

Institutional arrangements

REPORT

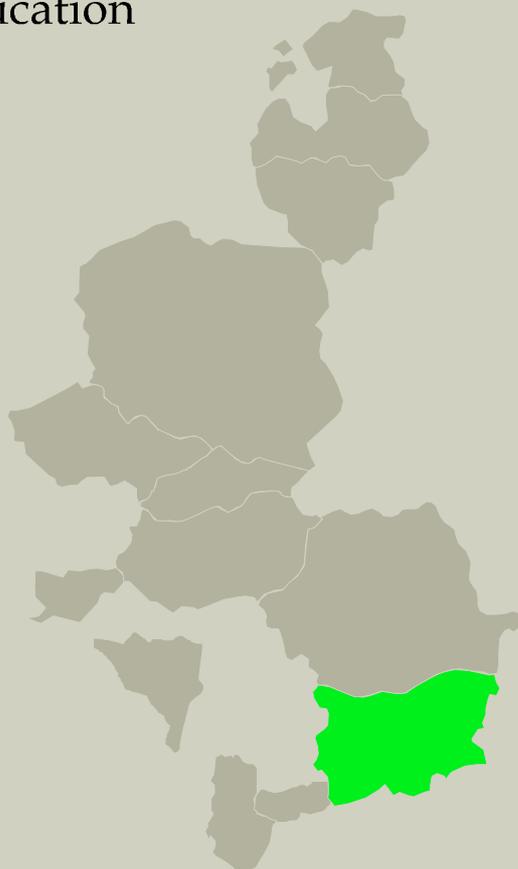
The role of the social partners in the development of vocational education and training in Bulgaria

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The European Training Foundation is an agency of the European Union which works in the field of vocational education and training in Central and Eastern Europe, the New Independent States and Mongolia. The Foundation also provides technical assistance to the European Commission for the Tempus Programme.

Contents

	page
CONTENTS	3
INTRODUCTION	4
PART ONE	5
Section I. Introduction: the general state of play	5
Section II. The involvement of the social partners in vocational education and training	10
PART TWO	14
Recent developments of the social dialogue in the areas of thematic vocational education and training	14
PART THREE	20
Concrete Cases	20
PART FOUR	25
Conclusions and Recommendations	25

Introduction

In recent years, the Bulgarian economy has been confronted by the challenge of restructuring and adapting to global processes. The success of this adaptation has been limited by a loss of former markets, scarcity of inputs, and undeveloped capital and credit markets.

The negative tendencies at work in the economy and the lack of sufficiently trained human resources and expertise have led to a disruption of training mechanisms and an erosion of the vocational education and training system. The situation has been exacerbated by the lack of adequate reference points and the incapacity of the system to adapt to the requirements of a market environment.

At the same time, the lack of reform, which is long overdue, in vocational education and training continues to cripple the process of economic restructuring. In essence, investment in human resource development still tends to be limited and this, in turn, affects both the efficient use of productive labour and labour mobility.

Evidently, the problems are integral to, and closely linked with the processes of structural adjustment, privatisation, management of social funds and the extent of the social partners' participation in these.

One positive development is that the social dialogue and tripartite relations have made tangible progress, both institutionally and as a mechanism for steering and influencing social and economic processes.

The institutional framework that has been established and the legislation that has been enacted, however, are only a starting point for giving meaning to the operation of existing institutions, improving coordination between them, establishing new specialised bodies such as the Accreditation Agency and, in general, involving non-governmental organisations more efficiently in the implementation of vocational education and training reform at various levels.

Part One

Section I. Introduction: the general state of play

The use of social partnership as an expression and as a way of conducting the social dialogue in Bulgaria's emerging democracy and evolving civil society dates from the period that followed the political changes of 1989. This new type of social partnership was codified and institutionalised in the years that followed.

The social dialogue and social partnership have gained in experience over time and, in so doing, have extended their scope and content, promoted forms and means of action and updated and specified their objectives in response to the dynamic changes in conditions, needs and specific interests that have emerged in the transition to a market economy. One of the most recent initiatives in this regard has been the Charter and Memorandum on Social Partnership which was adopted and signed by the major social partners in October 1997. In the Charter, the social partners reaffirm their intention to abide by the principles of goodwill, cooperation, mutual respect etc. in addressing the crucial problems of society.

1.1.1. Scope

Vocational education and training is covered by the item on the social partnership agenda which covers industrial relations, as defined in the Labour Code, social security and living standards.

Vocational training, apprenticeship, education and contacts with enterprises are subject to negotiation by the bodies involved in tripartite cooperation within the framework of industrial relations.

The principal form of social dialogue, tripartite cooperation, involves the following parties:

- ⇒ the Government (the executive): representatives of the Council of Ministers: the Deputy Prime Minister (at present, one of the Deputy Prime Ministers is the Minister for Education and Science), individual ministers, heads of departments and, for certain levels of tripartite cooperation, local government authorities.
- Workers: representatives from trades union federations:
 - Confederation of Independent Trade Unions of Bulgaria (CITUB): the country's largest trade union federation, claiming a membership of over 1.5 million blue- and white-collar workers in almost all sectors and affiliated to the International Confederation of Free Trade Unions (ICFTU) and to the European Trade Union Confederation (ETUC).
 - Podkrepa Confederation of Labour: the second largest trades union federation, incorporating 22 sectoral federations and 32 regional structures and also affiliated to the ICFTU and the ETUC.

- Community of Free Union Organisations in Bulgaria (CFUOB).

