour would contradict the objective of wage (cost) subsidies that is to compensate for a temporary disadvantage in productivity of the unemployed. Therefore, this measure is suited for integrating the unemployed with (temporary) employment barriers. It is important to not allow for a concentration of this measure in specific sectors. Employment incentives may also be useful to overcome a cyclical lack of demand.

5.2.3 Job creation programmes

This type of measure refers to activities with a social utility and is usually implemented in the context of great structural weaknesses in the regional labour market (e.g. in Germany, after the transition) or to integrate disadvantaged groups who have few chances to find employment in the regular labour market. There are two different ways to implement direct job creation programmes: either as in-work benefits or based on labour contracts.

In Bulgaria, participants get an employment contract and are remunerated at the level of the minimum wage (see below “From Social Assistance to Employment programme”). This positively affects motivation and self-esteem, and thus employability is higher and is more likely to help people out of poverty.

5.3 Organisation and funding of ALMPs

The following distinction between the different programmes needs to be made:

- (i) Measures and programmes according to the Employment Promotion Act,
- (ii) National programmes financed by the national budget, and
- (iii) Measures financed through the OPRHD of ESF.

5.3.1 Employment encouraging measures according to the Employment Promotion Law

According to the employment promotion law, about 25 labour market measures exist, although not all were implemented in 2012, and even among those that were implemented, the number of participants was very low in most of the programmes (see Annex table A2 for details). The law foresees the following measures by mainly making use of wage (cost) subsidy and other monetary employment incentives as well as training measures:

- (i) For unemployed young people aged up to 29 years (Article 36, Para 1)
- (ii) For young people with lasting damages or war invalids, as well as from social institutions (Art. 36, Para 2)
- (iii) For acquiring professional qualification and/or probation for unemployed aged up to 29 years (Art. 41)
- (iv) Territorial mobility of unemployed persons (Art. 42)
- (v) For unemployed persons subject of monthly social assistance that have started work without the intermediation of the EA (Art. 42a). There were between 100

and 400 participants in 2007 and 2008, only single cases in 2011 and no participants in 2012.

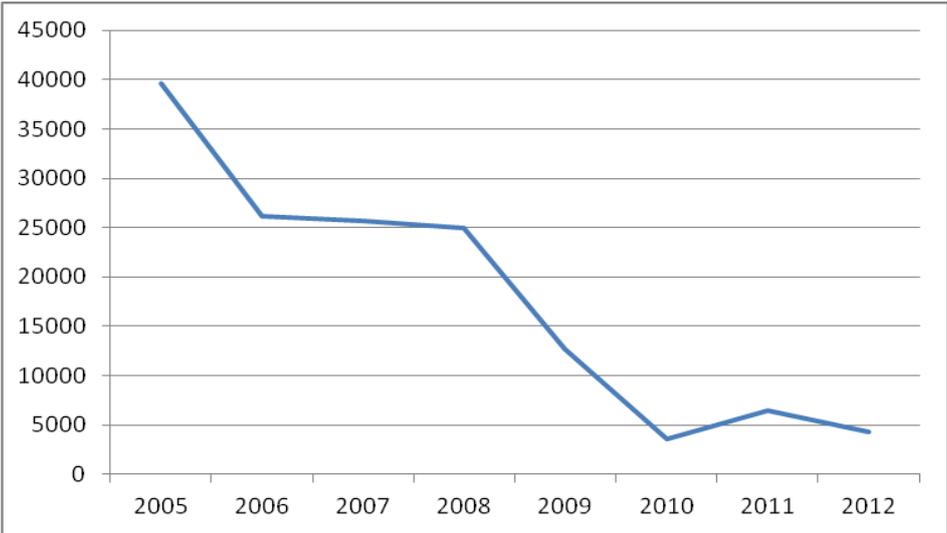
- (vi) For unemployed with compensation up to 5 months (Art. 43). There were no participants in this measure in 2012.
- (vii) For maintaining and upgrading qualification of employed workers and employees (Art. 44). There were no participants in this measure in 2012
- (viii) For substitution during training (Art. 45)
- (ix) Encouraging employers to open jobs for probation (Art. 46 of the LEE)
- (x) For start-up of independent business (Art. 47, 48, 49b)
- (xi) For start-up of independent business as a micro-enterprise (Art. 49)
- (xii) For start-up of agricultural activity (Art. 49a). There were no participants in this measure in 2012.
- (xiii) For the first five opened job opportunities by employers-micro-enterprises (Art. 50)
- (xiv) For part-time work (Art. 51)
- (xv) For persons with lasting damages, incl. war invalids (Art. 52, Para 1)
- (xvi) For persons with lasting damages employed for temporary, seasonal or by the hour work (Art. 52, Para 2). There were no participants in this measure in 2012.
- (xvii) For single parents and/or mothers with children aged up to 3 years (Art. 53)
- (xviii) For adoptive mothers with children from 3 to 5 years old (Art. 53a)
- (xix) For persons that have serviced "Imprisonment" (Art. 55)
- (xx) For unemployed aged 50+ (Art. 55a)
- (xxi) Encouraging employers to employ persons aged from 50 to 64 that have acquired right of professional pension for early retirement (Art. 55b)
- (xxii) For Long term unemployed (art. 55c)
- (xxiii) For persons employed for apprenticeship (Art. 55d)
- (xxiv) Encouraging employers to open "green jobs" (Art. 55e of LEE)
- (xxv) Encouraging employers to provide daily transport of employed workers and employees (Art. 57a of the LEE). There were no participants in this measure in 2012.

In 2012, about 4,400 persons participated in these measures. There was a steep decrease in the number of participants between 2005 and 2012 (Figure 4.3). The measure, "for unemployed young people aged up to 29 years (Art. 36, Para 1)," was the largest with 1,500 participants. All other measures had less than 500 participants, sometimes only one participant.

The number of participants of the measure "for unemployed young people aged up to 29 years (Art. 36, Para 1)" was nearly three times higher in 2005. Other larger measures implemented in 2005 were measures "for acquiring professional qualification by probation and/or apprenticeship (Art. 46)" with 11,700 participants; "for acquiring professional qualification and/or probation for unemployed aged up to 29 years (Art. 41)" with 8,100 participants; "for maintaining and upgrading qualification of employed workers and employees (Art. 44)" with 1,400 participants; "for part-time work (Art. 51)" with 3,300 participants; "for persons with lasting reduced work capacity (Art. 52, Para 1)" with 1,300 participants; "for

persons with lasting reduced work capacity employed for temporary, seasonal or by the hour work (Art. 52, Para 2)” with 1,100 participants; “for unemployed women aged 50+ and men aged 55+ (Art. 55a)” with 1,900 participants; and “for long-term unemployed (Art. 37)” with 1,100 participants. It seems that some of the training measures, such as measures for persons with disabilities and measures for older workers were substituted by programmes and measures financed through OPHRD (see below). Although it is in principle right to absorb ESF funding, it is problematic when ESF funding is used to substitute national measures and programmes.

