

BULGARIA



Key policies to promote longer
working lives

Country note 2007 to 2017

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KEY POLICIES TO PROMOTE LONGER WORKING LIVES IN BULGARIA¹

(Situation 2007 to mid-2017)

While the employment rate of older workers and the effective age of exit from the workforce increased significantly over the past decade, Bulgaria could do more to raise the effective retirement age of women, which is well below the EU average. According to the Late Career Scoreboard at the end of this report (Table 1), in 2016, it was at 60.7 compared with the EU average of 62. In particular, as synthesised in Table 2, Bulgaria should take appropriate action to raise the statutory retirement age further; promote phased retirement; restrict access to early retirement schemes (including for the unemployed); prevent age discrimination; provide access to training adjusted to the experience and learning needs of older workers; balance professional and family responsibilities; and facilitate job mobility. Social partners and companies should be encouraged to implement age management measures; legal rules inducing seniority wage mechanisms should be removed. Recent efforts to improve health and occupational safety regulations should be continued, and the incidence of arduous/hazardous work, reduced.

1. Rewarding work and later retirement

1.1. Enhancing incentives to continue working at an older age

Introduction

The Bulgarian pension system consists of three pillars (European Commission, 2015). The first is the mandatory state pension insurance, functioning on the basis of the pay-as-you-go (PAYG) principle. It also includes non-earnings-related minimum pensions for those who are not covered by social insurance contributions. The second pillar comprises universal pension funds for those born after 1959. Further, this pillar includes mandatory occupational pension funds, introduced in 2000. These Professional Pension Funds are for persons engaged in arduous/hazardous work (AHW) (Categories I and II of work, covering 254 000 workers in 2014). The third pillar consists of voluntary pension insurance, including voluntary occupational pension schemes introduced in 2007.

The different professions and occupations are classified into three categories of work based on the difficulty of working conditions. Category I refers to the most strenuous and hazardous jobs, such as in the mining industry. Very few workers fall under this category. Category II relates to the work of those employed in hard and hazardous production, such as in metallurgy, cement production, chemical industry and transport. The category covers more than 100 professions (Zahariev, 2016). Category III covers all other professions carried out in normal and not excessively strenuous working conditions. For employers with workers in Categories I and II, the contribution rates to the public pension system are increased by 3 percentage points. Different eligibility rules and retirement ages apply to the different categories.

1. This note has been produced by the Ageing and Employment Policy Team with a contribution from Nicola Duell.

In 2015, the government adopted a pension reform meant to lengthen working lives (see details in the paragraphs that follow). This reform is in the right direction, although further progress to raise the retirement age would be desirable.

Raising the statutory age of retirement

Reforms to lengthen working lives were decided in 2011. The retirement age was then set to increase by 4 months per year, starting in 2012 (Loukanova, 2012). In 2013, the statutory retirement age was 63 years and 8 months for men and 60 years and 8 months for women. The required length of service was 37 years and 8 months for men and 34 years and 8 months for women. For 2014, the initially planned increase in the retirement age and required length of service by 4 months each year was stopped. For 2015, the required insurance record was increased by 4 months. The pension reform decided in mid-2015 increased the retirement age for all categories of workers as well as for those employed under special rules.

The retirement age for those workers in the most common labour Category III will increase gradually at different rates until the age for women and men are equalised. The required contributory length of services will also increase. From 1 January 2016 to 31 December 2029, the retirement age for women will be increased by 2 months per calendar year, and by 3 months per calendar year as of 1 January 2030, until the age of 65 is reached. Until 31 December 2017, the retirement age for men will be increased by 2 months per calendar year, and by 1 month per calendar year after 1 January 2018, until the age of 65 is reached. Once the retirement age becomes 65 for both women and men after 31 December 2037, the increase in the retirement age will be linked to the increase in average life expectancy. The required length of service will rise by 4 months to reach 35 years of contributory service for women and 38 years for men in 2015. From 31 December 2015, the length of contributory service for 2016 will be increased by 2 months to reach 35 years and 2 months for women and 38 years and 2 months for men. From 31 December 2016, the length of contributory service will be increased from the first day of each subsequent calendar year by 2 months, until attainment of 37 years of contributory service in the case of women and 40 years in the case of men.

There is a change in pension entitlement for persons who do not have the required years of contributions. From 2016, these men and women will acquire entitlement to a pension upon reaching the age of 65 years and 10 months and at least 15 years of actual contributory service. From 2017, the mandatory minimum age will be increased from the first day of each subsequent calendar year by 2 months, until 67 years of age are reached.