The following trades unions were also included in 1996:

- Association of Democratic Trade Unions (ADTU).
 - National Trade Union (NTU).
 - Edinstvo Independent Trade Union.
 - General Federation of Branch Trade Unions in Bulgaria.
- Employers: representatives of employers' associations:
- Bulgarian Industrial Association: the successor to the Bulgarian Industrial Chamber (which was established in 1880) which has some 2,000 employers, 28 regional industrial associations and 37 sectoral associations as well as some national governing bodies among its affiliates.
 - Bulgarian Chamber of Commerce and Industry: established in 1895, has around 7,000 employers, with 23 regional chambers and national governing bodies affiliated to it.
 - Union for Private Economic Enterprise: established in 1989 as the first organisation of private entrepreneurs, it has over 500 members and 40 sectoral unions and associations, with their national governing bodies.
 - Vuzrazhdane Union of Private Bulgarian Entrepreneurs: established in 1989 as an association of manufacturers, traders, craftsmen, farmers and entrepreneurs from various sectors and branches engaged in private business. It has over 650 members and 45 regional associations.

In 1995 these four organisations formed an umbrella organisation, the Association of the Organisations of Bulgarian Employers, for the purpose of coordinating their activities, pooling their efforts and ensuring unity in the defence of their interests.

1.1.2. Legal Framework

Social dialogue through tripartite cooperation is based on the Constitution of the Republic of Bulgaria, the Labour Code (Articles 3, 4, 5, 6, 6A, 7, 33 to 49 and 50 to 59), the Settlement of Collective Labour Disputes Act and specific acts of secondary legislation.

The Constitution of the Republic of Bulgaria of 1991 introduces the principle of freedom of association. Provisions on the regulation of tripartite cooperation are contained in the Labour Code (as amended in 1992) which deals, inter alia, with the representativeness of employers' and workers' organisations, collective bargaining, employment relationships and vocational training.

Article 3 of the Labour Code defines the terms of tripartite cooperation: "The State shall effect the regulation of industrial and social security relations, as well as matters of living standards, in cooperation and consultation with the representative organisations of workers and of employers, as well as the basic requirements for

representativeness, the scope and level of social partnership and the content of its activity."

The implementation of statutory standards is regulated by the following acts of secondary legislation issued by the Council of Ministers of the Republic of Bulgaria:

- ⇒ Rules of Procedure of the National System for Tripartite Cooperation (adopted by the Council of Ministers, Decree No.51, March 15, 1993, promulgated in the *Official Gazette* No.23. 1993);
- ⇒ Rules for the Appointment of Representative Workers' and Employers' Organisations for Participation in Tripartite Cooperation at National Level (adopted by the Council of Ministers, Decree No.7, January 22, 1993, promulgated in the *Official Gazette* No.8, January 29, 1993.

The legal framework in force is far from perfect and comprehensive, in terms of the representativeness of organisations, their rules of procedure and the internal structures and functions at various levels.

1.I.3. Institutional Framework

The principal structure of tripartite cooperation is the National System of Tripartite Cooperation. It operates at the following levels:

- national;
- national sectoral;
- national branch;
- local; and
- company and organisation.

1.I.3.1. National Level

Bodies:

The National Council for Tripartite Co-operation, is made up of representatives of:

- * the Government;
- * workers' organisations; and
- * employers' organisations.

The National Council has the following Standing Committees:

- a) Labour Force (Employment, Unemployment, Training and Retraining);

- b) Income, Prices and Standards of Living;
- c) Social Security and Social Assistance;
- d) International Labour Law and Liaison with the International Labour Organisation;
- e) Working Conditions;
- f) Privatisation and Structural Adjustment of the Economy;
- g) Finance, Lending and Taxation; and
- h) Specific Problems of Employees in Publicly Financed Organisations.

The committees are made up of representatives who are experts in their fields. In addition, each committee may recruit up to two competent outside experts. Representatives of other national organisations or institutions may also be invited to attend particular meetings to discuss matters of common concern and interest.

A Secretariat provides organisational, logistic and administrative services to the members of the National Council.

The supervisory boards of the National Social Security Institute (an independent agency established under the Social Security Fund Act), the National Employment Service (NES) and the National Council on Working Conditions are also constituted on a tripartite basis. The decisions and recommendations of the last two bodies can be introduced before the National Council for Tripartite Cooperation, in which case these decisions have the status of observations.

1.I.3.2. National Sectoral, National Branch, Regional, Municipal and Other Local Levels

Bodies:

The national sectoral and branch councils involve the following partners:

- line ministries, committees and other central government departments;
- national sectoral or branch federations, associations and trade unions; and
- representatives of the employers' organisations participating in the National Council.

Municipal and other local councils for tripartite cooperation (established at the request of local bodies) involve the following partners:

- the Regional Governor, Mayor, other executive officers and representatives of local government authorities;
- representatives of the employers' organisations participating in the National Council; and

- representatives of the workers' organisations participating in the National Council (if there are any at this level).

Committees of experts on specific problems or series of problems may be set up in cooperation with the national sectoral and branch councils.

1.I.3.3. Tripartite cooperation at the company and organisation level is regulated by the provisions of the Labour Code and the agreements reached within the framework of tripartite cooperation at the national, national sectoral and national branch levels.

