



THE EUROPEAN TRAINING FOUNDATION IS THE EUROPEAN UNION'S CENTRE OF EXPERTISE SUPPORTING VOCATIONAL EDUCATION AND TRAINING REFORM IN THIRD COUNTRIES IN THE CONTEXT OF THE EU EXTERNAL RELATIONS PROGRAMMES

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## **EXECUTIVE SUMMARY**

#### **Economic development**

In the early 1990s, one of the strategic goals of the reform process was the stabilisation and structural reform of the economy through the reduction of the role of the state and encouragement of the private sector. Although some progress has been made, the employment potential of the private sector is still insufficient and many of those laid off in the public sector have not found employment in the private sector.

Despite the economic slow-down experienced by Bulgaria during most of the period between 1990 and 1997 (-9.4% growth in 1996 and -5.6% in 1997), the economy started to recover in 1998 with the introduction of the Currency Board, which combines strict fiscal policy with cuts in public expenditure and progress in privatisation. GDP per capita rose between 1997 and 1999, but fell during 2000 and 2001 when measured in purchasing power standards (PPS): €5360 PPS in 1997; €6010 PPS in 1999; €5780 PPS in 2000 and €5710 PPS in 2001. However, if measured in cash terms GDP per capita has been rising (from €900 in 1997 to €1600 in 2001). This is still well below EU levels, at just 25% of the EU average in 2001 (according to Eurostat data based on PPS euro), and is one of the lowest levels among all the future member states.

According to the Labour Force Survey in 2002, the economically active population numbers 3.29 million people. The variations from 1997 to 2001, from 3.56 to 3.26 million, are mainly a result of economic and migration trends. The slight increase of the activity rate in 2001 was

mainly due to changes in conditions for retirement. Dismissed workers in the period 2000–2002 accounted for more than 13% of those who were outside the labour force, the figure being twice as high as in 1994<sup>1</sup> (Source: Annual report of the Employment Agency for 2001, p. 11.).

With regard to the different sectors, in 2001 the number of people employed decreased in all sectors of the economy and most intensively in mining (-12.8%) and industry (-3.6%). The branches in which employment levels have been maintained or increased in the past five years have been the processing industry, civil construction, trade, tourism and communications. The other branches need further restructuring and investment in order to become more proactive in demanding labour. There are economic disparities between urban and rural areas, which are now being addressed under Regional Development Plans and Programmes.

# Key employment and labour market developments

The high number of people unemployed is due to the fact that large-scale restructuring and consequent loss of jobs was not matched sufficiently by the creation of new jobs. The scarcity of internal and foreign investments is also considered to be an indirect reason for high unemployment rates, as are the relatively high levels of employment within the grey economy. Further reasons included the incompatibility between employees' qualifications (or lack of such) and employers' needs.

<sup>1</sup> The youth unemployment rate is measured as a percentage of the labour force in the 15-24 age group.

Table 1. Economic and labour market indicators

	1997	1998	1999	2000	2001	2002
GDP growth – annual average (%)	-5.4	3.9	2.3	5.4	4.1	4.8
GDP per capita (PPS euro)	5360	5700	6010	5780	5710	
Labour productivity (annual % growth)	-4.5	5.5	6.4	9.6	6.4	4.0
Labour force (millions) Of which:	3.56	3.48	3.39	3.27	3.26	3.29
Employed	3.03	2.92	2.81	2.74	2.63	
Unemployed	0.53	0.56	0.58	0.54	0.64	
Labour force activity rate (% of the population aged 15 and over)	51.6	50.4	49.2	47.5	48.1	48.5
Employment – yearly changes (%)	-2.6	-2.6	-5.7	-3.3	-2.0	
Employment rate (correlation in % between employed persons and population aged 15 and over)	43.9	42.4	40.8	39.7	38.7	40.3
ILO unemployment rate (Labour Force Survey)	15.0	16.0	17.0	16.4	19.2	18.1
Registered unemployment rate	13.7	12.1	13.8	18.1	17.5	17.4

Sources: Statistical Yearbook for 2001, NSI, Sofia, 2002; Employment in Europe 2002, DGEMPL, European Commission; Employment and labour market in Central European countries 2/2001; Statistics in Focus series (Theme 2 8/2003 Quarterly Accounts - the GDP of the CCs) Eurostat; Eurostat Structural Indicators webpage 11 July 2003.

The registered unemployment rate increased from 1.7% in 1990 to 11.1% in 1991. Unemployment started to rise again in 1997 and continued rising until 2000, due to the overall economic crisis. In 2000 the registered unemployment rate reached 18.1%, its highest level during the whole transition period. In contrast, the ILO unemployment rate did not peak until 2001, when it reached 19.2%.

Unemployment in Bulgaria has been characterised by high levels of long-term unemployment. The annual average number of long-tem unemployed individuals in 2002 was over 330,000 (51% of the total number of unemployed people), up by 0.7% compared to 2001 (Source: Employment Agency, Annual Report 2002, p.10). Approximately 70% of those who were long-term unemployed in 2002 had little or no education and/or professional qualification (61% of the total number of unemployed people); in 2001 this figure was 50% (Source: Joint Assessment Paper, p.10).

In 2002, the unemployment rate was 18.7% for men and 17.2% for women.

Between 1995 and 1998 the unemployment rate for men went down from 15.5% to 12.0%, and for women from 15.8% to 11.8%. Both rates then went up, reaching a peak in 2001 for men (20.0%) and women (18.4%), a slightly slower rise for women than for men (Source: Women and Men in the Republic of Bulgaria, 2002, p.77).

Another feature of unemployment in Bulgaria has been the high level of youth unemployment; according to the Directorate-General for Employment and Social Affairs (DGEMPL) report *Employment in Europe 2003*, the youth unemployment rate<sup>2</sup> in 2002 was 35.5%, which is lower than the previous year, when it was 38%, though higher than in 2000, when it was 33.7%.

Regarding the levels of unemployment in the regions, in 2002 these were rather uneven, the lowest rate being in Sofia (5.0%) and the highest in Targovishte (34.1%) (Source: National Employment Agency, Report 2002). Unemployment is especially high in former industrial areas, where companies have been closed and no jobs have been created.

<sup>&</sup>lt;sup>2</sup> See Djankov, S. and Hoekman, B., *Trade Reorientation and Productivity Growth in Bulgarian Enterprises*, Policy Research Working Paper, World Bank, January 1997.

Table 2. Forecast of the population by age group

Age group			Year		
, 190 91 oap	2000	2005	2010	2015	2020
All ages (millions)	8.16	7.90	7.65	7.41	7.17
0–14	1.25	1.03	0.95	0.97	0.98
15–29	1.78	1.68	1.47	1.24	1.02
30–64	3.78	3.83	3.88	3.79	3.71
65 and over	1.36	1.36	1.35	1.41	1.46

Source: NSI

## **Demographic development**

Bulgaria's population has been declining continuously since 1989, with a fall of 8% between 1989 and 2000 (Source: JAP, p.5). The population is predicted to fall by a further 6% by 2010 and again by 6% between 2010 and 2020. Between 2000 and 2010 the major declines will be in the age groups 0-14 (by 23%) and 15-29 (by 17%). Thereafter the 0–14 age group is expected to grow slightly, whereas the 15–29 age group will decline further – by more than 30% between 2010 and 2020 (i.e. it will be less than 60% of its size in 2000). Such a very large change in the size of this age group will have implications for the education and training system and employment structure in Bulgaria over the next two decades.

## Foundations for lifelong learning

The concept of lifelong learning is partly embedded in Bulgarian VET/labour market reform. While there is no separate law or policy document for lifelong learning, aspects of it are included in the Vocational Education and Training Act (VETA) and the Employment Promotion Act (EPA), which constitute the regulatory framework for joint activities of VET and the labour market. In addition, the National Development Plan (2002–2006) and its annual implementation instrument, the National Employment Action Plan, also include a component on lifelong learning, with particular reference to EU accession.

There is also a 2002 Phare project on lifelong learning, which has started recently. Furthermore, Bulgaria participated in the consultation process on the EC's

Memorandum on Lifelong Learning, albeit in a very limited way. The report by the Ministry of Education and Science to the European Commission in May 2003 on progress in lifelong learning confirmed that elements of lifelong learning are being implemented as a part of the overall VET/labour market reform (e.g. improved access to education as well to training of adults, and quality of education and training), but that the development of a strategy on lifelong learning has not yet taken place. There is little interinstitutional cooperation, including between the social partners.

# Participation in education and training and educational attainment

The educational attainment level of the adult population is higher than the EU average but lower than the future member state average for upper secondary education. In 2001, 71% of the 25–64 age group had attained at least upper secondary education (EU-15 average 64%, future member states 77%). At the tertiary level, Bulgaria performs less well than the EU average but is above the average for the future member states. In 2001, 21 % of the 25–64 age group had attained tertiary education (EU-15 average 22%, new member states 14%).

Education starts at the age of seven and is compulsory until the age of 16. While participation rates for 11–14 year-olds are close to 100%, participation rates for 15–18 year-olds were very low (around 70%), but have risen recently to 81% in 2002/03, mainly because of the extension of secondary education by one year.

Post-secondary non-university education plays a minor role and is mainly for those who do not pass exams for higher education. The number of students in post-secondary vocational colleges in 2002/03 was 3,165, or 1.6% of the total number of students in vocational schools.

Regarding higher education, between 1990/91 and 1998/99, enrolment in higher education increased from 188,000 to 270,000, but has since fallen, reaching 231,000 students in 2002/03 (Source: NSI). This is, to a certain extent, due to the restrictive state policy on financial resource allocation for higher education, but also to demographic decline.

While trends over the years show that there are generally more students in VET than in general secondary education (56:44 in 2002/03), there was a slight shift (of 1–2%) away from VET in 2002/03. This fairly stable division is expected to continue.

The revised National Development Plan (April 2003) shows the distribution of VET schools in the six planning regions. Comparison with regional population figures leads to the conclusion that North Central is rather generously provided for in terms of the number of schools per inhabitant, while South Central has slightly fewer schools than its population share would suggest. For the other four planning regions the distribution seems adequate.

The early school leavers' rate (the proportion of 18–24 year-olds having achieved a lower secondary level of education or less and not attending further education) was 21% in 2002 (20% in 2001). Bulgaria's rate is a little worse than the average rate for the EU, which is 19%,

but much worse than the rates in most of the new member states (Malta has the worst rate, at 53%), for which the average is 8%.

According to the National Statistical Institute, in 2001 dropout rates were between 2.7% for primary schools (9,782 schoolchildren) and 8.0% for four-year VET schools. The dropout rate for vocational gymnasia was 2.9%, and for general secondary education 2.6%. Estimates indicate that the highest dropout rates are among pupils of Roma origin, but there are no figures available to confirm this.

Bulgaria has a low participation rate in the 25–64 age group for continuing training compared to the new member states, let alone in EU-15 countries, as is shown in the following table.

According to Eurostat's second Continuing Vocational Training Survey (CVTS2), 28% of employees in enterprises organising continuing vocational training (CVT) participated in CVT courses in 1999 (or 13% of employees in all enterprises). Compared with most new member states this is low (Czech Republic 69%, Poland 39%) but is higher than in Romania (11%). In 2000 the percentage fell to 25% (Source: National CVT Survey 2002). CVT in enterprises is mainly delivered by public or private training institutions, and partly by companies' own training centres.

Regarding the average amount of time spent by course participants, this was 35 hours in 1999, but fell to 20 hours in 2000. The figures for Bulgaria are around average, compared to the new and future member states, with 42 hours in Romania and 24 hours in Slovenia.

Table 3. Participation rates of adults in education and training (% of population aged 25–64)

		Romania	Greece	Slovak R.				UK
	Bulgaria	Neighbour	Neighbour	Best ACC	future member states-13	ACC-10	EU-15	Best EU
2001	1.5	1.1	1.4		3.6	4.4	8.4	21.7
2002	1.3	1.1	1.2	9.0		5.0	8.5	22.3

Source: Europa Website: Structural Indicators (July 2003)

Female participants in continuing training courses received 45 hours of training on average, compared to 31 hours for men – much greater differences than observed in other new and future member states. This might compensate to some extent for the low participation rates among women (Source: Statistics in Focus, Theme 3 Number 2/2002, Eurostat).

In terms of the formal education system (VET schools and higher education) as a provider of continuing training, there are no data available on participation rates. The same applies to other providers, such as NGOs, private providers and social partners.

The Public Employment Service organises continuing training courses under active labour market measures for employed and unemployed participants, although in a limited way. Nevertheless the number of participants having completed training has increased in recent years, from 9,951 in 2000 to 17,632 in 2002, representing 1.4% and 2.7% respectively of the total number of people who were registered unemployed.

#### **Financial resources**

At present there are various sources of data, a situation that does not allow an overall assessment of expenditure on education and training; in particular, comprehensive data on funds from branch ministries, which finance about 25% of vocational schools, are not available. However, the available information suggests that total expenditure (public and private) on education has increased from 3.2% of GDP in 1996 to 4.7% in 2002, which is lower than the EU average. In general, teachers' salaries are the largest category of expenditure (60–70%), followed by payment for utilities (around 12%). Investment in equipment only takes place via international funds and is far too low to allow for modernisation of the system.

There is no strategy or uniform system of financing the education system. Most VET schools (339 out of 506) are funded centrally by the Ministry of Education and

Science (MES), which calculates the budget for every school based on the number of students. Yearly costs per student in VET vary between programmes: Transport (€152), Catering and Tourism (€79); the average yearly cost in 2002 was €81 per student. These allocations are not very transparent for schools and are currently under revision. Branch ministries receive money for their vocational schools (€120) directly from the Ministry of Finance, and manage it centrally. Vocational schools managed by municipalities (12) receive money according to formulas established by each municipality.

New state financial regulations require VET schools to pay any income generated back to the state, which does not encourage them to develop own initiatives.

The MES provides social and performance scholarships, with a quarter of all students in secondary education receiving them. The money allocated in 2001/02 was BGN 16 million, or about 10% of the overall investment in secondary education by the MES.

According to Eurostat, Bulgarian enterprises invest an average of 1.0% (BGN 61 million) of their labour costs on continuing training courses, which is close to the average of the new and future member states (1.2%) and lower than EU-15 average (2.0%); the average is 1.2% for Hungary and 0.8% for Poland. The average costs per participant were BGN 401 (294 PPS), compared to Hungary (305 PPS) and Poland (197 PPS).

According to data from the Employment Agency, in 2002, BGN 2.5 million was spent on labour market training, of which BGN 81.2 was for active labour market measures. This represents an increase since 1999, when the figure was BGN 1.7 million for labour market training. While there has been an increase in the overall budget for all labour market programmes (active, passive, and administration) since 2001, the amount for labour market training remains low, at 1% of the total in 2002.

The total labour fund expenditures (Professional Qualification and

Unemployment Fund) as a percentage of GDP increased from 0.50% in 1996 to 1.01% in 2001. The Professional Qualification and Unemployment Fund has been financed by employer/employee contributions of 4% of the total payroll.

The proportion of expenditure on labour market training of the total Professional Qualification and Unemployment Fund varied from 1.7% in 1996 to 0.2% in 1998; in 2001 it was 0.2% (Source: Employment Agency).

In 2001 total expenditure on active labour market measures in Bulgaria was 0.24% of GDP. While this is low compared to Germany (0.97%), Belgium (1.13% in 2000), Denmark (1.44% in 2000) and France (1.13% in 2000), it is one of the highest levels among the new and future member states, with Hungary and Slovenia (0.36%), and Slovakia 0.23% (levels in all other new and future member states are below Bulgaria).

In 2001 expenditure on PES administration was low, at 0.09% of GDP, compared with 0.14% in Austria and 0.26% in the Netherlands. Nevertheless, it is at the same level as Spain (0.09% in 2001) and close to Finland (0.12% in 2001), these having among the highest unemployment rates in the EU. The proportion of the costs in Bulgaria is closer to other new and future member states such as Lithuania and the Czech Republic (0.08%), Hungary (0.11%) and Slovenia (0.12%).

#### Initial vocational education and training

The VET system in the past decade was inherited from a system serving a centrally planned economy, mainly corresponding to sectors and branches of the economy. The transformation of the VET system to one better able to meet the needs of a more market-oriented economy began to be implemented in 1995 and is progressing step by step. Particular reference has been made to EU accession. The 1995 Bulgarian Phare 95 VET reform programme (VETEREST, 1995–99) laid the basis for reforms in vocational education. This has resulted in the development of a specific VET law (VETA

1999), the establishment of the National Agency for Vocational Education and Training (NAVET), and the introduction of modular pilot curricula, broader occupational profiles and new training methods, on a pilot basis.

Since 1999 efforts have been made to introduce these reforms in a systemic way, but the process has not been completed. There are no data and figures available on the reform process (i.e. about number of curricula revised).

Estimates indicated that two-thirds of curricula will need to be updated in response to labour market needs, and to be ready for delivery to young people and adults. Optimisation and streamlining of the school network to provide high-quality VET for the needs of regional labour markets has been declared a priority of the MES. Until now there have been a few developments due to social tensions, as workplaces of teachers might be at stake. The VET system has remained rather centralised with the MES. There are no plans for further decentralisation of responsibilities from the MES to municipalities and schools.

The involvement of social partners in education and training is progressing, but will need efficient cooperation models and the increased interest of employers. At present the involvement of social partners includes participation in the development and approval of vocational education and training standards, examinations and enrolment plans; representation in NAVET; and an advisory role for the Ministry of Labour and Social Policy (MLSP) in the National/Regional Employment Committees and the National Committee for Vocational Qualifications. While the legal basis is satisfactory, implementation needs further development.

In addition to the formal initial training system, the Employment Agency provides for people over the age of 16 with no qualifications or young dropouts from the secondary education system. This is mainly short-term training under active labour market measures.

Consequently the overall reform of VET needs to be addressed at system level, including a VET strategy, adaptation to the needs of the labour market, qualification framework, assessment, monitoring, and teacher training, in a lifelong learning context.

#### a) Policy and legal framework

All issues concerning VET are regulated within the parameters of general regulations on education, a specific VET law. The basic legislative acts regulating education are the Public Education Act, the Law on the Level of Schooling, the General Education Minimum and the Syllabus, the Higher Education Law and the Employment Promotion Act.

The Vocational Education and Training Act (VETA, 30 July 1999) covers initial and continuing vocational training for Bulgarian citizens according to their personal interests and abilities. The main objective of the law is to guarantee quality vocational education and training which is responsive to economic and labour market needs. The law also provides for skilled labour competition on the labour market and opportunities for the regular upgrading of skills.

The VETA stipulates the decentralised organisation and management of the VET system, under the responsibility of the MES, supported by regional (inspectorates) and local structures (municipalities). It proposes multi-source funding, including the state budget, the budgets of municipalities, donations, national and international programmes and self-generated income from schools. As indicated above, decentralisation is progressing slowly and financial state regulations require vocational schools to pay back their own income to the state. The law requests the involvement of social partners in standard development and admission plans, and defines interministerial cooperation, with particular reference to the MLSP functions in the field and some branch ministries.

The amendments in 2000 and 2002 mainly related to the transformation of vocational

schools, allowing the gradual transformation of secondary vocational technical schools (four years) and technica (five and six years), into vocational gymnasia (four, five and six years). They also relate to licensing procedures for private vocational training centres and elaboration of VET programmes, within the overall reform context.

While there are policy documents covering education and training (such as the government policy document 'The People are the Wealth of Bulgaria', the National Development Plan, New Strategy in Social Policy, Employment Strategy), there is no specific document for VET and lifelong learning. Implementation is currently based on laws and respective documents produced by individual ministries, some of them only for internal use. In particular the elaboration of detailed action plans and quantitative targets for implementation is for the most part lacking.

#### b) Resources

#### Teachers

The salaries in the education sector together with those in healthcare are among the lowest compared to other branches of the economy. In 2001 the average gross annual salary in education was BGN 2787 (€1425) compared to an average of BGN 2980 (€1524) in the economy in general. Teachers complain about their low salaries and many have several jobs in order to earn a living.

Although there was a substantial increase in the salaries in the education branch in 2001 – a rise of 35% as compared to 1999 – the average salaries of teachers were still 6% below the average for the economy as a whole, which is slightly better than the average in the new and future member states.

Remuneration depends mainly on age and experience (five qualification levels). The minimum is BGN 2400 per annum and the highest is BGN 4237 per annum; thus the most experienced staff earn about 75% more than the least experienced/qualified.

In 2001/02 there were 18,129 vocational teachers. Over the past few years the number of VET teachers with higher education (15,013 in 1997/98; 15,652 in 2001/02) has been growing steadily, whereas the number of teachers with secondary education (269 in 1997/98; 207 in 2001/02) has been falling.

In-service teacher training is delivered in three higher education institutions in Bulgaria (Sofia, Varna and Stara Zagora: Departments of Information and Teacher Qualification), though it deals only with general pedagogic and education subjects. While in percentage terms there are more VET teachers trained than general secondary education teachers/primary education teachers, there is no tailor-made VET teacher-training system in place. There is little cooperation with the reform project of the World Bank on general secondary education (USD 3.5 million), which contains an important component on teacher training.

While the main objective of teacher training is career development, the amount of additional remuneration generally corresponding to each level of qualification or degree is insufficient to motivate teachers to participate. In addition, teachers mostly have to take holidays in order to participate in the training, and to pay course costs out of their own pocket.

Throughout the years the overall student/teacher ratio has remained fairly steady at around 11:1.

#### c) Facilities

In terms of infrastructure most VET buildings are old and need refurbishment, especially those in rural and remote areas. Furthermore, VET equipment is insufficient and is very often outdated, which affects the quality of practical training.

Bulgaria seems to be lagging seriously behind in terms of ICT equipment and internet connections (although there are no precise data available) in comparison to other new and future member states and the EU-15. Since 2003 there has been a draft national education strategy for the integration of ICT into school education elaborated by the MES, though this does not include VET.

According to MES data for 2003, there are 8,375 computers in general secondary schools and a further 6,000 in vocational schools; a total of 1,710 secondary schools have internet connections. The MES has allocated BGN 700,000 for 2003 for ICT in general secondary schools.

It emerges that apart from ICT classes, practically no use of computers or computer laboratories is made in other lessons. Teaching materials are rarely published on dedicated school websites, though if this happened more often it would facilitate e-learning and the whole process of teaching and studying. There are no figures available on ICT training for teachers.

#### d) Structure and organisation

Since the start of the education reforms in 1995, the education structure has been in a continuous process of transition and further development, as reflected in the different laws, and their respective amendments. In this context one cannot speak about an old, new or future education system, but about a system in the process of transition. Major changes relate to the reclassification of school types, the duration of studies and curriculum development. There are no strategic documents relating to this reform process.

The system currently has four different types of VET school (technica art schools, vocational secondary technical schools and vocational schools), which are being transformed into three types (vocational gymnasia, art schools and vocational schools). This change process was stipulated in the VET law in 1999. The process is carried out step by step and is expected to be completed by 2004/05. It is difficult to find transparent information on the progress of this reform. Nevertheless, the major reasons for reform seem to be the improved quality and reputation of VET schools.

In terms of the duration of studies, under the VET law 1999 the 11-year formal education system has been converted into a 12-year system, with the first changes being implemented in 2000/01. For gymnasia and secondary vocational technical schools the duration has changed from three to four years; for technica from four to five years after eighth grade and from five to six years after seventh grade.

There is no provision in law for horizontal pathways.

For VET, besides certificates and diplomas awarded in general education (e.g. the matura, which allows for access to higher education), students also receive certificates for vocational qualifications (VETA Art.8, Vocational Matura).

The existing system of evaluation and examination does not ensure comparability of pupils' performance, nor does it provide control mechanisms for the work of teachers and schools. As of 2003/04 State Matriculation Exams (matura) will become obligatory, while previously only those who achieved grade four and below had to do it (grade six is the best possible grade). Experience suggests that most students did not have to pass the matura. Matura exams were piloted in 2002/03 in general secondary education on a voluntary basis. It is proposed that in the future, those who do not pass the matura will receive only a secondary education certificate, which will not allow entry into higher education. A final decision by the MES is pending.

The role of the 28 regional education inspectorates is to supervise and control schools in the general education system. In line with the findings of the OECD education policy report 2000, these inspectorates control not the quality of the teaching and learning process, but mainly the correctness of school documentation. Most of the inspectors are for general secondary education, with only a few being for VET.

An overall national system of vocational qualification standards is not yet in place, although elements of such a system do exist. The National Agency for Vocational Education and Training (NAVET) is the executive agency responsible for standards development and has established tripartite internal working groups to carry out relevant tasks.

In May 2001 a general framework for standards development was prepared by the NAVET and approved by the MES, as was a list of 172 vocations for vocational education and training, based on ISCED 97 classifications. In addition there is the National Qualification System of the Ministry of Labour and Social Protection (MLSP) for professional standards. The system was approved in 1996 and prepared in line with the International Standard Classification ISCO 88. Although ISCED and ISCO classifications have been interlinked through codes established by the NAVET, in practice there are difficulties with implementation. For this purpose a working group has been established (MLSP, NSI, MES, Employment Agency).

Vocational schools currently use the list of vocations for education that applied in 1993. Experience from EU member states and future member states shows that standards development (vocational and professional standards) takes time. To date in Bulgaria the standards for 25 professions have been completed and approved by the NAVET Management Board and approved by the Minister of Education and Science. These standards apply to both initial and continuing training. Following MES procedures, piloting of the finalised standards started in 2003, and was followed by the gradual elaboration of new vocational curricula in accordance with the standards. The implementation of new curricula should start in 2004/05 and the process might be finalised by 2010.

#### e) Delivery of practical training

Practical training is currently conducted mainly in school workshops that cannot provide practical training appropriate for the labour market. The equipment in schools is mostly old and outdated and does not allow for quality practical training. This results in a VET system with students who have little practical experience when they enter the labour market.

In addition, practical training in companies does not really exist. Where it does exist, it is mainly in companies with foreign investment, and consists of in-company visits of one to two weeks; this raises the issue of quality of practical training. One important reason for this situation is restructuring and the instability of the Bulgarian economy, which prevents employers from offering their production facilities and premises for placements for VET schools. Another reason is the structure of VET programmes, which do not include obligatory practical training in companies, and in which recent reform has even reduced the amount of practical training in curricula (from 50% to 40% of the overall curriculum).

As a stand-alone initiative, the Bulgarian National Crafts Chamber envisages organising practical vocational training in the form of an apprenticeship system under the Crafts Act. In this context the Bulgarian National Craft Chamber is currently adapting 20 curricula received from Koblenz for the Bulgarian system. Negotiations with the MES on accreditation of certificates are taking place in parallel, as the current VETA does not cover this kind of training.

f) Responsiveness of initial training to the needs of the labour market and the individual

In general little has happened during the past decade to allow a shift from the previous collective approach towards a more individual approach for VET. There have been some pilot initiatives, such as pilot training needs analysis and the introduction of modular approaches for curriculum reform. Recently the government has started initiatives to integrate Roma children and children with special needs into mainstream education, providing support as appropriate; the government also foresees specific measures for the reintegration of women into the labour market.

At present there is no regular training needs analysis (TNA) undertaken to support educational planning or to define the needs for VET. Some pilot TNA took place under Phare in 2000 and 2001 to define curricula, but without any reference to enrolments. There has also been some ad hoc and informal discussion and coordination on enrolment for secondary education between regional inspectorates and labour offices, and in regional employment committees. The MES and MLSP are considering carrying out regular regional training needs analyses.

The state planning/programming process has not been changed and seems to serve the needs of the system (to avoid teacher unemployment) rather than those of the labour market. School enrolment plans by vocation are proposed by the schools to the regional inspectorates for approval by the Minister of Education and Science.

There are no administrative registers for follow-up monitoring of those who have graduated from schools and universities. It was only in 2003 that the MES through the Education Modernisation Project (World Bank Loan) has initiated the development of an administrative register of university students.

Little has happened in terms of the development of counselling and guidance services provided by the MES. The previous structure was abolished in 2000 and a new one has not been established. There is also the vocational guidance and counselling system of the Employment Agency and its local labour offices, which is used by students and adults. Reform efforts might consider further development of an overall counselling and guidance system, concentrating on mutual benefits and cooperation.

With regard to curriculum reform and the integration of core skills into curricula, no specific actions have been undertaken (Source: Progress Report on Lifelong Learning, Bulgaria, May 2003).

Nevertheless it should be noted that the number of VET students studying foreign languages in vocational schools has increased (in 1998/99, 92,097, or 46.6% of the total number of students in VET studied at least one foreign language; in 2001/02 the figure was 134,007, or 70.0%).

Economics as a subject is covered in all vocational schools, including knowledge of marketing, management, entrepreneurship, small business, company law, company innovations and business communications.

In 2002 the Bulgarian Government set up Consultative Council on Education of Children and Schoolchildren for Minority Groups. As a first step the MES will foster the integration of Roma children into the mainstream education system (with grades two to eight as a starting point). Teacher support programmes will accompany this, in which teachers will receive specific pedagogical training, including intercultural aspects. There will be some parallel curriculum reform, which will include intercultural aspects and special language training for minorities.

With regard to children with special needs, the MES aims gradually to remove special schools and to offer integrated education in the regular school system to children with special needs.