Facilitating phased retirement

The incidence of part-time employment of older workers is very low compared to the EU average (see Table 1). More could be done to facilitate phased retirement.

Better combining of pensions with work income

Bulgarian legislation does not stipulate limitations for receiving labour income in combination with pension income.

Rewarding longer careers

A special bonus has been factored into the pension calculation formula for persons working under Category III who continue their employment after acquiring the right to a pension under the Article 68 (1) and (2). The accrual rate per year of postponing retirement was set to 3% from 2007 and to 4% from 2012, instead of 1.1%.

Those working in the most arduous job positions (see details below) will have the chance of getting a higher pension than an ordinary worker due to the conversion of the insurable period in retirement: three years under Category I and four years under Category II are considered the equivalent of five years under Category III. Moreover, the weight of each year of service is expected to increase in the coming years (Zahariev, 2016).

1.2. Towards restricted use of early retirement schemes

Restricting access to publicly funded early retirement schemes

As explained above, there are lower minimum retirement age regulations for some categories of work. Further, there are two schemes for early retirement: the public Teachers' Pension Fund, a PAYG scheme; and the Professional Pension Fund for persons engaged in AHW (Categories I and II). Both are funded schemes of the second pillar.

Teachers will be paid fixed-period early retirement pensions from the Teachers' Pension Fund at an amount determined in accordance with the general pension calculation formula. The amount is reduced by 0.1% for each month of early retirement. A 2015 pension reform has introduced incentives for teachers not to take up early retirement.

The 2015 pension reform introduced minor changes in the rules for early retirement in the Professional Pension Fund (under Article 168 of Social Insurance Code (SIC)). Early retirement pensions are granted from 1 January 2016 to persons insured in the fund, provided that:

- i. They have at least ten years of contributory service after 31 December 1999 under the conditions of labour Category I, and they have attained an age ten years shorter than the statutory retirement age for Category III workers. Previous to the reform, a worker that had been working under Category I for at least ten years could claim early retirement from state public insurance, provided that they reached 47 years and 8 months (women) or 52 years and 8 months (men), and that the sum of the insurable period and the age is at least 94 (for women) and 100 (for men).
- ii. They have at least 15 years of contributory service after 31 December 1999 under the conditions of work Category II or Categories I and II and they have attained an age 5 years shorter than the statutory retirement age of Category III workers. Previous to the reform, a worker that had been working under the Category II for at least 15 years could claim early retirement from state public insurance, provided that they reached the age of 52 years and 8 months (women) or 57 years and 8 months (men) and that the sum of the insurable period and the age is at least 94 (for women) and 100 (for men).

The early retirement pension (under Article 168 of SIC) is paid until the person concerned attains the retirement age for work under the conditions of Category III, and may not be received along with a pension based on work or social disability pension.

Persons who have not acquired the right to a professional pension or have not contributed to such a fund may, under certain conditions, receive a pension from state social insurance.

For those who have already acquired the mandatory length of contributory service, the 2015 pension reform introduced the possibility of retiring 12 months earlier, with a reduction of 0.4% for each month short of retirement age.

Introducing specific provisions for arduous/hazardous work

In 2016, the number of pensions for persons in AHW was below 100 000 (i.e. about 6% of all old-age pensions), and their numbers have been declining over time (Zahariev, 2016). The 2015 pension reform raised the retirement age for both categories, and also increased the age at which they can claim (early) retirement pensions.

The year 2000 saw major reform in the categorisation of AHW. Adoption of the Ordinance on the Categorisation of Work upon Retirement (OCWR) modified which kinds of labour could be considered to fall under Category I or II. The reform was undertaken with a view to reflecting technological advances, the elimination of a number of harmful forms of production, and implementation of preventive legislation in the field of health and safety at work. The categorisation resulted from bargaining between trade unions and the government – with some participation of the employers – that took place in the second half of the 1990s. The results of the bargaining were entered into national legislation and while they are legally rather easy to amend, they are very difficult to change politically. The ordinance was amended recently in 2011 and 2013, when debates over the categorisation of labour and early retirement were reopened. The bulk of working conditions described in the regulations today are no longer relevant and increasingly there are fewer workers in most of these jobs. Professions and jobs are categorised as AHW on the basis of physical hardship, or hazardous or (potentially) unhealthy conditions. A few professions and jobs on the list require the worker's constant concentration and are stressful due to the need to react quickly and take crucial decisions (e.g. airline pilots and heads of flights). It will be important to update the categorisation regularly in the future.