1.I.3.4. Structures and bodies are still being set up, on the basis of statutory requirements, at various levels. The reality of tripartite cooperation does not live up, in scope or in content, to the ideal of a comprehensive national system. Some places still have no sectoral or regional councils, and the regulatory framework is not sufficiently comprehensive to allow the functions of bodies that operate at these levels to be clearly differentiated from those on the national level.

The establishment and functioning of effective socio-economic partnership structures at the local level present another persistent problem.

1.I.4. The main forms of interaction and the key documents embodying the decisions made as a result of tripartite cooperation are: agreements, accommodations, contracts, protocols and memoranda, all of which vary in terms of subject, character and participants.

The Collective Agreement is the most important document of, and machinery for, the regulation of industrial and social security relations.

Collective agreements are concluded in enterprises, sectors, branches and administrative divisions.

Collective agreements are concluded between an individual employer, a group of employers, employers' organisations or their associations, on the one hand, and the corresponding trades union organisations or associations, on the other.

Collective agreements by sector, branch, occupation and administrative division are concluded between the respective representative workers' and employers' organisations.

The obligatory statutory provisions apply only to minimum standards, which also cover the disclosure of information and coordination with the social partners at the relevant levels.

Section II. The involvement of the social partners in vocational education and training

Social partnership in vocational education and training is pursued both within formalised systems and activities (above all through the operation of the National System of Tripartite Cooperation) and, informally, through the operation, with varying degrees of regularity, of various profit-making or non-profit-making, state-owned, private, cooperative, regional and local non-governmental organisations, associations, unions, foundations etc.

1.II.1. The principal partners in vocational education and training are the bodies which operate at the different levels listed under 1.I.3 above.

At the national level, cooperation consists, above all, of the formulation of vocational education and training policies in the form of framework agreements, strategy planning and work on the regulatory framework in context of the Supervisory Board of the National Employment Service and the Committee on the Labour Force.

More specifically, the social partners discuss statutory and other administrative instruments on the classification and nomenclature of occupations, national requirements in job-skill standards, the financing of vocational education and training activities, the utilisation of existing skills through the provision of employment etc. This process, oriented at decision-making and approval, is implemented at the level of the relevant committee (most often the Committee on the Labour Force of the National Council for Tripartite Cooperation) through discussion and, possibly, the approval of draft statutory instruments - laws, decrees, regulations and ordinances, standards, programmes etc. - before their submission to the competent legislative or executive body. It should be noted that the powers of the committees are, primarily, advisory.

Instances of this kind of cooperation include discussions on: the draft Protection in Unemployment and Employment Promotion Act; the National Programme for Youth Occupational Training (which is already in force); amendments and supplements to Council of Ministers, Decree No. 57 of 1989 on the Relocation and Efficient Utilisation of Redundant Manpower; the statutory framework on the encouragement of self-employment, qualification and training and job-skill standards; proposals regarding the procedure and conditions for raising and spending the financial resources of the Occupational Training and Unemployment Fund; and sectoral, regional or branch employment programmes which include an element of vocational training.

1.II.2. In addition to the institutions and bodies listed in 1.I.3, the following multi-partner bodies have been set up and are operational.

- The National Board of Education advises the Ministry of Education and Science in its deliberations and decisions on important questions of education. It helps the Ministry to translate decisions into practice and to lobby Parliament and the Government. The Board has been in operation since 1997.
- The National Consultative Council on Employment and Social Policy is a body which assists decision-making in all aspects of employment policy, including

continuing vocational education and training of the employed and unemployed.

- A Supervisory Board controls the financing of vocational education and training for the unemployed and other activities related to occupational training and job creation for adults (e.g. major training programmes related to the structural adjustment of production) carried out by the Occupational Training and Unemployment Fund. The Supervisory Board is made up of representatives of the principal social partners, experts in employment and vocational training and representatives from line ministries.

1.II.3. It is important to stress that it is possible to set up specialised committees, including committees on the problems of vocational education and training, through the local structures of the national system. Unfortunately, this practice is neither widespread nor productive. Nor are the existing local structures efficient as far as vocational education and training themselves are concerned. This state of affairs is obviously the result of various, interconnected factors: a drastic shrinkage of the domestic market; a low level of decentralisation and the rudimentary nature of the regulatory framework in this area; the absence of stable mechanisms, such as the "tripartite-plus format", for interaction at the regional level; and the absence of regional-level agencies to coordinate, activate and channel local economic capability through, among other things, vocational education and training. For the time being, both the state and private employers, with few exceptions, depend on the drastic imbalances and huge oversupply of manpower in the labour market. They invest practically nothing in vocational training for their employees. Despite the clear standards set by the Labour Code, which guarantees the right of workers to acquire and improve their personal job skills, observations show that only a small minority of workers go through any form of training and those who do are mostly beginners. Where additional training is provided, it is aimed, for the most part, at meeting unavoidable production needs, such as changes in the technical level of production and in the product mix, the introduction of new technologies and equipment and radical changes in the organisation of production.

1.II.4. The failure to identify vocational training needs at enterprise, regional, sectoral and national levels is an obvious weakness of social partnership. This weakness can be attributed, largely, to uncertainty about the prospects for development in the different economic sectors, in the regions and in individual enterprises. The problem is compounded by the scarcity of information and by the lack of communication within the system. Segregation in the supply of information inhibits the identification of vocational training needs at aggregate levels. In this respect, tripartite cooperation could develop useful initiatives to coordinate the collection and utilisation of relevant information.

1.II.5. Another area where there is little effective interaction between the social partners is initial and continuing career guidance, which is crucial for both the national labour force and its individual members in terms of the development of professional careers for the one and the efficient utilisation of existing job skills for the other.