The process of education and training reform will increase the overall level of qualification of the labour force. Nevertheless the key challenge in vocational education and training activities remains the link to the labour market in a lifelong learning context, which is in its infancy in Bulgaria.

# Continuing vocational education and training

Overall progress in continuing training development and participation has been slow. There is no coherent continuing training system in place, and little information about providers and their actual services, about clients and their actual needs.

Concern about the quality of training provision has been one of the main issues in discussions on continuing training. In 2003 an Employment Strategy was approved by parliament, comprising important guidelines for VET for adults, including on the delivery of training.

The Employment Promotion Act foresees the development of a vocational training strategy by the MLSP in collaboration with the MES. This will also include joint management and implementation responsibilities. Under a Phare 2003 project the MES and the MLSP will address this jointly.

Investment in continuing training was also agreed as a priority in the Joint Assessment Paper in October 2002, in the light of accession preparations.

#### a) Policy and legal framework

Current legal provision for continuing training is insufficient and the framework for a clear policy on state education and training of adults including the involvement of social partners needs to be created. Current legal conditions under VETA and the Employment Promotion Act for training funded by the state might hinder the development of continuing training in a competitive environment. The licensing procedures for private providers are complicated and seem to focus on the long-term development of courses recognised by the state, but not sufficiently on the short-term needs of the client. This may have a detrimental effect on the availability of short-term courses provided by Employment Agency and paid for from the state budget for unemployed clients; short-term courses can only be provided by licensed private training organisations following a tendering process. This might reflect a preference for continuing training to be provided within the formal education system, which does not have to undergo licensing procedures. Experience shows, however, that curriculum developments in the formal education system take time, which might lead to inadequate provision of training for the labour market, in terms of content and timing. Furthermore, vocational schools might not be interested in delivering training, as state financial regulations since 2002 have required schools to pay back to MES any income generated.

#### b) Structure and organisation

Continuing vocational training in Bulgaria is defined as training delivered to persons over 16 years of age who are no longer in the formal education system. It applies to both employed and unemployed people. According to both the VETA and the Employment Promotion Act, continuing training can be provided by institutions in the formal education sector, private and public training centres, agencies, municipalities, social partner organisations and enterprises.

Enterprises are the main providers of continuing training in terms of organising and delivering continuing training for their employees (according to the Eurostat CVTS2 survey, 28% of employees participated in continuing training in 1999).

Vocational schools and universities are also providing some continuing training, though there is no data available on number of participants.

The nationally representative trade unions and employers have established vocational training centres to provide continuing training for unemployed people and for those who are employed. The Centre for Vocational Training at the Bulgarian Chamber of Commerce and Industry (BCCI) has been licensed by the NAVET to provide vocational training. The Bulgarian Industrial Association (BIA), which is another nationally representative employers' organisation, also operates a Centre for Vocational Training. The 'Podkrepa' Confederation has established a special unit for syndicate training - a Syndicate Development Confederation Department.

There are also NGOs such as the network of 'chitalishte', the traditional Bulgarian culture and educational centres. In the 'chitalishte' different activities take place, such as language courses, music lessons and theatre schools, as well as some professional skills training. There is also the network of 'Znanie' – the Society for the Propagation of Knowledge – which is the largest non-profit-making Bulgarian adult education organisation, established in

1990. They support adult education and training providers with institutional and staff development, and organise vocational training courses for adults, both employed and unemployed.

Labour market training is primarily targeted at unemployed people and those at risk of becoming unemployed. The training is usually organised as a short-term course and leads to a vocational qualification. In this context the main providers authorised to provide training courses are training institutions, vocational training centres, schools and enterprises. There was a decrease in the number of registered institutions in 2002 (enterprises and vocational schools), which seems to have been mainly due to the legal changes described above.

c) Responsiveness of continuing training to the needs of the labour market and the individual

The Employment Promotion Act includes financial incentives for employers who upgrade the qualifications of their employees, hire unemployed people, or offer internships implementation of these has recently begun.

The provision of continuing training by schools for adults is largely a copy of the formal education system, with traditional pathways leading to the same recognised certificates and qualifications; it is therefore not very responsive to the needs of the individual and the market.

There is no regular training needs analysis for continuing training, but some pilot initiatives have started under Phare or UNDP programmes.

Continuing training intended to counteract high levels of youth unemployment and long-term unemployment is provided under the following initiatives: the 2001 Phare project – Labour Market Initiative (2001–2004); the Jobs and Beautiful Bulgaria programmes (UNDP); and the national Youth ICT Training Programme (2002–2005). Specific initiatives for women are also planned for 2003 under the National Employment Action Plan.

In terms of the integration of Roma people into the labour market, a 2001 Phare project on 'Social Inclusion' aims to facilitate the social and economic integration of the Roma and other ethnic minorities into society. It provides education, employment and entrepreneurship measures, while increasing literacy.

Further progress with tailor-made continuing training requires considerable financing and further development of institutions and methodologies, while fostering public and private competition in continuing training.

#### Public and private employment services

The MLSP is responsible for the legal framework relating to employment services and the implementation of the national labour market policy.

With the overall economic reform context for PES provided for in the New Government Strategy for Social Policy (2002–2005), the Employment Promotion Act, the National Development Plan (2000–2006) and the National Employment Activity Plan, there is no specific reform document on PES so far. PES development has been ad hoc to some extent. It has been based on an informal assessment of what has worked in the past, with particular reference to EU accession.

This approach, while useful in the short term, needs to be supplemented by more formal strategic planning.

## a) Legal and policy framework

The development of the legal framework from 1989 onwards reflects the gradual transition to a market economy. In the period between 1989 and 1991 a first legal basis for the implementation and functioning of the market-oriented employment services was formulated. During 1995 a three-tier organisation of the public employment services was introduced. It included the National Employment Office (Service), the regional offices and the labour offices (bureaus).

In 1998 the Law on Unemployment Protection and Employment Promotion came into force, including unemployment compensation schemes, the Professional Qualification and Unemployment Fund for the financing of active and passive labour market measures, and a set of active labour market measures.

The Employment Promotion Act (2002) focuses on the replacement of the passive with an active policy, the further decentralisation of active labour market measures to local labour offices and tailor-made services for unemployed people, and the reform of financing mechanisms for active and passive labour market measures. The emphasis will be on preventing long-term unemployment, while counteracting poverty.

Although comprehensive monitoring of the change is lacking, it is evident that the reform is moving ahead step by step.

However, the potential of labour administration to manage quite a number of activities (preventive strategy, wider use of individual action plans, comprehensive monitoring, assessment and impact of new PES structures) will need to be further developed.

## b) Structure and organisation

In the light of the reform, the structure and its responsibilities have changed, with particular emphasis on local labour offices, branch offices and sub-branches (a total of 242), which began in 2002 to focus on tailor-made services for unemployed people and facilitating their integration into the labour market. This includes job mediation, professional information, consultation, guidance, and finding the most suitable employment programme and measure. It also includes assisting employers to hire workers. With effect from 2003 they no longer administer unemployment benefits; this was previously a major task, which is now dealt with by the National Insurance Institute.

In 2002, the nine directorates (regional employment offices) began to concentrate on coordinating and assisting the local labour offices, in areas including IT

maintenance, material supply and administrative services. They previously had similar tasks to those of local labour offices, with particular reference to the administration of unemployment benefits. The Employment Agency has kept its overall responsibility for the management, coordination and control of the local labour offices.

In this context there is a need to strengthen the capacity and effectiveness of the PES offices and their staff, and to improve cooperation between national, regional and local players.

Private employment agencies have been introduced with the Employment Promotion Act (2002), and require a licence to operate, issued by the MLSP. The main licensing requirement is that private intermediary companies should be at least 50% Bulgarian-owned; this has proved to be quite complicated. At present they play a minor role in Bulgaria. As of September 2002, 114 companies have been licensed to act as employment agencies in the internal market, and around 90 companies have specialised in recruiting for work abroad.

## c) Resources

Since 2002, under the Employment Promotion Act, the financing of PES has changed. The Professional Qualification and Unemployment Fund was abolished and, instead, the funds from the state subsidy and the budget of the Employment Agency have covered the costs of the administrative system. The latter comes from sources including fees for the delivery of (private) intermediary services; fees for freelance activities; and incomes from advertising and publishing. The state budget funds the active labour market programmes and measures. Unemployment benefits are paid from a new Unemployment Fund established at the National Insurance Institute. One of the reasons for introducing these changes was the permanently limited capacity of the former Professional Qualification and Unemployment Fund to finance the active measures, as most of the money was spent on payment of unemployment benefits.

The number of PES staff is decreasing steadily. Over the past five years (1997–2002), numbers have reduced by 19%, with staff cuts being mainly in the general administration departments in the local labour offices. In spite of the rise of unemployment, the first staff cuts, of 4% and 5% respectively, were made in 1999 and 2000, as a result of restrictions on public expenditure within the overall economic reform context. Another reason for the cuts was that general administrative tasks were considered too narrow and implementation was not considered to be sufficiently effective.

In 2002 the Employment Agency cut its staff numbers by 13%. This was in line with the new Employment Promotion Act (2002) and PES reform, which transferred the administration of unemployment benefits to the National Insurance Institute, as mentioned above. It was also consistent with the whole reform of public administration in Bulgaria in 2002, with cuts of around 10% in all areas. At the end of 2002 there were 3,400 staff members in the Employment Agency, the vast majority (nearly 90%) being in the local labour offices.

At the same time there has been a shift of staff from general administration to client-oriented services. In 2002 there were around 500 less staff in the Employment Agency than there were in 2001, but in October 2002 65% of these were in direct contact with clients (56% in April 2002); this allowed for more mediation and counselling services for unemployed people. At the end of 2002 each counselling staff member had on average 330 job seekers per month (965 in 2000, 746 in 2001), or 15 persons per day (assuming 22 working days per month).

While these figures show an increase in the time spent with each client, they do not allow sound judgement of the quality of services.

The educational level of the employees in the Employment Agency, and in the labour offices in particular, is high. At the end of 2002, 73% of the staff had attained higher education, 20% secondary vocational education and 7% general secondary education.

The percentage of Employment Agency staff participating in training decreased between 1997 and 2001, from 54% to 27%, mainly as a result of budgetary constraints. This is worrying, since new skills and knowledge for tailor-made services for unemployed people will need supportive training, and the budget for active labour market measures has been increasing.

In terms of IT equipment, in October 2002 there were on average around 0.7 computers per member of staff in the Employment Agency. The headquarters were relatively better equipped than the labour offices, with 1.1 computers per member of staff in comparison to 0.6 in labour offices. Software provision is also unsatisfactory. Overall, employees in the labour offices consider computer provision to be extremely inadequate for their work.

Employers' organisations and employers assess the public employment services rather critically. Some expressed the opinion that unemployed persons offered by labour offices often do not meet the requirements for the positions, and that the system is working 'for its own sake'. Employers also state that they are not sufficiently consulted on what training should be provided for unemployed clients.

While there has been an increase in the amounts spent on active labour market measures, up until now the main part of the expenditure on labour market policies was spent on passive measures unemployment compensations and other subsistence payments. In the years during which there were higher levels of unemployment, the share of that expenditure increased sharply; 2000 was just such a year, when the registered unemployment rate was extremely high (18.1%) and the expenditure for unemployment benefits also reached a record high (17.4%: 76.3%); in 2002 it was 33.2%: 66.9% (Source: Employment Agency).

In 2002 a total of 108,200 (activation rate 16.5%) unemployed people were included

in employment programmes (employment subsidies and training) and measures (focus on vulnerable target groups and flexibility), 26% more than in the previous year, when there where 86,244 participants. In 2002, 82% of all participants were involved in employment programmes and 18% in employment measures.

Expenditure for subsidised employment is the most important of the active policies. It will be promoted quite intensively in future years. In 2003 the budget for active labour market measures is BGN 327 million (compared to BGN 81.2 million in 2002 and BGN 70 million in 2001). Of this, BGN 217 million will have to be spent on subsidised employment (the programme 'From social care to employment'). This will combine temporary work schemes and training, with the purpose of obtaining stable employment at the end of the programme for poor, long-term unemployed people. The budget is transferred to the local labour offices and paid through them. For the first four months of the year, according to the reports of the MLSP, the main tasks in the plan were successfully realised.

#### d) Specific issues

With regard to social partners, the Employment Promotion Act ensures the involvement of social partners mainly through advisory committees, councils and commissions at national, regional and local levels; some of these might overlap. Given that all deal with labour market issues at national, regional or local level, communication should be fostered. Capacity-building measures for an effective role in employment policy development might be considered.

Apart from the Labour Force Survey (LFS) there are no regular surveys that give information on needs and trends in the labour market. While there are a variety of active labour market measures in place, there are no indicators on the numbers and proportions of those who found a job after the end of labour market programmes. The internal and external monitoring system of the MLSP and PES provides figures on the number of unemployed people by gender,

and the number served by labour office staff and others, but there are no quality indicators in place. There is no systematic use of net impact evaluations to assess the effect of active labour market measures.

In 2003 the MLSP became the Implementing Agency for Pre-accession Funds in the field of human resource development. Since 2000, capacity-building measures for the management of ESF-type projects have been carried out within the framework of Phare. Phare Programming 2003 has been completed, and addresses the main priorities and problems relating to the labour market. It includes projects on Alternative Employment (i.e. enhancing entrepreneurship), National Database for the Labour Market and ESF (i.e. software development and training), and Vocational Qualification (i.e. standards development for vocations and the establishment of an adult learning system).

#### **Conclusions and recommendations**

- Until now VET reform has largely taken place on a pilot basis, with little systemic impact. While the VETA stipulates decentralisation, the system has remained rather centralised, with the main responsibilities for the organisation and management of the VET system remaining with the MES. Although the legal basis for IVET is quite well developed, it clearly needs improvement in terms of CVT. At policy level for both initial and continuing training a lifelong learning strategy has not yet been developed.
- The ongoing VET reforms are taking place under conditions of high unemployment and a continuously declining population, which at the same time requires other major reforms in society, such as economic or labour market reforms in the overall context of accession to the EU. There is little cooperation between VET and labour market stakeholders, which leaves Bulgaria with a VET system that is not very responsive to the needs of the labour market.
- The challenge remains to plan and further implement an overall VET reform

on a system level within a reasonable timeframe and to provide sufficient financial and human resources in order to meet the new educational, management and financial responsibilities arising from the reform process. While financing for education has increased (public expenditure on education as a share of GDP rose from 2.6% in 1996 to 4.7% in 2002), it remains lower than the EU average.

With reference to the recommendations in the JAP the following progress has been identified, and the authors of the monograph recommend the following next steps:

Initial vocational education and training

According to the Joint Assessment Paper (JAP), the proposed reform of initial training needs to finalise curriculum reform including the retraining of teachers, with a view to achieving high-quality VET; to rationalise the vocational school network and decentralise the VET system; and to ensure equal access to education, in particular for those from Roma communities. The JAP also makes reference to high dropout rates and problems with participation rates in secondary education.

- With regard to curriculum reform, little progress has been achieved. Estimates show that more than two-thirds of all curricula are outdated and have little relevance to the labour market. For the other new and future member states it is suggested that around a third of curricula have been reformed during the past decade, which means that developments in Bulgaria are similar to those in other new and future member states. There is no systematic training needs analysis being carried out. While curriculum reform is ongoing, there are no precise data and no strategy or time plan available.
- In terms of teacher training, as in other new and future member states the reputation of teachers is poor and the level of income is low, with average salaries 6% below the average for the economy as a whole. While a World

Bank loan has addressed the reform of the teacher-training system for general secondary education, for VET teachers there have been only a number of pilot measures.

- The optimisation of the VET school network to provide high-quality VET for the labour market, including new vocational profiles and new skills, has literally come to a standstill. In the period between 1999 and 2003, around 40 schools have been reformed, while the others have continued their educational provision as before. Reform has been stopped mainly as a result of political constraints, as teaching posts might be at stake and no proactive countermeasures have been envisaged.
- With regard to equal access to education, the Bulgarian government has recently placed strong emphasis on the integration of Roma people into the mainstream education system (grades two to eight). In this context specific teacher-support programmes have been delivered and curricula reform has started, including intercultural aspects and special language training for minorities. No specific measures for VET have been initiated.
- Regarding participation rates in secondary education, the enrolment rates for 15-18 year-olds are worrying (16 year-olds correspond to the last year of compulsory education) with only 81% in education in 2002, partly as a result of ethnicity and poverty issues. Estimates are that dropout rates among Roma people are the highest. The specific measures for solving the problem developed under Phare have not yet had a crucial effect.

#### Recommendations

- Development of a VET strategy in a lifelong learning context, while fostering cooperation between VET and the labour market, employability and social inclusion; design of an implementation plan with clear institutional roles and responsibilities;
- Development and implementation of regular training needs analysis through close cooperation between VET and labour market stakeholders;

- Development of a strategy and time plan for further curriculum development in an overall VET/labour market reform context, while considering strategies for speeding up the process;
- Opening up the general secondary education teacher-training reform to VET teachers, and designing and implementing respective measures;
- Continuing the process of VET school network optimisation and decentralisation, including a strategy and time plan; design and planning of proactive countermeasures for teacher unemployment:
- Foreseeing measures to integrate Roma people into the VET system, while addressing the problem of low participation rates in secondary education;
- Capacity building and training of staff involved in activities, while fostering cooperation between VET and labour market stakeholders.

Continuing vocational training and labour market training

According to the Joint Assessment Paper (JAP), drawing up a strategy for continuing training is an urgent task in a country undergoing swift restructuring. A stronger shift of active labour market policies towards upgrading of skills is needed for structural change in the labour market. This should happen in close cooperation with social partners and employers in order that it is be tailor-made for the labour market. The equality of access to training has to be addressed with high priority.

- A continuing training strategy and system is not yet in place. Substantial change is expected with a 2003 Phare Programme for continuing training being developed and implemented jointly by the MES and MLSP.
- Access to continuing training and labour market training is still not sufficiently developed. Enterprises are the main providers of continuing training in terms of organisation and delivery for their employees (according to the Eurostat CVTS2 survey, 28% of employees participated in continuing training in 1999). Continuing training for

- unemployed people is mainly provided and financed under labour market training through the MLSP and the Employment Agency.
- while the budget for labour market training has increased since 2001, it is still low, at 1% of the total budget for all labour market programmes as an active labour market measure. The introduction of complex licensing procedures for private providers (licensing only those courses recognised by the state) and new financial regulations for schools (with no possibility for their own income generation) might hinder delivery of continuing training in a competitive market.

#### Recommendations:

- Development of a continuing training strategy and system in a lifelong learning context within the framework of the 2003 Phare project, as a basis for further developments; particular emphasis will be put on interinstitutional cooperation, including social partners, and decentralisation:
- Creating an appropriate support framework for continuing training/lifelong learning in order to increase training participation of the adult population, in particular employed people (enterprise support, motivation of individuals);
- Revisiting licensing procedures for private providers and new financial regulations for schools, aiming at quality continuing training in a competitive market:
- Capacity-building and training of staff involved in activities;
- Development of regular research, prognoses and analyses on:
  - the professional qualification level of the labour force
  - the vocational training of adults;
  - vocational training needs;
  - employment and labour market issues.

#### Public Employment Services

- In line with the JAP, the Employment Promotion Act and the New Social Policy Strategy (2002–2005), the PES reform is under way, moving gradually from passive to active measures, and with particular reference to local labour offices. Some training for PES staff in local offices is being delivered to enable them to carry out their new main task of serving unemployed people.

  Nevertheless, staff will need further training on new skills and knowledge in order to provide tailor-made quality services for unemployed clients.
- In 2003 the Bulgarian government allocated BGN 217 million of the BGN 327 million for active labour market measures for the programme 'From social care to employment', which will concentrate on temporary work schemes, especially for long-term unemployed clients. In this context complementary training will also be provided. Sustainable job creation has been declared a main priority of the Bulgarian government for a nationally coherent employment policy. Trends over the years have shown a preference for subsidised employment programmes.

#### Recommendations:

- Further capacity-building and training measures for PES staff to enable them to deliver tailor-made services to unemployed people, and employers in the ongoing PES reform process; the inclusion of national, regional and local stakeholders in training to foster exchange of information and cooperation;
- Further encouragement and support for social partnership developments;
- Revisiting the current IT infrastructure for delivering services to the unemployed and further developing the IT infrastructure and system;
- Regular monitoring and evaluation of the implementation of active labour market measures, with particular reference to sustainable job creation;

## 1. INTRODUCTION

The present coalition government of the Simeon II National Movement and the Movement for Rights and Freedom (MRF) defines economic growth, stability and investment in human resources as strategic priorities for Bulgaria, with particular reference to accession to the European Union.

Until recently employment policy focused first on passive protection or providing financial compensation up to a certain amount of lost income following dismissal; and second on providing opportunities for minimum employment for unemployed people registered with the labour office, both under various programmes and measures, and by supporting job-creation initiatives. This was mainly as a result of the acuteness of the social problems resulting from massive job cuts during the years of transition. This made social policy quite passive.

With the objective of fostering active social policy, the Bulgarian government developed a strategic document, The New Social Policy Strategy (October 2002–2005), elaborated on the basis of the

National Development Plan 2000–2006 (last revision April 2003). The strategy concentrates on four different perspectives: functioning of the labour market, vocational education and training, healthcare and culture. It contains an action plan that describes the measures to be taken at national and regional levels, with particular reference to the four pillars of the European Employment Strategy.

The main quantitative strategic goal is to decrease the number of unemployed people by at least 150,000 by 2005; the average annual number of registered unemployed people in 2002 was 656,000 (Source: National Employment Agency Report 2002, p.7). The second target is promoting micro-entrepreneurship by providing a minimum of 8,000 credits over a four-year period. The third objective is to reduce the ratio of long-term unemployment to below 20 % of the total number of unemployed people; the average annual number of registered long-term unemployed people in 2002 was 332,000, or more than 50% of those who were unemployed. Fourthly, over 200,000 unemployed people should participate in

vocational education and training initiatives (during the four-year period); in 2002, 18,000 were included (Source: Employment Agency).

The New Social Policy Strategy and the National Development Plan (NDP) are complemented on an annual basis by the National Employment Action Plan (NEAP), which defines concrete active labour market measures and the budget for policy implementation. The Bulgarian government developed a NEAP for the first time, in 2001. The NEAP follows the European Employment Policy and its four pillars. The implementation of the employment policy also follows the Employment Promotion Act of 2002, which stipulates an active approach to the labour market, and provides the basis for the reform of the PES. This has been accompanied by changes in the labour code, pension reform, social security and health and safety reforms.

In October 2002, the Joint Assessment Paper of Employment Priorities in Bulgaria of the Bulgarian government and the European Commission's Directorate-General for Employment and Social Affairs was signed. It focuses on short-term employment and labour market policy priorities, which will be monitored jointly on an annual basis.

# The background on economic and labour market developments

The transition and reform process in Bulgaria started in the early 1990s. In 1991, Bulgaria initiated the first stabilisation and structural reform programmes. Most prices were liberalised, subsidies to most enterprises were cut, and tight monetary, fiscal and incomes policies were adopted<sup>3</sup>. However, in the early to mid 1990s GDP declined, mainly due to the loss of previous markets (mainly Russia) and the introduction of institutional changes.

Positive developments started with a small GDP growth of 1.8% in 1994 and 2.1% in 1995, which were a consequence of private sector growth and improved access to European markets. Given the structural

problems, budget deficit, public debt, inflation and depreciation of the exchange rates, the Bulgarian economy faced a serious economic crisis resulting in hyperinflation in 1996 and 1997 accompanied by declines in GDP of 9.4% in 1996 and 5.6% in 1997.

Only in 1998 did economic policy start to be geared systematically towards macroeconomic stability and structural reform. The introduction of an IMF Currency Board brought inflation under control. As a result inflation fell from 1058.4% in 1997 to around 18.7% in 1998. with declining trends since then (10.3% in 2000, 7.4% in 2001 and 5.8% in  $2002)^2$ . The stabilisation programme combines strict fiscal policy with cuts in public expenditure (including a decline in the number of employees in the public sector) and progress in the privatisation and liberalisation process. GDP growth rates after the new arrangements were introduced were 4.0% and 2.3% in 1998 and 1999 respectively.

Since 2000, GDP growth rates have been at their highest levels since the transition period began (5.4% in 2000, 4.0% in 2001 and 4.0% in 2002), which is the result of increased export and domestic demand in consumption and investment. It is estimated that GDP will grow by 4 to 5% in the coming years.

GDP per capita rose between 1997 and 1999, but fell in 2000 and 2001 when measured in purchasing power standards. Nevertheless it was still higher in 2001 (€5,710 PPS) than in 1997 (€5,360 PPS). However, if measured in cash terms GDP per capita has been rising throughout this period (from €900 in 1997 to €1,600 in 2001). This is still well below EU levels, at just 25% in 2001 (according to Eurostat data based on PPS euro) of the EU average, and is amongst the lowest of all the new and future member states.

While the main achievement of Bulgarian governments since 1998 is macroeconomic stabilisation, Bulgaria needs further economic reform, in particular in order to cope with the high level of unemployment.

<sup>3</sup> Economist Intelligence Unit, January 2002 and April 2002, Bulgaria.

Table 1.1 Economic and labour market indicators

	1997	1998	1999	2000	2001	2002
GDP growth – annual average (%)	-5.4	3.9	2.3	5.4	4.1	4.8
GDP per capita (PPS euro)	5360	5700	6010	5780	5710	
Labour productivity (annual % growth)	-4.5	5.5	6.4	9.6	6.4	4.0
Labour force (millions) Of which:	3.56	3.48	3.39	3.27	3.26	3.29
Employed	3.03	2.92	2.81	2.74	2.63	
Unemployed	0.53	0.56	0.58	0.54	0.64	
Labour force activity rate (% of the population aged 15 and over)	51.6	50.4	49.2	47.5	48.1	48.5
Employment – yearly changes (%)	-2.6	-2.6	-5.7	-3.3	-2.0	
Employment rate (correlation in % between employed persons and population aged 15 and over)	43.9	42.4	40.8	39.7	38.7	40.3
ILO unemployment rate (Labour Force Survey)	15.0	16.0	17.0	16.4	19.2	18.1
Registered unemployment rate	13.7	12.1	13.8	18.1	17.5	17.4

Sources: Statistical Yearbook for 2001, NSI, Sofia, 2002; Employment in Europe 2002, Employment and labour market in Central European countries, DGEMPL 2/2001; Statistics in Focus series, (Theme 2 8/2003 Quarterly Accounts - the GDP of the CCs), Eurostat. Eurostat Structural Indicators Webpage 11 July 2003

The high number of people unemployed is a result of the fact that large-scale restructuring and consequent loss of jobs was not matched sufficiently by the creation of new jobs. The scarcity of internal and foreign investments is also considered as an indirect reason for high unemployment rates, as are the relatively high levels of employment within the grey economy. Further reasons are incompatibility between employees' qualifications (and lack of such) and employers' needs.

Between 1990 and 1997 the registered unemployment rate increased from 1.7% in 1990 to 11.1% in 1991, reaching its highest level of 16.4% in 1993. Unemployment started to rise again in 1997 and continued rising until 2000 as a result of the overall economic crisis. In 2000 the registered unemployment rate reached 18.1%, its highest level of the whole transition period. By contrast, the ILO unemployment rate did not peak until 2001, when it reached 19.2%.

Unemployment in Bulgaria has been characterised by high levels of long-term unemployment. The annual average number of long-tem unemployed people in

2002 was over 330,000 (50.7% of total registered unemployed people), up by 0.7% from 2001 (Source: Employment Agency, Annual Report 2002, p.10). Approximately 70% of long-term unemployed people in 2002 had little or no education and/or professional qualifications (61% of the total unemployed); in 2001 this figure was 50% (Source: JAP, p.10).

In 2002 the unemployment rate was 18.7% for men and 17.2% for women. Between 1995 and 1998 the unemployment rate for men went down from 15.5% to12.0%, and for women from 15.8% to 11.8%. Both rates then went up, reaching a peak in 2001 at 20.0% for men and 18.4% for women, a slightly slower increase for women than for men (Source: Women and Men in the Republic of Bulgaria, 2002, p. 77).

Another feature of unemployment in Bulgaria has been the high level of youth unemployment, which has risen from a low of 28.4% in 1998 to 38.4% in 2001 (Source: Women and Men in the Republic of Bulgaria, 2002, p.78).

Regarding the educational attainment of unemployed people, in 2002, 57% had basic and lower education, 29% had

secondary specialised and vocational education, 8% had secondary general education and 6% higher education (Source: Employment Agency Annual Report 2002, p.12). The proportion of unemployed people with basic and lower education has increased from 2001 (56.7%) and 2000 (55%) (Source: Employment Agency).

In 2002, people with secondary education were in the majority in the educational structure of those employed – 56%, including 22% with secondary specialised education, 16% with secondary vocational training and 18% with general secondary education. Nearly 26% of those employed had higher education, whilst 18% had basic and lower education (Source: NEP, 2002, p. 10).

According to the census 2001, only 1.2% of the total population aged between 25 and 64 is illiterate, though rates are much higher for certain ethnic minorities, particularly Roma (12.7%) and Turks (3.5%).