Figure 5.3 Number of participants in employment encouraging measures per year

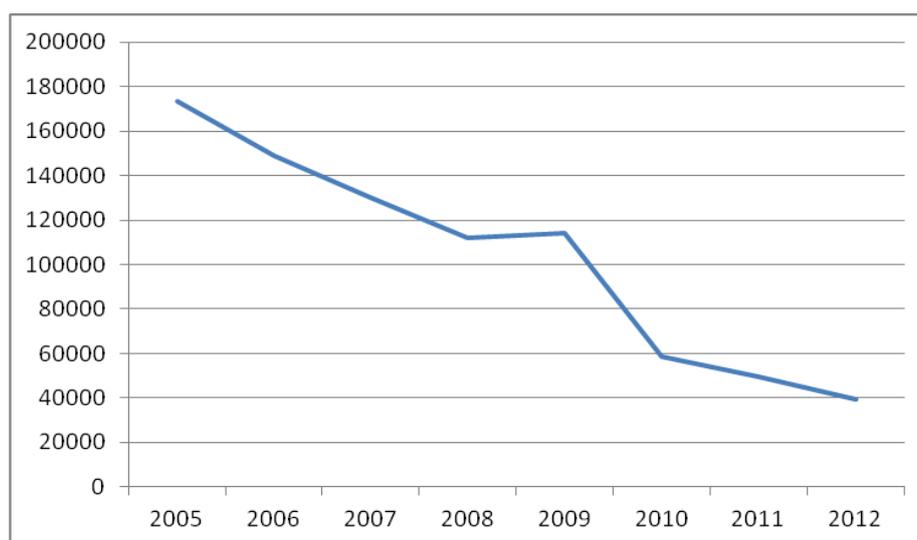


Source: data provided by the Labour Agency
 Data refer to measures according to Art. 34, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 55, 57
 Employment Promotion Law

5.3.2 National programmes and measures

Since 2005, the number of participants in national programmes and measures has decreased significantly, with a particularly steep fall between 2009 and 2010 (Figure 5.4). In 2012, nearly 40,000 people participated in national programmes and measures to promote employment. On average, there were 20,600 participants monthly, with an average duration of approximately six months (see Annex Table A3). However, participation in most programmes is foreseen for a much longer period (see Annex Table A4).

Figure 4.4 Number of participants in national programmes and measures



Source: data provided by the Bulgarian Labour Agency

Slightly more than half of participants were involved in the National Programme “From Social Assistance to Employment” (for details see below). Another programme that would target GMI recipients or highly disadvantaged groups is the National programme “Activating inactive people on the labour market”, but this programme is not really implemented, as only 30 people participated in 2012.

The second largest programme is the national programme “Personal assistance to disabled people” with 4,300 participants annually. However, it is not likely that many GMI recipients participate in this programme. About ten percent of participants were long-term unemployed. Nearly a quarter was 50 years old and older. In the light of an aging society and poor labour market prospects of older workers, this programme seems to be relevant

5.3.3 ESF-funded ALMPS: the Operational Programme Human Resource Development Programme (OPHRD)

Active labour market programmes financed by ESF through the OPHRD have gained importance in 2011 and 2012. This can be understood as a response to the steep decline in budget and number of participants in the nationally funded measures and programmes described above.

Between 2007 and 2013, Bulgaria was allowed to receive 1.18 billion euro ESF Funds, adding up to EURO 1.4 billion if national co-funding is taken into account. This budget is shared between the “Human Resources Development” programme (OPHRD) and the “Administrative Capacity” programme (European Union 2012). The contracted budget for the following programmes under OPRHD amounted to 528 million Euros as of 20 March 2012 (see Table 4.1). About 30 percent of this budget is allocated to “Implementing active and preventive measures for the labour market”. About 13 percent is to be spent on “Pathways to integration and re-entry into employment for disadvantaged people.” A large part of the budget is contracted for different training programmes, which are not only targeted at unemployed. At the end of 2012, the following programmes are targeted at unemployed:

- Youth employment increase through their permanent labour market inclusion
- Support for starting own business
- Back to work

- Development
- Youth employment through internship opportunities
- First job
- Employment support

Since the start of these programmes at the end of 2012, about 133 million BGN were spent. Table 5.1 gives an overview of the numbers of participants.

Table 5.1 Participants/funding in OPHRD funded programmes/measures in 2012

Reported cumulative results of OPHRD programmes targeting unemployed persons	Dec'2012
Unemployed participants	100,322
Long-Term Unemployed	14,701
Youths	28,808
People with disabilities	1,568
Included in training	78,636
Included in employment (monthly average from the project beginning)	74,741

Source: PES data

All listed programmes are financed under priority axis one, “Promotion of economic activity and development of an inclusive labour market.” This axis targets only unemployed people and is separated into two main interventions: integration of disadvantage groups in the labour market and creation of employment through entrepreneurship.

As the programming period is ending soon, spending and results delivery is accelerated under OPHRD. In 2008 and 2009, the programme did not support any unemployed. In 2010, the number of newly included was 15,400, while in 2011, 20,200 unemployed were included and in 2012, the number of newly included participants rose to 62,700. Expenditures under the OPRHD increased between 2010 and 2012 by 25 times and the average number of newly included participants increased by nearly four times (Table 5.2)

Table 5.2 Participants in programmes and measures financed by the OPHRD programme, 2010-2012, in 1000 participants

	2010	2011	2012
Newly included participants	56.7	122.1	220.1
of which, women:	33.6	71.9	122.6
Persons who have worked under the programmes, monthly average	0.5	8.3	29.3
Spending in BGN	7,225	65,297	185,208

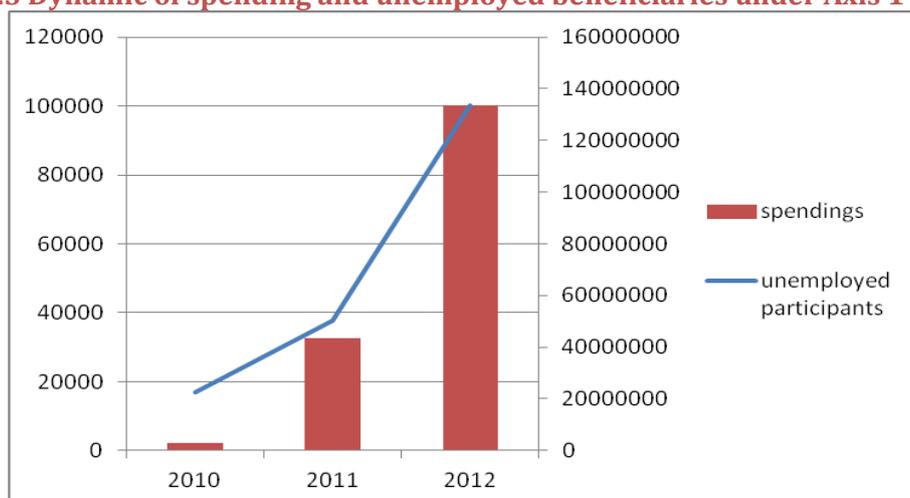
Source: PES data

Training programmes were quite successful. For the last three years 78,636 unemployed passed through training programmes and many received employment. The most powerful accelerator was the introduction of the vouchers system that eased the administrative procedures.