The process of structural adjustment and high levels of uncertainty can bring about a crisis in manpower planning. In these conditions, forward planning is needed, not only to meet the labour requirements of the enterprise but to allow for the

recruitment of teachers, the establishment and/or reorganisation of training institutions and the procurement of equipment.

Career guidance in schools is inadequate as far as directing learners of different ages towards specific occupations is concerned. This is due less to inappropriate methods than to the lack of reliable information on the specific quantitative and qualitative manpower needs of the economy. Schools make great efforts to establish and maintain direct links with manufacturing enterprises and companies but, because of the serious economic crisis and poor coordination between institutions, their success rate in placing students is low and youth unemployment continues to grow.

Post-school occupational guidance is the direct responsibility, first, of the labour offices but also of the newly established centres for occupational information and advice. The social partners have produced several dozen leaflets containing essential information on specific occupations for these centres. The leaflets are intended for use by occupational guidance officers, the unemployed seeking information on different occupations and students and others who want information on training for, and finding work in, new occupations.

Some centres offer group counselling on practical subjects, such as "The where and how of job-hunting for high-school leavers," "Further training and further education," "Improve your skills to boost your chances on the labour market." Unemployed clients are given individual attention in the form of personalised information searches and advice on how to find their way in the local labour market or to choose a suitable opportunity for retraining.

Labour offices are the best place to coordinate vocational education and training and employment possibilities. This is difficult to achieve, however, because of inadequate research and the lack of mechanisms to locate vacancies and match them with job applications. There is an obvious need for methodologies that allow closer connections to be made between career guidance, training and employment. In this context, continuing training and, in particular, upgrading are crucial and top political priority should be given to mechanisms which allow guidance and planning priorities and practices to be adapted quickly to the increasingly rapid changes that are taking place.

1.II.6. The training of young people presents a serious challenge in the context of growing youth unemployment. Their specific characteristics (insufficient or irrelevant occupational training and practical skills and inadequate qualifications) mean that young workers are in a non-competitive position on the labour market. Currently available figures show that over one-third of the registered unemployed is less than 29 years old. Most of these have not found a job after they have finished their education (at primary, secondary, junior or senior college levels) or have dropped out of the educational system because they are underachievers, unwilling to pursue their studies or for some other reason.

The reasons for youth unemployment are mainly economic, but they also lie in the lack of sustainable networks of institutions and enterprises providing opportunities for career growth and personal development. The private sector, small businesses and the services industry are still underdeveloped. The over-bureaucratic and low-paying administrative sector is unattractive to young job-seekers. They are put them

off looking for work in the formal sector by the inflexible nature of the labour market, low pay and the lack of incentive schemes.

Some of the youngsters who emerge from the educational system, however, are inadequately, or totally, unskilled to take up any job. This gives rise to two basic issues: first, the need to identify the demand for young labour with specific educational standards and vocational skills with a sufficient degree of accuracy; and, secondly, the need for more initial, out-of-school vocational training. The key social partners are taking some action to address these issues, either independently or in cooperation, but their initiatives to date have not been enough to resolve the problem. The main responsibility, however, rests with the government institutions and, specifically, with the National Employment Service. Of all the unemployed registered at the labour offices of the NES, 37% are young people under 29. Those aged under 24 represent 60.7% of this segment. Some 47% possess blue-collar worker skills and have finished third- or second-level vocational education (i.e. they have some vocational training) while the remaining 50%-plus need initial vocational training. Providing vocational training for this age-group is obviously a serious problem, considering that some of those who have some vocational training also have to have additional on-the-job training.

The National Programme for Youth Occupational Training, which was mentioned above, is intended to facilitate youth vocational training and job creation. It is also intended that the social partners be involved in its implementation. To be effective, however, the programme needs to extend its scope dramatically and to evolve on a massive scale through the development of alternative regional and community programmes for youth employment and training which, in turn, involves enlisting the cooperation, above all, of employers.

Part Two

Recent developments of the social dialogue in the areas of thematic vocational education and training

2.1. Allocation of Financial Resources

The social dialogue in this area is conducted, principally, through the management of the resources of the Occupational Training and Unemployment Fund and through the allocation of funds to certain national, sectoral and local job-creation and/or vocational training programmes, directed at groups such as the young or disabled, structural adjustment-generated redundancies and specific areas like the town of Bansko and the city of Plovdiv, respectively. In most cases, these programmes are co-financed. The sources of funding for vocational education and training activities are the national budget (which covers vocational training at school) and the Occupational Training and Unemployment Fund (which is made up of ear-marked subsidies and employers' contributions at the rate of 5% of the gross monthly wage). Under the proposed Protection in Unemployment and Employment Promotion Act, workers will also make individual contributions to this Fund, and the principle of shared responsibility for social insurance will, thus, be fully implemented. The Fund pays for the vocational education and training of the unemployed, for on-the-job training and for specialised national and regional programmes. Employers themselves finance vocational education and training but, under the current legislation, this does not make them eligible for concessions. The costs they incur are not even tax-deductible.

Among the activities that are to be financed out of the Occupational Training and Unemployment Fund, the Protection in Unemployment and Employment Promotion Bill lists the vocational training of:

- employees in enterprises with less than 50 employees who, during the last 12 years, have been in an employment relationship; and
- employees who need to acquire new skills because of the restructuring of production.