Taking into account the unemployment characteristics, the Bulgarian government has proposed specific measures under the National Employment Plan, with particular reference to long-term unemployed people, those who are illiterate, and young people. In 2003, BGN 217 million (out of BGN 327 million) for active measures will be spent on the fight against long-term unemployment under the programme 'From social care to employment', including components for young people and illiterate persons. This will combine temporary work schemes and accompanying training.

Bulgaria's population has been declining continuously since 1989, with a fall of 8% between 1989 and 2000 (Source: JAP,

p.5). In view of the recent demographic changes<sup>4</sup>, the population is forecast to fall by a further 6% by 2010. Between 2000 and 2010 the major declines will be in the age groups 0-14 (by 23%) and 15-29 (by 17%).

Table 1.2 Forecast of the population by age groups

Age group	Year							
Age group	2000	2005	2010	2015	2020			
All ages (millions)	8.16	7.90	7.65	7.41	7.17			
0–14	1.25	1.03	0.95	0.97	0.98			
15–29	1.78	1.68	1.47	1.24	1.02			
30–64	3.78	3.83	3.88	3.79	3.71			
65 and over	1.36	1.36	1.35	1.41	1.46			

Source: NSI

Another characteristic of the population is the ageing labour force and the impact of this on employment. In the labour structure those between 35 and 54 years of age predominate. The NEP 2002 has included a programme to support active ageing, which was not implemented due to financial constraints.

According to a research study, poverty has remained high. The table below shows that the poverty rate in 2001 was less than 1997. It is nevertheless twice as high as the pre-crisis rate (11.7% vs. 5.5% in 1995). Compared with 1997, in 2001 the poor have become less poor, measured in terms of the ratio between the poverty depth and the poverty rate. Regardless of the poverty line used '... the trend over time is maintained, with a sharp increase in poverty during the crisis and significant drop in 2001, but still persisting above the pre-crisis levels'<sup>5</sup>.

<sup>&</sup>lt;sup>4</sup> The total population, according to the last census (2001), has decreased by more than 500,000 (6%) since 1992, and reached 7,932,000 people. The average age of the population was 40.1 (in 2002), compared with 39.9 in 2000. Statistical Yearbook, 2001, p.20.

The table and the conclusions were cited in: An Update on Poverty in Bulgaria: a Background Paper for the Bulgaria Poverty Assessment, Carletto G., and Tomoki Fujii, March 2002, Report for the Annual Conference of the World Bank in Sofia, Bulgaria, 4- 5 April, 2002.

Table 1.3 Poverty and inequality trends

	1995		1997		2001	
Poverty measure	High	Low	High	Low	High	Low
Rate <sup>6</sup>	5.5	2.9	36.0	20.2	11.7	6.0
Gap <sup>7</sup>	1.7	0.9	11.4	5.9	3.6	1.9
Depth <sup>8</sup>	0.8	0.4	5.3	2.7	1.7	0.8
Avg. per capita consumption, (June 1997 BGN)	117,208		62,604		103,767	
Gini Index		27.1		31.4		29.5

Bulgaria has remained at almost the same rank in the human development index of the countries in the world in recent years: 62nd in 2002 (out of 173 countries)<sup>9</sup>, 57th in 2001 (out of 162 countries)<sup>10</sup> and 60th in 2000 (175 countries)<sup>11</sup>. The human development index imposes greater requirements on social and economic policies and the need to articulate some new priorities

The main future challenge of the government in Bulgaria is to introduce employment policies that will increase the

employment rate in the context of a still slowly changing unfavourable economic environment and in the light of accession to the EU. The core of the new employment policy will be active measures, combining employment creation with training to increase employability. In this context the further development of the NEAP, with measurable objectives and outputs, will be important. Links with wages and inflation, tax policies, flexibility of labour markets, and reform in education and training, while at the same time developing transparent rules, will also be essential.

<sup>6</sup> Rate, or headcount ratio measures the proportion of people below the poverty line.

<sup>&</sup>lt;sup>7</sup> Gap – the average consumption deficit of the poor as a proportion of the poverty line.

<sup>8</sup> Depth – weights to households with the largest income shortfalls by squaring the poverty gap.

<sup>9</sup> Human Development Report 2002: Deepening democracy in a fragmented world, p. 150.

Human Development Report 2001: Making New Technologies Work for Human Development, p. 173.

<sup>11</sup> Human Development Report 2000: Human Rights and Human Development, p. 158.

2. VOCATIONAL EDUCATION AND TRAINING (VET) AND LIFELONG LEARNING IN THE CONTEXT OF THE NATIONAL EMPLOYMENT POLICY 2

# 2.1 OVERVIEW OF THE EDUCATION AND TRAINING SYSTEM

# 2.1.1 LEGAL FRAMEWORK AND INSTITUTIONAL SETTING

# Legal acts governing the management, organisation and financing of VET/lifelong learning

The Constitution of the Republic of Bulgaria (1991) safeguards the right to education and freedom of teaching, and obliges authorities to ensure that citizens have equal access to education.

Furthermore all citizens of the Republic of Bulgaria may choose freely their profession and place of work.

All issues concerning VET are regulated within the parameters of general regulations on education, complemented

by a specific VET law. The basic legislative acts regulating education are the Public Education Act; the Law on the Level of Schooling, the General Education Minimum and the Syllabus; and the Higher Education Law. Furthermore there are the legal acts for labour market training, including the Labour Code, the Employment Promotion Act, and the Crafts Law.

## General regulations on education

The Public Education Act (1991, last amendment 1998)

The Public Education Act was adopted in 1991 and amended and supplemented several times thereafter. The Act replaced the former legal arrangement that existed before 1989, and attempted to adjust the functioning of the education system to the new conditions of a market economy and democratic society. The act of 1991 has changed many of the principles relating to

the education system, such as freeing it from ideological pressure, from the influence from political parties, and from the obligation to teach and study certain subjects, such as scientific communism.

It includes preschool (kindergarten), and school education and servicing units (e.g. dormitories). The law regulates the acquisition of basic and secondary education following state educational requirements. It also defines the functions and management of education as well as required achievements of students.

The Law on the Level of Schooling, the General Educational Minimum and the Syllabus (1999, amendment September 2002)

This law defines the state educational requirements for school level education (basic and secondary education), while stipulating the conditions and the procedures for the completion of a given level of schooling and entrance requirements to the next one. It also sets the minimum general educational requirements for students' skills and knowledge at each respective level. Furthermore, the law defines the syllabus (compulsory and elective) within the public education system for different types of schools (including vocational schools).

With the introduction of this law in 1999, the 11-year formal education system in Bulgaria was converted into a 12-year system, in line with developments in Europe. The amendment in 2002 has introduced the obligatory 'matura' for secondary education, previously required only for those with grade four and below (with six being the best).

The Vocational Education and Training Act (VETA 30 July 1999, amendments January 2000 and November 2002)

The VETA covers initial and continuing vocational training (for people over 16 years of age and no longer in the formal education system). This includes the acquision of vocational qualifications and continuous upgrading of vocational qualifications (Art. 3) and applies to public

and private institutions (introduced with the Public Education Act).

The VETA sets the basis for decentralised organisation and management of the VET system (Art. 51 and 55), under the responsibility of the Ministry of Education and Science (MES), supported by regional (inspectorates) and local structures (municipalities). It proposes multi-source funding, including the state budget, budgets of municipalities, donations, national and international programmes and self-generated income by schools (Art. 59). The law requests the involvement of social partners in standards development and admission plans and defines interministerial cooperation, with particular reference to the Ministry of Labour and Social Policy (MLSP) and branch ministries (Art. 56-58).

In terms of formal continuing training, all vocational schools are entitled to provide their regular education programmes also to adults, who have to pay for this (Art. 12 and 26). Training might also be provided as evening or part-time courses, regulated by the Public Education Act (Art. 31). Informal continuing training has not been addressed.

Regarding VET institutions, the VETA allows for the gradual transformation of secondary vocational technical schools (four years) and technica (five and six years), into vocational gymnasia (four, five and six years). The amendment in 2000 extended the deadline for the transformation of VET schools from 2000/01 to 2002/03. The law does not specify criteria for the transformation of schools (Art. 18 and transitional provisions).

The amendment of 5 November 2002 modified the accreditation of vocational schools and private training centres, as VET schools were not yet considered ready for the rather difficult accreditation procedures. The required licensing process for training courses of private providers has been kept in the VETA, but will only be granted for delivery of training leading to the acquisition of a vocation. This needs to be followed up with the MLSP, which in the

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Employment Promotion Act introduced licenses as a precondition for the delivery of short- and long-term courses for both employed and the unemployed people, paid for by the labour offices.

The 2002 amendment also further elaborates the programmes for vocational education and training, introducing the category of art schools (previously under VET schools). The transformation of schools has further been extended until 2003/04.

The Law on Higher Education (1995, amendment 1999)

This Law regulates the acquisition of higher education in Bulgaria. It proclaims and guarantees the academic autonomy of higher schools. It also defines the structure, functions, management and funding of higher education. The law defines the following degrees: Bachelor's (after four years; this did not exist previously), Master's (after five years) and Doctorate (three years after graduation of Master degree). The 1999 amendment relates mainly to the rights and obligations of the National Assessment and Accreditation Agency, which has now completed the accreditation of all (but one) higher education institutions.

#### Labour market training

The Labour Code

The Labour Code defines the opportunities for continuing training for employed persons, and stipulates that continuing training will only take place based on a mutual agreement between employer and employee. Depending on the nature of training the code defines the basic legal arrangements for the following contracts: contract for acquisition of a qualification, internship contract, contracts for upgrading of a qualification or retraining. It is up to employers whether or not they provide continuing training.

The Employment Promotion Act (January 2002)

The Employment Promotion Act, which replaces the previous Unemployment

Protection and Employment Promotion Act, provides for vocational qualification and training of employed or unemployed persons. It is the first legal act in Bulgaria that deals explicitly with lifelong education programmes and measures (Art. 44-46). It includes financial incentives for employers who upgrade the qualifications of their employees, or hire unemployed people, or offer internships; employers hiring unemployed persons and providing training for them receive amounts equal to the labour remuneration for a maximum of six months; and employers opening special jobs for acquiring qualifications through internship, including young drop-outs from secondary education, receive funds to be agreed with local labour offices (Art. 30 and 46). The law also includes employment programmes combined with training for young unemployed people (under the age of 29), for a maximum period of 18 months, financed by the labour office (Art. 35). The law now needs further definition on implementation.

The Employment Promotion Act also deals with quality through the licensing of training by the National Agency for Vocational Education and Training (NAVET) (Art. 62, which states that only licensed training providers can deliver paid services for the MLSP). However, the law may need to be revised in view of the changes in the VETA (see above).

In addition, the law provides the basis for a national policy and strategy for vocational training of unemployed and employed people, formulated jointly by MLSP and MES (Art. 58). A 2003 Phare project will address this issue.

The Crafts Law (2001)

The Crafts Act offers provisions for the practising of crafts, craftsmanship and related training. The law has been developed in close cooperation with the Chamber of Commerce in Koblenz (Germany) and closely follows the German system.

The law introduces craft training, which is a type of on-the-job training/apprenticeship training based on the integration of work and learning. It encompasses three stages

of mastering a craft: apprentice – journeyman – master. Procedures for the implementation of craft training need to be elaborated, and links with the VETA defined.

The Law for legal bodies with non-profit aims (2001)

The Law for legal bodies with non-profit aims stipulates that such bodies can be foundations and associations, which can determine their activities either as socially or privately orientated. Their founders can be legal individuals with Bulgarian or foreign citizenship.

The non-profit-making organisations that describe their goals as socially orientated may provide activities relating to education and training.

#### Conclusions

The Vocational Education and Training Act (VETA) and the Employment Promotion Act constitute the regulative framework for joint activities of VET and the labour market. Although there is no separate law for lifelong learning, aspects of it are included in the laws mentioned above, and these provide a basis for future measures. While the legal basis for initial training is quite well developed, particularly the licensing of VET and institutional setting for schools, the financing of VET needs further attention. Regarding continuing training, the VETA in general and continuing training in particular would need further elaboration, closely linked to the **Employment Promotion Act. Informal** learning is not addressed. The implementation of amendments and their impact on the system will need regular monitoring.

# Institutional setting of VET and Lifelong Learning

Ministry of Education and Science (MES)

The Council of Ministers is responsible for setting the state education policy. The Ministry of Education and Science (MES), as a specialised body of the Council of Ministers, is responsible for the

management of the education system. Furthermore, the MES exercises control over the activities of all types of schools, including the approval and implementation of curricula and the approval of enrolment plans. The MES also manages schools' finances in a centralised way.

After a change of government in 2001, the VET and General Education Departments of the MES were merged into one department, with two units.

Branch ministries are jointly responsible with the MES for the provision of education and training in different sectors (including the updating of the list of vocations, the development of standards and the financing of these schools).

National Agency for Vocational Education and Training (NAVET)

The National Agency for Vocational Education and Training (NAVET), a specialised body of the Council of Ministers, supports the MES in specific aspects of VETA implementation. The NAVET has a managing board, with a chairperson appointed by the prime minister and with representatives from MES, MLSP, the Ministry of Health and social partners. There are currently 27 staff members working for NAVET, dealing mainly with licensing and standards development at present. To support the work of the NAVET, there are currently 13 expert commissions working in various occupational areas, following the tripartite principle.

The basic functions of NAVET include:

- elaborating criteria and procedures for licensing for approval by MES;
- issuing and revoking licences for vocational training centres and vocational guidance centres;
- elaborating and proposing to the Minister of Education and Science the list of vocations for vocational educational and training;
- developing standards for each vocation;
- participating in the elaboration of state educational requirements for the documentation of the public education

- system and the system for certification of vocational education and training;
- assigning, conducting and implementing scientific surveys in the field of VET and vocational counselling;
- supporting the international recognition of VET certification for VET and vocational counselling;
- developing and updating registers of the VET centres and centres for vocational guidance and counselling.

#### Education inspectorates

Education inspectorates are, by law, 'regional subdivisions of the MES'. They are legal entities, but the MES specifies their structure, functions and territory, and issues contracts with inspectors. The 28 regional inspectorates report directly to the MES and their main role is to supervise and control schools. They propose optimisation measures and enrolment plans to the MES, following consultation with schools.

#### Municipalities

While according to VETA, municipalities shall financially and content-wise (including information on skills demand of the workforce and admission plans) support VET schools (Art. 55), municipalities have little responsibility for VET, with only 12 vocational schools (out of 504 vocational schools) currently under the responsibility of municipalities. The remainder are the responsibility of the MES or other branch ministries. In this context, the municipalities provide funding for maintaining, constructing, furnishing and repair of schools and school buildings, as well as salaries for teachers.

### School boards

At the level of the schools, school boards are 'public bodies' set up to assist schools, following guidelines set down (or 'prepared') by the MES. Such assistance may include fundraising for equipment or heating, or organisation of transport. Their function is limited to logistical issues and they do not have rights relating to the teaching process.

Ministry of Labour and Social Policy (MLSP)

The Ministry of Labour and Social Policy is responsible for the training of employed and unemployed persons. Since 2001, the MLSP has developed the National Employment Action Plan (NEAP) annually, for consultation with the Ministry of Education and Science, Ministry of Regional Development, Ministry of Economy, Ministry of Health and social partners, and for approval of the Council of Ministers. The NEAP is the major financial instrument for implementation of labour market training.

#### Employment Agency

With effect from 2002, the Employment Agency is the Executive Agency of the MLSP, replacing the National Employment Service (NES). Since 2003, the Employment Agency, together with its nine regional and 122 local labour offices, has been responsible only for active labour market measures (including training). According to Employment Promotion Act, the National Insurance Institute administers and pays unemployment benefits.

Tri-partite advisory councils and committees

The work of the MLSP is complemented by a variety of councils and committees, some of which have a particular mandate for training.

The National Council for Vocational Qualification of the Workforce is in the process of being established. It will coordinate national policies and strategies for training and the acquisition of vocational qualifications by employed and unemployed people.

The Regional Employment Committees also support state policy on employment and training for the purpose of acquiring professional qualifications. They develop regional employment plans, which also cover training, for inclusion in the National Employment Action Plan (NEAP), and for the approval of MLSP. At the moment a total of 19 Committees are operational, out of 22.

#### Conclusions

While the institutional setting for VET includes regional and local structures, the responsibilities remain rather centralised with the MES, e.g. financing, enrolment plans. This will need attention in the ongoing VET/labour market reform process. While the VETA and Employment Act define inter-ministerial cooperation in education and training, implementation is rather divided and needs further development (NAVET, NEAP). The social partners are formally included in both laws, mainly 'with advisory functions' and implementation is gradually developing. (e.g. in NAVET Working Groups on curriculum and standards development and in Regional Employment Committees). This would need further development through institutional capacity-building measures.

#### 2.1.2 POLICY FRAMEWORK

Education policy in Bulgaria is framed by parliament and its Education Commission (approving the budget, influencing final contents of regulations), the government and the Council of Ministers. The current government of Simeon Koburg-Gotta stresses the importance of human resources in current policy documents such as *The People are the Wealth of Bulgaria*.

While the aims and objectives of education and training are defined in the education and labour market laws, there is no overall policy document for education and training from either MES or MLSP. Nevertheless, VET and lifelong learning principles are embedded in different policy documents, which promote an active life in a democratic society under market economic conditions.

Inter-ministerial document on lifelong learning (July 2001)

In the framework of the Europe-wide consultation process on the Lifelong Learning Memorandum of the European Commission, the MES has submitted a document on the state of progress in

Bulgaria and possible future actions. The paper has been produced at a national level by a Lifelong Learning Task Force, which includes representatives from ministries, social partners, non-government organisations, professional institutions and education and training research establishments and governmental professional organisations.

The document is rather general, with proposals for future implementation to be further elaborated. Examples of good practice in the field of lifelong learning are rather isolated initiatives with little proper consideration of sustainability and systemic impact. Although there is some awareness of the importance of lifelong learning in Bulgaria, the systemic aim that the lifelong learning message should cover the whole education and training system is not really addressed.

The paper suggests continuing the debate through specific committees, national and regional programmes, conferences and seminars. This will be complemented by training for teachers/trainers, partnership-building measures at national, regional and local levels and regular labour market analysis.

The Bulgarian Lifelong Learning Task Force highlights future inter-institutional cooperation and coordination as major challenges for lifelong learning. In this context the report refers to organisations resistant to change, rigid education and training systems, and poor motivation of learners. It also refers to a lack of financial resources – a factor that might jeopardise lifelong learning in reality.

An MES lifelong learning progress report to the Directorate-General for Education and Culture in May 2003 describes the latest progress in the education and training system in general, and states that a strategy on lifelong learning is in the process of being explored and elaborated (Source: Implementation of Lifelong Learning, Bulgaria, question 22). There has been little consultation with the MLSP or social partners on the report.

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## National Development Plan

The National Development Plan (NDP) includes education and training measures in respect of lifelong learning. The NDP will guide Bulgaria through its reform process, which aims at economic, social and regional development, until 2006. Ultimately the NDP will support the accession process.

There are six long-term priorities or axes in the NDP. These are: (1) institutional strengthening and administrative capacity improvement; (2) improvement of Bulgarian business competitiveness, in particular in the fields of industry, tourism, SME development and export orientation; (3) acceleration of the construction and modernisation of basic infrastructures, environmental protection and improvement of environmental conditions; (4) better quality of life and adaptation of human resources to the economic conditions; (5) balanced and stable regional development benefiting from cross-border cooperation opportunities; and (6) development of agriculture and rural areas.

In the context of lifelong learning, axis four – raising the quality of life and adapting human resources to the economic conditions – is of strategic importance. Under axis four the challenges for the labour market during the period 2000–2006 are to increase training for unemployed people – in particular for those with middle school or lower education; to increase in-company training; to increase the skills level of the labour force, while reducing long-term unemployment; and to reform vocational schools to enable them better to respond to the labour market.

The priorities defined in the National Development Plan are reflected and partly implemented under the National Employment Plan, though they are also partly being implemented under Phare programmes of the Ministries of Education and Science, Labour and Social Policy and Economy and others. Implementation has started at national level, and is well underway at regional level.

The National Development Plan was revised and approved in April 2003.

## Continuing training strategy

In line with the VETA and the Employment Promotion Act, which foresee continuing training, at present there are discussions on continuing training in MES and MLSP, although there is no strategy available. This will be addressed under a 2003 Phare project.

#### Conclusions

While there are policy documents including education and training, there is no specific one for VET and lifelong learning. Implementation currently is based on laws and respective documents produced by individual ministries, some of which only for internal use. Generally the documents do not include targets for implementation, in terms of people, measures, timing and money. This might reduce the impact of the reform process, and hinder implementation under the National Employment Plan and Phare.

## **2**.1.3 RESOURCES (FINANCIAL, HUMAN AND PHYSICAL)

## Overall investment in education and PES

Total expenditure (public and private) on education has increased from 3.2% of GDP in 1996 to 4.8% in 2002. Public expenditure on education increased as a proportion of GDP, from 2.6% in 1996 to 3.8% in 2002. According to Bulgaria's Anti-Poverty Action Plan 2001–2005, 'by 2005, public expenditure on education as a percentage of GDP should be increased from the current level to the average level of the European Union, namely, around 5.0%.'12

<sup>12</sup> Bulgaria's Anti-Poverty Action Plan 2001-2005: Strategic Framework. Sofia, May 2001.

Table 2.1 Total and public expenditure on education, 1995–2002

	1995	1996	1997	1998	1999	2000	2001	2002
Total expenditure on education (BGN million)	34	56	663	898	1,048	1,293	1,367	1,542
Total expenditure on education as a percentage of GDP [1]	3.8	3.2	3.8	4.0	4.4	4.8	4.6	4.8
Public expenditure on education (BGN million)	30	45	460	725	872	1,017	1,070	1, 222
Public expenditure on education as a percentage of GDP [1]	3.4	2.6	2.6	3.2	3.7	3.8	3.6	3.8

[1] NSI, Bulgaria Social Economic Development 2001, p.85 and Key Indicators data, NSI 1995–2002 (preliminary)

Total expenditure on education has risen from BGN 34 million in 1995 (or 3.8% of GDP) to more than BGN 1.5 billion (or 4.8% of GDP) in 2002<sup>13</sup>. In 2000, the latest year for which a detailed breakdown of expenditure is available, total expenditure on VET was BGN 130 million (including MES and branch ministries) or 0.5% of GDP, whilst private expenditure amounted to 21% (according to the table above) of total expenditure on education in the same year, but just 0.5% of total expenditure on VET (data calculated by the National Observatory).

Public expenditure from the MES on secondary education has increased from BGN 75 million in 1997 to BGN 211 million in 2002. Whilst the share allocated to VET was higher in 2002 (55%) than in 1997 (44%) there is some suggestion (heard during the fact-finding mission) that funding

levels for VET may still be insufficient (as VET is generally more costly to provide than general education).

As far as higher education is concerned, expenditure increased from BGN 277 million in 1999 to BGN 315 million in 2002. The MES has no data on expenditure for higher education between 1995 and 1998, as they were financed directly by the Ministry of Finance.

Out of 506 VET schools, 339 are centrally funded by the MES, 12 by the municipalities, 120 by the budgets of branch ministries (around 25% of all vocational schools; for example, agriculture, culture and transport), and 35 are private (13 postsecondary colleges and 22 secondary vocational technical schools). There are no comprehensive data available on this.

Table 2.2 Public expenditure on education from the Ministry of Education and Science budget, 1997–2002

	1997	1998	1999	2000	2001	2002
Expenditure for secondary education (BGN million)	75	128	143	162	179	211
of which: expenditure for initial vocational training	33	55	72	94	103	116
Expenditure for higher education (BGN million)			277	302	279	315

Source: Ministry of Education and Science

<sup>13</sup> The increase in cash terms appears larger than it was in practice as the currency was revalued between 1996 and 1997.

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In addition, some also received funding from the EU Phare budget, between 2000 and 2002, € 5 million yearly. In 2002 a total of 54 vocational schools (10% of all schools) in two planning regions received Phare funding to start project activities. As a result of the restriction of the state budget in 2002, which did not permit VET schools to have a second account, there was a delay in the implementation of activities. However, in mid February 2003 it was decided that the schools awarded a contract would be allowed to have a euro account.

The State provides academic performance scholarships and social scholarships. The table below shows that the majority of funds are spent for academic performance scholarships, more than double the amount of scholarships than for social scholarship.

As is evident from the table, in 2000/01 and 2001/02 the overall mount of money paid to students for scholarships in both general secondary education and VET was over BGN 16 million per annum (or approximately 10% of MES expenditure on secondary education). Scholarships are provided either by a separate MES budget or by municipalities.

Compared to the total number of students in secondary education in 2000/01 (339,827) and 2001/02 (339,909), about one quarter of students received state-funded academic performance or social scholarships in 2000/01 (181,079). For the autumn term the academic performance scholarships are based on the grade point average of the previous year, for the spring term on the grade point average of the autumn term. For the social scholarship they are mainly for children from families with low incomes. The amount for both scholarships is almost the same.

In general there is a lack of comprehensive information on investment in continuing training in Bulgaria. In legal terms this issue has not been regulated and investment in it is not reflected in budget structures. Generally there are two main categories of continuing training funding: by enterprises and by the PES. There are no data available on other continuing training funding sources (such as universities, vocational schools, NGOs and individuals), but in 2003 the national continuing training survey will include questions on these issues.

Table 2.3 Scholarships in general secondary schools and vocational schools

	2000	0/01	200 <sup>-</sup>	1/02
	Autumn term	Spring term	Autumn term	Spring term
Students receiving academic performance scholarships	67,252	60,456	70,500	60,541
females (%)	66	68	66	68
Students receiving social scholarships	26,083	27,288	29,201	29,957
females (%)	53	53	54	54
Students receiving corporate sponsorship	434	438	416	433
females (%)	60	57	64	64
Single grants	1,268	2,538	1,373	2,190
Total expenditure on scholarships and grants (BGN million)	7.79	8.31	7.65	8.59
of which:				
Academic performance scholarships	5.44	5.73	5.43	5.68
Social scholarships	2.32	2.50	2.16	2.82
Single grants	0.04	0.07	0.06	0.09

Source: NSI

Continuing training initiated by enterprises

According to Eurostat's CVT2 survey, the costs of continuing training courses provided (i.e. delivered and organised) by enterprises in 1999 for their employees amounted to an estimated BGN 61 million, or 1.0 % of the labour costs (average is 1.2% in the future member states and 2.0% in the EU). The average cost per course participant was BGN 401 (€294 PPS), compared to Hungary (€305 PPS), Germany (€577 PPS) and Poland (€197 PPS). The highest average costs per course participant were reported as BGN 565 in small enterprises, compared with BGN 524 in enterprises employing more than 1,000 people. Medium-sized enterprises reported the lowest cost per course participant, at between BGN 110 and BGN 190 on average.

A follow-up national survey in 2001 (Source: Social and Economic Development, Bulgaria 2001), showed that the cost of continuing training courses organised by enterprises in 2000 totalled only BGN 12 million, which is just one-fifth of the expenditure in 1999. The cost of continuing training courses in the first six months of 2001 was almost BGN 9 million. The average amount per course participant was BGN 83 in 2000 and BGN 82 in the first six months of 2001.

Continuing training initiated by the Public Employment Service

The PES in Bulgaria organises labour market training for unemployed adults and those at risk of becoming unemployed, and for employed adults. According to data from the Employment Agency, in 2002 BGN 2.5 million was spent on labour market training, out of a total of BGN 81.2 million for active labour market measures. The figures show an increase in funding for labour market training, while at the same an increase of budget for active labour market measures. Compared to the overall expenditure for all labour market programmes in 2002 (BGN 245.6 million), the amount for labour market training is low (1%).

#### Allocation of funds

Schools funded by the MES

According to information from the MES, the ministry calculates the budget for every school based on the number of students, including expenditure per student on food, buildings, material costs, electricity and other costs. The annual cost per student therefore differs according to programmes: Transport BGN 298 (€152), Catering and Tourism BGN 155 (€79), and Machine Building and Electronics BGN 178 (€91). The average yearly cost per student in 2002 was BGN 158 (€81). The MES is currently elaborating a new formula for yearly subsidies to schools. At present, as a result of financial restrictions, the MES pays the subsidy on a monthly basis.

In addition to the MES subsidy, until 2000/01 many vocational schools generated their own income, mainly through the training of adults and the sale of their own products and services. This income was allocated primarily to improving facilities or the practical learning activities that the state subsidy did not cover (VETA, Art. 59). There are no relevant statistics available. In closing extra-budget school accounts and introducing a uniform budget account under the State Budget 2002 Act, the Ministry of Finance now prevents schools from operating freely, with their own incomes now centralised with MES.

The money for vocational schools is centrally managed by the MES. While under Phare (BG 95.06), initiatives to delegate budget directly to 104 general secondary schools have started, there has been no similar measure for vocational schools.

Schools funded by branch ministries

With regard to the vocational schools funded by respective branch ministries, the Ministry of Finance allocates the money directly to the respective ministries, which manage the budget centrally.