A programme with crucial importance for the unemployed was the “Development” programme, which combines training and job creation for a maximum duration of 12 months. It is directed to persons who were dismissed in the context of industrial restructuring. The number of participants in this programme increased tremendously between 2010 and 2012. Furthermore, young unemployed below the age of 29, older workers and long-term unemployed are prioritised groups. The number of unemployed in training quadrupled and reached 58,561 in 2012. About 95 percent of combined training and employment relates to jobs in the public sector.

Vouchers were also introduced and successfully used, although it is not clear whether vulnerable people made great use of them. In 2010 and 2011, the number of long-term unemployed that received vouchers was respectively 17.7 percent and 19.5 percent of participants (Loukanova 2012). It is not known how many participants were GMI recipients. It is questionable whether a voucher system is appropriate for the most vulnerable groups, as it presumes that the jobseeker is pro-active. The training is certified, which is useful.

Figure 5.5 Dynamic of spending and unemployed beneficiaries under Axis 1 of OPHRD



Source: Labour Agency

5.4 Targeting ALMPs to disadvantaged groups

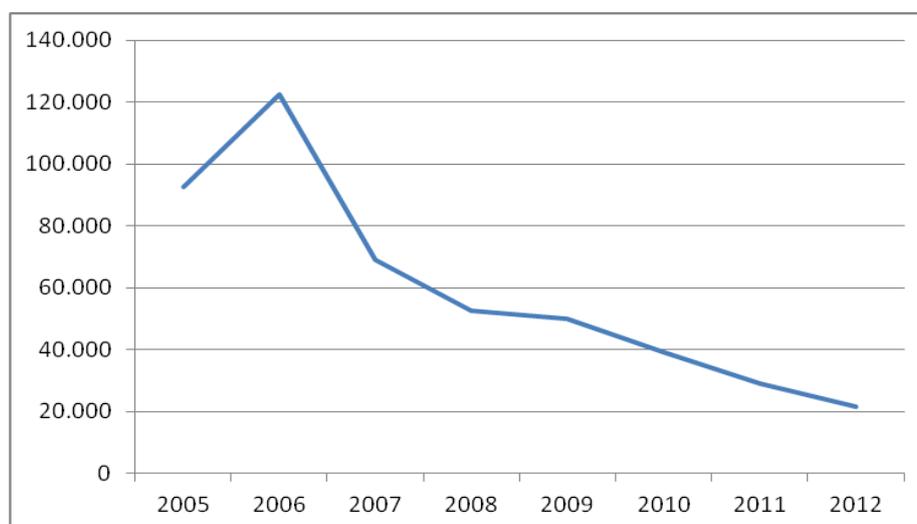
5.4.1 GMI recipients

The main active labour market programme targeting GMI recipients is the National Programme “From Social Assistance to Employment,” introduced in 2003. This programme aims to ensure employment and social integration of the unemployed who receive monthly GMI by generating jobs in public profit activities and in this way, increase employability. Participants sign an employment contract and receive the minimum wage and social insurance.

This programme was the largest active labour market programme in terms of participants and budget until 2011 (Loukanova 2012). However, since its introduction, the number of participants has fallen dramatically (see Figure 4.6). At least 70 percent of participants should be GMI recipients (Shopov 2012). Among them, priority should be given to long-term unemployed, a member of a family where both parents are unemployed, unemployed single parents who receive monthly social benefits and unemployed young people who receive monthly social benefits. This programme is implemented by the Labour Agency, but needs coordination with social assistance offices (file sharing) and employers in general public sector bodies (often municipalities).

Under this programme full-time or part-time employment can be provided. The programme pays wages and social security contributions. The employer pays for material and equipment. Furthermore, the programme pays for fellowships, transportation costs, accommodation costs and course fees for respective training or literacy courses.

Figure 4.6 Participants in the national programme “From Social assistance to employment”



Source: data provided by the Bulgarian Labour Agency

About two-thirds of activities carried out under this programme in the last few years were “emergency activities,” such as maintaining roads during the winter (evidence from the field visits), although in principle a much wider range of activities can be implemented with the aim of improving living standards, maintenance and protection of municipal and state property, environmental protection, social services, preservation of cultural monuments and actions for overcoming consequences from natural disorders. Private companies can also employ people under this programme for their main activity in the industry and construction sector and for improving labour conditions in their own buildings (Shopov 2012). The bulk of these projects is implemented by municipalities. It is not clear though whether these activities create new jobs. The training is organised by the labour offices, while the Ministry of Education is responsible for the literacy courses.

In 2012, only about 30 percent of all participants in this programme were long-term unemployed.¹³ Almost half of participants re-registered with the Labour Office after termination of the measure and it can be assumed many are taking part in the measure after re-registration (this could explain the low share of long-term unemployed). Field visits confirmed the assumption that repeated employment under this programme is common. This means that GMI beneficiaries with the highest employability receive employment opportunities under this scheme in more or less regular spells, while other beneficiaries do not have the chance to enter the programme. Furthermore, it would be more desirable for the employer to offer former “employable” participants a regular employment contract. According to the National Reform Programme 2012, an amendment to the requirements for participation was made so that at least 70 percent of participants should not have been in the programme since the beginning of the previous year (National Reform Programme 2012). This new regulation should help to avoid repeat participation.

Only a very low share of participants (0.1 percent) refused participation in this programme in 2012, either for medical reasons or because of misbehaviour (according to information provided by the Labour Agency). It can be assumed that interest in participating in this programme exceeds largely funded places.

¹³ For the period 2007-2011, 82,108 long-term unemployed were enrolled in the programme, corresponding to 34 % of all its participants (Loukanova 2012)].

An external evaluation of the programme was carried out in 2005. The programme results were mixed. In some cases, employment in direct job creation helped with building work habits and certain social and labour market skills, as has also been the experience in other countries. Nevertheless, the net employment effects were unsatisfactory (Shopov 2012).