The Bill regulates the joint organisation and financing of training of these two groups by government institutions (National Employment Service) and employers.

On the whole, the financing system is not developed or flexible enough to encourage a balance between the supply of and demand for vocational education and training through taxes and tax concessions, on the one hand and the imposition of training requirements on the other.

Through the National Employment Service Supervisory Board, the social partners can supervise, and ensure greater transparency in, the allocation of financial resources from the Occupational Training and Unemployment Fund. Their capacity in this regard is, however, limited by inadequate planning of disbursements and

poor coordination between the institutions and the individual (e.g. insurance or health)funds.

2.2. Development of Qualification and Training Standards

This activity is relatively highly regulated, from an institutional point of view. The social partners are given the opportunity to participate in the development, discussion and, especially, the application of national requirements or standards. The process is the same as that used in the educational system (the Ministry of Education) where the regulatory framework includes the Education Act, its implementing regulations, some ordinances and other specific statutory instruments.

Some enterprises use the Manual of Pay Rates and Job Skills, a statutory instrument which has already been repealed, as a starting point for the vocational training of their own staff and proceed by updating or supplementing some specific requirements contained in it.

Article 25 of the Education Act lays down that curricula for the vocational training of adults and any certificates issued must be endorsed by schools, as units of the educational system, the assumption being that this ensures compliance with requirements for the vocational training of adults.

In essence, however, standards or requirements for the vocational training for adults, in terms of specific regulations geared to current conditions, do not exist.

The rules laid down by Ordinance No.6 of 1995, which are now in force and which require the labour offices to arrange training for the unemployed, represent a positive step towards compliance with definite requirements with regard to the quality and content of vocational training.

A modern classification of occupations and trades has also been adopted but the lack of sufficient numbers of skilled, trained personnel means that there is some stagnation in this area. This is true of the social partners and, especially, the employers' organisations, which are supposed to take the lead in the development (i.e. the formulation, application and updating) of uniform, national standards based, mainly, on job and skill requirements rather than on passing examinations.

There is an urgent need for a legal framework to regulate skill standards and to set up a national accreditation board.

2.3. Management of the Continuing Training System

2.3.1. At the national level, there has been no continuing training system since the disintegration of the centralised Integrated National System for Vocational Training, which comprised some 800 vocational education centres, schools and sectoral institutes, administrative divisions and mixed and individual enterprises, and which operated between 1981 and 1992. The functions of the National System are now "shared" by central government, employers (at different levels), local government and some trades unions. This fragmentation, which is repeated at various levels of the system, makes it impossible to synchronise the management of the overall process. The result is a disruption of the links between the components and phases of

the process and a lack of coordination among the social partners who are involved in it. The operation of the social partnership is clearer and better co-ordinated at national level where the social partners are involved in the development and approval of continuing training policy and of the framework to regulate it.

The state system of vocational training, which is implemented by the National Employment Service, is well regulated, despite financial constraints and the considerable difficulties encountered in the identification of needs and in job placement. The system of vocational training for the unemployed is presented in 3.1. below.

2.3.2. At the sectoral level, some sectors and sub-sectors have efficient systems for vocational training in specific activities. These are organised along lines which are system-specific but are still within the general legal framework. The activities concerned are, above all, those which are subject to quality management and assurance standards imposed by the state, e.g. occupational health and safety and product quality, which are rigorously regulated and must meet clearly formulated requirements (in the transport, food-processing, extractive industries etc.)

The efficient management of continuing training is possible in state bodies which partially finance vocational education schools (technical schools, secondary vocational-technical schools and vocational-technical schools). These include the Ministry of Regional Development and Public Works, the Ministry of Agriculture, Forestry and Agrarian Reform and the Committee of Posts and Telecommunications. In this case, too, however, the impossibility of accurately matching training needs to economic demand leads to an "oversupply" of skilled labour and, consequently, to its underemployment. The inability of the sectors to influence the content of education and the nomenclature used in multi-skill training is another problem, which must be prioritised by the social partners. Sectoral institutions at the national level (ministries, departments etc.) are involved virtually not at all with the vocational training of their employees because this function has been devolved. The expert committees set up by the line ministries are, in fact, not engaged in the systematic formulation of vocational education and training policy in their respective sectors or branches. This reason for this is their lack of skills and expertise and an underestimation of the importance of vocational education and training for the structural adjustment of the various sectors.

2.3.3. At the local level, the functions of managing the training process through supervision and accreditation are carried out, partially, by the relevant labour offices and school inspectorates.

2.3.4. At the enterprise level, vocational training is subject to labour-management collective bargaining in conformity with the Labour Code and, where they exist, with sectoral-level agreements. The social partners are involved in the identification of needs, the approval of vocational education and training plans, the selection of trainees, the financing of training and the evaluation of the efficiency of the training process.

As a key instrument of vocational training management, the collective agreement applies the underlying principle of democratic society, freedom of contract, and rests on the vocational training standards contained in the section of the Labour Code which lays down the legal conditions and opportunities for the vocational training of

workers. This section covers: training contracts; apprenticeship contracts; recognition of apprentices' qualifications; the apprentice's obligation to work and the consequences of non-compliance with an apprenticeship contract; continuing education and retraining contracts; training contracts with non-working persons; termination of training contracts; and post-training employment contracts.

