

## THE IMPLEMENTATION OF EUROPEAN YOUTH GUARANTEE IN BULGARIA – RESULTS AND PERSPECTIVES

*The report presents the main legislative, organizational and policy changes on youth employment in Bulgaria associated with the implementation of the European Youth Guarantee (EYG). Youth employment, unemployment and activity rates have changed in positive direction, but the quality of job offers for young people is still questionable. Some of the indicators follow the common tendency in the European Union (EU) and the youth inclusion in the labour market is an important challenge. The position of young persons on the labour market proves that they still do not benefit from the economic growth in a same level, as the other age groups.*

*JEL: J64; J08; J13*

### Introduction

Youth employment is of strategic importance for developing a prospective labour force necessary for the knowledge economy, alleviating the consequences of the current demographic crisis and ensuring revenues (including taxes and social security contributions) in the state budget. For strengthening this strategic position of youth, policy decisions have been adopted at European Union level to implement the priority initiative “European Youth Guarantee” (EYG) in the current programming period 2014-2020. Each member state should provide real guarantees for improving not only the position of young people on the labour market, but also their work and life conditions. In this regard, the EYG requires that a young person shall be assisted to get a job or participate in education or training (apprenticeship or internship) within four months after s/he became unemployed or left the formal education system. To meet these requirements, detailed national plans for 2014-2020 are being implemented in Bulgaria (and in the other member states).

What has been done so far in Bulgaria and to what extent the objectives of EYG have been achieved; what are the positive results, what has been omitted and what problems have been added during the implementation of the Youth Guarantee; what changes should occur and in which areas? These are topical issues that stand at the eve of the next programming period 2021-2027, with a view to finding more targeted and effective actions in working

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with youth. Responses to these issues are sought herein below in relation to youth's employment and position on the labour market and the quality of the jobs offered to young people.

## **1. Implementation of Youth Guarantee in Bulgaria**

### *1.1. Changes in the legislation*

According to the changes in the Labour Code, an employment contract with provisions for training (apprenticeship) shall be treated as a typical employment contract with special protection of young people. It provides for on-the-job training for up to 6 months (with the exception of the dual training system) and a subsequent work contract of no more than 3 years after completing the training. Another amendment introduced an internship labour contract for a period of no less than 6 and no more than 12 months. Both types of contracts shall be signed while take into account the already acquired professional qualifications of young people, thus ensuring provision of a suitable job.

With an amendment to the Employment Promotion Act (EPA), the allowed period of youth subsidized employment (including for a first job) has been extended from 12 to 18 months. EPA stipulates that employers are entitled to certain incentives if they preserve the employment of the young persons at work after expiration of the subsidized employment contract.

Provisions have been adopted in the Vocational Education Act regulating the dual training. Since 01.08.2016, the system of pre-school and school education has been regulated by a new Law on pre-school and school education. Updated state educational standards have been introduced. Different forms of education – daily, distance and evening, as well as self-training are regulated as equivalent. These and other legal changes are intended to help reconcile employment and continuing education or return to the education system.

*The changes in legislation have a strategic importance for improving the position of young people on labour market. They allow corrections in already applied policies and the introduced new ones and their consolidation. The changes target is to assure a balanced security and flexibility at the different stages of the youth employment carriers. Their practical implementation, however, depends on many factors from the sides of employers' demand and labour supply, as it will be proved further. This way, the legislation is one of the prerequisites needed for a better position of young people on the labour market, but not the only one.*

### *1.2. Integrated organization for tackling youth problems*

The labour administration implements the policies on youth unemployed at regional level through the Directorates Regional Employment Services (RES) and at the municipal level through the Directorates Labour Offices (LOs). Labour administrations organize the implementation of activities that are included in national programmes and measures; provide services in the framework of employment mediation; maintain registers of

stakeholders; organize information campaigns, events and specialized job fairs. The activation of inactive youths is performed in cooperation with social partners, district and municipal authorities, NGOs, public administrations in the fields of education, healthcare, housing and social infrastructure and others.