On the one hand, the programme produced win-win effects for the unemployed and for the community or municipality. On the other hand, the temporary nature and the reduction of the programme during the economic crisis were criticised¹⁴. It also seems that employability was not increased. The jobs created were low-productivity jobs, remained low-skilled and were not competitive in the regular labour market. This programme needs to be perceived in the context of social policies and benefits that it may yield. It seems that overtime some municipalities have learned how to increase efficiency of this measure and how to define needed activities.

Other direct job creation programmes exist, like the National Programme “Assistance for disabled people”. This programme pays unemployed persons a wage if they are taking care of a disabled person or a heavily ill single person in a family environment. GMI recipients can take part in this programme as “personal assistance” (Shopov 2012). There are no data on how many GMI recipients eventually took part in this programme, but it can be assumed that their numbers were not large. The number of participants decreased by two-thirds between 2008 and 2010.

5.4.2 Inactive unemployed

According to data provided by the Labour Agency, there were about 10,600 inactive persons registered in 2012. Among them, about 40 percent were below the age of 29 and 17 percent were 50 years and older. About 60 percent had less than a basic education. Nearly 300 persons were included in literacy training representing about four percent of the inactive with lower than basic education. About 1,600 people, representing 15 percent of the inactive could be employed in the context of an ALMP. As many inactive are not likely to be registered with the Labour Agency, participation rate of this group is *de facto* lower.

5.4.3 Long-term unemployed

The long-term unemployed represent more than half of all unemployed according to Labour Force Survey data. In principle, long-term unemployed persons have access to all activation programmes and measures, and as shown above, some measures and programmes specifically target disadvantaged groups. While the share of unemployed taking part in an ALMP financed by the State budget decreased between 2007 and 2011, the share of long-term unemployed participating increased between 2010 and 2011 (Loukanova 2012). Nevertheless, the rate of ALMP participation remained below that of all unemployed.

The share of persons in employment encouraging measures that were unemployed for more than one year was about 14 percent, but the number of long-term unemployed is not known for all programmes (it can be assumed that the long-term unemployed play no major role in measures where they are not counted) (see details in Table A2 Annex). One employment incentive measure (Art 37 Employment Law) is specifically designed for the long-term unemployed, but in 2012 only about 595 people participated. Among the participants, 14 percent were above 50 years old and 28 percent were unemployed for more than two years. About 60 percent were women.

¹⁴ Shopov's 2012 assessment was based on the evaluation report as well as on internal audits.

In 2012, roughly 1,000 persons were included in measures for acquiring professional qualification by probation and/or apprenticeship (Art. 46), representing one-sixth of all participants in measures according to the employment promotion law. One-fifth of participants in the measure for unemployed older jobseekers (Art. 55a) were long-term unemployed, but the volume of participants was rather low (see Table Annex A2).

Long-term unemployed were also included in some wage subsidy measures (e.g. according to Art 55c of the Employment Promotion Law), the national programme, “Assistance for people with disabilities,” and under the National Programme, “Beautiful Bulgaria.” Between 2007 and 2011, the participation of long-term unemployed in these measures and programmes was 35 percent, 35 percent and 24 percent respectively (Loukanova 2012 [LTU]).

Between 2007 and 2011, about 2,201 unemployed were trained under the National Programme for Literacy and Qualification of Roma. This seems to be an important project, given the serious problem of illiteracy, however, participant numbers are low. At 51 percent, the share of long-term unemployed among this group was higher than for other programmes. (Loukanova 2012). Observations from field visits bring into question how the measure is implemented, as after months of training, illiteracy was not overcome. One reason could be the quality of training, another could be the length of the measure. In 2012, a new project for the enhancement of the quality of vocational training particularly directed towards the unemployed with special needs (including discouraged workers) was launched (Loukanova 2012).

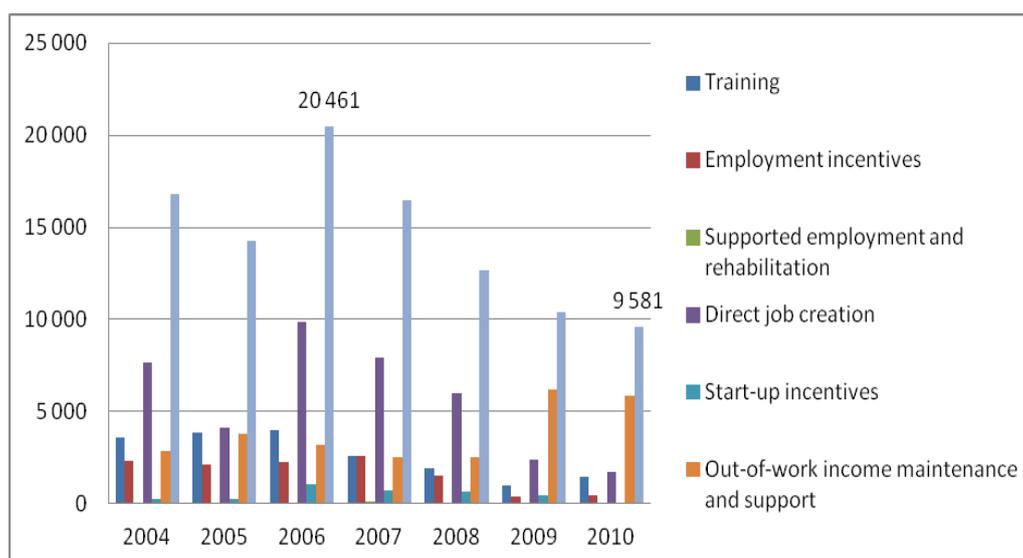
5.4.4 Youth Programmes

Integrating young people into the labour market is critical to avoid long-term integration problems and downward mobility. In this context, it is crucial to reduce early school departure and to activate inactive young people.

Although young people were the most affected group by the crisis in 2009, their number in labour market programmes and in measures financed by State Budget decreased. Nevertheless, support for young people with disabilities and with social problems has not been reduced during the crisis and the respective targeted programmes have received the planned financing from the State Budget (Loukanova 2012).

According to Eurostat data, the largest number of supported youths (15-24) through ALMPs was in 2006 (20,461), while in 2010 these numbers fell to 9,581. Up to 2010, direct job creation had the largest share in youth supporting measures, although involved participants have been steadily decreasing since 2007 (Dimitrov, 2012).