Collective agreements may differ in certain respects but they must contain a section on training and retraining, setting forth the employer's obligations to prepare a programme for vocational training in cooperation with the trade unions. This programme must also provide for retraining in the event of unavoidable structural changes. The prerequisites for vocational training, the levels covered (initial training, additional training or retraining), the possible forms of instruction (full-time, part-time, off-the-job, on-the-job, extra-mural, evening etc.), training venues (schools, vocational education centres, private training units, etc), and financing are all negotiated between labour and management. The parties to collective agreements tend to fulfil the terms of the vocational training clauses only partially.

2.4. Quality Assurance and Accreditation of Vocational Training

Vocational education and training are covered by the Education Act, which sets standards for the quality of vocational education and training activities and for accreditation. There are also regulations governing the organisation and conduct of vocational and motivational training for unemployed and employed persons. This is financed out of the Occupational Training and Unemployment Fund, whose operation also conforms to the requirements of the Education Act. Ordinance No.6 of 1995, issued by the Ministry of Labour and Social Affairs (now the Ministry of Labour and Social Policy) and the Ministry's Directions for the Organisation and Conduct of the Vocational and Motivational Training of Unemployed and Employed Persons, Financed by the Occupational Training and Unemployment Fund, lay down rules, requirements and modalities with regard to quality assurance and to the monitoring of compliance with national requirements. These instruments also make it possible for the social partners to be involved in this area of vocational education and training; they require the partners to be represented on the committees which deal with the recognition of qualifications and the issuing of certificates.

2.5. Linking Training Institutions with Enterprises (Particularly SMEs)

2.5.1. One reason for the slow pace of economic restructuring is the complete stagnation of vocational education and training. The present state of vocational education and training does not promote labour productivity or labour mobility between occupations, jobs, enterprises, industrial sectors or regional labour markets.

The legal framework, which is intended to protect the users of training services and to maintain the quality of training, lays down that vocational education and training is to be conducted on a contractual basis. Vocational education and training contracts are binding on all partners in the training process. These contracts are most often concluded at a specific level and regulate the rights and obligations of all the actors involved: trainees, training organisers, training sponsors and the users of the trained manpower. Several types of contracts are used for this purpose. The contracts used by the National Employment Service, which organises the training of unemployed

persons, are of a standard form. Outside the NES system, vocational education and training contracts are regulated by the law of contract currently in force.

Human resource development is relatively well developed in the textile, food and chemical sectors. Training there is by formal methods and comprises instruction in performance enhancement and in qualifying for a higher pay grade. The number of newly appointed workers involved in training, however, is becoming less and less. In addition, trades union organisations conduct courses in collective bargaining, enabling workers to share in the decision-making process, as well as in other matters such as occupational safety.

A comprehensive ILO survey found that, in 1991, one in four (and, in some sectors one in three) enterprises had training centres. In the period 1989-1991, more than two out of every five enterprises had to close down their training centres and 58% of the enterprises were planning to close their centres in the near future.

2.5.2. With a view to the promotion of SMEs and self-employment, certain incentives are provided for the vocational training of unemployed persons who wish to start their own business (Council of Ministers, Decree No. 110 of 1992, as amended by Council of Ministers, Decree No. 153 of 1997). Employers and trades unions also make some minor efforts in this direction, by organising seminars and training for people engaged in, or wishing to start, small and medium-sized businesses, mainly through the partnership councils which are being set up at the local level.

A formal vocational education and training system for SMEs is practically non-existent. More than a quarter of the enterprises with fewer than 250 employees do not provide education or training for their staff. There is no adequate understanding of the increased opportunities that the development of human resources can bring to small and medium-sized enterprises.

A quasi-governmental Agency for Small and Medium-Sized Enterprises was set up only recently by the Ministry of Industry. The four principal employers' organisations are equally represented on the Governing Board of the Agency. The Agency will coordinate and design programmes for the development of small and medium-sized companies, facilitate their information and consulting services and provide methodological assistance to local structures, including partnership councils. Studies show that most entrepreneurs starting up a business have either higher (47.8%) or secondary vocational education (34.7%). The development of vocational training could, therefore, do much to release the potential of SMEs to contribute to the growth of employment and economic stability.

Other untapped resources for the provision of education and training are technical cooperation and the creation of small business networks, through, among others, the local tripartite councils.

2.6. Identification of Skill Needs and the Planning of Training

The lack of a clear idea of how production will develop is the main obstacle to the accurate identification of vocational education and training needs at national, sectoral and regional levels. For the time being, short-term needs can be identified most accurately at the enterprise level and within the National Employment Service training system for the unemployed.

In this connection, there is a definite need for better collaboration between the social partners and particularly between employers, to enhance the supply of sufficient and reliable information and to produce accurate forecasts on the development of production and of labour demand. This would provide the basis for the realistic planning of the qualitative and quantitative parameters of vocational education and training.

Part Three

Concrete Cases

3.1. Case One:

Subject: Management and the organisation of training

The Unemployed Training System Organised by the National Employment Service

3.1.1. Background

The National Employment Service, the public institution which is responsible for the employment of the labour force, provides vocational training for the unemployed in accordance with Council of Ministers, Decree No.57 of 1989.

Training activities are managed and organised by the National Employment Service at national and local levels. The representative organisations of the social partners are also involved.

3.1.2. Description

Actors

The principal actor in the system is the National Employment Service which has 120 local, and nine regional units which are called "labour offices". Each of these has a department or some experts whose function is to organise vocational training and to provide psychological counselling for the unemployed. Centres for occupational information and advice are being established.

The social partners are involved in the operation of the National Employment Service through a Supervisory Board, on which the employers' and the workers' organisations are represented at the national level.