At *local level*, partnership agreements were signed between the LO and municipal councils. Activities include provision of employment services for youths through on-site work, participation of young people in tripartite meetings with employers, field visits for meetings with inactive youths, organization of information campaigns, etc. In the partnership agreements, *the municipalities* are assigned the function to coordinate the activities for identifying young people NEET and activating them for integration on the labour market or return to school. For the implementation of the numerous activities, municipalities are assisted by hired with them youth mediators.

Another partnership is based on agreements for joint activities between labour offices and universities. In implementing such activities, the partners regularly exchange information on demand and supply of jobs for youth with higher education at the local labour markets. The main purpose is to ensure access to information about suitable work and activation of students for seeking employment through the labour offices.

*The practice until now prove that the realisation of the above partnerships depend largely on the capacity and motivation of the partners involved. However, even with a high level of commitment, the state of local economic and social conditions for their realization is of crucial importance.*

## **2. Mediation and policies on youth employment**

### *2.1. Mediation*

EA, RES and LOs have recruited qualified staff to work with unemployed youths. *This is one of the recognized good practices in Bulgaria, where the hired young mediators (selected among unemployed young people) provide support to other young job seekers.* The main functions of the mediators working with the unemployed young people are to prepare individual work plans of jobs-seekers after their registration at a LO, to outline their personal profiles with information needed for placement to suitable jobs, to prepare agreements with long-term unemployed youths for integration into employment, requiring a personal commitment of the young person to executing assigned tasks and actions for overcoming his/her problems.

As a priority, young people are included in Ateliers for Job Seekers to the labour offices, where they gain knowledge and skills for job searching and personal behaviour in meeting employers. The ateliers prove to be a good instrument of guiding the transition of young people to employment.

Career consultants are also working at labour offices. Their main tasks are to provide information on opportunities for career development, guidance and counselling to unemployed youths, information about the local labour market, training on job search

strategies, planning of professional development. The labour offices' personnel comprise also psychologists and case managers who are qualified to work on youth unemployment. Roma mediators are appointed in the labour offices to address the specific needs of Roma youth. They hold formal and informal group and individual meetings with inactive young people of the Roma ethnic group with a view to stimulating their registration in a labour office.

Youth mediators are hired in the municipal administrations under the National Programme "Activation of Inactive Persons". They have to reach youths NEETs and activate them, in cooperation with the specialised labour administration. This is another good practice in Bulgaria that is also recognised at EU level.

Proven tools for the transition to employment of registered unemployed and inactive young people are the specialized youth job fairs, employer's day, career days, where face-to-face meetings occur between unemployed and employers. These forms of direct contacts have proven to be quite effective for young people in their job seeking efforts.

*The labour mediation to work of young people is a good example of the changes introduced due to the implementation of the Youth Guarantee, including new public employment services (PES), new tools and organizational issues that should be further developed and sustained.*

## *2.2. Programmes and measures financed from the state budget*

These are the National Programme "Career Start" (implemented before the start of the EYG) and the supporting programme "Activation of Inactive Persons". The objective of the first programme is to provide opportunities for young people (up to 29 years of age without work experience) with higher education to gain labour practice in public administration. The second programme's objectives are to activate and integrate in the labour market young people up to 29 years who do not work and do not study (NEETs group) and other groups of inactive youths (discouraged persons, long-term unemployed who receive social assistance allowances). Case managers and psychologists appointed under the Programme work with difficult clients and clients with specific needs of the LOs.

The measures for unemployed young people are regulated in the Employment Promotion Act. They include subsidised employment for a period of 18 months and subsidised apprenticeship (for those with basic or lower education and without any employment experience) and internship for 12 months with paid assistance of mentors. The scope of the measures was changed between 2008 and 2010 and in 2015, to make the employment periods longer and to stimulate the mentors engaged in the on-job-training, and thus – to stimulate the quality of training results.

The financial resources allocated from the state budget for programmes and measures are limited and decreasing after 2014; therefore the number (share) of unemployed, including young unemployed, covered by the measures, is also limited. *The mediation and the other PES to people on the labour market gain main importance for employment promotion in comparison with the financed by the Budget programmes and measures.*

### 2.3. Programmes for youth financed by the ESF and YEI

The first project scheme financed at the beginning of the recent semester was the scheme “Youth employment”. It provides traineeships and apprenticeships to young people. The programme’s results prove that a short period of traineeships not requiring of further labour contracts with the trainees is the approach preferred by the employers.