Figure 5.7 Number of youth participants in ALMP



Source: Eurostat

Meanwhile, in the context of the tighter ALMP budget, combating youth unemployment is a priority. This was reflected in the First Job National Agreement, signed in June 2012 by Ministers and representatives from employers' associations and trade unions and is part of a national initiative called Jobs for Young People in Bulgaria 2012–2013. The agreement aims to create new opportunities for young people in the labour market and to ease the transition between training and the labour market. The Government promised to support this Agreement by subsidising jobs for young people and developing new initiatives to increase youth employment using additional funding from the state budget and European funds. Furthermore, the agreement includes a plan for eight programmes and initiatives for young people to be funded under the national action plan for employment and the OPRHD. These include the 'New start' (an apprenticeship programme), 'First job', 'New job', 'Development', and 'Start of career' programmes, as well as subsidised schemes encouraging employers to hire the young unemployed (Nadezhda Daskalova).¹⁵ These schemes also include programmes targeted at young people with tertiary education, such as the "Start of career" programmes.

The National Youth Programme (2011–2015) was elaborated and adopted in 2011, according to the National Reform Programme 2012. It is planned to implement projects for youth activities under four sub-programmes: development of the network of youth information and consultative centres, national youth initiatives and campaigns, youth volunteering and development and recognition of youth's work. In addition, employment incentives for employing young people has become more generous as of the beginning of 2012, apart from the expenditures for social security contributions of employers, the payroll for the hired unemployed young people is also subsidised by the state budget funds for ALMPs (National Reform Programme 2012).

Experience from other countries shows that vocational training should be sufficiently flexible to be able to integrate the disadvantaged and less capable youth without creating a separate system that risks stigmatising them (Düll, Vogler-Ludwig 2011).

A few countries are implementing integrated programmes that combine work experience and the improvement of basic skills. A good example is the youth workshops in Finland that

¹⁵ <http://www.eurofound.europa.eu/eiro/2012/06/articles/bg1206011i.htm>

have been set up for the integration of hard-to-place jobless people. A workshop is a community in which work, training and guidance services are used to improve an individual's life-management skills and readiness to seek education and employment. The workshops are mostly run by the municipalities, but also by different kinds of NGOs. The most important buyers of this service are the PES, the social welfare agencies and the disability insurance. These have shown positive results (Duell et al 2009 and Paparella 2008).

In some countries internships have become one of the most effective measures for young peoples' access to work (Paparella et al., 2008). One good practice example for providing low-skilled young people with work experience highlighted in the literature is the Flexjob scheme in Denmark. These company internships are available for disadvantaged young people and also for other unemployed or cash benefit recipients who have inadequate professional, linguistic or social competences. The internships last for four weeks and can be prolonged under certain circumstances to 13 weeks. Monitoring data indicated that company internships led to higher employment effects when they were combined with courses in connection with job training. Statistical evidence shows that these internships were particularly successful as over half of the participants found a future employer through a company internship.

Furthermore, experience from other countries indicates that the success of the activation strategies depends on offering person-centred approaches to counselling, the setting-up of individual action plans, mentoring, and case management. Young people need to be involved in the solution. The effectiveness of activation policies depends on the availability and the quality of options offered to youth, as they need to be convinced of the efficiency of actions planned.

5.4.5 Sheltered employment for people with disabilities

In 1990, specialised enterprises gave employment to 33,000 persons with disability. In September 2012, only 2,500 persons with disability received employment from specialized enterprises. Currently, about 127 special enterprises operate in Bulgaria, and 40 are micro enterprises. Most are in dire economic straits, and have no capacity to create or even safeguard jobs for disabled people (BILSP, 2013, unpublished text).

5.5 Implementation conditions and institutional capacity

Employment programmes are mainly implemented by the public sector. The legal requirements for using state subsidies appear difficult to implement in large firms with significant staff turnover. Nevertheless, some socially engaged employers provide employment for disadvantaged people - young people less than 29 years of age, unemployed, poorly qualified and unskilled, people over 50, and disabled and discouraged persons (Employment Agency 2011).

In some cases, measures and programmes are implemented by social enterprises. Social enterprises in Bulgaria interact with various disadvantaged groups: people with disabilities (physical and mental), ethnic minorities, children and families at risk, disadvantaged youth (orphans), prisoners and offenders, women, victims of domestic violence, and seniors (Demirova and Machevar 2012).¹⁶ However, it seems that the institutional capacity for the social economy sector is still weak.

¹⁶ Examples for the activities of social enterprises include: public laundries and cleaning services; training and retraining; social counselling and training children; soup kitchens; a woodworking workshop; revival and presentation of traditional crafts, customs and culture of ethnic minorities in Bulgaria; promotion of traditional craftwork at home and abroad; enhancing the professionalism of artists from various ethnic

Experts in Bulgaria have developed a “national concept for social economy,” which they have submitted for adoption to the National Council for Tripartite Cooperation. “The social economy is seen both as part of the real economy and as part of civil society, in which individuals, volunteer associations or other organised entities conduct business in the public interest and reinvest profit to achieve social goals. It occupies a specific space between the state, with its protection mechanisms, and the market, which is driven by economic efficiency and profit. The social economy also serves as a tool for the development of social services, for integrating vulnerable groups into the labour market, for improving the way in which the social services system functions, for developing local economies and for combating poverty and social exclusion” (Lyuben Tomev).¹⁷ Significant opportunities for financial support of social enterprises exist under the government’s operational programmes for ‘Human resource development’ and ‘Competitiveness’ for the periods 2007–2013 and 2014–2020. The concept proposes how to develop the sector further with the support of the Ministry of Labour.

5.6 Monitoring and evaluation

The monitoring system is based on the National Labour Market database introduced in all regions in 2010. It is a significant improvement compared to the old information system consisting of the following:

- More data collected.
- Compatibility with ESF type of data.
- Establishment of a national database of national and regional labour market.

Nevertheless, the existing information system still has the following weaknesses:

- Difficulties in providing regional data (both municipal and district level) on key labour market variables at the national level.
- Difficulties in providing data for the most important target groups (including vulnerable ones) at the national and regional level. For instance, not every programme and measure could provide data for every disadvantaged group in terms of spending and physical indicators.
- Difficulties in providing reliable data broken down by type of activities, e.g., how much has been spent for training, or subsidised employment, etc.

Evaluations of ESF funding are carried out. Furthermore, an independent evaluation of the national “From social assistance and employment programme” was carried out in 2005 and a net impact assessment of active labour market programmes was performed in 2006 by external evaluators. As discussed in Chapter 3, an independent evaluation of the activation services was also conducted. In addition, the Court of Auditors performs audits depending on its annual programme. More than 12 audits have been implemented in the last 5 years covering single or groups of programmes. Each of these audits contains effectiveness and efficiency assessments.

communities, dealing with distinctive crafts; integration of ethnic minorities in the Bulgarian society through the development of the spiritual culture, traditional human virtues, customs and traditional crafts (Demirova and Machevar 2012).