The 2015 pension reform raises the retirement age of workers in Categories I and II and establishes specific conditions:

- i. The retirement age is lower for some professional categories: workers with a minimum number of years engaged in AHW (Categories I and II) as well as teachers, ballet dancers and those in the military. In calculating the length of service of Category I workers, three years of service usually count as being equal to five years of ordinary service. For Category II workers, four years of service are treated as five years of ordinary service. For some exceptionally risky military and civil professions of Category I, one year of service counts as being equal to three years of ordinary service. These conversion rules allow workers in AHW who do not exercise their right to early retirement to qualify for a higher pension, because the total length of service is used in the pension formula.
- ii. With the 2015 pension reform, the minimum retirement age was also raised for Categories I and II, while no changes had occurred the previous 15 years. To acquire entitlement to a pension from public social insurance, the persons working under Category I must have worked 10 years under that category and, by 31 December 2015, they must have attained the age of 47 years and 8 months for women and 52 years and 8 months for men. From 31 December 2015, this age will be increased each year by 4 months for women and by 2 months for men until attainment of the age of 55 (in 2037 for women and in 2029 for men), with the sum of the contributory length of service and the age remaining unchanged.²
- iii. The persons working under Category II must have been employed 15 years in that category, and must have attained by 31 December 2015 the age of 52 years and 8 months for women and

2. Note, that in order to be entitled to a pension from public social insurance, persons working under Category I must have not acquired entitlement to an occupational pension under Article 168 of SIC from the private pension funds, and must have not changed their insurance regime by opting for insurance in the Pension Fund only instead of being insured in both the Professional Pension Fund and an occupational pension fund.

57 years and 8 months for men. From 31 December 2015, the age will be increased by 2 months for men and by 4 months for men until attainment of the age of 60 (in 2037 for women and in 2029 for men), with the sum of the contributory length of service and the age remaining unchanged.³

- iv. For military personnel and people employed in other special agencies, the 2015 pension reform introduced a minimum retirement age of 52 years and 10 months. The minimum will be gradually increased by 2 months a year until reaching the age of 55.
- v. In 2016, teachers acquired entitlement to a contributory service and retirement age pension upon attainment of 57 years and 10 months for women and 60 years and 10 months for men, subject to having 25 years and 8 months of contributory service as teachers for women and 30 years and 8 months for men. From 31 December 2016, their retirement age will be gradually increased to reach 62 years for both men and women. Teachers also are only required to have between 25 years and 8 months of service (women) and 30 years and 8 months (men) to be eligible for a full pension when they reach the statutory retirement age for Category III workers.
- vi. For ballet dancers with 25 years of contribution, the eligible age for claiming a pension will raise from 42 years and 10 months to 45 years. Prior to 2016, those persons acquired entitlement to a pension if they had 25 years of contributory service as ballet dancers or dancers at cultural organisations, regardless of their age.

The low amounts accrued in private accounts prompted the government, despite criticism, to allow movement from the second pillar of the pension system to the first (the public PAYG pension fund). The decision was taken on the basis of occupational pension funds being undercapitalised and their payment delayed. In many cases, people with long service do not have large amounts accrued in their personal pension accounts. This indicates that some workers in AHW are probably working at least partially in the informal sector. Further, fewer than 30% of retired people had actually accrued any amount in their private accounts. The length of contribution ranged from 1 month to 13 years.

1.3. Preventing welfare benefits from being used as alternative pathways to early retirement

Unemployment (insurance and assistance) benefits

In Bulgaria, eligibility for early retirement does not allow opting for receipt of unemployment benefits as a jobseeker. This rule is promoting early retirement and therefore contradicts the aim of encouraging longer working lives.

Social aid

The right to social assistance as a safety net is bound by assessment of the particular case. It depends on income, property, family and health status, age, employment and other circumstances. For jobless people of working age, special emphasis is placed on their activation in seeking and taking a job instead being beneficiaries of social assistance benefits.

Disability benefits

In 2016, 455 000 people received invalidity pensions related to employment. The following measures have been undertaken in the past few years to limit abuses of disability pensions:

3. Further, they must have not acquired entitlement to a pension under Article 168 of SIC, or, where they have changed their insurance regime under Article 4c of SIC by opting to be insured only in the pension fund of public social insurance instead of being insured in the Pension Fund as well as in an occupational pension fund.