The project scheme “Active people“ comprises the activation and integration of young people aged up to 29 years, incl. NEETs, not registered at a labour office. The objectives are to identify and motivate inactive persons from the target group to behave actively at the labour market. Another project scheme ("Training and Employment of Youth") aims at integrating in employment unemployed youths up to 29 years registered in a labour office, by providing trainings and a subsidy to employers for long-term employment.

Some schemes were implemented in 2016 to increase youth’s awareness about the EYG. Initiatives such as "Open Doors for Young People", information project "Stop Cycling", etc., were held to increase awareness among young people. In addition, regular information campaigns were organized by the EA.

### 3. Policies on identifying and activating young people not in education, neither in employment or training (NEETs)

The labour administration provides *support to NEETs on job searching*. After registering in a LO, the young person could receive information, consultations and motivation services in order to be included in training or re-enrolment in the education system.

In 2017 the innovative for the Bulgarian practice project “Ready for Work” (2017-2019) was launched, making the work with NEETs more effective. The objectives of the project are to investigate and find inactive youths, to provide topical information about the labour market, to motivate and encourage registration in the labour offices. Also it supports young people in job seeking through individual and group consultations in “Ateliers for Job Seekers” and their participation in job fairs for youth for facilitating the contacts between young people and employers. The target group comprises inactive young people. The activities include the identification of youths through suitable to the youth methods as information events all over the country<sup>2</sup>. Participating youths are invited to fill in a questionnaire with personal data and contact information for further communication. For reaching inactive youths, already established links and regular exchanges of information at municipal level between all relevant administrative structures are used. The registration of unemployed is rewarded with gifts (flash memory, umbrella, external phone battery, pen, notebook and information brochure).

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<sup>2</sup> In large cities the events were combined with concerts of famous Bulgarian pop singers, while in smaller municipalities – with local cultural events and youth job fairs. At the information events the benefits of registering with a labour office and subsequent start of work are discussed and information materials are disseminated.

The Project also envisages improvement of existing infrastructure or new assets for established ateliers for job seekers in each labour office. Funding is provided for purchase of laptops with Internet access, multi-functional devices for document processing, multimedia, cameras, routers, screens, whiteboards and air conditioners.

The administrative capacity for the implementation of the project will be developed further by hiring an activation specialist and a professional consultant “atelier moderator” in each labour office; organising meetings for exchange of experience among the moderators; delivering seminars with experts outside the labour administration for acquaintance with new methods of working with inactive youths.

The Project applies partnership with other (external) organizations that have competences to apply specialised methods and approaches for identification and activation of the NEETs. At the end of 2018, a tender procedure was finalized to select competent partners that practically ensured such specialised NGO for each RES in the country. It is expected that the selected organizations shall have the capacity to apply innovative approaches in comparison with these already used by the labour administration and develop relevant methodological materials.

*Diverse policies and services are applied in order to meet the needs of young people in the labour market. The work with inactive young people includes also external organisations, which can differentiate the methods of working with youngsters and be more efficient than the work of the labour administration.*

#### **4. Results**

The National plan on EYG does not include performance indicators for its implementation in 2020. Some assumptions have been made that by the end of the year, 30% of persons included in employment and training programmes and measures shall be youngsters up to 29 years, and that more than 150,000 young people shall be included in employment and training in the overall period 2014-2020. These are too cautious target values of the indicators that are being successfully reached, as seen in Table 1. By the end of 2017, 102.6 thousand young people were enrolled in training or employment, and by the end of 2020 this indicator will be achieved and even exceeded. At the end of 2017, the share of youths in employment also exceeded almost twice the planned share.

Two groups of performance indicators on the labour market are presented in the annual EYG implementation reports. The first (see Table 1) consists of indicators that present EYG’s direct results. The second group contains general results, which may depend, to a certain extent, on the Youth Guarantee implementation. According to aggregated reporting data, the results achieved through the work with registered unemployed youths until the fourth month of their registration, have significantly improved since 2014.