¹⁷ <http://www.eurofound.europa.eu/eiro/2011/07/articles/bg1107021i.htm>

The OPRHD 2007-2010 was evaluated by an external institute in 2011 which found several implementation issues (the International Foundation for the Public Policies and Administration of Ibero-America FIIAPP)¹⁸. The evaluation was based on structured interviews. According to the executive summary, the main problems found related to: “a high percentage of beneficiaries agree[ing] that it will be necessary to receive clear and simple instructions and guidance from the intermediate bodies and that the communication with the Intermediate bodies is not satisfactory. The high percentage of fluctuation of staff and difficulty in replacing the vacant positions leads to confusion and delays in the procedures. Delays in evaluation of project proposals, verification of expenditures and payments are also among the problems found.”

Fields visits of the World Bank team confirmed that the administrative burden to implement OPRHD programmes was much larger than for national programmes (see also Chapter 2). Reducing the administrative burden should be a priority. Another problem is linked to the limited period of each programme. As a number of tasks are permanent (such as supported employment and vocational rehabilitation measures), there is the danger of low sustainability in the implementation of the measures.

The net assessment of active labour market programmes, elaborated by WYG International in 2006, showed relatively good results for the net impact of ALMPs targeted at the long-term unemployed as compared to other programmes. Moreover, long-term unemployment programmes “...show a higher net impact for those in the 45 to 54 age group and for those with longer duration of unemployment and with lower educational attainments (YMG International 2006).

The evaluation of the “From Social Assistance to Employment” programme showed insignificant or even negative employment impacts, as mentioned above, despite the fact that these programmes have improved work discipline, habits and qualifications (Kuddo 2009). Moreover, employers reported that productivity was low and additional investments in monitoring and firm-level supervision were necessary. However, the mentioned positive effects are of great value, in particular if considering the difficulties to integrate highly disadvantaged groups into the labour market.

Evaluation evidence on job creation programmes in a range of countries shows mixed results, in particular with regard to large-scale job creation measures (e.g. relief work in Sweden, community work programmes in the UK in the 1980s, and past large-scale wage-subsidy based job creation measures in Germany and similar experiences in France; see Meager and Evans 1998). Other problems are also often recorded, such as low prestige of work (Kuddo 2012).

On the positive side, evaluations indicate that public works can help more disadvantaged groups as a poverty or safety net programme (Kuddo 2009). Also, previous evaluation studies carried out in Austria, Ireland and the Netherlands record significant positive impacts of this kind (Meager and Evans, 1998).

Despite the contradicting evaluation results, a few issues emerge, which are likely to increase the effectiveness of job creation measures (Meager and Evans, 1998):

- A working environment close to that of the regular labour market;
- Combinations of job creation schemes with periods of training for the participants;

¹⁸ http://ophrd.government.bg/view_doc.php/5460

- Integrated approaches, dealing with other social and family problems the jobseeker might face;
- Smaller scale schemes tend to be more effective with regard to the quality of the job offered and displacement effects. However, it could be argued that in times of crisis, job creation measures have the advantage of representing a sort of job rotation, giving employment opportunities, although for a limited time, for a higher number of persons and may help to reduce inflow into long-term unemployment;
- Furthermore, job creation programmes that are carried out in combination with training programmes in the context of “intermediate labour markets” and/or are implemented in the third sector may yield positive results (Walther and Pohl 2005 referring to Austria, Denmark and Italy; Meager and Evans 1998, European Employment Observatory 2012 for Austria).

No external evaluation report exists for the evaluation of training measures. It would be very useful to evaluate the impact of the training vouchers and to assess the quality of the training and its capacity to respond to skills mismatches. Overall, an improved monitoring and evaluation regime can help to address many of the challenges identified in this report and improve quality of service delivery and management capacity for the challenges facing the Bulgarian Labour Market and its institutions.

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Table A1. Social benefits of the Social Assistance Agency

A Indicators under the Family Allowances for Children Act (FACA)	Average monthly number 2010 in 1000	Average monthly number 2011 in 1000	Average monthly number 2012 in 1000
TOTAL	608,089	611,651	600,757
TOTAL PAYMENTS DISBURSED UNDER FACA in mio BGN	467.5	489.8	490.1
Total number of children	907.6	850.8	835.7
One-off pregnancy allowance – a total - Art. 5a	1.5	1.5	1.5
- socially uninsured	1.4	1.4	1.4
- socially insured	63	58	57
One-off birth allowance – a total (1+2)	6.0	5.7	5.6
Number of children – a total (1+2)	6.0	5.8	5.7
- including twin children (sum)	0.1	0.1	0.1
1. One-off birth allowance – A TOTAL - Art. 6, Para.1 & 2	5.9	5.7	5.6
- for first child	3.1	3.0	2.9
- for second child	2.2	2.1	2.1
- for third and every subsequent child	0.6	0.6	0.6
Number of children (Art.6, Para. 1 & 2)	6.0	5.8	5.6
- including twin children	0.2	0.1	0.2
2. Supplementary one-off allowance for children with disabilities	0.04	0.04	0.04
Number of children /Art. 6, Para. 6/	0.04	0.04	0.04
- including twin children	0	- 0	0
One-off allowance for raising twins up to the age of 1, Art. 6a	0.09	0.08	0.08
Number of twin children	0.2	0.2	0.2
Monthly allowances for children – a total (1+2+3)	570.6	557.0	544.7
- including in the form of social investments	0.3	0.3	0.4
Number of children – a total (1+2+3)	839.7	823.2	807.9

- including twin children	17.3	18.0	18.3
1. Monthly allowances for children until the age of 20	547.2	532.3	518.6
Number of children (Art. 7, Para. 1)	814.6	796.4	779.5
- including twin children	16.6	17.2	17.5
2. Monthly allowances for children until the age of 20, raised in a family of relatives or kins, or a foster family	3.9	4.2	4.5
Number of children (Art. 7, Para. 2)	4.9	5.4	5.8
- including twin children	0.8	0.9	0.1
3. Monthly allowances for children with permanent disabilities until the age of 20	19.5	20.5	21.6
Number of children (Art. 7, Para. 8)	20.2	21.4	22.6
- including twin children	0.6	0.7	0.7
Monthly allowance for child raising – a total (1+2+3+4)	23.2	21.6	21.8
- including in the form of social investments	0.6	0	0
Number of children – a total (1+2+3+4)	23.3	21.7	21.8
1. Monthly allowance for raising a child up to the age of 1, Art.8, Para.1	22.4	20.8	21.1
Number of children (Art. 8, Para. 1)	22.5	20.9	21.1
2. Monthly allowance for raising a child with permanent disabilities up to the age of 2, Art.8, Para.3	0.1	0.1	0.1
Number of children (Art. 8, Para. 3)	0.1	0.1	0.1
3. Monthly allowance for raising a child until the age of 1 – socially insured mother	0.7	0.6	0.6
Number of children (Art. 8, Para. 5)	0.7	0.6	0.6
4. Monthly allowance for raising a child up to the age of 1 – foster families	0	0	0
Number of children (Art. 8, Para. 7)	0	0	0