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Schools funded by municipalities

While the VET budget within municipalities' budgets should support responsible planning and management of schools at local level, budgets received from the municipalities are perceived as arbitrary, the funding formula as not transparent and the regulatory framework as inadequate (opinion heard during fact-finding mission). Furthermore, the municipal schools can only withdraw money from their bank after approval of the bank transfers by the municipality (e.g. even to buy a pen).

National and international donors fund private vocational schools, although there is no comprehensive information available on this.

Generally, salaries are by far the largest category of expenditure directly related to teaching (60–70% of expenditure); payment of utilities (mostly heating) accounts for about 12% of total expenditure; social allowances are about 15%; teaching materials (including library and research materials) along with repairs receive a mere 3% of the total expenditure; whilst scholarships have declined from 4-5% at the beginning of the 1990s to 2-3% in recent years. These estimates have been provided by the MES and it has been confirmed that these figures also reflect previous years. Financial allocations to different budget headings also reflect the priorities set by the state budget.

There are no financial allocations for continuing training from the MES, municipalities or branch ministries.

Employers are supposed to cover allowances in relation to education and training, with the amount being fixed by them. According to the 2002 Employment Promotion Act, there will be incentives for employers who want to invest in training for their staff. In 2003, the maximum amount per person for skills upgrading is BGN 450 (previously BGN 200); this will be paid to the company by the labour office. This should encourage further investment by

companies in continuing training, and counteract decreasing continuing training investment by enterprises (see above).

Until 2001 the Professional Qualification and Unemployment Fund financed labour market training in Bulgaria; this was the fund for all active and passive labour market measures. The fund was mainly financed from mandatory social insurance contributions totalling 4% of total wages paid by employers and employees (in a ratio of 75:25). The proportion of expenditure on labour market training out of the total Professional Qualification and Unemployment Fund varied from 1.7% in 1996 to 0.2% in 1998; in 2001 it was 0.02%. Since 2002, labour market training and all other active measures have been financed directly by the state subsidy; unemployment benefits are paid out the Unemployment Fund.

#### Teachers

Teacher education

Teacher education mainly consists of five-year Master's degrees and four-year professional studies. Students study pedagogical sciences at universities (9% of all students in 2001/02) or colleges (3% of all students in 2001/02), or acquire a teaching certificate in addition to a university speciality.

In 2001/02, out of a total of 18,129 vocational teachers, 15,652 had Bachelor's or Master's degrees, 2,270 had graduated from colleges with a 'specialist' qualification and 207 had secondary education. In addition, there were 327 people from industry (responsible for practical lessons) with no certificates (who are not classed as vocational teachers).

Over the past few years the number of teachers with higher education (15,013 in 1997/98; 15,652 in 2001/02) has been growing steadily, whereas the number of teachers with secondary education (269 in 1997/98; 207 in 2001/02) has been falling.

Table 2.4 Teaching staff in vocational schools by level of education

	1997/98	1998/99	1999/2000	2000/01	2001/02
Total	18,563	18,171	17,792	18,006	18,129
Tertiary – Bachelor's and Master's	15,013	14,725	14,594	15,211	15,652
Tertiary specialist	3,281	3,219	2,952	2,583	2,270
Upper secondary	269	227	246	212	207

The number of students enrolled in pedagogical Bachelor's or Master's programmes dropped from 30,000 in 1998/99 (12% of total students) to 20,000 in 2001/02 (9% of all students).

The decrease in the number of students in the field of pedagogical studies and educational sciences is a consequence of state policy, which generally has restricted access to higher education Bulgaria, for financial reasons as well as for decline of population.

Besides pedagogical studies, higher education students can acquire a teaching certificate for each speciality, through studying pedagogy as an additional subject at the end of their studies (one additional year). Although there are no statistical data about the number of students who follow this route, estimates are that there are between a third and two-thirds of the number of all specialists who go for this.

There are no data about the percentages of higher education graduates with teaching certificates that find jobs as teachers. Nor are there any statistical data about the percentage of students trained as VET teachers. It is therefore difficult to draw conclusions about graduates' job opportunities and about the relevance of their education profile.

#### Teacher recruitment

Vacancies are announced in the labour offices and inspectorates. The school director, in consultation with the inspector, selects the candidate following the instructions of MES (the main criteria being tertiary level of education). Information on job openings is limited at present.

According to data from the Employment Agency there were 930 vacancies for graduates in the field of education in the period 1 January 2003 – 30 April 2003. These were mainly vacancies for teachers in pre-school and primary education, teachers in general comprehensive subjects and teachers in specialised subjects. (Teachers of English language with a university degree in English philology are in the shortest supply, as are teachers of other foreign languages.)

During the same period there were a total of 3,300 vacancies in education, but this number includes vacancies for all types of staff engaged in education, including administrative staff.

Teacher remuneration and in-service teacher training

The salaries in the education sector together with those in healthcare are among the lowest when compared with other branches of the economy. In 2001 the average gross annual salary in education was BGN 2,787 (€1,425) compared to an average of BGN 2,980 (€1,524) in the economy in general. This is 6% below the national average salary, which is slightly better than the average for the new and future member states.

In the same year, the average annual salary for employees in public administration was BGN 3,989 (€2,040), and for finance and insurance BGN 5,931 (€3,033). (Source: NSI, Social and Economic Development, 2001). In 1999 the figures were BGN 4,327 in finance, BGN 2,919 in public administration, BGN 2,056 in education and BGN 2,412 for the economy as a whole. The average salaries in education were therefore 15% less than

the average remuneration for the country as a whole in 1999.

In 2001, however, there was a substantial increase in salaries in education, 35% as compared to 1999, while for the economy as a whole salaries increased by only 24%. These data show that remuneration in the education sector has increased recently, both in nominal and real terms, faster than in other sectors. Nevertheless, in 2001 average salaries were still 6% below the average for the economy as a whole.

Teachers and the MES are concerned about the low level of income, which makes life difficult for them, and makes the teaching profession unattractive, but salaries are generally very low in Bulgaria, and this needs attention in the overall economic reform context. The gross average salaries in vocational schools are equal to the average salaries in education as a whole. Remuneration depends mainly on age and experience (five qualification levels). The minimum is BGN 2,400 per annum and the highest is BGN 4,237 per annum; thus, the most experienced earn about 75% more than the least experienced/qualified.

Directly linked to the level of remuneration is in-service teacher training, which is a precondition for achieving the next level of qualification. In-service teacher training is delivered in three higher education institutions in Bulgaria (Sofia, Varna and Stara Zagora: Departments of Information and Teacher Qualification), although these deal only with general pedagogic and education subjects.

Table 2.5 Number of teachers trained in the period 2000–2002

	Total number of teachers who attended courses	vocational teachers attending courses	
2000	7,645	1,134	
2001	7,511	999	
2002	6,134	946	

Source: Department of Information and Teacher qualification, Sofia

In 2002 the Department for Information and Teacher Qualification at the University of Sofia delivered in-service training for about 5% of all vocational teachers. This was short-term training, including the use of new technologies in teaching, the development of curricula and national examination tests, the methodology of modular training, and instruments for assessment of pupils' achievements. In comparison to 2001, the participation rate is stable. While in percentage terms there are more vocational teachers trained than general secondary education teachers/primary education teachers, there is no tailor-made VET teacher-training system in place. There is little cooperation with the reform project of the World Bank on general secondary education (USD 3.5 million), including teacher training. In this context some training courses on the new state education requirements in secondary education have been delivered and information material has been published.

Based on open criteria, the school director and inspector propose participants, who usually have to take holidays and pay course costs out of their own pocket. Recently mobile trainers, who organise and train on the spot, have been introduced. This might save money in the future and perhaps attract more teachers to participate in training courses.

While the main objective of teacher training is career development, the amount of additional remuneration generally corresponding to each level of qualification or degree is insufficient to motivate teachers to participate (see above).

Some opportunities for short-term teacher training exist under European programmes such as Socrates. The main topics are methodology of foreign language teaching, innovation in language training and the use of new technologies in teaching. Between 1999 and 2002, 469 teachers were trained, of which 114 were vocational teachers.

Table 2.6 Trends in numbers of schools, students and teachers in secondary education

	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03
Total number of schools providing secondary education	1,141	1,149	1,148	1,117	1,099	1,098
Of which:					•	
general	596	596	603	601	593	594
vocational	545	553	545	516	506	504
Total number of students in secondary education	348,067	341,857	337,537	336,261	339,909	363,383
Of which:					•	
general	145,456	144,253	144,987	145,015	148,581	160,871
vocational	202,611	197,604	192,550	191,246	191,328	202,512
vocational (% of total)	58.2	57.8	57.0	56.3	56.3	55.7
profiled gymnasia (% of total)	21.9	23.4	24.3	26.1	28.0	28.6
technica (% of total)	34.9	36.2	38.1	39.9	41.8	40.1
Total number of teachers in secondary education	30,592	30,050	29,797	30,534	31,273	33,505
Of which:					•	
general	12,029	11,879	12,005	12,528	13,144	14,696
vocational	18,563	18,171	17,792	18,006	18,129	18,809
vocational share (% of total)	60.7	60.5	59.7	59.0	58.0	56.1

Source: NSI, Education in Republic of Bulgaria 2002

There are around 1,100 schools in Bulgaria that provide secondary education programmes, including 136 'profiled' gymnasia and 360 technica— the most prestigious schools in the general and vocational sectors respectively.

Total student numbers in secondary education have been steady in recent years at just under 340,000. The increase in numbers in 2002/03 (to more than 360,000) is a result of the extension of the period of studies by one year. There has been a slight shift away from vocational education, although it still accounts for well over half (56% in 2002/03) of all secondary students.

Profiled gymnasia and technica, which are generally regarded as the most prestigious secondary schools, cater for nearly 70% of all secondary students (250,000 students in 2002/03).

The number of general secondary education teachers decreased slightly between 1997 (12,029) and 1999 (12,005); it increased from 2000 onwards, from 12,528 to 14,696 in 2003.

VET student numbers fell by 6% between 1997/98 and 2001/02 (though the numbers rose again in 2002/03 to nearly 1997/98 levels). Teacher numbers also fell during this period – though less sharply (maximum 4%) – and began to recover earlier (from 2000/01) in 2002/2003. Throughout the period, however, the overall student/teacher ratio has remained fairly steady at around 11:1.

At the same time, statistics show an increase of 12% in the number of teachers in technica between 1997/98 and 2001/02 (12,720 in 1997/98, 14,308 in 2001/02), and an even greater increase (of 17%) in the number of students (121,593 in 1997/98, 142,230 in 2001/02). This reflects the VETA, which stipulates the transformation of secondary vocational schools into gymnasia. At the same time, the number of teachers in secondary vocational technical schools decreased (4,431 in 1997/98, 2,664 in 2001/02). The increase of students in secondary vocational technical schools in 2002/03 to 47,033, compared to 39,365 in 2001/02, is a result of the extended period of study (by one year, from three to four years).

#### Facilities and IT equipment

In terms of infrastructure, most VET buildings are old and in need of refurbishment, especially those in rural areas. Furthermore, the provision of specific VET equipment is insufficient; this compromises the quality of VET. VET institutions are therefore seeking ways to raise funds, mainly from sponsors and under international projects, Phare in particular. There are no funds from MES for infrastructure development.

While there are strategic documents that provide the basis for the development of IT training and computer knowledge, such as the National Strategy and Programme for the Development of Information Society and the National Strategy for the Development of High Technology, implementation has only just begun and no concrete figures on implementation are available.

With effect from 2003 there is also a Draft National Education Strategy, elaborated by the MES, for the integration of ICT in school education. This concerns primary and lower secondary education and foresees ICT skills training for schoolchildren and ICT as a teaching tool in all subjects. It includes the training of teachers, but also of administrative staff. It foresees provision of material resources for this, equipping all schools with a minimum of one modern computer lab per school, and a student/computer ratio of 10:1.

The first stage of implementation of the MES strategy started with an analysis of the existing status of ICT in secondary education (including available hardware and numbers of trained teachers). The MES has allocated BGN 700,000 for ICT in secondary schools in 2003.

According to MES data, in 2003 the number of computers in general secondary schools is 8,375, and the number of computers in vocational schools is 6,000 (a total of 14,375 in the general secondary and VET system in a total of 1,098 schools). While there is no information concerning the hardware configuration of these computers – which would allow an

analysis of whether they are up to the required standards – it seems that some are, given that students study ICT topics such as Windows® and the internet.

It emerges that apart from ICT classes, there is practically no access to computers or computer labs as part of other subjects. Teaching materials are rarely published on a dedicated website of the school, which would facilitate e-learning and the whole process of teaching and studying.

Information concerning the use of ICT for adult training is not available. However it seems that private training centres are better equipped than schools. They usually provide ICT training either as a separate course or as a component of content-specific training.

#### Conclusions

While the data indicate a slight increase in education funding, a thorough analysis to decide on further financial needs would be recommended in the overall education/labour market reform context. At present there is no financing strategy and there are various sources of data, which do not provide a clear global picture on investment in education and training. In particular, comprehensive data on the funds of branch ministries, which finance about 25% of vocational schools, are not available. Regarding initial training, the data for general secondary education and for VET (financing by MES, number of schools, number of students) show that expenditure has recently been distributed in approximately the same ratio as the numbers of students, which suggests that VET funding per capita is approximately equal to per capita funding for students in general education. Given that VET is usually more expensive to provide than general education, VET funding is considered to be low. Data on continuing training are difficult to retrieve and would also need further investigation. Regarding vocational teachers, education concentrates on specific subjects rather than on pedagogical skills. While 5% of vocational teachers receive in-service training (more than teachers generally), there is little tailor-made continuing training

for them, which might have a negative impact on teaching skills. In this context teacher career development would also need further investigation, and cooperation with general secondary education (World Bank loan for teacher training) should be sought. There are only a few figures available regarding ICT in schools, but from field visits it is clear that the situation needs improvement.

## 2.1.4 VET AND LIFELONG LEARNING STRUCTURE AND ORGANISATION

The education system in Bulgaria is largely school-based, with few links to the labour market, and with narrowly profiled curricula. The VET system in the past decade was inherited from a system serving a centrally planned economy, mainly corresponding to sectors and branches of the economy. The transformation of the education system to one better able to meet the needs of a more market-oriented economy began to be implemented in 1995 and is progressing step by step.

Compulsory education lasts from the age of seven until the age of 16 (16 is not included, there are eight years of compulsory basic education), although six year-olds may also start school if they are physically and mentally mature. The school year begins in mid September and ends in mid June. With effect from the school year 2000/01, the formal education system was extended from 11 to 12 years; in certain cases for VET students the period of study became 13 years. The extension only applies to new entrants; those who have already started will still finish as originally planned. The changes were as follows:

- for gymnasia and secondary vocational technical schools: from three to four years, or from 11 to 12 years in total;
- for technica: from four to five years after eighth grade and from five to six years after seventh grade;
- for the profiled gymnasia: the length of education has not been changed and remains at five years after seventh grade.

Around 55% of secondary students attend vocational schools, and 45% general secondary schools (in 2002/03: 160,871 in general secondary education ISCED 3; 202,512 in VET; source: NSI); this has been the tendency since 1995, although there has been a slight shift away from VET towards general secondary education (of 1–2 percentage points).

## Implementation of the education reform (1995–2003)

Since the start of the education reform in 1995, the education structure has been in a continuous process of transition and further development, reflected in the different laws and their respective amendments. In this context one would not speak of an old, new or future education system, but about a system in the process of transition.

The revised National Development Plan (April 2003) shows the distribution of VET schools in the six planning regions. Comparison with regional population figures leads to the conclusion that North Central is rather generously provided for in terms of the numbers of schools per capita, whilst South East and South Central have slightly fewer schools than their population shares would suggest. In general, the regional distribution of VET schools seems quite adequate, although the quality and relevance to the economy of the education provided is a major concern.

Therefore the optimisation of the school network to provide high-quality VET for the needs of regional labour market has been high on the agenda in Bulgaria. In 2000 a committee was established, including inspectors, directors of schools and MES representatives; its task was to establish optimisation criteria, which are as follows:

- to ensure efficient, competitive schools that are recognised in the European Union;
- to address demographic developments:
- to take into account the economic parameters of regions and respond to the needs of the labour market, which now requires different vocational profiles and new quality skills.

Based on the criteria provided, the municipalities and inspectors assess the schools under their responsibility. They provide their recommendations on the future of these schools to the MES, which then takes a decision.

Although maintaining the school network causes financial problems for the state, key stakeholders avoid closing schools, for example those that produce professionals for sectors in decline, or those with a small number of students. There is a fear that closures would create a large number of unemployed teachers for whom there are no employment opportunities or retraining programmes. In addition, closures might also contribute to an increase in school dropout rates, as a result of unaffordable travel costs for students to reach school. Furthermore, there are concerns that the social role that schools play in municipalities could be lost.

During 1999 and 2000, a total of 40 vocational schools have been merged, transformed, opened or closed (Source: OECD Review, 2000 and Statistical Institute). Since then the optimisation process has had little follow-up.

Nevertheless, the optimisation of the VET system has remained a priority of the MES, though with few developments, mainly as a result of opposition from teachers, parents and politicians. In 2002/2003, two vocational schools were closed and there has been some reduction of student admissions to VET in 129 general secondary schools, mainly in economic subjects. While there are criteria for optimisation, an implementation plan has not been established.

## The education structure in transition (1995–2003)

In the light of the situation described above, there follows a description of the current education structure, including the major developments of recent years and the outlook for the future. The principal changes relate to the duration of studies and a renaming of schools, as outlined below.

## 2.2 BASIC EDUCATION (PRIMARY AND LOWER SECONDARY EDUCATION)

Basic education runs from grades one to eight and comprises primary education (1–4) and lower secondary education (5–8). Completion of basic education leads to a diploma for basic education and entitles students who complete grade eight to continue with upper secondary general or VET.

## 2.2.1 PRIMARY EDUCATION

#### Schools providing primary education

Primary schools (grades 1–4), basic schools (grades 1–8), and general comprehensive schools (grades 1–12)

Primary education (or the first stage of basic education) – ISCED 1 - has a duration of four years. Children enter at the age of six or seven years. Upon completion children receive a certificate for completion of grade four. Pupils who attend primary schools (grades one-four) transfer to the fifth grade of either basic schools or of comprehensive general schools on completion of grade four.

## 2.2.2 LOWER SECONDARY EDUCATION

## Schools providing lower secondary education

Basic schools (grades 1–8), general comprehensive schools (grades 1–12), schools (grades 5–12)

Lower secondary education (or the second stage of basic education) – ISCED 2A – also has a duration of four years. Children enter at the age of 11, after completion of primary education. The completion of basic education leads to a diploma for basic education, which allows students to continue in (upper) secondary general or VET.

## 2.3 UPPER SECONDARY EDUCATION (GENERAL SECONDARY EDUCATION AND VOCATIONAL EDUCATION AND TRAINING)

## 2.3.1 GENERAL SECONDARY EDUCATION

There are general secondary education programmes of four years' duration (formerly three years). They have no entrance exams. At present students finish with a secondary education diploma, which allows for continuation to university. With effect from 2003/04 State Matriculation Exams ('matura') will become obligatory. The matura exams were piloted in 2002/03, with students taking them on a voluntary basis. From 2003/04 those who do not pass the matura might receive an only secondary education certificate, and will not be able to continue at a higher level, for example university. The MES has not made a final decision on this issue.

There are also general secondary programmes of five years' duration (called 'profiled' secondary education), including programmes on foreign languages, mathematics, and ancient languages and culture. These programmes are for students who have completed seventh grade. Students are required to pass entrance exams, and on successful completion of the programme may continue in higher education.

## Schools providing general secondary education

In addition to the general comprehensive schools mentioned above, the following schools provide general secondary education.

Gymnasia (grades 9–12) – ISCED 3A.
These schools provide general secondary education (now four years; prior to 1999, three years). Several of them also provide vocational classes. Children enter at the age of 15 after completing basic education. There are no entrance exams. Completion of the gymnasia programme leads to a secondary education diploma. From

20003/04 those who do not pass the matura will receive only a secondary education certificate, which does not allow entry into higher education.

While there are no data available, it is believed that most graduates continue into higher education.

In 2001/02 there were 53,480 students in gymnasia, or one third of all students in general secondary education (148,581).

Profiled gymnasia (grades 8–12) – ISCED 3A. These schools provide general secondary education with specific profiles, with a duration of five years. Children enter after completing seventh grade and passing an entrance exam. Any student who fails the exam continues in basic school, graduating from eighth grade (basic education) and then entering either a gymnasium or a vocational education or training school. It is believed that more than 95% of students graduating from profiled gymnasia enter universities (although precise statistics are not available).

In 2002/03 there were 103,857 students in profiled gymnasia, a quarter of all secondary students.

Public opinion considers the profiled gymnasia to be the elite, and the education they provide to be of a high quality. The students enter such schools following entrance exams, which usually need additional preparation for students, such as private lessons. Although there is no hard evidence available, students are considered to have better personal qualities and capacities.

## **2**.3.2 VOCATIONAL EDUCATION AND TRAINING SCHOOLS

There are secondary VET programmes of four, five and six years' duration (previously three, four and five years). Entrance exams are obligatory for four-year art programmes and six-year programmes. At present, students receive a secondary education diploma and a vocational qualification

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certificate (level two for four-year programmes, level three for five and six-year programmes). From 2003/04 the same regulations on obligatory State Matriculation Exams (Matura) as those for general secondary education apply.

There are also VET programmes of two or three years, with small numbers of students. Graduates from such programmes go directly to the labour market into routine jobs (level one certificates, awarded after successful completion of two-year programmes) or more complex jobs (level two certificates, awarded after successful completion of three-year programmes).

## Schools providing vocational education and training

Technica (grades 8-13 or 9-13) - ISCED 3A (by 2003/04 all are renamed Vocational Gymnasia). These schools provide vocational training programmes of five or six years' duration (four or five before 1999). Students enter at the age of 15 after basic education (for five-year programmes) or after grade seven at the age of 14 (for six-year programmes), after passing entrance exams for the six-year programmes. Graduates receive a secondary education diploma and a certificate for third-level vocational qualification (vocational theory and practice exams), for jobs with managerial responsibilities. For the six-year programmes the first school year (eighth grade) is dedicated to intensive foreign language training and follows the same curricula as in the foreign language schools. Therefore entry into these six-year technica is linked to an entrance exam, and is favoured by both parents and students. Estimates are that many of the students continue with higher education.

In 2002/03 there were 145,726 students in five and six-year programmes, equivalent to more than 70% of all students in vocational schools. The most common fields of study were engineering (38%), business and administration (20%), manufacturing and processing (15%) and personal services (7%).

The MES may authorise the technica upon request to provide postsecondary college education (ISCED 4C) of two years' duration, leading to fourth-level vocational qualifications, which give access to jobs with managerial responsibilities.

Art schools – ISCED 3A. These provide vocational art programmes of four-years' duration. Students enter at the age of 15 after completing basic education and passing entrance exams. They receive a diploma for secondary education and a certificate for third-level professional qualification, which gives access to jobs with managerial responsibilities.

In 2002/03 there were 3,841 students in art schools.

Vocational secondary technical schools -ISCED 3A (by 2003/04 some of these will be upgraded into vocational gymnasia, while the others will be called vocational schools - four years). These schools currently provide four-year (before 1999, three-year) vocational training programmes. Students enter at the age of 15 after completing basic education. There is no entrance exam. They receive a general secondary education diploma and certificate for second-level vocational qualification, which gives access to more complex jobs in the labour market. Students are entitled to go into higher education, but experience shows that most of these students go directly into the labour market or eventually continue in postsecondary colleges.

In 2002/03 there were 47,033 students in four-year programmes, or nearly one quarter of all students in vocational schools. The most common fields of study were engineering (44%), manufacturing and processing (19%), business and administration (12%) and personal services (14%).

Vocational technical schools (renamed vocational schools in 2003/04) – ISCED 2A and 3C. At ISCED 2A these schools provide vocational training programmes of two or three years' duration. Students enter at the age of 13 or 14 after completion of grade six or seven of basic education.

They receive a diploma for basic education and a certificate for first-level vocational qualification, which gives access to routine jobs. Upon completion students can continue in other types of secondary schools.

The number of students in this type of training programme is small – 1,826 in 2002/03, which is 0.9% of the total number of students in the vocational schools. The majority of students were following manufacturing and processing (56%) or engineering (32%) programmes.

These schools also provide vocational training programmes for second-level vocational qualifications of two years' duration at ISCED 3C. Students enter at the age of 15 after completion of basic education (grade eight). They receive a certificate for second-level vocational qualification, which gives access to more complex jobs in the labour market.

The number of students in this type of training programme is very small – 921 in 2002/03, which is 0.5% of the total number of students in vocational schools. The majority of students were following manufacturing and processing (48%), personal services (25%) or engineering (12%) programmes.

## 2.4 POST SECONDARY EDUCATION

Post secondary vocational colleges (a name introduced with VETA in 1999) – ISCED 4C. These provide vocational training programmes of two years' duration. Students enter at the age of 19 after completion of secondary education. They receive a certificate for fourth-level professional qualification. Continuation to higher educational levels is possible on the basis of students' secondary diplomas, which are a precondition for postsecondary programmes. Experience shows that people who want to continue but do not pass university entrance exams usually go to colleges.

The number of students in colleges in 2002/03 was 3,165, or 1.6% of the total

number of students in the vocational schools. The most common fields of study were business and administration (43%), security services (military services, police school) (25%), engineering (7%), manufacturing and processing (5%) and agriculture, forestry and fishery (7%).

#### 2.5 HIGHER EDUCATION

Universities and specialised higher institutes – ISCED 5 A/6. These institutions provide education leading to Bachelor's degrees (four-year programmes), Master's degrees (five-year programmes) and Doctorates (minimum three-year programmes at ISCED 6). Most university students have to pass entrance exams, but it is up to each university whether or not to have entrance exams. Before the introduction of the Higher Education Act in 1995 there were no degrees, only the certificate for higher education. The diplomas awarded before 1995 were equivalent to Master's degrees.

Tertiary colleges – ISCED 5B. These provide three-year professionally oriented programmes in various fields, leading to a degree of 'Specialist in...'. Before 1995 they were called semi-higher institutes, with course durations from 2.5–3 years, and awarded degrees in semi-higher education.

According to the National Statistical Institute, there were 270,000 students in ISCED 5 and 6 programmes in 1998/99, which was the 'peak' of students enrolled in higher education. While from 1992/93 (195,000 students) to 1998/99 student numbers increased substantially, in 2002/2003 there were only 231,000 students in higher education. The decrease in the number of students in higher education is mainly a consequence of state policies, which have restricted access to higher education in Bulgaria, as a result of financial constraints and demographic decline. Furthermore, the low birth rate during recent years, which is forecast to continue in future years, has also necessitated these measures, and might be considered a preventive measure against teacher unemployment. Bulgaria

has the lowest proportion of the population aged 5–14 years in the total population among the new and future member states. Population projections indicate that in the period 2002–2005 the sizes of the age groups 5–14 and 15–24 will decrease by 92,000 and 24,000 respectively (or by 11.3% and 2.2% of each age group). If conditions in this period do not change substantially, the number of children aged 5–14 will decrease by 31,000 per year. This means that each year over 1,000 teachers in basic education and over 200 in pre-primary education might become redundant.

#### Conclusions

While trends over the years show that there are generally more students in VET than in general secondary education (a ratio of 56:44 in 2002/03), there has been a slight shift away from vocational education (of 1–2%). Many vocational students do not go directly into the labour market, but continue in higher education. However, it is rather difficult to substantiate such claims, since there are no administrative registers to track student movements. This might justify the concern about the quality and appropriateness of VET for the labour market; it might also reflect that there are few opportunities on the labour market and hence, rather than be unemployed, VET graduates remain in the education and training system. Optimisation of the school network has been on the agenda for several years, but with little progress to date. In terms of school types for VET, there is a strong preference for technica with over 70% of all students attending these schools. For general secondary education there is a similar phenomenon, with one quarter of students attending profiled gymnasia. The remaining students go either to four-year gymnasia or to four-year vocational schools. While postsecondary education plays a relatively minor role and is mainly for those who do not pass the entrance exams for higher education, the number of students in higher education is in decline, mainly as a result of negative demographic tendencies (such as financial constraints and demographic decline) and, to a certain extent, the restrictive policy of the state.

## The structure and provision of continuing training

Continuing vocational training in Bulgaria is defined as training delivered to people over 16 years of age that are no longer in the formal education system. It applies to both employed and the unemployed people. According to both the VETA and the Employment Promotion Act, continuing training can be provided by institutions in the formal education sector, private and public training centres, agencies, municipalities, social partner organisations and enterprises.

Up until now there have been few developments in continuing training and it is difficult to form a comprehensive picture, as its delivery is rather haphazard. There are no regular systematic surveys or data collection on the number of training providers and their activities. Nevertheless, from information gained through individual surveys and feedback from discussions, it seems that the supply is not strong enough and needs further development in order to provide appropriate and quality training for the labour market. There follows a description of the current situation.

Continuing training provided by enterprises

The main providers of continuing training in Bulgaria are enterprises, in terms of the organisation and delivery of continuing training to their staff. According to Eurostat's second Continuing Vocational Training Survey (CVTS2), in which Bulgaria participated, 28% of all companies in 1999 provided continuing training for their employees. Compared to most other new and future member states this figure is low (in the Czech Republic it is 69% and in Poland 39%), although it is higher than in Romania (11%). In 2000 the percentage fell to 25% (Source: National CVT Survey 2002).