Table 1

Results from the implementation of the Youth Guarantee in Bulgaria (2013-2016)

	2014	2015	2016	2017
1. Number of registered unemployed young persons aged up to 29 years, as of 31.12.	58771	49886	37667	32995
Relative share in total registered unemployed (%)	16.7	15.2	14.4	14.2
2. Number of registered unemployed young persons aged up to 24 years, as of 31.12.	25000	19834	14095	12451
Relative share in total registered unemployed (%)	7.1	6.0	5.4	5.5
3. Total number of newly registered unemployed up to 24 years	55369	46254	40306	34714
4. Number of newly registered youth unemployed included in training or employment	29850	24869	25800	22084
Relative share in total registered unemployed (%)	53.9	53.8	64.0	64.0
5. Number of youth aged up to 24 years, whose duration of the registration in a labour office is less than 4 months	12745	9795	8237	7340
Relative share in the total number of registered unemployed youth up to 24 years	51.0	45.4	55.9	56.8

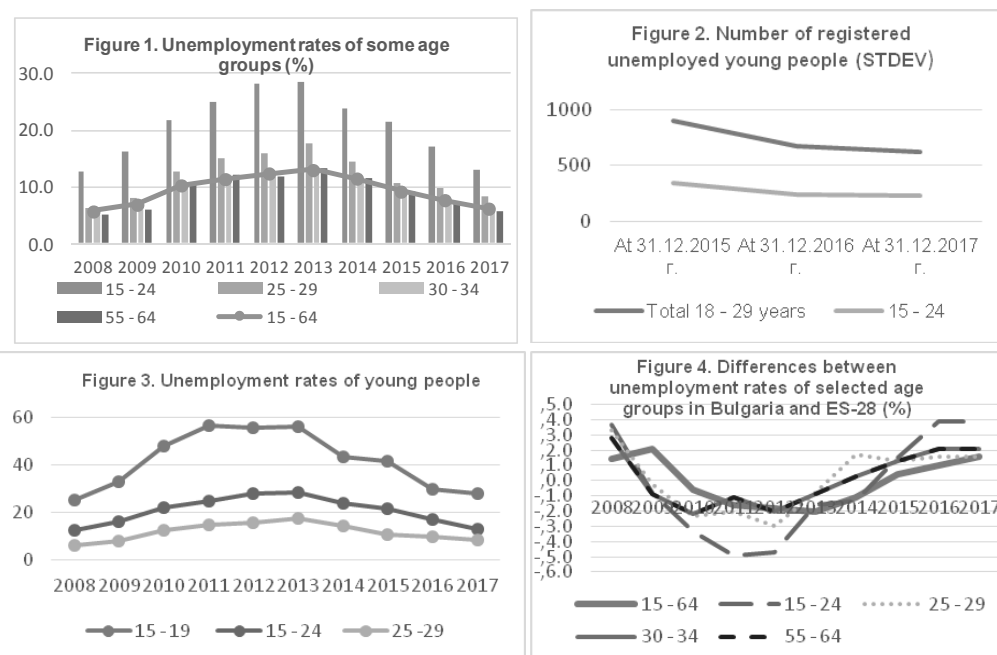
*Source: Annual reports on the implementation of the Youth Guarantee.*

Based on the data in the above table it can be concluded that youth unemployment is decreasing and the response of labour mediators is adequate to set targets. The rationale behind this conclusion is the increase of the share of: (1) unemployed youths assisted in a short period of up to 4 months, combined with a total decrease in the number of registered unemployed youths; (2) the number of young people who started working on job vacancies announced by the labour offices on the primary labour market, as well as through other ways of finding a job.

The second group of general indicators for youth employment, unemployment and inactivity (according to the NSI Labour Force Surveys) also registers a positive development, which is a common result of the implementation of the EYG, the economic conditions after 2012, the demographic situation in the country and the changes in the conditions of work and life and on labour remuneration in Bulgaria. An indicative fact about the realization of the EYG (as far as it is oriented towards the unemployed and inactive youths) is the definite decrease of total youth unemployment (Figure 1). Unemployment rates, however, do not reach the 2008 levels. The unemployment rate of persons in the age group 15-24 years remains the highest among all age groups, the disparity with the age group 55-64 being significant.