Organisation and operation

The organisation of training for the unemployed (and for employees, under specified conditions) follows strict rules with regard to the quality of instruction. All the unemployed registered at the National Employment Service are entitled to free training, under specified conditions, with a view to employment.

Training is conducted by organisations outside the National Employment Service which does not have its own training centres. Organisations are selected and awarded training tasks by competition and in accordance with the rules of Ordinance No.6 of 1995 on the Organisation of Vocational Training Financed by the Occupational Training and Unemployment Fund. These regulations conform to European requirements and standards in this area.

Training is financed from the Occupational Training and Unemployment Fund, which is raised from employers' contributions and is allocated according to the rules

laid down in the Ministry of Labour and Social Affairs, and the Ministry of Finance, Ordinance No.3 of 1993. The Fund is supervised on a tripartite basis.

Three types of vocational training are provided: initial training, additional training and retraining. Motivational courses are provided to help the unemployed to find work or to guide them towards suitable training.

Results and expectations

The objectives of the training provided by the NES are:

- to improve the competitiveness of the labour force on the labour market through upgrading skill levels;
- to develop new ways of organising vocational training aimed at increasing the flexibility of the labour market;
- to motivate the unemployed to find employment; and
- to increase the number of unemployed involved in vocational training activities.

3.1.3. Context

From the point of view of industrial relations, the objectives are:

- to improve labour-force quality and performance;
- to stabilise economic relations and the introduction of new forms of work organisation; and
- to relax social tensions with regard to employment and personal income.

Continuing training is designed:

- to enable individuals to progress to higher qualifications and to advance their careers;
- to enhance the organisation of training and to improve the content of courses; and
- to ensure individual, group and public continuity in labour-force expertise and skills.

3.2. Case Two:

Subject: Development of vocational education and training standards

Lead-up to the Establishment of National Requirements for Vocational Training

3.2.1. Background

With the disintegration of the former, centralised national system for adult vocational training, the need arose the establishment of new national requirements for vocational training. This need was evidenced by: a lack of uniform methodological guidance and requirements with regard to the quality of instruction; the diversity of training services provided; and the existence of educational and training institutions with no specified standards of training. The problem was recognised as crucial and given top priority with the result that the Protection in Unemployment Bill proposed the statutory regulation of vocational training:

"Vocational training shall be conducted in conformity with national requirements. The said national requirements shall apply to: 1. the training organisation; 2. the occupation, speciality and qualifications; 3. the job expertise and skills; 4. a system of assessment and documents for the recognition of qualifications; and 5. trainers' qualifications and other matters, as specified by a statute or an act of the Council of Ministers."

3.2.2. Description

Actors and operation

Drawing on the experience of the Member States of the European Union in the development of training products, the National Employment Service, with the Ministry of Labour and Social Policy, designed and proposed a methodology for the establishment of national requirements for vocational training. Experts representing various ministries, departments and employers' organisations were assigned to work out drafts for three occupations. The work followed a plan of action, prepared and approved by the participants, and set out in terms of stages and intermediate results. The products generated at the separate stages were discussed and approved at specialised meetings. One of the participants, on the employers' side, at the national level is the Bulgarian Industrial Association.

When the draft national requirements were agreed, training was organised on an experimental basis by established training organisations with a view to verifying their practicability.

Results and expectations

- All three experiments were successfully completed and the first set of requirements is due to be applied on a broader basis.
- Similar requirements will be worked out shortly for other occupations and specialities, with appropriate conditions for sector and branch being created gradually.
- The purpose and the expectation is to standardise the content and conditions as well as the assessment, recognition and documenting of the job skills acquired and, at the same time, to upgrade the quality of the vocational education and training process and the skill level of the labour force and to improve its competitiveness on the labour market.

3.2.3. Context

From the point of view of industrial relations, the objectives were:

- to stabilise the links and relations between business partners in the training process and the economy;
- to institute a new level of social partnership;
- to improve the quality of the labour force and bring it up to market requirements;
- to improve the productivity of enterprises;
- to bring about the integration of the national labour force with the European labour force on the basis of adequate skills and training results.

From the point of view of continuing training, the objectives were:

- to achieve uniformity and continuity in vocational training;
- to motivate the labour force to train; and
- to upgrade the status and credibility of training and education.

3.3. Case Three:

Subject: Linking training institutions with enterprises

The Establishment of a Vocational Training Centre in Devnya

3.3.1. Background

As a response to the need to upgrade the skills of workers at the Solvay Sodi Combined Works in Devnya, it was decided to set up a vocational training centre in the plant.

The decision was related to the need to improve the organisation of training, to develop better and more efficient methods of financing and to achieve a higher quality of training in line with specific requirements.

3.3.2. Description

A self-contained Centre for Vocational Training for the personnel of the Combined Works will be established.

There are plans to provide opportunities for training geared to specific needs which will be identified annually.

The occupations for which manpower will be trained are included in the official classification of occupations in the manufacturing sector.

The types of training available are: initial training, additional training and retraining.

Training will be linked to the needs of production in terms of the specific characteristics of equipment, product mix, and structural, technical, technological and organisational change.

Representatives of all the social partners - government institutions, employers and trades unions - are involved in the work of establishing the Centre, which is due to be completed in mid-1998.

3.3.3. Context

The objectives of the project are:

- to bridge the gap between training organisations and the users of training services;
- to match instruction content and methods to specific vocational training needs;
- to reduce the costs of vocational training;
- to upgrade the quality of the training process; and
- to give employees a better opportunity to improve their knowledge and skills.