- i. Medical Commissions (MC) to weigh the expert opinions were set up at the territorial divisions of the National Social Insurance Institute (TD of NSII) in 2005. These commissions can appeal against decisions of the medical examination bodies. The control accorded to the MC has been enhanced in recent years. Until 31 December 2011, the jurisdiction of the MC covered only a portion of the expert decisions. From 1 January 2012, MC decide on all expert decisions of SIC, establishing whether the degree of permanently reduced working capacity equals or exceeds 50%.
- ii. A provision was introduced in 2005 stipulating that a common disease invalidity pension shall not be granted, resumed or re-granted to any persons who have been granted a personal contributory service retirement age pension.
- iii. A minimum length of actual contributory service was introduced for the granting a common disease disability pension, starting in 2015. This amendment eliminated the possibility for persons who would otherwise qualify to be granted the pension if they have not been in employment.
- iv. From 1 January 2005, the possibility of receiving a social disability pension that is not work based, combined with another pension (in the amount of 25% of the social disability pension) was eliminated (with a transition period extending to 2014).
- v. From 1 January 2016, a disability pension shall be suspended in case the pensioner fails to observe the instructions of the working capacity evaluation authorities as regards prohibited working conditions.

In Bulgaria, the rehabilitation process takes place in several uncoordinated steps, from medical rehabilitation within the general health care system to the return to work arranged by the employer on the basis of the assessment of the worker's abilities by the Territorial Expert Medical Board. The National Social Security Institute has put in place a Programme for Prevention and Rehabilitation, but it focuses mostly on financial compensation and benefits. Overall, due to the scarce finances the national programme for prevention and rehabilitation of the National Social Security Institute has limited coverage. The Agency for People with Disabilities provides financing for projects to ensure accessible workplaces for people with disabilities; for health and safety measures and adaptation of workplaces; and for special equipment. Employers that hire people with disabilities are eligible for such financing (Daskalova and Fries-Tersch, 2016).

2. Encouraging employers to retain and hire older workers

2.1. Preventing discrimination in employment on the basis of age

Implementing current or new legislation

Article 8 (3) of the Labour Code expressly prohibits any direct or indirect discrimination on the grounds of ethnicity, origin, gender, sexual orientation, race, skin colour, age, political or religious belief, affiliation with trade unions and other public organisations and movements, family and property status, the existence of mental or physical disabilities, or differences in contract terms or duration of working time. According to this anti-discrimination rule, age cannot be a precondition for access to work – e.g. the employers cannot include aging requirements in the vacancy notices.

There is a special Commission for Protection against Discrimination dealing with these issues. It would be advisable that this Commission monitors case law. According to a national study of working conditions

published by EA GLI,⁴ older workers report that they are subject to discrimination more frequently than younger age groups.

Launching public awareness campaigns

No specific action relating to older workers has been taken. It is advisable to launch public awareness campaigns to tackle issues of stereotyping and discrimination of older workers in the labour market.

2.2. Taking a balanced approach to employment protection by age

Implementing age-neutral measures

Protection against dismissal can be enshrined in a collective agreement in cases where the employer dismisses workers because of a reduction in the number of posts or in the volume of work in the undertaking. Where such protection is agreed, the employer must obtain the consent of the trade union body associated with the undertaking before the dismissal.

2.3. Discouraging mandatory retirement by employers

By law in general and by sector/occupation, private/public sector, region

The Labour Code allows the employer to terminate an employment contract by giving a notice in writing to the worker in case the latter acquires entitlement to a contributory service and old-age pension, or a pension at a reduced rate, one year prior to reaching retirement age.

2.4. Better retention and hiring mechanisms targeted at older workers

For all older workers

The OECD recommends encouraging employer and worker representatives to identify mechanisms to facilitate the retention and hiring of all older workers, even those in vulnerable situations. No specific actions in this field were taken or made publicly available in Bulgaria.

Review of the use of seniority wages

Bulgarian legislation foresees a mechanism for annual indexing of salaries and office workers depending on their length of employment service and professional experience, and thus provides special additional pay. This seniority- and tenure-based pay element is provided by the employer on a compulsory basis. Its minimum amount is 0.6% per year of acquired length of employment service and professional experience. A higher amount is possible through collective agreement or in an individual employment contract. The OECD recommends reviewing practices in setting pay to reflect productivity and competences, not age.

2.5. Encouraging good practice in collective labour agreements and/or by individual employers/industries in managing an age-diverse workforce

Sharing knowledge and experience across different age groups

Mentoring was introduced in 2008 in the Employment Promotion Act (EPA). Through mentoring, experienced and usually older workers transfer their professional knowledge and experience to newly hired

4. <http://projects.gli.government.bg/index.php?mod=content&show=49>; Error! Hyperlink reference not valid. (both accessed 26 January 2018).

employees. According to the EPA, the mentor is a person in the same enterprise who trains the newly hired employee in a certain profession or craft, and has a minimum of 5 years' professional experience in the same profession, craft or qualification. Mentors receive remuneration, the amount of which is determined annually in the National Action Plan on Employment.