One-off allowance for raising a child up to the age of 1 by a mother (adoptive mother) who is university student, Art.8c	0.2	0.2	0.3
Number of children	0.2	0.2	0.3
Monthly allowance for children with permanent disabilities		20.6	21.9
1. To parents /adoptive parents/		20.4	21.6
- Number of children		21.0	22.2
2. To families with children placed under the provisions of Child Protection Act, Art. 26		0.3	0.3
- Number of children		0.3	0.4
Free travel for mothers of many children	1.2	1.2	1.2
Number of free travel certificates issued to mothers of many children		1.3	0.7
One-off targeted allowance – for first graders – a total	3.5	3.7	3.7
Number of children – a total	3.5	3.8	3.8
- including in the form of social investments - number of children/amount	0.3	0	0
- including twin children	0.7	0	0
- including children with permanent disabilities			0.1
- including children with one parent alive			0
- including children placed with families under the provisions of Child Protection Act, Art.26			0
B Indicators under Art 9 of the Rules for Implementation of the Social Assistance Act (RISAA)	Average monthly number 2010 in 1000	Average monthly number 2011 in 1000	Average monthly number 2012 in 1000
Persons and families supported – a total	44.3	47.8	49.7
FUNDS DISBURSED UNDER RISAA, ART. 9 (in Mio BGN)	47.8	51.3	53.8 045

1. Persons below working age - a total	0.8	0.9	0.8
a. children supported on independent legal grounds	0.4	0.4	0.4
b. families with one parent/parents under working age	0.5	0.5	0.4
2. Persons in working age – a total :	41.4	44.8	46.5
Total number of unemployed	38.8	45.7	49.6
a. persons	11.4	11.9	12.6
- including number of unemployed persons	9.2	9.9	10.8
b. two-parent families	15.4	18.0	19.3
- number of unemployed persons	23.7	28.7	31.2
c. single-parent families with a child/children above the age of 3	5.2	5.9	6.4
- number of unemployed persons	4.1	4.8	5.4
d. single-parent families with a child/children under the age of 3	6.2	6.0	5.6
- number of unemployed persons	2.3	2.3	2.3
e. families with children, where only the children are supported	3.2	3.0	2.6
- Number of children	5.2	4.4	4.0
3. Persons above working age – a total:	2.1	2.1	2.4
a. persons aged up to 65 years, living alone	0.9	1.0	1.1
b. persons aged between 65 and 75 years, living alone	0.6	0.5	0.6
c. persons aged above 75 years, living alone	0.2	0	0
d. families aged up to 70 years	0.4	0.4	0.5
e. families with a member/members aged above the age of 70	0	0	0
Supported families of persons with disabilities – a total	2.9	3.0	3.0
Persons with permanently reduced working capacity	1.7	3.0	3.0
- including children with disabilities	0.5	0.4	0.4
C Indicators under the Integration of Persons with Disabilities Act (IPDA)	Average monthly number 2010	Average monthly number 2011	Average monthly number 2012
	in 1000	in 1000	in 1000

Actual number of persons with disabilities	477.8	480.5	493.4
TOTAL FUNDS DISBURSED UNDER IPDA (in mio BGN)	178.3	159.2	158.9
Total monthly supplements for social integration (sum of 1 through 7)	960.8	1,030.1	1,066.5
1. Monthly social integration supplement for transport services – a total	413.5	465.1	485.1
2. Monthly social integration supplement for IT services – a total	104.9	102.3	99.8
3. Monthly social integration supplement for training – a total	0.4	0.3	0.3
4. Monthly supplements for dietary nutrition and medicines – a total	361.0	368.2	375.7
5. Monthly supplements for access to information	80.1	93.3	103.8
6. Monthly supplement – rent for municipal lodging	1.0	1.0	1.0
7. Supplement for balneotherapy - a total	0.8	0.8	0.8
-including children with DEMAC/CEMAC/TEMC/NEMC certificate	0	0	0
Monthly supplement for children with permanent disabilities - Art. 43 – a total /1+2/	19.7		
Total number of children	20.1		
1. To adoptive parents	19.4		
Number of children	19.9		
2. To families with children placed under the provisions of SAA Art. 26	0.2		
Number of children	0.2		

D Indicators for funds under the Child Protection Act (CPA)	Average monthly number	Average monthly number	Average monthly number
Total number	4 304	4 784	5 382
<i>DISBURSED FUNDS in mio BGN</i>	<i>7.8</i>	<i>8.7</i>	<i>1.3 622</i>
- including for children placed with relatives and kins	3.9	4.0	4.3
- including for children placed with foster families	0.3	0.6	0.9

Source: data provided by the Social Assistance Agency

Table A2. Participants in employment encouraging measures by type of measure/program, gender, age and length of unemployment, 2012

Participants in employment encouraging measures, up to 31.12.2012	
Included persons - employed in the context of an employment incentive and included in training, total over the year	4358
Persons that have worked, monthly average	3693
<i>I. For unemployed young people aged up to 29 years (Article 36, Para 1)</i>	
Employed persons / participants, total over the year	1492
of them: women	755
with tertiary education	129
long time unemployed	48
Persons that have worked, monthly average	917
<i>II. For young people with lasting damages or war invalids, as well as from social institutions /Art. 36, Para 2/</i>	
Employed persons - total over the year	114
of them: women	48
long time unemployed	5
with tertiary education	7
- Employed young people with lasting damages	108
- Employed war invalids	0
- Employed young people from social institutions	6
Persons that have worked, monthly average	112
<i>III. For acquiring professional qualification and/or probation for unemployed aged up to 29 years /Art. 41/</i>	
Persons included in probation - total over the year	9
of them: women	6
long time unemployed	0
Persons that have worked, monthly average	180
<i>IV. Territorial mobility of unemployed persons /Art. 42/</i>	
Included persons - total over the year	120
of them: women	87
aged up to 29 years	49
aged 50+	19

long time unemployed	6
with lasting damages	2
- Persons that have received lump sum for work in another settlement	0
- Persons that have concluded contracts for daily transport expenses	119
- Persons that have received sums for presenting in front of employer for first time	0
- Persons that have received sums for daily transport expenses	149
- Persons that have received sums for presenting in front of employer	2
<i>IX. Encouraging employers to open jobs for probation /Art. 46 of the LEE/</i>	
Included persons, total over the year	45
women	31
aged up to 29 years	18
long time unemployed	2
Persons that have worked, monthly average	29
<i>X. For start-up of independent business /Art. 47, 48, 49b/</i>	
Persons that have concluded contracts /Art. 47, Para 1/ total over the year	133
of them: women	72
with tertiary education	84
aged up to 29 years	4
aged 50+	34
Concluded contracts for start-up of independent business according to the subject of the main business	133
including: in agricultural sector	20
in industry	6
in services	107
<i>XI. For start-up of independent business as a micro-enterprise /Art. 49/</i>	
Persons that have concluded contracts under Art. 49, Para 1 , total over the year	81
including: in agricultural sector	0
in industry	1
in services	80