Some 17% of enterprises provided continuing training in the form of training courses, while 25% of firms provided other forms of continuing training, including on-the-job training, seminars, conferences and other professional forums. In this context, on-the-job training (65%) and

participation in conferences (62%) were the most common forms of other training provided, which is in line with other future member states (Source: CVTS2, Eurostat).

Continuing training provided by universities

Universities also provide continuing training. Given the autonomy of universities, the MES does not have comprehensive data on this. For example, the Centre for Continuing Education of the New Bulgarian University in Sofia offers a wide range of subjects for upgrading the skills of adults or enabling them to develop new ones (e.g. management training, language training). Another example would be the Varna Free University, which has established a European Lifelong Learning Centre, providing agriculture-related training to adults.

Continuing training provided by social partners

The nationally representative trade unions and employers have established vocational training centres to provide continuing training for employed people, but also for those who are unemployed.

The Centre for Vocational Training at the Bulgarian Chamber of Commerce and Industry (BCCI) has been licensed by NAVET to provide VET. The Centre and its regional branches provide training in the following main areas: forestry, production of textiles, garments, footwear and leather, hotel management, restaurant business and catering, food and beverages, accountancy and taxation, finance, banking and insurance. BCCI has also implemented various international projects in this area, such as the establishment of a Bulgarian Bavarian Centre for quality management within a joint project on quality management (from 1997), and conducting training seminars.

The Bulgarian Industrial Association (BIA, which is another nationally representative employers' organisation) also operates a Centre for Vocational Training. It provides a wide range of high-quality training courses.

The 'Podkrepa' Confederation has established a special unit for syndicate training – a Syndicate Development Confederation Department. Its main task is to implement the education policy of the Confederation. It organises and delivers training to members and leaders at all levels, and develops programmes, learning materials and tools to coordinate and control the learning process.

Continuing training provided by Chitalishte

Chitalishte are traditional Bulgarian Cultural and Educational Centres, supported by the Ministry of Culture and by municipalities. Various different activities take place in the Chitalishte, including language courses, music lessons, traditional and modern dances, theatre schools and computer clubs. The Chitalishte are non-profit organisations and can play a central role in the development of civil society.

According to NSI 2002 data, there are 3,500 Chitalishte in Bulgaria, and more than 2,500 of them play an active role in the social and cultural life of the country. Particularly in the smaller towns and villages this is the only place where people have access to libraries and other information.

At present, a total of 900 Chitalishte are involved in a project of three-years' duration entitled 'Citizen development and participation through the Chitalishte network', which has a budget of USD 2,475,000. The Bulgarian Ministry of Culture and UNDP are implementing the project jointly. The project aims to repositioning the Chitalishte as community centres, building national capacity by strengthening local development and citizen participation, and fostering ICT development. The results so far are that the first round of demonstration project grant awards have been completed; 36 have been approved for funding; 25 Chitalishte Internet centres have been established in small municipalities; and the national capacity-building programme for the Chitalishte is underway.

Continuing training provided by 'Znanie'

The 'Znanie' - the Society for the Propagation of Knowledge – is the largest Bulgarian non-profit-making adult education organisation, and was established in 1990. There are Znanie centres in Sofia, Plovdiv, Pleven and other large cities in Bulgaria. It is an association of teachers, lecturers, university tutors, and various specialists, promoting lifelong learning. The main target groups are people with low levels of qualification, long-term unemployed people, young graduates, people with disabilities, minority groups, and others who are socially excluded. Znanie offers training courses on marketing, finance and starting a business, and is also involved in EU programmes.

Znanie participates in 'Adult Education in Bulgaria', which is part of the project 'Strengthening of the local and regional Adult Education establishments – helping the stability of Southeast Europe', established by the Institute for International Cooperation at the Association of the German Popular Universities (IIZ/DVV) in Bonn. This includes support for the development of institutions, the development of programmes and youth projects, training of teachers and advising adult education providers.

## Labour market training

There is only a limited amount of continuing training for employed adults provided under active labour market measures, mainly for retraining in order to counteract lay-offs. Labour market training is primarily targeted at unemployed people and those at risk of becoming unemployed. It might lead to a vocational qualification, or be a short-term course.

In this context the main providers authorised to provide training courses are enterprises and schools, which are registered with the Employment Agency on an annual basis. Through open competition, registered institutions may be contracted to deliver training, which is paid for by the Employment Agency and its local labour offices. While there are figures

available on numbers of training providers, there are no figures available on how many of those have received contracts from the labour offices to deliver training.

Table 2.7 Institutions registered by type to provide continuing training for the Employment Agency, 1999–2002

Institutions registered to provide continuing training by type	1999	2000	2001	2002
Schools	91	161	174	121
Enterprises	294	326	365	233
Training centres	-	12	16	19
Others	45	33	35	5
Total	430	532	590	378

Source: Employment Agency

While the amount allocated to labour market training in 1999, 2001 and 2002 has increased, the number of training providers eligible to apply for the money in 2002 has decreased substantially, for reasons elaborated below.

Training provided by enterprises

While the main training providers for the Employment Agency are enterprises, the table shows a decrease in the number of enterprises registered to provide training. This might be a consequence of the changes introduced in the licensing process by NAVET, which allows licensing only for those enterprises that provide training leading to the acquisition of a vocational qualification. While the new licensing criteria for private training providers aim to improve the quality of continuing training, labour offices will no longer fund private providers to offer stand-alone short courses. This may have a detrimental effect on the availability of short-term courses, which are in much demand from unemployed people. It might reflect a preference for continuing training to be provided within the formal education system (for which licences are not required). Experience shows, however, that curriculum developments in the formal

education system take time, a fact that might lead to inadequate provision of training for the labour market, in terms of content and timing.

An example of an enterprise delivering training is the training centre of the Novotel in Plovdiv. It trains waiters, cooks, bar staff and other professions associated with tourism.

Training provided by schools

Schools also provide training courses for the labour offices. There is no information available on how many of the registered schools were contracted to provide training by the labour offices. The diminishing number of schools (of all types) on the register in 2002 might confirm that vocational schools are no longer interested in delivering training, as any income generated must now be paid back to MES. The MES has no data available on how many schools provide labour market training.

School-based labour market training might lead to the acquisition of vocational qualifications for a vocation included in the list of vocations, or to the acquisition of qualifications for part of a vocation (for one or more modules – short training courses). Training delivered to adults follows the curricula and methodology applied for schoolchildren.

Training provided by training centres and others

Examples of such training providers are the training centres of the social partner institutions or private entrepreneurs who deliver training, e.g. 'Tara 5', which provides training for hairdressers and beauticians. Again, there is no information available on either the numbers of people trained or how many such providers delivered training on the basis of contracts with labour offices.

#### Participation in CVT

In line with the above, data on participation in continuing training are mainly available from the Employment Agency and the two

continuing training studies in enterprises conducted in 2000 and 2002 in Bulgaria.

Participation in continuing training in enterprises

According to CVTS2 (Eurostat), 28% of employees in enterprises providing continuing training participated in courses in 1999 (or 13% of employees in all enterprises); in 2000 the figure was 25%. This is somewhere in the mid-range for the new and future member states (Czech Republic 49%, Slovenia 46%, compared with 20 % for both Lithuania and Romania), although the difference between participation rates of males and females is comparatively large (33% for men, 20% for women).

The average time for a participant in courses was 35 hours in 1999; this fell to 20 hours in 2000. Bulgaria is around the average compared with other new and future member states, with 42 hours in Romania and 24 hours in Slovenia.

Female participants in continuing training courses received an average of 45 hours of training compared to 31 hours for men, much greater differences than those observed in other new and future member states. This might compensate to some extent for the low participation rate among women (Source: Eurostat Statistics in Focus; Theme 3 Number 2/2002).

Those enterprises that do not provide continuing training for their employees mention as the main reasons the fact that the existing skills of the workforce correspond to the needs of the enterprise (82%), and that they can recruit people with the required skills, so do not need to train them. Only 37% say that the costs of providing this type of training are too high. This is in line with statements from other new and future member states.

With the objective of fostering participation in continuing training, the Employment Promotion Act 2002 includes financial incentives for employers to upgrade the qualifications of their employees, to hire unemployed people and to offer internships. The law now needs further definition on implementation.

There are no data available on participation in continuing training provided by schools, universities, social partners, or Chitaliste.

Participation in labour market training courses

The number of participants (unemployed) that complete training has increased in recent years, from 9,951 in 2000 to 17,632 in 2002, which represent 1.4% and 2.7%, respectively, of the total number of registered unemployed people. Training for employed people is a minor component, with less than 1,000 people trained each year (230 in 2001). The total number of courses was 741 in 2001 and 1,016 in 2002 (Source: Employment Agency).

#### Continuing training reform

At present continuing training reform is mainly addressed on a legal basis, rather than in terms of implementation. In this context, the Employment Promotion Act stipulates the elaboration of a continuing training strategy by the MLSP together with the MES and the National Council for Vocational Qualification of the Workforce. While some regional training needs analysis has been carried out under Phare, this has had no follow-up and there is no systematic monitoring system for continuing training. There are some unpublished ministerial documents on continuing training, and the MES envisages the establishment of a continuing training unit. In this context a 2003 Phare project has been agreed between the European Commission and the MES and MLSP. Investment in continuing training was also agreed as a priority in the Joint Assessment Paper in October 2002.

#### Conclusions

There have been some developments in the field of continuing training, but only few data are available, apart from the NSI coverage and administrative statistical information provided by the Employment Agency. While the main providers of continuing training are enterprises, most continuing training is provided for unemployed people under labour market training via the MLSP and Employment Agency with an increase in budget.

Although there is more money from the state for continuing training, especially under active labour market measures, the VET law might limit a competitive training market (licensing criteria for private providers, new financial regulations for schools). The NGO network might play a role in lifelong learning. Any strategy that is to be developed must address these issues.

## Counselling and guidance

Only fragmentary advisory and counselling services existed in Bulgaria until 1990. Since 1990 two parallel counselling and guidance systems have been set up, by the MES and MLSP. The legal basis for counselling and guidance has been established in the VETA and the labour law. However, the clients, especially young people, are often the same, as are the services provided. As yet there is no quality control for services delivered.

The activities connected with providing career guidance services in the public sector are funded by the state budget and are offered to clients free of charge. Private sector provision of information, guidance and counselling services is not yet developed.

The Ministry of Education and Science

In 1990 the Ministry of Education and Science established a Centre for Vocational Guidance within the ministry. Its main tasks were to develop and adapt tests and to collect and provide information about the vocational schools and vocational colleges in the country. A network of 28 Pedagogical Consulting Offices was created to complement this, in the former districts covering the whole country. These offices were closed down in 2000 for political reasons (Source: OECD Review on Education Policies, 2000).

However, also in 2000 the 13 regional centres for educational services and qualifications, established as pilot units within the framework of the 1995 Phare 'School for everyone' project, received financial support from the MES to provide some kind of guidance and counselling to pupils, parents and teachers. This allowed

for some stability of the project and of services to the Bulgarians. Unfortunately these centres have now also stopped working.

This has left the secondary education system without counselling and guidance services, apart from individual pedagogical advisers in the secondary education system, who provide some career information and counselling.

Regarding higher education, there is a centre for career development at Sofia University specialising in providing career information and counselling to high school and university students. However, there is a lack of specialised training of career counsellors in the higher education system.

The Ministry of Labour and Social Policy

In 1994 the former National Employment Service and its regional and local branches set up a specialised system for vocational guidance for unemployed people and all other people who need these services, along the lines of the German model.

The services for information, guidance and counselling of young people and adults have so far mainly been provided in the framework of the Employment Agency system. In this context the local labour offices provide some guidance and counselling services. Unemployed clients and job seekers of all ages are offered information on jobs vacancies in the local labour market, the requirements of employers, and specific characteristics of the work activity, as well as guidance and counselling on opportunities for broadening their chances in the labour market through qualification and re-qualification courses.

As a complementary feature, 'job clubs' were established in the labour offices. Unemployed clients and job seekers are offered information about actual and prospective occupations, as a part of the main services. There are currently 40 'job clubs'.

In addition there are specialist units for guidance and counselling services, the 15

Centres for Vocational Information (CVIs). These offer services to parents, university students, unemployed people, and those who are employed but seeking another job, as well as employers, teachers and specialists in the field of career guidance. The information is provided in various different types of printed materials, video films and multimedia products. The CVIs have been in place successfully for eight years, but the number of CVIs is not sufficient to cover the whole territory of the country. One step towards solve this problem might be to build up a mobile CVI; this is being discussed.

Furthermore, an Information and Counselling Centre was established by the regional employment service in Sofia. It provides services to job seekers, unemployed people, students, employees, pensioners and employers, on issues including the organisation of small and family businesses, career development, job placement and psychological problems relating to the job-seeking process. In Sofia there is also a labour office that is a specialist unit for high school and university students.

Finally, the Information and Publishing Centre of the Employment Agency is responsible for the development, updating and dissemination of information materials and products for different occupations to be used for vocational guidance in the Employment Agency system, as well as providing practical help in their implementation.

#### Conclusions

A national strategy for the future of information, guidance and counselling in both the education and labour market sectors in the context of lifelong learning should be developed; it should build on the evaluation of practical achievements and weaknesses during recent years (Source: Bulgarian Report National Report. Information, Guidance and Counselling Services in Bulgaria, 2003). In this context, the optimum use of resources and shared roles and responsibilities between MES and MLSP would need particular attention.

## Assessment and certification mechanisms

In the existing education system, responsibility for certification, evaluation and issuing of matura and vocational diplomas lies with the head-teachers of the relevant types of secondary school. At present VET students achieve a secondary education diploma, which allows for continuation in higher education and a vocational educational certificate ('vocational matura'). Only those students who have reached grade four or below (with six being the best) are required to pass an internal school matura exam.

The existing system neither ensures national comparability of pupils' performance, nor provides control mechanisms of the work of teachers and schools. A new system will combine both internal and external assessment.

The first obligatory external vocational examinations will take place in 2004/05. The VETA stipulates that the theory examination will be held in accordance with common national assignments. The NAVET will be invited to take part in the elaboration of the national examination programmes. The practical examinations will remain at local level, following assignments prepared by schools in consultation with employers and employee representatives. The commissions appointed to conduct the examinations for the acquisition of vocational qualifications comprise representatives of the training institution, employers and employees, and representatives from the respective branch ministries. All of them are entitled to an equal quota for participation during the examination.

The matura exams were piloted in 2002/03, with students sitting them on a voluntary basis. From 2003/04 those who do not pass the matura receive only a secondary education certificate, and are not able to continue to a higher level, such as a university education. The MES has not taken a final decision on this issue.

For VET, besides certificates and diplomas awarded in general education (e.g. matura,

which allows for access to higher education), students also receive certificates for vocational qualifications (VETA Art. 8), which determine the skills and knowledge of the student.

- Level one gives access to routine jobs in the labour market and is acquired after completion of vocational technical school/vocational school;
- Level two gives access to more complex jobs in the labour market and is acquired after completion of vocational secondary technical school;
- Level three gives access to jobs with managerial responsibilities and is acquired after completion of technicum/gymnasium/art school; this is the vocational matura;
- Level four gives access to jobs with managerial responsibilities and is awarded after completion of postsecondary college programmes;

Regarding continuing training/adult education, there are no mechanisms for assessment and certification available for adult training, though these are under development by NAVET. This will be closely linked to standards development for vocational qualifications, which will define the skills and knowledge required for a vocation. In this context, licensed training centres will issue certificates recognised by the state on successful completion of theory and practice exams for the vocations. Trainees who fail to pass these exams receive a certificate of attendance.

Regarding higher education, the National Evaluation and Accreditation Agency is the government body authorised to evaluate quality in higher education. The Accreditation Council is composed of nine members with a mandate of four years. Higher education institutions are evaluated using criteria such as the educational aims and mission, the quality of training activities, adequacy of academic staff, technical resources, and structure and organisation of administration procedures. Those universities that have been categorised as 'very good' or 'good' are eligible to provide education and training to the level of Master's degrees and doctorates. The accreditation period varies

from one to five years. Thirty-six institutions have been accredited for five years, six for three years, four for two years and two for one year. A reform of the assessment and certification of programmes will follow.

#### Conclusions

Work to establish a new external examination system that would also certify vocational qualifications has continued, while the new matura will be introduced in 2004/05. The new examination system is expected to generate more reliable information on the overall standard of education and on potential needs, to align the work of schools. Some work has been initiated for continuing training, but will need further development. No information has been available on certification by companies or private education and training providers. A system of accreditation of higher education institutions has been established, with accreditation and certification procedures for programmes to follow.

2.6 RESPONSIVENESS OF THE EDUCATION AND TRAINING SYSTEM TO THE NEEDS OF THE LABOUR MARKET AND THE INDIVIDUAL

## 2.6.1 PLANNING/ PROGRAMMING AND RESPONSIVENESS TO THE LABOUR MARKET

During the 1990s the Bulgarian VET system had to cope with the process of transformation from a centrally planned economy in which educational planning was a reflection of economic planning and administration, and centralised management. In theory vocational schools were usually attached to enterprises and functioned as producers of guaranteed new manpower for these enterprises. Although the system was intended to function in this way, there were problems: in practical terms there were many vocations in which people never worked. In this context the choice of educational courses was related more to the existence of particular schools

than to any clear links with the labour market.

Although the Bulgarian MES has recognised that the existing VET system is incompatible with the development of a modern labour market, the state planning/programming process has remained unchanged. Each school still currently submits an enrolment plan, by vocation, to the regional inspectorates, for approval by the MES.

For 2002/03 the criteria defined by the MES for enrolment plans have included. inter alia, the needs of the labour market. The enrolment plans submitted by schools have not corresponded to the vocational needs of the towns (or regions) in which they are located, but instead, are aimed mainly at keeping jobs for teachers. The MES has nevertheless accepted them. Experience over the years has shown that the proposals made by schools have on the whole been approved by the MES. In 2002/03 the admission of students according to type of vocational school has undergone minor changes (compared to 2001/02).

Regarding the involvement of social partners in the planning process, the VETA (Art. 25) stipulates consultations with Regional Employment Committees, which has so far taken place on an ad hoc and informal basis. As a formal initiative, in January 2003, the MES forwarded the enrolment plan for the Sofia region to the Bulgarian Industrial Association for written consultation. The BIA considered it difficult to give an opinion on the plan's responsiveness to the economy, since the written document only gave figures. At the same time, the BIA also stated that companies are not interested in cooperation with schools, as education and training are not among their priorities.

At present there is no regular training needs analysis (TNA) undertaken to support programming or to define the needs for vocational qualifications. Some pilot TNA to define curricula took place under Phare in 2000 and 2001, but without any reference to enrolments. Some ad hoc discussions and coordination between

inspectorates and local labour offices have taken place. The MES is considering running regional training needs analyses with municipalities in the near future.

There are no administrative registers for follow-up monitoring of those graduating from schools and universities. In 2003, however, the MES has initiated the development of an administrative register of university students, through the Education Modernisation Project (World Bank Loan).

There are no systematic planning tools applied for continuing training. According to CVTS2 (Eurostat) in 1999, 40% of enterprises carried out an informal training needs analysis (mainly discussions) on the training needs of their employees. While 30% then defined their employees' needs, there was no follow-up, as enterprises preferred to hire new staff rather than train existing employees.

#### Conclusions

The initial training planning process has so far remained unchanged compared to 1990. It seems centralised, with lengthy procedures and few links to the labour market. There is no systemic or regular planning tool in place to forecast needs in continuing training. Some first steps have been undertaken to reform this process, through training needs analysis and the involvement of social partners, which will need further development.

## Classification systems for vocations and qualification standards

An overall national system of vocational qualification standards is not yet in place, although elements of such a system do exist. The National Agency for Vocational Education and Training (NAVET) is the executive agency responsible for standard development; NAVET has established tripartite internal working groups to carry out relevant tasks.

In May 2001 a general framework for standard development was developed by NAVET and approved by the MES, as was a list of 172 vocations for VET, based on ISCED 97 classifications. In parallel, there exists the classification system of the MLSP following ISCO 88, taking on board remuneration and determination of minimum insurance income for each vocation. This consists of more vocations than the NAVET list, since vocations are also defined according to different positions in the labour market (such as director, expert or administrator).

Although ISCED and ISCO classifications have been interlinked through codes established by the NAVET, there are difficulties with implementation. In August 2003 a specialised working group (MLSP, MES, Employment Agency, NSI, NAVET) started working on this issue. The classification system of the MLSP will be used for continuing training courses paid for by the labour offices until new standards have been developed by NAVET. NAVET standards will cover initial and continuing training standards for the labour market. Since its establishment the NAVET has elaborated a methodology for standards development that focuses on the vocational competencies required and on broad occupational families, and is thus in line with current trends in the European Union. Therefore the training content of each vocation will be structured in terms of general vocational training (basic competencies necessary for all vocations in the field), sector-oriented vocational training (e.g. ICT, health and safety, languages) and job-specific training (specific competencies needed for performance of the vocation). While this approach aims at greater flexibility of trainees in the labour market, practical training has been reduced from 50% to 40% of all study hours (in the previous version of the law the figure was 50%). Furthermore, of the 40% practical training, half is for vocational theory and half for real practical training in school workshops.

Vocational schools still use the list of vocations that existed in 1993. Experience from EU member states and future member states shows that standards development takes time. In Bulgaria, standards for 12 professions had been completed by the end of 2002 and approved by the management board of

NAVET. These standards apply to both initial and continuing training. Following MES procedures, piloting of the finalised standards will start in 2003, to be followed by gradual elaboration of new vocational curricula in accordance with the standards. The implementation of new curricula would then, ideally, start in 2004/05.

There are currently 35 new standards under elaboration. It is expected that the process of elaborating standards for all vocations included in the list (172) will continue until 2006 or 2007, assuming that approximately 40 standards are drafted each year.

## 2.6.2 CURRICULUM DESIGN/ DEVELOPMENT

The modernisation of curricula was identified early on in the transition period, which began in 1993, as one of the main concerns, but has mainly been addressed in the context of the Phare programme, as is the case in other new and future member states. At present the majority of vocational schools implement curricula following the list of vocations that existed in 1993. This is partly because curriculum development only takes place after approval of new standards, a process that has started only recently, as described above. It is also a result of resource problems, which mainly allow curriculum development with Phare funding.

Under the Phare VETEREST (the first VET programme) 18 curricula were revised following the modular approach, and implemented in pilot schools, and subsequently in technica. Today these curricula have been implemented in around 100 schools. Further work has built upon those results under Phare 2000, with the results expected at the end of 2003. At the moment there is also a review of Phare, to decide whether or not the modular approach should be continued.

Regarding curriculum development by the MES, some curricula are also being developed further using national funds. In 2000/01 the following curricula were updated: entrepreneurship, company law,

information technologies, business communications, health and safety at work, and ecology. While up until 1999 experienced high school teachers elaborated curricula, the VETA has introduced working groups for each vocation. The teams are composed of three teachers, one expert from MES or the Regional Inspectorate and one specialist from practice. At present no working groups are operational, which might be linked to the fact that development of curricula can only start after the approval of standards developed by the NAVET, a process that is currently ongoing. There are no MES data available on new curriculum developments in 2002/03.

No specific actions have been undertaken with regard to the integration of core skills into curricula (Source: Progress Report on Lifelong Learning, Bulgaria, May 2003). Nevertheless it should be noted that the number of VET students studying foreign languages in vocational schools has increased (in 1998/99 92,097 (46.6% of the total number of students in VET) studied at least one foreign language; in 2001/02 the number was 134,007, or 70.0%). In 2001/02, of the 191,328 students in the vocational education system, 100,587 studied English, 53,233 Russian, 44,600 German, 24,908 French, 1,625 Spanish, 1,486 Italian, and 655 Turkish. A total of 913 students studied other languages (Source: Education in Republic of Bulgaria, NSI Sofia 2002). The increase in the number of students studying Russian is interesting, and might be a sign that there is interest in reviving trade with Russia. It might also be a result of the fact that Bulgaria still has many Russian language teachers and not enough English teachers. Another reason might be that students choose Russian because it is similar to the Bulgarian language and is therefore easier to study, and students can achieve higher marks.

In terms of continuing training curriculum development, vocational schools have developed no tailor-made courses. Vocational schools can currently offer the regular initial training curricula as continuing training courses for adults, following VETA. Continuing training

curricula delivered under active labour market measures are stand-alone short-term courses developed in response to temporary needs, and are sometimes of poor quality.

#### Conclusions

Regarding initial training, the development of standards and curricula and their implementation continues slowly, with all revised curricula being implemented by 2010. An analysis should be undertaken in order to investigate how this implementation period could be shortened, in order to provide adequate VET for the labour market. Links and cooperation between the two classification systems (NAVET and MLSP) need to be developed further until the new NAVET classification system is fully operational. Continuing training delivery and recognition of courses by the state might be hampered, given that standards development is linked to initial training (NAVET standards will apply to initial and continuing training). In this context the system should allow for quality short-term courses approved with 'light' quality measures to respond to short-term needs.

## **2**.6.3 DELIVERY

## Practical education and training

A study on practical education and training in companies, entitled 'On-the-job Training and Apprenticeship in Bulgaria: Current State and Perspectives', was carried out in 1999 within the framework of the Bulgarian National Observatory. Interviews concerning practical training facilities and conditions were conducted in 40 vocational schools. While nearly all schools had contracts with companies, these were outdated and were implemented in only a few cases (no detailed data available). It is important to stress that these contracts define practical training as 1-2-week visits to companies, which raises the issue of the quality of practical training. The OECD Education Policy Review confirmed these findings in 2000. They were also confirmed by interviews with companies and vocational schools during the monograph field visit in 2002/03. Practical training in

companies, therefore, does not really exist. One important reason for this is restructuring and the instability of the Bulgarian economy, which prevents employers from offering their production facilities and premises for placements for vocational schools. Another reason is the structure of VET programmes, which do not foresee obligatory practical training in companies, and in which recent reforms have reduced further the amount of practical training in curricula (from 50% to 40% of the overall curriculum), as described above.

There are a few exceptions, where practical training takes place in companies, this mostly being financed with foreign capital (e.g. Ideal Standard). In this context schools have close links with prosperous enterprises that provide opportunities to students to take part in concrete production processes and to establish direct contacts with the company; some of the students subsequently find employment within these companies.

Thus, practical training is currently conducted mainly in school workshops, which cannot provide practical training appropriate for the labour market. The equipment in schools is mostly old and outdated and does not allow for quality practical training. This leaves a VET system with students who have little practical experience when they enter the labour market.

Both parties appreciate the need for establishing closer relationships between employers and training institutions, but their partnership is not yet effective.

As a stand-alone initiative, the Bulgarian National Crafts Chamber has organised practical vocational training. For the past five years a pilot craft school has been running in Plovdiv following the model of the German Chamber of Craft in Koblenz (Handwerkskammer Koblenz). It covers the professions of baker, jeweller, wood processing worker and hairdresser, and promotes the German apprenticeship scheme. Figures on how many students have completed the scheme and found a job are not available.

The Bulgarian National Craft Chamber is currently adapting 20 curricula received from Koblenz for the Bulgarian system. At the same time negotiations with the MES on accreditation of certificates are taking place, as the current VETA does not foresee this kind of training.

## Social dialogue in VET

The VETA and the Employment Promotion Act stipulate involvement of social partners on a tripartite basis. The involvement of social partners includes participation in the development of standards, examinations and enrolment plans; representation in NAVET; and an advisory role for the MLSP in the National/Regional Employment Committees and the National Committee for Vocational Qualifications. While the legal basis is satisfactory, implementation needs further development. Following interviews with social partners at national and regional level, participation in standards development is considered quite successful, whilst the advisory function mainly consists of commenting on agreed documents at the last minute (e.g. for the National Employment Action Plan). At regional level the involvement of social partners has been on rather an ad hoc basis, but at national level, social partners were involved, for example, in the consultation process on the EC Memorandum on Lifelong Learning in 2001.

#### Conclusions

Practical training takes place mainly in schools, mostly with outdated equipment and as a decreasing proportion of curriculum time; students leave the VET system with few practical skills, an issue that should be revisited in the overall reform context; cooperation with social partners is well regulated by law, but implementation needs further development.

## 2.6.4 INDIVIDUAL NEEDS

In general little has happened during the past decade to accomplish the shift from the previous collective approach towards a more individual approach to VET. There

have been some pilot initiatives, such as modular approaches to curriculum development. Furthermore, the government aims to integrate children with special needs and Roma children into mainstream education, providing support as appropriate. Finally the government intends to develop a policy for active ageing and corresponding qualification measures, in view of the ageing demographics of the population.

These initiatives will require implementation plans and related resources, as well as regular monitoring. In this context the analysis of individual needs in education and training, modern teaching and learning approaches, implementation of adult learning programmes and related methods, and the application of new technologies to address individual needs will also need to be explored. Finally it will be a challenge to accommodate the different measures in an overall strategic education reform document.