Part Four

Conclusions and Recommendations

4.1. Despite its crucial significance for both job creation and structural adjustment, the social partners have never put vocational training forward as an issue in its own right but have considered it only incidentally or within the context of the Bill on employment. It is of paramount importance that this weakness be realised at all levels of social partnership and that action be taken to institute a broad-based discussion aimed at the conclusion of a framework agreement.

It would be appropriate to form specialised vocational education and training sub-committees within the relevant committees, councils etc. This would ensure that the problem would be considered separately, with a view to analysing the actual state of affairs and coming up with solutions to the policy, organisation and financing of vocational training geared to the particular conditions of specific levels and structures.

4.2. The forms of social partnership in vocational training need to be developed and diversified and the cooperation of non-governmental organisations should be enlisted to this end. The social partners should aim to reach a specific agreement on vocational training as soon as possible.

Collective agreements should have real meaning and be binding on the enterprises to which they apply. To this end, action should be taken to ensure efficient control, by the labour inspectorate, of the drafting of agreements which result from collective bargaining. This would guarantee compliance with legal requirements and would allow specific social partner action resulting from this compliance to be evaluated.

4.3. The interaction between vocational education and training and the labour market should be enhanced by promoting the principle of bipartism and/or highlighting human resource development needs at the enterprise level.

4.4. It is clear that, while the tripartite partnership bodies are attentive to the need to train the unemployed, they totally ignore another need, that of helping industry improve its productivity. In conditions of a labour surplus, training for entrepreneurship and self-employment is of crucial importance. The proper balance between different training needs could be achieved through interaction between the social partners, provided they have enough experience to promote suitable policies. For this reason, there is also a need for intensive training of social partner representatives, especially those representing employers' organisations.

4.5. Interaction between the social partners should be improved at all levels, but particularly at the level of local (regional, municipal etc.) social partnership bodies, which need to develop practical solutions geared to the specific demands of local labour markets. Contacts between labour offices, the existing training centres and local businesses should also be improved as these are dynamic sources of information about labour demand.

4.6. Another significant question is how to involve the various sectors and emerging institutions, at various levels, in the whole cycle of training, its forms and stages (occupational guidance, education and training, and post-training monitoring). Specific proposals to promote interaction and coordination between existing institutions (including cooperation between the Euroguichets servicing small and medium-sized enterprises and the local labour offices), to recruit external experts and consultants, to pursue external training by contract so as to limit the size of existing training centres and to create better opportunities for servicing SMEs have yet to be fully implemented.

4.7. Insofar as there is a clearly articulated idea to abandon general vocational training for adults, social partners should pool their efforts to encourage vocational training in a direction that will prevent skill shortages and promote skill flexibility. The enterprise, the government and the different interest groups have common priorities in this regard and a consensus on the development and direction of vocational education and training should, therefore, be relatively easy to reach.

4.8. The social partners have yet to identify their vocational education and training policy priorities, taking into account the funds allocated for economic development. In a currency board environment and with budget allocations for the education sector dramatically reduced, the damage of non-investment in human resources must be minimised. To this end, politically interested groups will have to be mobilised lest some forms and levels of education and training be deprived of resources. There is an urgent need to conclude a national agreement between the social partners covering: the relationship between training and working life (focusing on enterprises); the intensification of continuing and further education; the involvement of the social partners in elaborating, modifying, implementing and evaluating training policies; the entry of disadvantaged groups to the labour market; the promotion of research and the systematisation of employment and training statistics and analysis. To achieve this, however, the participants in the social dialogue system will themselves need a considerable amount of training.

4.9. It would also be advisable to develop and adapt the legal framework and to implement a policy encouraging and servicing economic restructuring, the improvement of the quality of the labour force, the flexibility of the labour market and, finally, the creation of new productive jobs.

The representatives of the social partners should initiate the drafting of a Vocational Training Act, harmonised with the appropriate parts of Community law, and have it passed by the legislature.

At the same time, it should be borne in mind that there are inevitable losses involved in the provision of training for productive work in a situation where industrial enterprises are undergoing serious adjustment. The way out of the crisis seems to be to identify and take alternative action, by adopting and implementing programmes for human resource development at the horizontal level.

4.10. The insufficient exchange of information between the social partners about what is being done by individual institutions blocks the progress of the entire process. Concentrating on separate ad hoc problems of a political nature prevents the elaboration of an appropriate vocational education and training strategy, to be followed and applied step-by-step at all levels.

One way forward would be for the Supervisory Board of the National Employment Service to integrate and prioritise policies in this area. For this reason, it would be useful to include on the agenda of the Supervisory Board of the National Employment Service, the National Council for Tripartite Co-operation and other bodies at national level such issues as: the establishment of an Accreditation Agency for Vocational Education and Training; the distribution of vocational training contributions from the Fund and of all other retirement and health insurance contributions; the quality of administrative and information support; and the improvement of the efficiency of training and its adaptability to skill needs.

4.11. The long-term success of training schemes depends on how far policy-makers and the social partners involved are willing to consider and take on board the principle of administrative subsidiarity.

One way to contain the erosion or complete lack of enterprise-based training is to promote community-based training through the establishment of local partnerships, supported by the efforts of regional tripartite councils with the assistance of the municipalities and the business support centres. The establishment of local management development institutions and training centres will also be of crucial significance in reshaping training policies and programmes.