of them: women	
with tertiary education	26
aged up to 29 years	25
aged 50+	13
<i>XIII. For the first five opened job opportunities by employers-micro-enterprises /Art. 50/</i>	
Employed persons, total over the year	153
of them: women	93
aged up to 29 years	18
aged 50+	22
long time unemployed	14
Persons that have worked, monthly average	148
<i>XIV. For part-time work /Art. 51/</i>	
Employed persons total over the year	283
of them: women	174
aged up to 29 years	35
aged 50+	44
long time unemployed	17
Persons that have worked	256
<i>XV. For persons with lasting damages, incl. war invalids /Art. 52, Para 1/</i>	
Employed persons, total over the year	405
of them: women	209
aged up to 29 years	13
aged 50+	178
long time unemployed	60
war invalids	0
with tertiary education	36
Persons that have worked, monthly average	366
<i>XVI. For persons with lasting damages employed for temporary, seasonal or by the hour work /Art. 52, Para 2/</i>	
Employed persons, total over the year	224
of them: women	132
aged up to 29 years	20
aged 50+	113

long time unemployed	31
with tertiary education	18
Persons that have worked, monthly average	188
<i>XVII. For single parents and/or mothers with children aged up to 3 years /Art. 53/</i>	
Employed persons, total over the year	168
of them: women	161
aged up to 29 years	70
aged 50+	0
long time unemployed	3
with tertiary education	33
- single parents	15
- mothers with children aged up to 3 years	153
Persons that have worked, monthly average	271
- single parents	26
- mothers with children aged up to 3 years	245
<i>XVIII. For adoptive mothers with children from 3 to 5 years old /Art. 53a/</i>	
Employed persons, total over the year	186
of them: aged up to 29 years	62
aged 50+	0
long time unemployed	19
with tertiary education	41
Included in training	1
Persons that have worked, monthly average	247
<i>XVII. For persons that have serviced "Imprisonment" /Art. 55/</i>	
Employed persons, total over the year	4
of them: women	
aged up to 29 years	2
aged 50+	1
Included in training	0
Persons that have worked, monthly average	5
<i>XX. For unemployed aged 50+ /Art. 55a/</i>	
Employed persons, total over the year	345
of them: women	183
long time unemployed	53

with tertiary education	15
Persons that have worked, monthly average	521
<i>XXIV. For persons employed for apprenticeship /Art. 55d/</i>	
Employed persons, total over the year	167
of them: women	83
aged up to 29 years	53
aged 50+	22
long time unemployed	4
Persons that have worked, monthly average	133
<i>XXIV H. Encouraging employers to open "green jobs" (Art. 55e of LEE)</i>	
Employed persons, total over the year	376
of them: women	174
aged up to 29 years	49
aged 50+	75
long time unemployed	67
Persons that have worked, monthly average	241

Source: Data provided by the Bulgarian Labour Agency

Table A3. Participants in National programs and measures

	2012	
	Number of newly included participants sum over the whole year	Number of participants monthly average
Programs and measures to promote employment - total	39,398	20.600
<i>Programmes</i>	<i>35.040</i>	<i>16.907</i>
National Programme "From Social Assistance to Employment"	21.437	8.277
National programme "Personal assistants to disable people"	4.253	3.337
National programme "Assistance for retirement"	47	37
Program "Career start"	730	770
National programme for employment and vocational training of permanently disabled people	413	1.748
National program "Melpomena"	104	87
Programme "No interest loans for disabled people"	69	
Regional and branch programs for employment and training	2.097	1.105
Project for school drop-outs		
National program for motherhood support		
National program "Activating inactive people on the labour market"	30	68
Program "Esculap"		
National program "New employment opportunities"	574	537
Programme "Beautiful Bulgaria"	267	61
Other programs of the labour offices	168	529
Project "This is my chance to find myself"	0	0

Project "Chance to work"	952	328
Project "Realization"	1.831	
Project "New perspective"	284	21
Project " Increase of employability of the unemployed through quality vocational training"	1.784	
Measures	4.358	3.693
Measure targeting unemployed youths up to 29	1.492	917
Measure targeting youth disables, war disables and youths in institutions	114	112
Measure for youths up to 29 to acquire qualification or to have apprenticeship	9	180
Measure stimulating territorial mobility of unemployed	120	
Measure for unemployed receiving monthly social assistance and getting job without the help of PES	0	0
Measure for unemployed to get apprenticeship	45	29
Measure for starting up own business	133	
Micro firms start up	81	
Incentives for the first 5 job places created by micro firms	153	148
Measure for part time employment	283	256
Measure for persons whose work-ability is in permanent deterioration incl. war veterans	405	366
Measure for permanently disabled people to be employed on part-time, temporary or seasonal work	224	188
Measure for single parents or mothers with children up to 3	168	271
Project for mothers (adopters) with children 3-5 years old	186	247

Measure for unemployed who have served their term of imprisonment	4	5
Measure for unemployed women above 50 and men above 55	345	521
Measures for people aged 50-64 with professional pension for earlier retirement	0	2
Measure for long-term unemployed	53	77
Measures for persons hired for apprenticeships	167	133
Incentives for the employers to open green jobs (art. 55e EPA	376	241

Source: data provided by the Bulgarian Labour Agency

Table A4. Foreseen participation period in employment programs

№	Programs	Years							
		2005	2006	2007	2008	2009	2010	2011	2012
Participation period in employment programs, in months									
1	National Program "From Social Assistance to Employment"	12	12	12	12	12	12	12	12
2	National program "Personal assistants to disable people"	12	12	12	12	12	12	12	12
3	National programme for employment and vocational training of permanently disabled people	24	24	24	24	24	24	24	24
4	National programme "Assistance for retirement"	60	60	30	30	30	24	12	24
5	Program "Career start"	9	9	9	9	9	9	9	9
6	National program "New employment opportunities"	12				6	6	6	6
7	National program "Melpomena"	12	12	12	12	12	12	12	12
8	Regional employment programmes	6	6	6	6	6	6	6	6
9	National program "Social services in family environment"					12	12		
10	Project for school drop-outs	6				12	6		
11	National program for motherhood support			child up to 2 years old	child up to 3 years old				

Source: Bulgarian Labour Agency

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