# 2.7 CONTRIBUTION OF THE EDUCATION AND TRAINING SYSTEM TO PROMOTING SOCIAL AND LABOUR MARKET INCLUSION

In spite of the absence of any formal barriers to equal opportunities, difficulties in access to education that relate to social hierarchy and geographic location can be observed in Bulgaria. In addition, according to an article on 'Poverty and Education' (magazine "Statistics" 2002, issue 4, S. Baev), poverty is among the basic reasons for dropping out of school or never enrolling in school. This is reflected in low participation rates in secondary education (lower than the EU average), illiteracy and high non-attendance and dropout rates – mainly among these disadvantaged groups. In addition, the limited financial resources for education are insufficient to allow schools to organise adequate measures to integrate these children.

According to the Employment Promotion Act and national policies, the groups considered to be at risk of social exclusion are: unemployed people below the age of 29, especially those who have no qualifications; long-term unemployed people; people with low levels, or no, education and vocational training; some members of ethnic groups with insufficient motivation for training and employment; and persons with a disability.

#### **Ethnic groups**

According to the latest Census of March 2001, Bulgaria's population is nearly 8 million, of which 9.4% (or 747,000) identified themselves as Turks and 4.7% (or 371,000) as Roma. (The Bulgarian law does not require data on ethnicity to be collected: data for the census were provided on a voluntary basis). Estimates, however, suggest that the total Roma population is between 400,000 and 450,000. While the integration of the Turkish minority into economic and social developments seems smoother, the integration of the Roma population is more problematic. Roma people often work in the informal sector to supplement their meagre family income.

In this context the Bulgarian Accession Partnership, the National Programme for the Adoption of the Acquis (NPAA) and the Joint Assessment Paper have called for measures to ensure the better integration of Roma people into ongoing reforms.

Low education levels are considered a major obstacle to the integration of minorities in economic and social reform, and access to high-level education should be ensured. Most Roma schools are in ahettos and the standard of education is poor. Roma children often start school, but drop out during initial grades of primary schooling, mainly for economic reasons. Language is another problem that Roma children face in school. Relatively few Roma children speak Bulgarian, and this contributes to the fact that only a small number complete primary education or continue to the next level. In addition to this, Roma parents are often illiterate and do not appreciate the importance of education (Source: Roma and the Transition in Central and Eastern Europe: Trends and Challenges, Dena Ringold, World Bank 2000). Furthermore, low

incomes make it difficult for most Roma households to purchase textbooks and other school supplies that parents are expected to provide.

Data from the NSI indicate that in 2001, out of 159,644 Roma aged 25-64 years, a total of 12,445 (or 8%) had lower than primary education (grades 1-3), 43,819 (27%) had primary education (grades 4–7), 71,521 (45%) had basic education (grade 8), 11,075 (7%) had secondary education (grades 11-12), 443 (0.3%) had attended university or college, and 20,341 (13%) were illiterate. Therefore only 7% of Roma in this age group had attained at least upper secondary education, compared with 69% of the total Bulgarian population aged 25-64 years (69% is the sum of higher education 20.7% and secondary education 48.3%).

There have recently been attempts under the Phare programme to improve Roma education: under the 1999 Bulgarian Phare project 'Promotion of the Integration of Roma' (BG 9907), 500 assistant teachers were trained to support integration of Roma children. This was followed in 2001 by a Phare project 'Roma Population Integration', in which 300 school teachers and 100 Roma teaching assistants were trained. Teacher training in this context has included specific training on intercultural pedagogical issues. Generally there are no specific data or measures for VET.

In 2002 the Bulgarian government set up the Consultative Council on Education of Children and Schoolchildren from Minority Groups, consisting of experts from MES, the National Council for Ethnicity and Demography (NCED), other state organisations and NGOs. As a first step the MES has developed an educational policy for children from minority and ethnic groups. The main policy principles include: fair treatment guaranteed by law; integration of Roma children into society through improved education; implementation of initiatives in Roma communities by relying on the potential of the organisations that are closest to Roma people themselves; and the development of project models for working with Roma people as a MES long-term strategy.

In this context the MES policy will foster the integration of Roma children into the mainstream education system (with a starting point of grades 2-8). Teacher support programmes will accompany this, through which teachers will develop specific pedagogical skills, including an appreciation of intercultural issues. There will be some curricula reform in parallel to this, which will include intercultural aspects and special language training for minorities.

Regarding the integration of Roma people into the labour market, the 2001 Phare project on social inclusion (which is on going currently) aims mainly to facilitate the social and economic integration of Roma people and those from other ethnic minorities into society. It provides education, employment and entrepreneurship measures, while increasing literacy.

#### Children with special needs

The Public Education Act and the VET law provide for children with special needs. This covers children with learning difficulties, people with sensory handicaps, people suffering from chronic diseases, orphans, and children with deviant behaviour. Education and training takes part in special and healthcare schools. The VET law (Art. 32) foresees vocational training or training as part of a vocation for

special needs groups, and this does take place, though there are no figures available on this.

In 2003 a working group composed of representatives from the MES, MLSP, the Ministry of Health, the State Agency for Child Protection, NGOs and experts was established. Its main task is to develop a national plan for the integrated education of people with special needs. The main aim is gradually to remove special schools and to offer integrated education in the regular school system to children with special needs. To support this, a special unit in the MES has been created. Developments in this area will need to be monitored.

As an example, a local pilot initiative in Pazardjik provides integrated training for children with disabilities in general secondary schools and also in Vocational Schools for Agriculture and Economy. An outcome of this initiative and of the cooperation between the Education Inspectorate and the municipality has been the recruitment of two more staff members skilled to work with disabled children (including a speech therapist).

The tables below show the number of special schools in Bulgaria and the students they have in different grades in the years 1997/98 to 2001/02. There are no figures available on how many special schools provide VET.

Table 2.8 Number of Special Schools in Bulgaria, 1997–2002

Numbers of schools	1997/98	1998/99	1999/00	2000/01	2001/02
Total	151	146	146	138	136
Convalescent schools	30	30	29	23	23
Schools for children with learning difficulties	75	74	75	76	76
Correctional boarding schools	12	10	10	9	8
Social pedagogic boarding schools	23	22	22	21	20
Schools for hard of hearing children	5	4	4	4	4
Schools for visually handicapped children	2	2	2	2	2
Schools for speech impaired children	4	4	4	3	3

Source: Education in Bulgaria, 2002, NSI, Sofia, p. 35

Table 2.9 Number of pupils by different grades, 1997–2002

Numbers of pupils	1997/98	1998/99	1999/00	2000/01	2001/02
Total	16,547	16,049	15,984	16,346	15,631
grades 1-4	7,821	7,700	7,588	7,940	7,653
grades 5–8	7,816	7,524	7,741	7,869	7,540
grades 9-13	910	825	655	537	438
Of which in villa	ges				
Total	6,245	5,697	5,493	5,403	5,263
grades 1-4	3,063	2,866	2,685	2,742	2,676
grades 5–8	2,852	2,531	2,529	2,469	2,485
grades 9-13	330	300	279	192	102

Source: Education in Bulgaria, 2002, NSI, Sofia, p. 37

The trend of reducing the number of special schools and their students indicated by the tables is not a result of integrating special needs groups into the formal education system, but rather a result of the demographic decline. In terms of location, these schools are evenly spread throughout the country, so they are accessible to everyone. For schools for those with learning difficulties, opinions heard during the fact-finding mission were that around half the students attending these schools do not have learning difficulties at all, but are Roma children.

## Early school leavers

According to data on the participation of children and young people in education (Source: NSI website, 2003), age-specific enrolment rates are the reference point. The enrolment (or participation) rates in age groups at which education is compulsory (7–10 and 11–14 years) are, as would be expected, virtually 100%. For older age groups, however, participation rates are considerably lower than 100% (81% for 15–18 year-olds and 27% for 19–23 year-olds in 2002/03), though these

have been rising in recent years, mainly because of the extension of secondary education by one year.

According to Eurostat, the rate of early school leavers (share of 18–24 year-olds having achieved lower secondary level or less and not attending further education) is 21% in 2002. Bulgaria is a little worse than the EU average, which is 19%, but much worse then most of the new and future member states (Malta is the worst with 53%), for which the average is 8%.

According to NSI in 2001, the dropout rates ranged from 2.7% for primary schools (9,782 schoolchildren) to 8.0% for four-year vocational schools. The dropout rate for the vocational gymnasia was 2.9 %, and for general secondary education 2.6%. The highest dropout rates are amongst pupils of Roma origin, but there are no figures available for this. Reasons for this are financial difficulties, for example to buy textbooks, existing prejudice, negative attitudes towards the Roma community (i.e. some non-Roma parents refuse to put children in classes with Roma children).

Table 2.10 Participation rates in education by age groups, 1995–2003

	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	
Percentage of	Percentage of the population participating in education at ages:								
7-10 years	100	100	99	99	99	98	100	100	
11–14 years	96	95	95	96	96	97	98	98	
15–18 years	70	69	69	70	71	72	75	81	
19–23 years	24	25	25	27	27	26	26	27	

Source: NSI

In some of the regions, estimates are that the dropout rate is between 13 and 15% (mainly Roma children). Experts point out that if these children attend preschool institutions 100 % of them would enter grade 1 and the dropout rate later on would be substantially lower, a point which will be taken up in the national strategy for minority education.

The dropout rate is not only a problem for Roma communities, but for the system in general. The 8% dropout rate in four-year vocational schools might be one reason that the VET law plans to upgrade these to gymnasia by 2003/04, as one approach to solving the problem.

From information in the OECD Education Policy Review 2000 and opinions heard during the monograph field visit, it appears that the number of children who have never attended school is quite high, although no precise data are available.

The 'School for Everyone' project (Phare 1998) was directed at making school more attractive to students and motivating children to attend. It was directed at early school leavers, dropouts and Roma children. Within this project 80 models for working with dropouts and with children at risk have been developed and implemented, and have brought 227 children back into school (80 models, 227 children 'rescued' is an average of less than three children per model). The results from the project - manuals for working with children from different ethnic groups, manuals for teachers and manuals for pedagogical advisors, and the training of 1,546 teachers, head teachers and advisors – are a resource for implementing the MES policy when working with dropouts. Unfortunately this potential has not been utilised further.

In 2001, as another measure, the Council of Ministers of Bulgaria adopted the National Programme for Social Integration and Integration into the Labour Market of Young Dropouts from Secondary Education. The leading institutions are MES and MLSP. The aim is to reintegrate dropouts who have no, or incomplete,

qualifications into the education system. The project has not yet begun.

## Youth unemployment and long-term unemployment

Youth unemployment still remains a serious problem in Bulgaria. The Directorate-general for Employment and Social Affairs (DGEMPL), in 'Employment in Europe 2002', reported that the youth unemployment rate was 33.3% in 2000 and 39.3% in 2001.

According to the Labour Force Survey of June 2002 there were 120,000 unemployed young people aged 15–24 years, or 20.0% of all those unemployed. The youth unemployment rate (at 34.7%) was twice as high as the overall unemployment rate for the country (17.4%).

Unemployment in Bulgaria has been characterised by high levels of long-term unemployment (one or more years). The annual average number of long-tem unemployed people in 2002 was over 330,000, up by 0.7% on the total for 2001 (Source: Employment Agency, Annual Report 2002, p.10). Approximately 70% of long-term unemployed people in 2002 had low or no education qualifications (61% of all those unemployed); in 2001 this figure was 50% (Source: JAP, p.10).

As a response to the high levels of youth and long-term unemployment, the MLSP has included in the Employment Promotion Act 2002 the following main incentives for employers. Incentives for employers to hire and train unemployed people up to the age of 29 who do not have work experience; incentives for employers to hire and train unemployed people with disabilities up to the age of 29, as well as young people from social institutions who have completed their education; incentives for employers to accommodate unemployed people up to the age of 29 to enable them to acquire a professional qualification through work experience; Incentives for employers to create special work places for apprenticeship for unemployed people up to the age of 29 (Art. 34–41).

#### VOCATIONAL EDUCATION AND TRAINING (VET) AND LIFELONG LEARNING IN THE CONTEXT OF THE NATIONAL EMPLOYMENT POLICY

Since 2000 the MLSP has been undertaking specific measures, in particular under the National Employment Action Plan, UNDP and Phare. Generally the activities include vocational orientation and continuing training, community work programmes and literacy programmes.

Some of the larger nationally and internationally funded projects are as follows.

The National Programme 'Youth ICT Training' (2002–2005). This aims to improve young people's access to information and communication technologies (ICT) through the acquisition of knowledge and skills for ICT usage, hence improving their employment aptitudes and increasing their opportunities for career development in the labour market. It is targeted at young people up to the age of 29 with higher or secondary education. During the period of implementation (2002–2005) the programme will cover 13,000 young people.

Increasing employability and entrepreneurship promotion for young people project. The project consists of two modules: (1) 'Employment of young people with higher education' and (2) 'Youth Entrepreneurship Promotion'. The first module is aimed at ensuring jobs for unemployed people with higher education up to 29 years of age who do not have work experience, through the creation of jobs off the payroll in the Council of Ministers, most of the ministries and regional administrations. The second module foresees the establishment of two youth centres for entrepreneurship training for young people. The budget allocated for the implementation of the project 2002-2005 amounts to BGN 6,630,000 and the funds are guaranteed by the state budget.

Labour market initiative – Project Phare, 2001–2004. The overall objective of the programme is to reduce the level of unemployment and increase employment particularly among the disadvantaged groups. The main target group are young people at risk (school drop-outs and

students with bad attendance records), young long-term unemployed people, ethnic minorities and people with disabilities. The activities include vocational training programmes, internships in companies, entrepreneurial training and consulting, and promotional services for new business start-ups.

UNDP Programmes 'Jobs' and 'Beautiful Bulgaria'. These programmes concentrate on long-term unemployed people, including Roma individuals and people from other disadvantaged groups, such as those with physical handicaps or sensory disabilities. These are temporary employment programmes with training components.

#### Conclusions

The Bulgarian government has recently put strong emphasis on the integration of Roma people and those with disabilities into mainstream education, and initiatives are underway. There are also programmes to fight against youth and long-term unemployment. While there are various measures, policies and programmes, it is difficult to find relevant figures on implementation. Those at risk include a variety of groups, and the various programmes target all of them; there is thus a risk of dilution of impact, and a difficulty in monitoring them. The enrolment rates for 15–18 year-olds are worrying, with only 81% (16 year-olds correspond to the last year of compulsory education) in education, partly as a result of ethnicity and poverty issues. This has already been highlighted in the JAP, though no specific measures have been launched to date.

## 2.8 CONTRIBUTION OF THE EDUCATION AND TRAINING SYSTEM TO PROMOTING ENTREPRENEURSHIP

While there is no subject called 'entrepreneurship' in vocational schools in Bulgaria, the subject of economics is covered in all vocational schools, including knowledge of marketing, management, entrepreneurship, small businesses, company law, company innovations and business communications. The subject of

entrepreneurship is partly included in the subject of 'management' in some of the curricula for grade 13 of vocational gymnasia.

Furthermore, an international pilot project of the MES promotes the concept of 'simulation companies' together with Austria and Greece. This project includes courses on the market economy, career planning, active labour market participation and setting up and running a small company.

Regarding continuing training, some universities organise courses in their postgraduate programmes on establishing a small or medium sized enterprise, company management, and financial and market policy. Due to the autonomy of universities there are no data available on these activities.

There is also a partnership between the Bulgarian Industrial Association and eight universities, which jointly provide entrepreneurship training for companies.

The Bulgarian Chamber of Commerce and Industry organises courses on quality management (ISO 9000) on a regular basis. The Bulgarian Chamber of Commerce also belongs to the EU Network of Euro-Info Centres, which provide entrepreneurship training to SMEs (Source: DG Enterprise, BEST Report on C.C., Education for an Entrepreneurial Society, updated January 2002).

There is a Bulgarian Association for Management Development and Entrepreneurship (BAMDE) and also a Bulgarian Association of Management Consulting Organisations (BAMCO), both of which provide management training and entrepreneurship training in Bulgaria. They also deliver train-the-trainer courses.

The MLSP and the Ministry of Economy, in cooperation with social partners, provide training for companies (especially SMEs), regional development agencies, business incubators, and the agency for SMEs. This

includes training for managers and employees, and also train-the-trainer programmes, in areas such as the business environment in the EU, financial management, quality management and management development in general. This training mainly takes place under Phare Economic Development Programmes, as a complementary measure to institutional building.

The Employment Agency (Art. 48 to Art. 49a Employment Promotion Act), under active labour market measures, offers training for entrepreneurship development for unemployed people who would like to establish a medium-sized business. This is usually combined with micro-lending programmes. In particular, the National Employment Action Plan for 2003 envisages the implementation of the 'Increasing employability and entrepreneurship promotion for young people'.

The project's target groups are young people up to the age of 29, including long-term unemployed young people, unemployed young people with higher education, unemployed young people with secondary education but no professional qualifications, and young people with primary and lower education and insufficient skills, as well as young people with occasional or partial employment, and young people employed in state or private enterprises, who wish to start their own business. Expected results are that 200 new businesses will be established; 1,000 young people will be trained and 1,500 consultations will take place.

#### Conclusions

There are a number of initiatives ongoing in continuing training in particular that aim to increase entrepreneurial spirit in society and particularly in companies. It is difficult to ascertain comprehensive figures and data on activities. While this is mostly short-term training, the impact of entrepreneurship training for company success would need to be measured.

# 2.9 CONTRIBUTION OF THE EDUCATION AND TRAINING SYSTEM TO PROMOTING EQUAL OPPORTUNITIES BETWEEN MEN AND WOMEN

## **2**.9.1 COMBATING GENDER STEREOTYPES AND INEQUALITIES

According to Bulgarian law, men and women have equal opportunities.

In 2001/02 out of a total education enrolment of 1,046,477, 504,119 (48.2%) were women. In general secondary schools, 50.4% were women (the trend since 1990/91); in vocational schools, 31.1% were women (an increase since 1990/91 of 13.2%); in secondary vocational technical schools, 31% (a decrease since 1990/91 of 35.3%); in technica and art schools, 41.2% (the trend since 1990/91);

and in postsecondary vocational schools, 51.0% (Source: Women and Men in the Republic of Bulgaria, NSI, 2002).

In higher education in 2001/02, out of the total enrolment of 228,394, 54.0% were women. From 1994/95 to 1997/98, the percentage remained around 60%. Statistics (since 1990/91) generally show that there are slightly more women than men in higher education.

In 2001/02, of the total higher education enrolment, 70.7% of women studied education; 76.6% social services; 51.2% computing; only 32.2% engineering and engineering trades; and 39.5% architecture and building.

Although women have high levels of education, their labour market prospects are lower than those of men. There is no counselling and vocational orientation specifically for women.

Table 2.11 Labour force and activity rates by gender in June 1995–2001

	Labou	r force (thou	sands)	Activity rate (%)			
	Both sexes	Male	Female	Both sexes	Male	Female	
1995	3602.6	1899.4	1703.2	52.2	56.8	47.9	
1996	3626.0	1917.9	1708.1	52.5	57.4	48.0	
1997	3581.8	1907.6	1674.2	51.9	57.1	47.0	
1998	3587.7	1911.5	1676.2	51.6	56.9	46.7	
1999	3457.4	1840.8	1616.7	50.2	55.3	45.4	
2000	3431.4	1838.2	1593.2	49.8	55.3	44.7	
2001	3412.6	1794.4	1618.2	50.4	55.0	46.1	

Source: NSI, Women and Men in the Republic of Bulgaria, p. 53

Table 2.12 Employed and employment rates by gender June 1995–2001

	Empl	oyed (thousa	ands)	Employment rate (%)			
	Both sexes	Male	Female	Both sexes	Male	Female	
1995	3038.0	1604.2	1433.8	44.0	47.9	40.3	
1996	3137.4	1658.4	1479.0	45.4	49.6	41.5	
1997	3090.4	1642.6	1447.8	44.8	49.2	40.6	
1998	3148.9	1670.7	1478.2	45.3	49.7	41.2	
1999	2970.8	1582.2	1388.6	43.1	47.6	39.0	
2000	2872.4	1531.8	1340.6	41.7	46.1	37.6	
2001	2751.5	1431.1	1320.4	40.6	43.9	37.6	

Source: NSI, Women and Men in the Republic of Bulgaria, p. 53

Women are mainly employed in the education and healthcare fields, which are among the worst paid areas. The banking sector has also attracted women in recent years. These are sectors that require higher education degrees, though they are still not well paid. Women account for 80% of those employed in the education sector, 76% of those employed in the health care area and 62% of those employed in the financial field (Source: NSI).

Women employees appear to be disadvantaged in terms of participation in continuing training courses provided by enterprises, with a participation rate of only 20%, compared to 33% for men. The participation rates differ by 13% (12% in the Czech Republic), whereas in other new and future member states they differ by a maximum of 2% (Source: Eurostat CVTS2 as reported in Statistics in Focus, Theme 3-2/2002).

During the past decade it has mainly been NGOs and social partners who have addressed the issue of gender equality. There are around 30 women's organisations in Bulgaria, some of which are directly connected to political parties. The largest of these organisations are the Democratic Union of Women -NGO-established in 1990 - and the Bulgarian Women's Association and Party of Bulgarian Women, which is one of the founders of the National Movement 'Simeon II', which currently has a majority in the Bulgarian Parliament. Their activities have been targeted at improving the social, political, legislative and economical status of women.

One of the biggest non-profit organisations is the Women's Alliance for Development, established at the end of 1996 to promote equal opportunities for women and men with regard to responsibilities, access to resources and decision-making in the family, as well as in social, political and economic life in Bulgaria.

Other such organisations are the Bulgarian Women's Union, which concentrates on charity activities, the revival of traditional Christian values and support to female victims of violence; the Women's

Association 'Ekaterina Karaveova', whose main goals are to stimulate the civil activities of contemporary Bulgarian women, to support and defend women's rights for professional development, and to promote and defend women's civil and social rights.

There are centres dealing mainly with issues of violence against women, such as the Nadya Association and the Animus Foundation, which support and help women victims of domestic or street violence.

There are also specialised organisations for academic gender research that provide the scientific humanitarian approach to the issues connected with human, social, professional and economic realisation – such as the Bulgarian Gender Research Foundation and the Bulgarian Association of the University Women.

Recently, as part of the plans for accession, the Bulgarian government has taken up the gender issue and will develop relevant laws and measures.

Hence, in May 2000 the Council of Ministers adopted a decree, assigning the functions of ensuring equal opportunities for men and women to the MLSP. A working group was established representing state institutions, namely MES, MLSP, the Ministry of Foreign Affairs, the Ministry of Internal Affairs and around 30 NGOs, whose task was to draft an Equal Opportunities Act. Although the draft act was not passed by parliament, it was used as basis for a comprehensive law against discrimination (the draft passed its first consultations by the sub-committee in parliament), which includes measures to counteract discrimination on the grounds of race or ethnic origin, sex and other reasons (e.g. religious beliefs).

In 2003 a National Consultative
Commission for gender equality was
established within the MLSP, with the
involvement of social partners. Its first input
will be into the National Employment Action
Plan. The intention is to extend its
functions at a later stage to all groups that
may be discriminated against, and provide

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them with equal access to the labour market and the social sphere.

In 2003 the MLSP established the 'planning, analysis and prognosis' directorate, including a unit for the 'monitoring, surveying and evaluation of the labour market'. The activities of these analytical units (statistical and sociological information) will also include the creation and monitoring of gender indicators.

The following gender-specific projects are planned for 2003 in the framework of the National Employment Action Plan:

"Creating a system of gender mainstreaming indicators for quality evaluation and assessment of measures and labour market programme effectiveness' (budget BGN 200,000). The expected results are the creation of an instrument for equal access to the labour market for men and women and fostering equal employment levels. ■ 'Raise the awareness of Bulgarian society of gender issues – the equality of men and women' (budget BGN 50,000). The project will initiate a process for creating 'focal points' in state institutions and organisations responsible for putting into practice the principle of equality between men and women in all areas of public life; it will encourage and support the social partners and non-governmental sector in the process of implementing of the principle of gender equality.

#### Conclusions

While statistics show inequalities between men and women, gender issues have been considered as a 'non-issue' (a non-priority in the overall reform context), and women remaining at home as the natural situation (opinion heard during fact-finding mission); until recently it has mainly been NGOs who have dealt with the gender issue; in preparation for accession the government has also taken up the issue and attributed the main responsibility for it to the MLSP; money has been allocated to concrete projects in the National Employment Action Plan 2003, which confirms the commitment of the government.

# 3

# **3**.1 THE ORGANISATIONAL STRUCTURE

# Legal framework

The Council of Ministers determines the national employment policies and adopts the National Employment Action Plan. The Ministry of Labour and Social Policy (MLSP) is responsible for elaborating the plan, for the legal framework concerning employment services and for the implementation of the national labour market policy<sup>14</sup>.

In the first years of transition towards a market economy the main legal documents were the Decree N 57 of the Council of Ministers, 'Unemployment Protection and Promotion' (1989) and Decree 110 concerning active measures for employment promotion (1991). These, together with the labour code 15 and a number of other documents, established the legal basis for the implementation and functioning of the market-economy-oriented employment services, unemployment compensation schemes, Professional Qualification and

- 14 MLSP develops, coordinates and implements the state policy in the sphere of labour market, vocational training, incomes and living standards, industrial relations, health and safety at work, social insurance and social assistance. It includes general and specialised administration. The latter embraces the directorates for labour market policies, income polices and living standards; labour law and social insurance; health and safety at work; protection against unemployment and employment promotion; social services and social assistance; European Union integration, international relations and international programmes; pre-accession fund and international programmes and projects. Labour issues are primarily the concern of the first three directorates. MLSP implements state policy through its specialised structures: National Employment Service, General Labour Inspectorate, National Social Assistance Service, and territorial structures.
- 15 Promulgated State Gazette, Nos. 26 & 27/1986

Unemployment Fund and a set of active labour market measures. By 1995 a three-tier organisation of the public employment services has been introduced. It included the National Employment Office (Service), the regional offices and the labour offices (bureaus). This structure has continued until now, with some changes in the scope and contents of the administrative functions at each level.

In 1997 the Law on Unemployment Protection and Employment Promotion was passed in the Parliament<sup>16</sup>. It was followed in 2001 by a law on employment promotion<sup>17</sup> and amendments to the law on social insurance concerning the social risk of job loss.

The law of 1997 was based on modern principles for regulating labour and industrial relations. It embraced norms on unemployment compensations and insurance, employment promotion, labour mobility and labour inspections. The law introduced more generally rules for private mediation in the labour market and new elements in licensing training companies and for the work of private labour offices. It also promoted the establishment of a network of Employment Partnership Companies<sup>18</sup>, Business Centres, Business Incubators, Agro-Business Centres, Training Centres, Job Clubs and other similar organisations, a process that had already begun. After some violations of spending rules by the Professional Qualification and Unemployment Fund in 1999–2000, a new system of regulation for its control and monitoring was set up.

In 2002 the Employment Promotion Act came into force, stipulating the beginning of reform in public and private employment services and in the financing of active labour market policies. Firstly, the main change is the replacement of the passive with an 'active social policy that should

exert an impact on the reasons rather than the consequences and will assist the establishment of a proper social order'19. Emphasis should be on preventing long-term unemployment while counteracting poverty. Secondly, to support this policy the new law encourages the further decentralisation of active labour market measures and tailor-made services delivered by local labour offices. Thirdly, the Professional Qualification and Unemployment Fund was abolished. The state budget, together with the financial sources of the Employment Agency, will fund active labour market programmes and measures. With effect from 2002, unemployment benefits are paid from the 'Unemployment' fund of the National Social Security Institute.

# Organisation of PES and responsibilities

The PES in the period of accession

The main functions and tasks of the Employment Agency are divided in two groups: a) general administrative services, and b) specialised administrative services, provided at national, regional and local levels.

General administrative services include the administration of unemployment benefits; IT services; legal advice; and general administrative tasks; these are similar to those that exist in EU member states.

Specialised administrative services include registration of unemployed people and job seekers; job mediation; assisting employers to hire workers, informing, consulting and guiding people; finding the most suitable employment programme and measure for unemployed clients; the management of employment programmes and measures; and vocational training and assistance for start-up services.

<sup>&</sup>lt;sup>16</sup> Promulgated in State Gazette No 16.12.1997 / 16.12.1997 and in force from 1 January 1998.

<sup>17</sup> Promulgated in State Gazette 112/ 9.12.2001 and in force from 1 January 2002.

The Employment Partnership companies were established on the basis of the German experience in the Eastern provinces. They are located in regions with reconstructed industries. The companies enjoy the status of legal entities and receive subsidies from the Employment Fund contributing towards the wages of the hired employees. The subsidy is no higher than the total minimum wage per person for a 24-month period (under the proposed amendments in the legislation the period will be reduced to 12 months).

<sup>19</sup> New Strategy for Social Policy. 2002-2005 Introduction. www.mlsp.government.bg

National level: The Employment Agency

The Employment Agency (which until January 2002 was called the National Employment Agency) is an executive agency of the MLSP.

The Employment Agency is organised in three directorates: the main directorate, 'Human resources, administration and control', with five Regional Centres for Qualification'; the 'Financial and industrial services' directorate; and the 'Information and analysis' directorate.