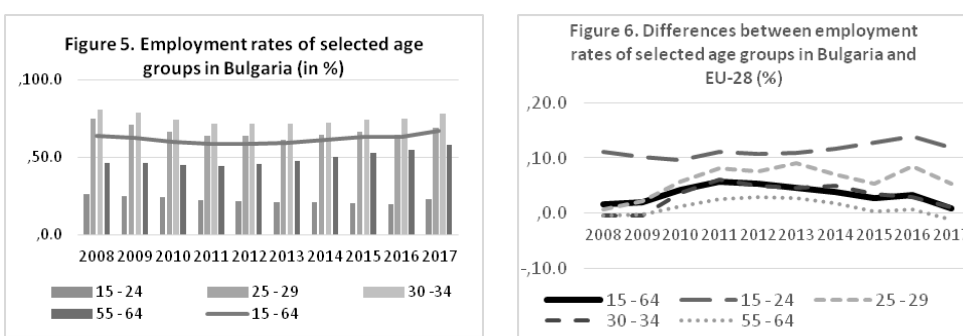
According to the 2017 Report on the implementation of the EYG in Bulgaria, the number of registered unemployed in the age groups 15-29 and 15-24 years decreased both average for the country and in almost all districts. The standard deviation in the number of youth by regions is also decreasing, indicating a process of overcoming the strong differences of the indicator across the regions (Figure 2). The decrease of the share of young people in the total registered unemployed by regions (with few exceptions) is also indicating positive changes. These changes are to be considered as a result of the application of the EYG and the impact of the demographic factor.

One of the achievements on the Bulgarian labour market, which is recognized at EU level, is the lower unemployment rate of young people aged 15-24 compared to EU-28 (Figure 4). In Bulgaria, as well as in the other European countries, young people aged between 15 and 19 years are in the most risky position on the labour market (Figures 3 and 4).



Source: NSI, Labour Force Surveys.

In 2017, the employment rates of young people aged 15-24 and 25-29 years have also not reached the 2008 rates (Figure 5), being lower respectively by 3.4% and 6.0%. The comparison between youth employment indicators in Bulgaria and in the EU (28 member states) shows that the largest distance from the general EU trend in Bulgaria is registered exactly for the age group of young people (Figure 6).



Source: NSI, Labour Force Surveys.



The rate of usage of youth workforce depends on the intensity of the transition of youths from unemployment and inactivity to employment, with equal other conditions. In 2017, 15% of unemployed young people aged 15-24 made a transition to employment, compared to 8% in 2016, 12% in 2015 and 9% in 2014.<sup>3</sup> By this indicator, Bulgaria falls in the group of member states which are far away from the general trend in the EU. In Estonia which is the leading country by this indicator, 44% of unemployed youths made a transition to employment, and in Denmark and Switzerland – 40%.<sup>4</sup> The comparison with the leaders and the other European countries prove a low intensity of the transition of unemployed youths to employment in our country. The intensity of the transitions of the young inactive to employment is also one of lowest in comparison with the other member-states.<sup>5</sup>

In addition, the share of inactive young people in Bulgaria is high and their relative share in the total number of young people in Bulgaria is sustainably kept as one of the highest compared to the other EU member states. In recent years, youth's inactivity is due rather to waiting for emigration opportunities (permanent or temporary) than to working in the grey economy. In case of temporary emigration, young people alternate periods of work abroad with stays in Bulgaria, during which they wait for a new job abroad and remain in the group of inactive people.

*It can be concluded that, despite a higher transition to employment, young people in Bulgaria still benefit from the economic growth opportunities after 2012 to a lesser degree than the other (higher) age groups. To some extent, this may be due to a lower efficacy of the Youth Guarantee than desired, to factors limiting the employers' demand for youth workforce, to other subjective factors stimulating the postponement of starting work in Bulgaria.*

## **5. Offering quality jobs for young people**

A prerequisite for implementing the EYG is to ensure that young people have an access to quality jobs. According to the national definition, in order to be considered as qualitative, in the conditions of insufficient job vacancies a job offer should meet as many of the following criteria as possible: match the education/qualification of the young person, suitable for the person's health conditions, tailored to the young person's individual profile, offer employment sustainability, meet health and safety requirements, enables individual development. A quality job offer for young people aged 15-18 should be oriented primarily to returning to the education system as well as inclusion in continuing education and training and apprenticeship.<sup>6</sup>

There are difficulties in setting criteria and indicators to characterize quality job offers for young people and for employment in general. No answers have been given to questions regarding the minimum quality requirements, differentiation of criteria for different sectors

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<sup>3</sup> Eurostat [lfsi\_long\_e02].