The three directorates manage, coordinate and control the whole range of activities of the general and the specialised administration of the Employment Agency, the regional employment office directorates and the labour office directorates on the implementation of the Employment Promotion Act. This includes safety in the labour market, professional information services, vocational education of unemployed and employed individuals, as well as the provision of intermediary services on information and job placements.

The Employment Agency also implements national and international projects and programmes that are related to the pre-accession and structural EU funds.

The Employment Agency Executive Director's Council, a new consultative body, advises the Employment Agency, and has two representatives from the trade unions and two from the employers' organisations. The chairperson of the Council is the Executive Director of the Employment Agency. They discuss the plan and the annual reports of the Employment Agency, and also suggest measures and programmes for employment promotion and for improving the efficiency of the PES structures. The Council should hold no fewer than four meetings during the year. For the short period since September 2002, when the Council began to function under the

requirements of the new law, not enough evidence not been gathered about its effectiveness.

Regional level: regional employment offices (REO, still called regional directorates)

The nine regional employment offices (REO) are located in Sofia, Blagoevgrad, Bourgas, Varna, Lovech, Montana, Plovdiv, Rousse and Haskovo. Each regional directorate covers two to four regions (NUTS 3)<sup>20</sup> outlined in the administrative division of the country. Up until 2002 they mainly administered unemployment benefits and delivered a limited number of specialised administrative services (such as labour brokering activities for informing and hiring workers, professional information, consultation and guidance) to unemployed people. With effect from 2002 their new tasks are to coordinate and assist the activities of the local labour offices. including materials supply, IT maintenance, accounting and other administrative services, in line with the Employment Promotion Act. Inside the REOs, seven out of the eight units have been reduced to one, aimed at optimisation and called 'Employment services, programmes and measures for providing employment and training'. In 2003, which was still a period of transition, these offices also continued to deliver a limited number of specialised administrative services for those registered at local labour offices. Since 2001 the REO have also been involved in designing and implementing regional development plans approved by the MLSP, and in organising vocational training for employed and unemployed people in the regions they cover.

Local level: local labour offices (still called directorates)

There are 120 local labour offices (they also have the rank of directorate) in Bulgaria. Each covers the territory of one or more municipalities (NUTS 4); 127 branches of labour offices are located in

There are six planning regions (NUTS 2) in the regional structure of the country. These are: Northwest, North Central, North Eastern, South Western, South Central and South Eastern. The territory is divided into 28 administrative regions (NUTS 3). There is a governor and state administration located in each of them. Each region embraces a number of municipalities (NUTS 4).

neighbouring towns (mainly in the centres of the neighbouring municipalities) and 58 desks (additional sub-branches) were established on an ad hoc basis in localities with high levels of unemployment.

While until 1998 the labour offices mainly administered unemployment benefits, they also dealt with active labour market programmes and measures, the training of registered unemployed people, the delivery of information, the dialogue with social partners at local level and dialogue with representatives of the municipal administration. With effect from 2002, in line with the Employment Promotion Act, the main task of the labour offices is to provide tailor-made services to unemployed clients and employers and to facilitate employment in the primary and secondary labour markets. The teamwork principle known as 'one desk' - front and back office has been established. From 2003 onwards the National Insurance Institute administers the transfer of unemployment benefits to registered unemployed people.

Within this structure there is a student labour office in Sofia that assists students from higher education to find jobs. There are also student departments in the regional labour offices (Veliko Turnovo, Burgas, Varna and Blagoevgrad) that also specialise in youth labour market mediation. Furthermore, in addition to this structure 38 Job Clubs, 10 Vocational Information Centres and 4 Information and Consultative Centres provide counselling and guidance services and help with finding jobs (intermediary services). There is also a publishing centre.

A new component in the decentralised Employment Agency structure is the five Regional Training and Human Resources Management Centres within the Employment Agency General Directorate of 'Information Services, Technologies, Analyses, Human Resources and Legal Services'. These provide in-house training for Employment Agency staff.

The Labour Inspectorate's main functions included the control of entitlement to unemployment benefit and assistance;

monitoring and control of licensed private employment agencies; and control of the work-permit regime. Following the structural changes in labour market administration at national level, these functions were transferred to the Chief Labour Inspectorate at MLSP. Until 1 January 2002 the Labour Inspectorate was part of the structure of the (ex-national) Employment Agency.

# The role and involvement of the social partners and other stakeholders

The legal regulation of the representative employees' and employers' organisations was established for the first time within the amendments of the Labour Code, which came into force in 1993. On this basis, by 1997, seven trade unions and four employers' organisations had been recognised as representative. Since 1999, only two trade unions (CITUb and Podkrepa) are recognised as representative at national level. The role of social partners in the Employment Promotion Act is outlined as cooperative and consultative, mainly in the form of councils, commissions and committees, and as independent organisational units. The legislation does not stipulate hierarchical or regional cooperation among them.

National Council for Tripartite Co-operation

During the past ten years the National Council for Tripartite Co-operation has been the main actor in social dialogue. It deals mainly with issues such as wages and income protection, but also with employment, unemployment and vocational training issues. On Bulgaria's accession to the EU, the Council will be transformed into an Economic and Social Council.

National Council for Employment Promotion, established in 2002

The Council is a standing body for cooperation and counselling on employment policy, including the development and implementation of the National Employment Action Plan. In addition, its tasks are the regular

monitoring of the labour market and the efficiency of active labour market measures that have been implemented. The Council is chaired by the Minister of Labour and Social Policy (or by an official authorised by the minister). It comprises an equal number of representatives nominated by the Council of Ministers, the employers and the trade unions. Upon a decision of the National Council for the Promotion of Employment, representatives of other non-profit legal entities may attend its meetings. Since its establishment the Council has actively been involved in the development of legal documents and the National Employment Action Plan.

Permanent or Temporary Regional Employment Commissions, (previously called Regional Employment Councils, established in 1999 following the Regional Development Act)

Under the Employment Promotion Act these advisory commissions can be established in each district (NUTS3). Commissions include social partners, but also representatives of the district administration; municipal administrations (in the district territory); regional employment offices and/or labour offices; ministries and other state institutions; and non-profit legal entities. In this way the work and decisions of these commissions is organised on a wide social basis. Initial experience has shown that temporary commissions are set up when there is a need for them. This is the period covering the last three to four months of the year, when regional or municipal employment projects should be developed and the employment plan for the coming year needs to be designed. Nevertheless, the final decision when selecting the range of regional programmes remains within the powers and obligations of the district administration. To date, cooperation has been smooth.

The Councils for Cooperation at Municipal Level in the labour offices, established in 2002

Their task is to monitor and control the employment policy implemented in the municipalities on the territory covered by the labour offices. Each council comprises nine members: representatives of the Employment Agency division, of the territorial structure of the MES (Inspectorate), of the municipality; three representatives of employees' organisations; and three employers' representatives. These have only recently started their work.

Social partnership at branch and enterprise level

At branch and enterprise level employment issues are the subject of social dialogue in the preparation and signing of collective employment contracts (CECs). The responsibilities for human resource development of the labour force and the improvement of its quality are usually stipulated in the provisions. However, the development of special training programmes as an integral part of CECs remains only a recommendation.

## Conclusions

Following the Employment Promotion Act (2002), important changes are to be implemented. The new law aims to achieve a shift from passive to active labour market measures, to increase the role of local labour offices to deliver tailor-made PES services to unemployed clients, and to implement a new financing model for active and passive labour market measures. The Employment Promotion Act ensures the involvement of social partners mainly through advisory committees, councils and commissions at national, regional and local levels. Since they all deal with labour market issues at national, regional or local level, communication should be fostered. These developments call for the capacity building of all partners involved, especially social partners and their role in employment policy development.

# 3.2 RESOURCE ALLOCATION TO THE PES

The implementation of objectives and tasks of the PES requires three major types of resources: 1) financial resources; 2) human resources; and 3) infrastructure investment.

### Financial resources

Up until 2001 the administration of the national, regional and local labour offices in Bulgaria was financed from the Professional Qualification and Unemployment Fund. Labour market policies were also financed through this fund, including both active and passive measures.

In 2002 under the Employment Promotion Act the financing of the PES changed. The Professional Qualification and Unemployment Fund was abolished and, instead, the state budget and additional resources of the Employment Agency fund the active labour market programmes and measures. The latter will come from such sources as fees for the delivery of (private) intermediary services, fees for freelance activities and income from advertising and publishing. The funds from the budget of the Employment Agency will cover the costs of the administrative system.

Unemployment benefits are paid from a new Unemployment Fund established at the National Social Security Institute. The fund is financed mainly from mandatory social insurance contributions totalling 4% of total wages paid by employers and

employees (currently in a ratio of 75:25, though the aim is to achieve a ratio of 50:50 by 2010). In addition to these insurance payments, additional money will be collected from fines; property sanctions and penalty interests; special funds from the state budget for indemnification; interest and dividends; grants and wills; and other sources.

# Preliminary data

Since 1999 the actual level of revenues has not been lower than planned, though the burden of unemployment benefits and other cash payments for unemployed people has increased. While the revenues for the Professional Qualification and Unemployment Fund were mainly provided by employers and employees, the allocation from the state budget has been increasing, mainly because of high unemployment and insufficient contributions from employers/employees to the Professional Qualification and Unemployment Fund. Furthermore, a common practice among employers was to reduce the size of the social security contributions by declaring illegally that they had paid lower wages than they had in reality<sup>21</sup>.

Table 3.1 Structure of nominal revenues of the Professional Qualification and Unemployment Fund, 1999–2001

	1999		2000		2001*	
	BGN million	Structure %	BGN million	Structure %	BGN million	Structure %
Revenues (total), including	280	100	321	100	314	100
(1) Common revenues of the Employment Agency, including	190	68	197	61	186	59
Employers' and employees' contributions	188	67	194	61	183	58
Other (interest, fees, etc.)	2	1	3	1	3	1
(2) State budget contribution	20	7	84	26	103	33
(3) Carryover from the previous year	71	25	40	12	25	8

Source: Annual Reports of the Employment Agency for 1999, p. 42; and for 2000, p. 45 and additional data.

<sup>21</sup> According to the Labour Force Survey in December 2000 there were 2.7 million people in employment (source: NSI). At the beginning of 2002 the number of insurance contributors on minimum wages was 1.1 million, or 40% of those employed. (The former Minister of Labour and Social Policy, Ms. Lydia Shouleva, presented these figures at a session of the National Assembly on 25 April 2002.)

In January 2003, the government introduced counter measures for the better collection of contributions, including minimum insurance thresholds and obligatory registration of labour contracts. The thresholds are fixed for different categories of labour within the range of BGN 110–730. These measures were accepted by the social partners as a quite reasonable attack on the grey economy, and received their support.

Until now, most expenditure on labour market policies was spent on passive measures – unemployment compensations and other subsistence payments (see table below). In the years with higher levels of unemployment the share of that expenditure increased sharply. This occurred in 2000, when the registered unemployment rate was extremely high and expenditure on unemployment benefits also reached a record high level.

After 2002 the government introduced measures to approve the structure of expenditure for passive policies, and particularly for active policies. Priority was given to services that promote employment and labour market inclusion. The amount of expenditure for active measures increased to BGN 81.2 million in 2002, representing a record high of 33.1% of the overall budget for labour market policies.

The expenditure for subsidised employment is of great importance in active policies. It will be intensively promoted in the future. In 2003 the budget for active labour market measures was BGN 327 million (compared with BGN 81.2 million in 2002 and BGN 70 million in 2001). Of this total, BGN 217 million will have to be spent on subsidised employment (the 'From social care to employment' programme). This will combine temporary work schemes with

Table 3.3 Expenditure on active and passive labour market measures, 1999–2002 (figures are BGN)

	1999	2000	2001	2002
Total: All labour market programmes	237,592,825	292,851,175	296,750,800	245,552,700
All active measures	62,048,867	51,160,904	70,254,300	81,163,100
Public employment services and administration	24,297,673	24,491,048	29,705,200	26,343,200
Labour market training	1,652,704	1,606,835	1,402,100	2,498,800
Training for unemployed adults and those at risk	1,598,890	1,570,501	1,389,600	2,447,100
Training for employed adults	53,814	36,334	12,500	51,700
Youth measures	659,820	1,212,952	2,073,800	5,200,300
Measures for unemployed and disadvantaged young people	659,820	1,212,952	2,073,800	5,200,300
Support for apprenticeships and related for	ns of general	youth training		
Subsidised employment	35,405,033	23,773,739	36,860,900	46,792,000
Subsidies to regular employment in the private sector	726,856	1,170,310	1,869,400	7,460,000
Support for unemployed persons starting enterprises	2,214,141	1,992,529	689,400	2,200
Direct job creation (public or non-profit)	32,464,036	20,610,900	34,302,100	39,329,400
Measures for people with disabilities	33,637	76,330	212,300	329,200
Vocational rehabilitation				
Work for people with disabilities	33,637	76,330	212,300	329,200
All passive measures	175,543,958	241,690,271	226,496,500	164,389,600
Unemployment compensation	175,543,958	241,690,271	226,496,500	164,389,600
Early retirement for labour market reasons	0	0	0	0

Source: Employment Agency

training with the purpose of receiving stable employment at the end of the programme for poor, long-term unemployed individuals. The budget is transferred to the local labour offices and paid through them. For the first four months of the year, according to the reports of the MLSP, the main tasks in the plan were successfully realised.

In 2001 the total expenditure on active labour market measures in Bulgaria was 0.24% of GDP. While this is low compared to Germany (0.97%), Belgium (1.13% in 2000), Denmark (1.44% in 2000) and France (1.13% in 2000), it is one of the best among the other new and future member states, with Hungary and Slovenia (0.36%), and Slovakia 0.23%.

According to OECD data, in 2001 expenditure on PES in Bulgaria was low – 0.09% of GDP, compared with 0.12% in Denmark (2000), 0.13% in the United Kingdom (2000), 0.14% in Austria and Belgium (2000), 0.18% in France (2000), 0.23% in Germany and Sweden and 0.26% in the Netherlands. The figure for Bulgaria is closer to other future member states such as Lithuania and the Czech Republic (0.08%), Hungary (0.11%) and Slovenia (0.12%).

### Human Resources

Over the past five years (1997–2002) staff numbers have decreased by 19% (see table below), with the cuts being mainly in the general administration departments in the local labour offices. During this period the vast majority of labour office staff were delivering general administrative services, with particular reference to administration of unemployment benefits. From 1999 onwards, labour office staff also dealt with active labour market measures, but this was mainly at year end, given the late availability of funds (Professional Qualification and Unemployment Fund – see above).

The first staff cuts, of 4% and 5%, were made in 1999 and 2000 respectively, as a result of the restrictions on public expenditure in the context of overall economic reform. Another reason for these reductions was that general administrative tasks were considered too narrow and their implementation not felt to be sufficiently effective.

In 2002 the Employment Agency cut its staff numbers by 13%. This was in line with

Table 3.4 Structure of Professional Qualification and Unemployment Fund and its relative shares of GDP

	1994	1995	1996	1997	1998	1999	2000	2001
Structure of Professional Qualification and Unemployment Fund (%) including	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1. Active programmes, including	19.9	27.3	30.8	27.5	21.7	25.9	17.8	23.6
PES (administrative costs)	12.9	15.3	15.0	11.6	14.7	10.1	8.2	10.0
Vocational training	1.3	1.6	1.7	0.6	0.2	0.6	0.4	0.2
Youth programmes	0.2	0.0	0.1	0.1	0.6	0.3	0.4	0.7
Programmes for subsidised employment	5.4	10.2	13.9	15.0	6.2	14.9	8.7	12.6
Programmes for people with disabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1
2. Passive programmes	80.0	72.6	69.1	60.1	57.4	58.7	78.1	75.6
3. Others	-	-	-	12.1	11.4	15.5	4.1	0.8
Proportion of GDP (%)								
Professional Qualification and Unemployment Fund	0.71	0.62	0.50	0.62	0.63	1.01	1.10	1.01
Passive programmes	0.56	0.45	0.35	0.37	0.36	0.59	0.86	0.76
Active programmes	0.14	0.17	0.16	0.17	0.20	0.26	0.20	0.24
PES (administrative costs)	0.09	0.10	0.08	0.07	0.09	0.11	0.09	0.10

Source: Employment Agency

the new Employment Promotion Act (2002) and the start of PES reform, and part of the whole reform of public administration in Bulgaria in 2002 (which involved cuts of 10% across the board). At the end of 2002 there were 3,400 staff members in the Employment Agency, the vast majority (nearly 90%) in local labour offices.

With the shift of emphasis from passive to active measures, the staff of the labour offices need to adapt their skills and knowledge. With effect from 2003, the labour offices no longer administer unemployment benefits, which will release staff capacity, as this was previously their main task. Instead, particular emphasis will be on tailor-made services for unemployed clients and the capacity to deliver multi-task work (such as counselling and mediation).

The JAP (Bulgaria, April 2002) shows that 56% of those employed in labour offices were in direct contact with clients. By October 2002 this proportion had increased to 65%. This includes employees in the labour offices that were engaged with intermediary services, vocational training, and temporary employment, and with other

employment programmes. It does not include administrative staff such as accountants, legal advisers or those in IT services and in the administration of benefits.

The changes in the numbers and roles of those employed in the PES between 1997 and 2002 are summarised in the following table.

At the end of 2002 each counselling staff member had on average 330 job seekers per month (965 in 2000, 746 in 2001), or 15 people per day. It can be assumed that in a standard eight hour working day each employee could spend about half an hour monthly per person registered in the labour offices. This is a result of the staff shift from administering unemployment benefits to active services for unemployed clients. This also suggests that more staff are in a position to consult a smaller number of unemployed clients than previously.

Using the same indicator the corresponding figure was 202 unemployed clients in Poland in 2002, and 351 for Slovenia in 2000.

Table 3.5 Employees within the PES and their activities

	1997	1998	1999	2000	2001	2002
1. Employment Agency staff.	4,200	4,200	4,032	3,830	3,913	3,400
2. Employed in labour office						3,016
Employed in labour office with direct contact with clients						1,946
of which counsellors	716	703	681	719	897	1,120
4. Unemployed per (Average per month)		•			•	
Employment Agency staff member	128	111	131	181	171	190
Counsellors	750	664	774	965	746	330
5. Total number of registered unemployed clients who have started work (including placements in active programmes and measures)	206,742	188,805	216,634	225,660	220,655	264,725
6. Registered unemployed clients who have started to work via labour office – job placement				166,086	160,462	208,898
7. Companies registered at the labour office (total)	40,672	43,890	46,076	50,524	57,715	65,329
8. Number of companies per member of counselling staff	57	62	68	70	64	58

Source: Employment Agency

N.B. Employment Agency staff: employed in the headquarters of Employment Agency, regional labour offices, labour offices and other units of the structure of the Agency, dealing with intermediary services, vocational training, employment programmes; Counsellors: only providing mediation services.

The growth in the number of registered companies shows that many more companies that are offering jobs or that have the potential to create new job opportunities are included on the files of labour offices. Improved contacts with employers might contribute to the greater potential of labour offices to offer more vacancies to job seekers.

The average number of staff employed during the first six months of 2003 was 3,404; excluding women on maternity leave it was 3,311. This is the same as in 2002. In 2003 the number of the staff in regional employment offices increased from 164 to 208. The number of staff employed is higher than the approved schedule because a full-time vacancy is sometimes filled by two part-time employees, and some staff have been appointed to cover for those on long-term leave.

The structure of the Employment Agency includes:

- staff in managerial positions 500 (14.7%),
- staff in expert positions 2,892 (85.1%),
- staff in technical positions 8 (0.2%).

The staff in the Employment Agency are appointed according the Law for State Servants (862 people) and on labour agreements (2,538 people) according the Labour Code.

Regional variation –staff cuts in the regions

In 2002, as well as the staff cuts, the number of labour offices was reduced from 122 to 115. The smallest labour offices have 10 employees and the largest one, in Varna, 78. The network of labour offices covers the entire country. Staffing levels in labour offices are determined by a formula

that takes account of a number of criteria, including the size of the district covered by the labour office, and the numbers of economically active people and those registered as unemployed.

The labour offices can be divided into two groups, according to the variations in unemployment rates and in the numbers of unemployed and economically active people per employee. One group consists of the offices in the regions Gabrovo, Blagoevgrad, Burgas, Varna, Kustendil, Plovdiv, Russe, Stara Zagora and Haskovo. The number of economically active people per employee in these labour offices is higher than (close to) the average for the country as a whole and the unemployment rates are lower. This situation is reversed in the remaining labour offices, where there is a high burden of unemployment. The only exception is around Sofia town. This may be because Sofia town supplies services to Sofia district. For the two combined, the ratio is 254. It is higher then the average ratio for the country, though close to it.

The educational levels of the employees in Employment Agency, and in the labour office in particular, are high. At the end of 2002, 73% of the staff had higher education, 20% secondary vocational education and 7% general secondary education.

The following table gives details of the internal staff development activities of the MLSP and the Employment Agency.

As seen in the table, the number of the participants decreased between 1997 and 2001, as has the relative share of participants to the total number of the Employment Agency staff; this decrease is mainly related to budgetary constraints.

Table 3.6 Vocational training of Employment Agency employees, 1997–2001

	1997	1998	1999	2000	2001
Number of courses and training	112	84	140	57	68
Number of participants	2,284	1,606	2,254	638	1,151
% of Employment Agency staff participating in training	54	38	56	17	29

Source: Employment Agency

From 1997 to 2001 the topics for training included the following: new laws and amendments in the legislation; planning and analyses; information systems and programmes for computers; and courses included in bilateral or other agreements with foreign institutions.

In 2002, following the start of the PES reform, the training of counselling staff in the labour offices included such modules as designing an action plan for job seekers; training on standards and technology of counsellors' work; improving practical skills of the counsellors; and training on motivation. This supports the new PES concept of counselling staff being multi-skilled.

# Computer resources

According to the Employment Agency, in October 2002 there were on average around 0.7 computers per employee in the Employment Agency. The headquarters were relatively better equipped than the labour offices, with 1.1 computers per employee in comparison to 0.6 in labour offices.

The situation in the labour offices is as follows:

- Most of the computers in labour offices have outdated configurations and do not meet the current requirements.
- In labour offices and REOs computers work in local networks; a unified national system has not yet been set up.
- Internet connections are limited because of financial constraints and the lack of suitable computers;
- The lack of modern computers in labour offices makes it impossible to implement self-service systems for job search.
- Counsellors and other employees in the areas dealing with active labour market policies do have access to computers. However, practice has shown that it is mainly the employees servicing the registration of unemployed people who use this equipment.

Software provision is also unsatisfactory. Overall, the labour offices' employees consider computer provision to be completely inadequate for their work. Similar opinions were voiced in relation to other equipment, such as printers and photocopiers.

In the framework of the ongoing reform to achieve an effective state administration and improved services, the Employment Agency has launched a new interactive link on its website. The database includes those registered as unemployed in the labour offices, students looking for a job, retired people and employees who wish to change their occupation. Employers are able to search freely through the database of people registered as unemployed in the labour offices. This should assist individuals to find work. Furthermore, the mobility of the labour force, which is rather limited in Bulgaria, might be encouraged.

The expenditure for ICT as a share of the Professional Qualification and Unemployment Fund was just 0.003% in 2001, down from 0.02% in 1998. The need for additional investment is obvious, especially in view of the future plans of the Employment Agency to participate in the e-government initiative, as well as for improving the quality of the services provided.

### Conclusions

The reform of PES is in progress, with active measures in 2003 paid for directly from the state budget and passive measures by the Unemployment Fund, administrated by the National Social Security Institute. This has led to staff cuts of 13% especially in general administration departments. At the same time there has been a shift of staff from general administration to client-oriented services. In 2002 there were around 500 less staff members in the Employment Agency than there were in 2001, but 65% of staff were in direct contact with clients, which allowed for more mediation and counselling services for unemployed individuals. While these figures confirm that direct contact with clients is taking place, they do not allow sound judgement on the quality of

services. The future implementation of PES reform will require appropriate resources, staffing and capacities, which are being addressed. This will be especially important given the record high level of the 2003 budget for active labour market measures – BGN 327 million. Computer provision in the labour offices is unsatisfactory. It does not allow for the development of employment services for job seekers, or for the implementation of a broad range of self-service systems and e-services.

3.3 COVERAGE OF PUBLIC EMPLOYMENT SERVICES

The PES market share

Although the PES plays an important role in finding jobs for unemployed people, at this stage it is difficult to find quantitative indicators of its market share (i.e. as a share of all vacancies arising in Bulgaria). Indirect indicators from the Labour Force Survey conducted by NSI suggest that 50% of those who are unemployed describe registering in the labour offices as one of the main ways they look for work.

The table below shows that seeking assistance from friends and relatives is as efficient as contact with the PES.

Employers are formally obliged to inform local labour offices of job vacancies, and the legal basis even envisages sanctions where employers do not fulfil this obligation. Employers are also obliged to inform the local labour office in writing when employing a person registered as unemployed.

The following are the main reasons for the use of PES.

- Continued registration at the labour office is a requirement for receipt of many welfare payments.
- Private labour offices can offer only a limited range of employment services.
- Resources from foreign donors for employment programmes and measures are provided 'as a rule' to the labour administration in the MLSP and Employment Agency system. In this way the public sector also has a leading role and significance in the expansion and diversification of employment services.

Table 3.7 Unemployed people by methods of job search (total number in thousands and share in %)

(More than one answer)

Year	Total	Seeking assistance from friends and relatives	Registration at a public employment office	Direct contacts with employers	Answering newspaper or other adverts	Advertising in newspapers	Participating in competitions , taking tests or interviews
	thousand	(%)	(%)	(%)	(%)	(%)	(%)
1994	740	52	51	19	10	6	-
1995	521	56	48	20	10	6	-
1996	491	55	46	21	11	6	-
1997	534	53	54	21	12	6	-
1998	556	55	48	19	14	5	-
1999	577	54	52	19	14	5	-
2000	537	51	55	16	12	5	-
2001	637	47	50	24		12	5
2002	642	50	50	23		10	5

Source: NSI

# 3.4 RANGE AND QUALITY OF SERVICES

The target groups for the PES are active job seekers aged 16 and over, and prospective employers. In addition, services can be provided to Bulgarian citizens abroad, as well as to foreign citizens in the country; students over 16 who want to work in their free time; employed people who want to change jobs; pensioners who want to work; people who have been granted asylum; and people with refugee status who have a work permit.

The services delivered to the PES clients are described below.

Effective and proper servicing of clients is the main priority of the employment service in Bulgaria. With the objective of providing quality services to unemployed persons, the Employment Agency seeks to adopt a client-centred approach to the individual problems of job seekers. This approach has been explored since the establishment of the national employment service system, though little time was allocated to it, as administration of unemployment benefits took most of the time. Two relevant staff manuals were prepared in 1996, one dealing with individual evaluations of employment opportunities, and the other with the preparation of individual plans for seeking and starting jobs, training and retraining, and starting a business.

According to current guidelines each registered person has to be provided with an action plan and a schedule of visits to the respective counsellor in the labour office. At those meetings information is exchanged and new opportunities are sought. People registered as active job seekers are obliged to follow the recommendations of the counsellors, as well as the planned actions, deadlines and schedule of visits.

The follow-up meetings take place monthly (according to the individual plan). There are folders with records about the client, covering such areas as their vocational training, work in programmes for temporary employment, and suggested jobs.

Comprehensive monitoring on the effectiveness of the action plans has not yet been undertaken. The individual approach towards unemployed people will also involve follow-up studies once clients have started in a job or have left the registration system.

Brokering is complemented by psychological services for unemployed clients. Consultations can take place on either an individual or a group basis, or as part of training courses. Since 1999 the technical provision of psychological assistance in Job Clubs and labour offices has improved and allowed group psychological consultations.

Active labour market policy is implemented through a range of measures and programmes. Following the enactment of the Employment Promotion Act, Bulgaria divided active employment policy into employment measures, employment programmes and vocational training. Employment measures focus on the inclusion of vulnerable target groups (such as young people and long-term unemployed people) and measures for labour market flexibility (including part-time work and entrepreneurship development), while providing targeted training and financial incentives to both unemployed clients and employers. Employment programmes combine employment subsidies with training. The table below provides details on the range of PES activities. It lists in a comprehensive manner all measures and programmes implemented between 1999 and 2002, together with the number of participants for each. Since 2000, these are included in the Annual National Employment Action Plan.

Table 3.8 Participants in employment promotion programmes and measures

Employment promotion programmes and measures	1999	2000	2001	2002
TOTAL	99,616	72,789	86,244	108,200
Total Measures	9,591	13,194	15,687	19,388
Measures for young people, long-term unemployed clients and those from vulnerable groups – total	2,497	4,670	6,310	8,801
Unemployed young people	1,725	3,089	3,609	5,868
Long-term unemployed people	684	1,376	2,257	2,108
People with disabilities	88	205	444	523
Single parents	-	-	-	296
Unemployed people released from prison	-	-	-	6
Measures for enhancing labour market flexibility – total	7,094	8,524	9,377	9,400
Starting small businesses	2,966	2,393	820	583
in part-time jobs	3,084	4,268	4,226	5,388
in 'flexible employment' programme	0	677	3,453	3,270
Measure for territorial mobility	870	950	694	128
Placed under the incentive for the first five persons recruited	174	236	184	31
Measures (started in 2002) for increasing employability through vocational training – total	-	-	-	1,187
Internship and apprenticeship	-	-	-	1,089
Training and acquisition of professional skills (under 29 years old)	-	-	-	93
Provision of resources for vocational training	-	-	-	5
Total – Programmes	90,025	59,595	70,55 7	88,815
National programme 'From welfare to employment'	-	-	-	55,293
National programme 'Preservation of the harvest –2002'	-	-	-	6,764
National programme 'Assistance for retirement'	-	-	-	96
Regional employment programmes	146	9,544	24,922	11,009
Employment and structural development associations	4,455	5,430	7,767	5,229
Regional programme 'From social care (welfare) to employment'	5,584	6,101	5,505	9,497
in literacy, vocational training, employment programme	296	193	214	125
Programmes for temporary employment and community work	79,544	38,327	31,797	654
'Improving employability and encouraging	-	-	-	148
enterpreneurship of youth' project				
'Quick start' programme	-	-	352	-

Source: Employment Agency

In 2002 a total of 108,200 (activation rate 16.5%) unemployed people were included in employment programmes and measures, 26% more than in the previous year, when there where 86,244 participants. Of all participants in 2002, 82% were involved in employment programmes and 18% in employment measures.

During the period 1999 to 2002, employment programmes were a priority. The expectation is that these programmes will produce a substantial increase in the number of unemployed people who start working, by improving their temporary employment and getting them into full-time work. The programmes offered are criticised mainly for containing some temporary employment solutions known from the past to be programmes with a low net effect. There have been similar trends in other new and future member states. While the number of participants has been rather stable for employment programmes, the number of participants in employment measures doubled during this period from 9,591 in 1999 to 19,388 in 2002. The increase in employment measures reflects the government's commitment to fight social exclusion and allow for alternative forms of work.

Regarding employment measures, the focus has been placed on promoting the employment of young people and long-term unemployed individuals, and on supporting part-time employment and other measures that encourage flexibility in the labour market. In terms of employment programmes, emphasis has been placed on tackling long-term unemployment through the programme 'From social care to employment'.

# **Employment measures**

Employment measures focus on the inclusion of vulnerable target groups (particularly young people and long-term unemployed individuals) and measures for labour market flexibility (such as part-time work and entrepreneurship development). These measures resulted in the involvement of 19,385 unemployed people in 2002, with an increase of 24% in comparison with previous year, when 15,687 people were involved.

The main measures are summarised below.

- Measures for young people and other vulnerable groups in the labour market, for transition from passive to active measures (including young people, people with impaired working capacity, long-term unemployed individuals, single parents). The main aim of these measures is to counteract the social inclusion of these target groups in the labour market. Employers receive a fixed amount and contributions from the social security funds and National Health Insurance Fund for each person hired. In 2002, 8,801 people participated in these measures. This was an increase in comparison to the previous year, when 6,310 people were involved. In a breakdown of the measures according to specific target groups we can observe an increase in the share of measures for young people, slight decreases in the measures for long-term unemployed people, and two new measures for single parents and to tackle the social inclusion of unemployed individuals released from prison. The highest share (66%) in these measures is for unemployed people under the age of 29.
- Measures for the enhancement of labour market flexibility and job creation (part-time work, territorial mobility, employment in micro-enterprises and entrepreneurship development). In 2002, 9,400 people participated in these measures, the figure for 2001 being 9,377. The number of people using them for support to start up new businesses has decreased over the past year. In 2002 523 individuals started their own businesses, a decrease of 29% compared to the previous year, and around 78% lower than the figure for 2000. Another measure that has had fewer participants in the last year is the one relating to the encouragement of territorial mobility. The main increase, 27% since the previous year, has been observed in the employment of unemployed people on a part-time basis. Of the total number employed under this set of measures, 57% were employed on a part-time basis.

■ Measures (started in 2002 following enactment of the Employment Promotion Act) for increasing employability through vocational training for employees. This mainly represents measures for the support of internships and apprenticeships and other forms of investment in the skills of employees. In 2002, 1,184 participated, 90% in internship or apprenticeship measures.

There are no data collected on how many of those involved in programmes remain in the job afterwards.

# **Employment programmes**

Bulgaria has a broad range of employment programmes (subsidies combined with training) relating to different target groups on the labour market. Programmes are generally divided into national and regional programmes. Programmes for temporary employment and community work (including seasonal work and social assistance) and regional programmes have been the main programmes from 1999 to 2001.

In 2002 temporary employment and community work fell to around 650 participants compared with 79,544 participants. For the regional employment programmes, a total of 18 regional and municipal employment programmes were implemented during 2002, involving 11,009 participants, 55% less than in 2001, when 24,922 people participated.

These represent structural shifts from the existing temporary employment programmes (national/regional/local) to new development programmes (see the table) in which the main focus will be tackling social exclusion. This follows the new social policy strategy (2002–2005) of the Bulgarian government.

In 2002, 88,815 unemployed people were involved in employment programmes, an increase of 26% compared to 2001. This increase corresponds in the main to the new national programme 'From social care to employment', which was initiated in 2002.

'From social care to employment' will also be the most important national programme over the next three years, with BGN 217 million (out of BGN 327 million for all active labour market measures) being allocated to it in 2003. Its objective is to counteract the increasing number of people of working age who receive monthly social benefits (up by 42% in 2001 compared to 1999). In this context the programme will promote the employment and social integration of long-term unemployed people through jobs in areas beneficial to the public, the municipality and the state. The immediate aims of the programme are: ensuring full-time or part-time employment for a minimum of nine months (but for no more than 12 months), targeting unemployed people who receive monthly social benefits; creating jobs in publicly beneficial areas; reducing the expenses of the state budget, municipal budgets and social assistance budgets; and improving the cooperation between the social assistance system and the Employment Agency system. When hiring an unemployed person under this programme, employers receive funds from the state budget. The programme expires on 31 December 2005. In January 2003 35,000 jobs were guaranteed under the programme.

The national 'Preservation of the harvest' programme was launched in mid 2002 with the aim of promoting employment in seasonal jobs in the field of preservation of agricultural products. It is primarily targeted at long-term unemployed people and redundant staff from the Ministries of Defence and the Interior. The most recent programme, 'Assistance for Retirement', started at the end of 2002 and is targeted at unemployed people who have one year left before they are entitled to the full retirement pension. These programmes complement 'From social care to employment'.

There have been no follow-up surveys to monitor the change in status of unemployed clients (even though this does not require many resources, especially if telephone interviews are conducted).

# **Vocational training**

Vocational Training (initial and continuing training) of adults is the third element of the active employment policy in Bulgaria, in line with the Employment Promotion Act (Art. 58–66). Vocational training is targeted at unemployed adults. This includes people over 16 with no qualifications and young dropouts from the secondary education system. It also includes those at risk of unemployment and those who are employed. The budget for training unemployed people and those at risk has increased, from BGN 1.7 million in 1999 to BGN 2.5 million in 2002. The training budget for employed people also increased, from BGN 54,000 in 1999 to BGN 52,000 BGL in 2002 (Source: Employment Agency). These figures clearly show that the emphasis is on the training of unemployed persons.

The number of participants in vocational training courses has increased in recent years. In 2002 1,016 vocational training courses were organised by labour offices (741 in 2001), with 19,102 participants (10,304 in 2001). The number of participants who finished the training in

2002 also increased to 17,632, from 16,471<sup>22</sup> in 2001 (9,951 in 2000); this figure represents 2.7% of total number of registered unemployed people (2.5% and 1.4% in 2001 and 2000 respectively). The largest proportion of participants who finished the training were young people in the age groups 20–24 (16.7%) and 25–29 (16%), and participants who had completed secondary special or vocational education (42.7%). In comparison to the previous year, the relative share of these groups increased slightly, however, they also represented the main groups in 2001.

While a few years ago an agreement for a future work place was a requirement for those undergoing training, this has changed, and now every unemployed client can receive training.

In 2002, 61% of unemployed people who trained participated in additional skills training courses, 25% in retraining courses and 11% in initial training courses.

A further 1,829 unemployed people (72% of them women) took part in motivational training courses in 2002 – an increase of 11% on the previous year.

Table 3.9 Number of participants in vocational training courses

	1999	2000	2001	2002
Unemployed completing training courses:	12,875	9,951	16,471	17,632
By type of training				
Initial vocational training	1,149	1,113	1,925	1,957
Additional vocational training	8,371	4,568	10,180	10,899
retraining	3,355	4,270	4,366	4,776
By socio-demographic group	S			
Women	9,239	5,519	10,687	n/a
Young people up to 24 years-old	3,530	2,694	3,834	
Placed after motivational training	2,645	2,618	1,639	1,829
Placed after vocational training	4,546	5,746	10,148	6,621

Source: Employment Agency

<sup>22</sup> The difference between the number of people enrolled and those who finished courses was due to the fact that a large number of unemployed people were included in courses towards the end of 2000, when sufficient financing was provided, and finished them at the beginning of 2001.

The percentage of unemployed people placed in jobs after training dropped from 62% of completers in 2001 to 40% in 2002.

Some vocational training courses are also targeted at employees, 554 in 2002, 78% of them in enterprises being that were being restructured and the rest in small and medium-sized enterprises.

Schools, enterprises, private training centres, social partner institutions and others provide training, following a tendering process by local labour offices, in line with the Employment Promotion Act.

# Other projects and measures to encourage employment

A pilot project on micro-credit funds started in December 2001 in 18 municipalities in nine districts. It was expanded throughout the country after August 2002. The fund provides access to preferential loans for small and medium-sized enterprises, unemployed people, craft workers, cooperatives and farmers, who are often unable to meet the typical requirements for bank loans.

After the amendment in 2002, the Law on Corporate Tax (Prom. SG, No 115 of December 5, 1997) provided corporate tax breaks to employers who invested in municipalities with high rates of unemployment. The law has been in force since the beginning of 2003. It applies to municipalities that in the two years preceding the current year, have had unemployment rates 50% higher than the average for the country as a whole during the same period, and is in accordance with

a list approved by the Minister of Finance. In 2003 there are 108 such municipalities.

# Projects in partnership

The number of people involved in projects and programmes implemented by the Employment Agency in partnership with external organisations in 2002 was 25,730, including 23,570 unemployed people (14,609 in 2001). There are numerous initiatives funded by external organisations in which unemployed clients have participated, including the following:

- Beautiful Bulgaria (public temporary employment scheme)<sup>23</sup>;
- Prisoner re-socialisation programme;
- National employment programme for creating jobs in activities related to forest fire prevention;
- Steel and mining areas employment project;
- Quick start programme and a project for the intensive development of the Pernik region:
- Improving employability and encouraging entrepreneurship in young people<sup>24</sup>;
- Employment through support to businesses (JOBS)<sup>25</sup>;
- Other labour market initiatives<sup>26</sup>.

The Employment Agency also works with three Bulgarian VET centres that provide high-quality vocational training.

Unemployed people have the opportunity to acquire necessary skills for the labour market, using good facilities and modern equipment. As well as short-term courses there are two-year courses, in which half the time is devoted to practical training in a

<sup>&</sup>lt;sup>23</sup> Total budget: EUR 8.3 million; Phare donation: EUR 6.3 million. Target group: children at risk, ethnic minorities, long-term unemployed people, and people with reduced labour capacities.

<sup>24</sup> The project is for the period 2002–2005 and has a planned budget of EUR 3.3 million. It will be paid from the state budget. The aims of the project are: the establishment of youth business centres; the training of 900 employed and unemployed people in 'How to start my own business'; the improved employability of 3,000 young people; the establishment of 150 entrepreneurial companies; and the employment of 2,100 young graduates in public administration.

<sup>25</sup> The Job Opportunities Through Business Support Project (JOBS) is executed by the Ministry of Labour and Social Policy with the support of the United Nations Development Programme (UNDP). The JOBS project aims to enhance the economic development of regions with high unemployment levels by creating a sustainable environment for job generation via support to micro- and small companies and agricultural producers. The project has been implemented in 24 communities throughout Bulgaria and has created a sustainable network of 24 Business Centres, including 11 Business Incubators and 3 Business Information Centres.

<sup>26</sup> Total budget: EUR 8.3 million; Phare donation: EUR 6.3 million. Target group: children at risk, ethnic minorities, long-term unemployed clients, and people with reduced labour capacities.

real production environment. Such training activities are useful both for the trainees, who can update their vocational competences, and for the employers, who have an opportunity to select a well-qualified labour force.

### Other PES services

'Self-service' and the use of new technologies

Each labour office and regional employment office announces vacancies offered by employers on special notice boards displayed in convenient and accessible places.

The Employment Agency maintains an Internet web page containing information about the service structure, the state of the labour market and employment opportunities abroad; the page has a window for interactive employment services. Using these services people can seek suitable jobs.

Vacancies can be entered on the website directly by the employer or by the labour office acting as an intermediary. Vacancy notices also contain additional information, such as employers' contact details. For 'difficult to fill' vacancies contact is established through the labour office with which the vacancy has been registered.

Job seekers can also submit their CVs to the Employment Agency site, again either directly or with the assistance of the labour office. Employers seeking staff can search these details.

According to labour office employees, the use of employment e-services by unemployed people is quite limited. As already mentioned, access to the Internet within local offices is not widely available. The Employment Agency's information system has not yet been connected to an optic cable and even with computers, there is restricted access both for those employed in the Employment Agency and for job seekers and potential employers<sup>27</sup>.

# Performance and quality monitoring in the PES

Within the Employment Agency a system of indicators of PES activity levels has been used since 1992. The main indicators monitored by the agency are the number of unemployed people in total and by vocational groups, age groups, labour capacities, and duration of registration, as well as vacancies announced. They are presented on a national, regional and local (by labour office) level. Regular data are also produced on the levels of participation in active labour market programmes.

At the end of each year the Employment Agency prepares a special report on the PES. The indicators cited include data on the contribution and effectiveness of these services. Throughout the year, similar reports on the activities of the Employment Agency are also prepared. These can be considered as an internal monitoring of the implementation of employment programmes carried out, though they do not allow conclusions about quality.

In 1997 a working group was established to implement the 'system for monitoring and evaluation of programmes and measures on the labour market' at the former National Employment Agency. The first external monitoring and evaluation of programmes and measures on the labour market was carried out in 1997/98. The second survey was on the Net Impact of Active Programmes on the Labour Market and was carried out by the Dutch Economic Institute (NEI, a member of the ECOPYS Group). Their main recommendations were to stop the use of temporary employment programmes, as most participants were without a job again afterwards. This is partly taken up in the National Employment Plan and respective employment programmes and measures. As a result of the lack of sufficient resources, a further survey on external monitoring of programmes and measures on the labour market has not been carried out. The studies concentrated on the efficiency of programmes and measures, but did not cover the overall quality of PES.

<sup>27</sup> The implementation of the concept of a Bulgarian e-government is one of the priorities in the country's preparation for accession to the structures of the European Union. More active developments in this field were undertaken in 2002. However, the initiative is still in its initial stages.

In addition to the licensing procedures for private training institutions by NAVET, introduced in 2002 to provide quality training via the labour offices, an evaluation methodology was introduced in May 2003 (i.e. training institutions must guarantee employment of at least one month after the end of the course for 70% of trainees). This might lead from temporary employment to a permanent job. These procedures should also increase transparency of procedures and competition, and ensure smooth timing. It is too early to judge the results of this initiative.

Employers are rather critical of the functioning and quality of services provided by the public employment services. First of all, the unemployed people offered by labour offices often do not meet the requirements of the vacancies. Apart from specific vocational skills, employers have emphasised the need for more 'general' attributes, including knowledge of computers, foreign languages and modern machinery. During the field study some employers expressed the opinion that the system is working 'for its own sake'. According to them it is seen as not open and highly bureaucratic. Employers say that they are not consulted sufficiently on what training should be provided to unemployed people; nor is there sufficient 'contracting-out' of the actual provision of training. Some employers were very extreme in their assessment, and completely rejected the necessity for labour offices. Although the cited opinions are subjective by nature, they can be considered as an early warning that there are still risks in the new system.

In order to change this situation the labour offices plan to increase contacts with employers, and to research and collect in written form the employers' points of view on perspectives for future development of enterprises and firms.

To date, no regular external monitoring system of the PES system and its services is in place.

### Conclusion

In 2002 a total of 108,200 individuals were included in active labour market services for unemployed people (activation rate 16.5%), 26% more than in 2001. Trends over the years (1999–2003) have shown that high priority has been given to employment programmes (subsidised employment) to create jobs immediately (82% of all participants in 2002). Trends also show a diversification of programmes and measures. In 2003, a major shift from regional and temporary work schemes to development programmes took place, placing the emphasis on social inclusion through job creation. The programme 'From social care to employment' (BGN 217 million out of BGN 327 million for active labour market measures) will integrate long-term unemployed people into the labour market (stopping social assistance money, and instead giving people work in the public sector). Vocational training for unemployed people is a minor component. Self-service for unemployed clients, employers and other labour office clients is being developed further. The capacity of labour administration to apply the individual approach to serving unemployed clients will have to be developed further. The external monitoring of labour market services is still irregular. Internal monitoring provides structured information on the numbers of unemployed men, women, etc. and also some quality indicators.

# 3.5 THE ROLE OF PRIVATE EMPLOYMENT SERVICES (PRES)

The Unemployment Protection and Employment Promotion Act (1997), followed by the The Employment Promotion Act (2002), stipulates that private employment agencies are permitted to operate under a licence issued by the Minister of Labour and Social Policy or by an official authorised by the minister. The main licensing requirement is that private intermediary companies should be at least 50% Bulgarian-owned<sup>28</sup>, and has proved to be quite complicated.

The regulatory basis is described in the Employment Promotion Act (in effect as of 1 January 2002) and the Regulation on the conditions and order of information and employment (adopted by a Decree 103 of the Council of Ministers, 6 May 1998). This Regulation does not comply with the new Act in some respects, which requires the development of a new regulation.

The labour inspectorate of the MLSP now carries out checks on the activities of private agencies. Despite the activities of the inspectorate, and the threat of serious sanctions, there are still cases when intermediation is carried out without a licence.

Existing labour legislation neither promotes nor restricts cooperation between the PES and private agencies.

# Scale of PRES activities and relations with the PES

No surveys or research have been carried out so far on the private sector of intermediary services.

As of September 2002, 114 companies have been licensed to act as employment agencies on the internal market, and about 90 companies have specialised in recruiting for work abroad<sup>29</sup>. Private agencies register under the Commercial Act.

Evidence from the field study suggests that, in general, fees paid by the job seeker finance private employment services. According to the legislation the fee is up to 25% of the first month's wage<sup>30</sup>. In addition, job seekers pay initial registration fees, and fees for services such as the preparation of job applications.

Typical international practice is that the employer only pays for these services where the person is appointed. Indeed the relevant ILO convention (181) provides that: 'Private employment agencies shall not charge directly or indirectly, in whole or in part, any fees or costs to workers'. In Bulgaria this convention is formally revoked.

The subsidiaries of large international recruitment companies in the country tend to follow international practice. They, however, specialise in the selection of highly qualified experts for foreign-owned companies and for working abroad.

Even though they are providing free services for employers, the smaller local private agencies operating in the domestic labour market face great difficulty in building up business in what is essentially a 'buyers' market'. Given the high level of unemployment, employers have little difficulty in recruiting for routine jobs either by word of mouth or through the Employment Agency.

As pointed out earlier, one can also apply for a job abroad through the Employment Agency. However, the agency mainly works on prior international agreements for the export of specified numbers of workers. The numbers wishing to work abroad greatly exceed the opportunities available through this channel. The Employment Agency cannot fully meet all demands. This strong interest in jobs abroad allows for high prices to be set by the private agencies specialising in placement abroad. There are reports of such agencies violating the laws and deceiving clients. For the purpose of transparency, the list of companies licensed to export labour abroad is published on the home page of the Employment Agency.

Once legal and physical entities have received their license for intermediation, they pay a fee determined by the Council of Ministers. It is relatively low and to a certain extent stimulates companies' interest in performing intermediation. Although a large number of companies have it as one of their activities, for many of them it remains an additional activity without good financial results. The number of legally registered companies does not give a clear picture of the scale of PRES.

The MLSP collects some information about private intermediary services. The Regulation on the Terms and Order of Performing Intermediary Activities stipulates the provision of information about employment to MLSP, though not providers comply with this. For this reason the information for 2001 and 2002 in the following table does not represent all private companies.

<sup>29</sup> Of these 90 companies, 34 recruit staff for abroad only for navy transport and other navy activities.

<sup>30</sup> Private intermediary companies require that the payment of such sums is stipulated in the contract that is signed between them and the job seeker.

Table 3.10 Registered job seekers at private labour offices

	2001	2002 [1]
1.Total number of registered job seekers (for the period)	73,150	64,847
2. Relative shares of the main groups of registered job seekers (%)		
Women	44	53
Young people (16–28 years)	35	41
With higher education	35	39
With college education	55	51
People with disabilities	0.2	0.1
3. Relative shares of those that started new job via private labour intermediaries <sup>31</sup>	28	27
Women	24	26
Young people (16–28 years)	31	28
With higher education	29	29
With college education	27	28
People with disabilities	11	13
4. Employers that have been clients of PRES (for the period)	11,563	12,403

Source: MLSP [1] nine months only

The data cover 53 companies for 2001 and 58 for 2002. This is about half of the total number of registered intermediary companies. The companies represented above are likely to be the most successful ones, who choose to report the best results from their activities. Although the available information is insufficient for drawing representative conclusions, it can be confirmed that the private 'labour offices' are mainly oriented towards unemployed clients with professional and higher education.

The figure showing the high number of unemployed clients for whom employment has been found should be accepted with caution. On the one hand, it is hard to control such data. On the other hand, experience proves that most of unemployed people who start using the services of the private agencies only do so after the expiration of the period of their registration with the public labour offices. Thus they are in a critical situation, and they might be eager to start any job offered.

# The nature of services offered by PES in comparison with PRES

Private agencies tend to concentrate on finding jobs for unemployed people and on the provision of additional services such as filling in forms, CV writing, and translation and legalisation of documents. The work of private intermediaries in job finding is claimed to be more flexible than that of the PES. According to the subjective opinion of the employees in the PRES sector they are less bureaucratic, contacts with employers are less formalised, there is no need to fill in as many forms, and there are able to collect updated information much quicker.

At the same time experience shows that the PRES have a limited capacity. The activity is frequently combined with other business activities. Staff are often not specially trained to perform this job. Job seekers do not always receive accurate information about such matters as working conditions, working time duration and occupational safety.

<sup>31</sup> Calculated as a ratio of those who started to work to those registered in the same category.

### Conclusion

The PRES sector is at an early stage of development. It is still fragmented and offers a limited number of services and opportunities. At this stage there is limited, if any, cooperation between the private and public employment services.

# 3.6 REFORM OF THE PES

# Recent changes in PES strategy and implementation

Although the overall economic reform context for PES is provided for in the New Government Strategy for Social Policy (2002–2005) and the Employment Promotion, so far there has been no specific reform document on PES. PES development has been to some extent ad hoc. It has been based on an informal assessment of what has worked in the past, with particular reference to EU accession. This approach, while useful in the short term, needs to be supplemented by more formal strategic planning.

In this context several changes have been introduced in recent years. The first of these was the shift of emphasis from active to passive labour market measures, with the development of decentralised approaches (on the basis of NUTS4 and NUTS5 and industrial sectors). In this context regional labour offices have for the first time been involved in the development of regional employment plans, while coordinating with local labour offices. Secondly, local labour offices have started to become focal points for services for unemployed people, with employment programmes and measures taking into account regional unemployment figures and diversity. Thirdly, funding schemes have been revised, with the state budget for active labour market measures and the Unemployment Fund for passive measures.

In particular, the preparation of regional employment plans (first developed in 2000) is felt to have yielded a number of benefits. They provided the necessary background analysis to permit rational targeting of the limited financial resources of the former

Professional Qualification and Unemployment Fund and other sources to the most needy social groups in each region and sector. In addition, the actual process of developing regional employment programmes has led to improved information collection and analysis, enhanced cooperation between the PES, NGOs, social partners and local authorities, development of forms of civic involvement in planning and implementing programmes and other employment activities. In addition specific interventions have been developed to help workers affected by restructuring in individual sectors (including military personnel, miners and those employed in the steel industries).

Furthermore, an individual-oriented service has been adopted as the main form of work with clients; individual employment plans are now developed for each person registered as unemployed.

Finally, methods are being sought to 'activate' the passive policy and better link it to active policies. Examples include recruitment subsidies, financial aid for participation in training, support for part-time employment and for unemployed people who wish to set up a business (see increase of budget under employment measures). Entitlement to benefits is linked to participation in programmes supporting job finding.

However, the capacity of labour administration to manage quite a number of activities (preventive strategy, wider use of individual action plans, comprehensive monitoring, assessment and impact of new PES structures) will need to be further developed.

# Recommendations for future PES development (by authors)

The authors propose to give priority to institutional strengthening of PES, while improving the quality of services. The recommendations are based on the analysis of the public and private sector potential for providing employment services, the labour market developments at the end of 2002, and Bulgaria's accession to the European Union.

- Human Resource Development in the Employment Agency
  - Introducing a continuing training system and lifelong learning opportunities for the specialised and general administrations;
  - Developing a system for annual assessment of staff performance in accordance with the changes introduced by the new Employment Agency Regulations, as part of PES monitoring.
- 2. Improving the IT infrastructure for providing employment services
  - Introducing modern service technologies for organisational improvement; expansion of the IT coverage to the whole labour administration; expanding the opportunities for applying modern forms of labour office client services and self-services; and ensuring access to national and international information systems (EURES initially). This will be addressed under Phare 2003.
  - Further developing self-service provision for labour office clients (with the precondition that there are sufficient PCs in the regional offices or the labour offices).
- 3. Improving the delivery of client services
  - Further developing the team approach to the provision of services, while providing individual consultancy to the unemployed clients;
  - Developing practical tools for implementing differentiated approaches and schemes for different categories of registered unemployed clients, mostly young people and long-term unemployed individuals; and creating specific models for early intervention targeting the representatives of risk groups;
  - Developing a unified system of monitoring the labour market programmes; and planning opportunities for early warning against unfavourable changes in the labour market at a district and municipal level;
  - Promoting the already established links between the private and the

public sector as well as the positive experience in finding jobs for the unemployed.

# 3.7 SUPPORT FOR IMPLEMENTING THE EUROPEAN EMPLOYMENT STRATEGY

In 2003 the MLSP became the Implementing Agency for Pre-accession Funds in the field of human resource development. Since 2000 capacity-building measures for the management of ESF-type projects have been carried out within the framework of Phare.

Those that were completed include the following:

- Within the framework of the twinning project BG/IB/2001-SPP-01
  'Preparation for future ESF-type programmes' 20 employees of the MLSP attended training on 'Analysis of the labour market', 400 people on 'System for collection of data', 140 people on 'Management of projects at national and regional level' and 30 people on 'Monitoring and assessment'. The participants of this twinning project are the MLSP, the MES and The Child Protection Agency.
- Within the framework of the Steel and Mining Areas Employment Project (BG 9915.01 IB Component), a total of 40 employees of the MLSP and the Employment Agency were trained on practices and procedures of the ESF, programming, project management, monitoring and assessment.
- Within the framework of the project 'MLSP institution building', financed by the UNDP, a total of 27 employees of the MLSP were trained on: elaboration of procedures and organisation of work with ESF-type funds, elaboration of ordinances/regulations for management of ESF-type programmes, elaboration of human resource development strategies.

2003 Phare Programming has been completed, and addresses the main priorities and problems relating to the

labour market. It includes projects on 'Alternative Employment' (i.e. enhancing entrepreneurship), 'National Database for the Labour Market and ESF' (i.e. software development and training), and 'Vocational Qualification' (e.g. standards development for vocations, setting up of an adult learning system).

Following the common requirements for management of the structural funds, the Ministry of Finance, with Phare assistance, is developing a uniform IT monitoring and control system (SIMIC) for all structural funds in Bulgaria. It is expected that all managing authorities will be covered by this system.

# LIST OF ACRONYMS

BIA Bulgarian Industrial Association

CVI Centre for Vocational Information

CVT Continuing vocational training

**CVTS** Continuing Vocational Training Survey

**ESF** European Social Fund

**EU** European Union

**EURES** European employment services

**Eurostat** Statistical Office of the European Communities

GDP Gross domestic product

ICT Information and communication technology

**ILO** International Labour Organisation

**ISCED** International standard classification of education

IT Information technology

IVET Initial vocational education and training

JAP Joint Assessment Paper (on Employment Policy)

MES Ministry of Education and Science

MLSP Ministry of Labour and Social Policy

**NAVET** National Agency for Vocational Education and Training

NDP National Development Plan

NEAP National Employment Action PlanNGO Non-governmental organisationNSI National Statistical Institute

**NUTS** Nomenclature of territorial units for statistics

**OECD** Organisation for Economic Cooperation and Development

PES Public employment services
PPS Purchasing power standard
PRES Private employment services
REO Regional employment office

**SME** Small and medium-sized enterprise

**UNDP** United Nations Development Programme

**VET** Vocational education and training

**VETA** Vocational Education and Training Act

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