<sup>4</sup> Eurostat [lfsi\_long\_e01].

<sup>5</sup> Eurostat [lfsi\_long\_e06].

<sup>6</sup> Report on the execution of the National Plan on Youth Employment, 2017.

and jobs, etc. Eurostat data on overall quality of employment are not of a systemic nature yet. Subject of monitoring are mainly working conditions, duration of working time, share of fixed-term and part-time labour contracts, enforcement of labour legislation, and separate data for young people are not collected under each indicator.

The quality of jobs for young people, with equal other conditions, predetermine employment sustainability. This is evidenced by the changes in the employment rate of the higher age group of persons aged between 30 and 34 years. In 2017, only 28.6% of young people are known to be in a positive situation – education or employment, including internship or apprenticeship 6 months after leaving the Guarantee. This result is low and the situation is unknown for the majority of those leaving the Guarantee (71.2%).<sup>7</sup> Obviously, there is a need of changes and a systematic approach in applying the mechanisms for collecting information on the subsequent situation of young people who have benefited from subsidized employment or have returned to the education system. This implies both an expansion of the information databases (possible inclusion of civil sources/ registers), as well as improvement of the data collection methodology with ensured representativeness.

One of the groups of indicators that can be applied to characterize the quality of jobs for young people can be the level of their relative wages. On the one hand, due to the lower productivity of young people at the beginning of their careers, the gap between the remuneration of young people and of employees in the higher age groups is significant. On the other hand, however, the coefficients of dispersion of annual remuneration of youths are higher than the hourly rates. This can be due to the unstable employment of young people throughout a year and to their recruitment to unsustainable jobs (Loukanova, 2017, p. 291-299).

The requirement that the quality job offers for young people aged 15-18 should be primarily oriented towards returning to the education system is practically impossible to implement by the labour administration. If a registered unemployed youth requests information and counselling, s/he is only advised (directed) to continuing education. The specialists in the labour offices and the regional employment services, however, do not have the authority to place early school-leavers back into education, which ultimately depends on their personal choice.

Since 2017, new alternative forms of adult education have been applied, equal to the regular form of education. According to data of MES and NSI, they are still not well-known and, accordingly, are not widely demanded by secondary school dropouts. In 2017, only 3.7% of the total number of secondary education graduates<sup>8</sup> in Bulgaria were included in distance, evening, individual, independent and distance education. Also, it turned out that employers have not been sufficiently motivated to introduce dual education and the expectations for its massive application have not been met in 2017 and 2018. New changes in labour and tax legislation are needed to encourage employers to provide vocational training through work according to the requirements of the dual learning.

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<sup>7</sup> Ibidem.

<sup>8</sup> NSI, [www.nsi.bg/bg/content/3491/](http://www.nsi.bg/bg/content/3491/).

*It can be concluded that for now the quality of jobs for young people is not a realistic objective. It remains a good wish and it is unclear to what extent it has been realized. Young people in university and higher education employed in high-tech productions represent possibly an exception.*

### **In conclusion**

*At national level, good general results of EYG actions for young people on the labour market have been reported. These are mainly quantitative indicators that are influenced by the economic growth and the professional capacity of the labour administration to work with young people.*

*In Bulgaria, at regional and sector levels, differentiated policies to meet young persons' specific needs are poorly applied. Accounting for this specificity should be considered as a component of the quality of the assistance. In future periods, attention needs to be paid to the major problem of protecting the quality of jobs for young people and improving the monitoring and reporting of jobs' quality.*

*There are still issues of activation of NEETs. In the work with NEETs, the labour administration cooperate with partner organizations, with which it negotiates agreements and relies on the application of diversified methods of working with young people away from the labour market.*

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