Mentoring is also used in traineeships for young people under the age of 29 (on-the-job training employment contracts). The mentor providing training must have qualifications in the same or similar profession as the trainee, as well as a certain length of employment service or professional experience in that profession. This measure motivates older workers to remain in the labour market because their work and exchange of experience is valued.

The 2016 amendments to the Civil Servants Act regulate the job-sharing option for key positions in administration. Job sharing is a form of work where retired and younger, inexperienced civil servants perform the functions of a position simultaneously. The retired civil servant has the job of transferring the knowledge and skills required for doing the work to the younger civil servant. This provides civil servants who have retired with opportunities for work and additional earnings.

Adjusting the working-time arrangements of older workers

Bulgarian legislation does not stipulate an obligation to change working-time arrangements in relation to age. However, working-time arrangements can be negotiated between the worker and the employer (e.g. the duration and distribution of part-time work). Further, there are agreements on teleworking and flexible working-time arrangements. In 2015, amendments to the Labour Code were introduced with some room for flexibility to distribute working time over the day or over several days.

Other issues such as internal job mobility, further training, workplace adjustment, age discrimination, mandatory retirement

Overall, age management issues seem not to be high on the agenda of social partners for collective bargaining. Thus, in their programme documents the social partners consider the challenge of population ageing for the labour market and social security systems, but do not propose any initiatives related to improving occupational health and safety for older workers (Daskalova and Fries-Tersch, 2016).

The scheme "Social Innovation in Enterprises", implemented in 2011-13 with financial support from the European Social Fund (ESF), targets the working conditions of older employees. The scheme's objective is to increase the productivity and adaptability of employees aged 55 and over. It aims to help implement innovative strategies for human resource development in enterprises, so as to stimulate the introduction of various flexible forms of employment (flexible working time, job rotation, etc.). It includes measures to ensure sustainable employment for persons over 55 while using their expertise to conduct workplace training and build the capacity of young employees in enterprises. The scheme also supports improvement of occupational health and safety, and building of social welfare facilities in companies (canteens, facilities for childcare, restrooms). In 2012, the government increased the financing of activities related to the social infrastructure of the companies. The planned outcomes included on-the-job training for 20 000 workers, the training of trainers for at least 250 workers aged 55 and above, and including 21 200 workers in flexible employment (job rotation, flexible working time, etc.) As yet, there is no official assessment of the results (Daskalova and Fries-Tersch, 2016).

3. Promoting the employability of workers throughout their working lives

3.1. Enhancing participation in training by workers in their mid- to late careers

Providing guidance services

The provision of vocational guidance to jobseekers, including older people searching for jobs through Employment Agencies, is regulated in the Employment Promotion Act since entry into force of the act in 2002. Vocational guidance covers provision of information, advice and counselling on career choices and career development.

Promoting lifelong learning and development of the adult vocational education and training system

Various opportunities for training are provided to increase the employability of older persons, such as literacy training, motivation training, vocational training, training in key competences, and entrepreneurship training. Opportunities for vocational training and for training in key competencies for those aged 55-64 are provided through training vouchers.

Setting up mechanisms for recognising and validating skills

The validation of non-formal learning was legally endorsed in the Vocational Education and Training (VET) Act of 2014. Regulation by the Minister of Education and Science stipulating the conditions and procedures for validating professional knowledge, skills and competences came into force in January 2015.

Introduction of the validation mechanism was supported by several initiatives implemented since 2008. The project System for Validation of Non-formal Acquired Knowledge, Skills and Competences (2013-14) – implemented by the Ministry of Education and Science in co-operation with the National Agency for Vocational Education and Training (NAVET), relevant ministries and social partners – involves the elaboration of a training programme for validation practitioners and the training of more than 1 000 consultants. A guide was developed on how to implement the validation procedure, with all the necessary templates and documents. The validation procedure verifies compliance of professional knowledge, skills and competences acquired through non-formal and informal learning with state educational requirements, and guarantees access to vocational training and to the labour market. Validation provides two types of certification: a certificate for validating a level of vocational qualification, and a certificate for acquiring a vocational qualification for work in a profession. Holders of these certificates have the same rights as those who have attained corresponding certificates through the formal education system. Institutions entitled to carry out validation include VET schools, vocational gymnasiums, art schools, sports schools, vocational colleges and VET centres.

3.2. Providing effective employment assistance to older jobseekers

Promoting an all-age mainstreaming activation approach

Those unemployed over the age of 50 are enrolled with priority in most active labour market programmes and measures financed by the state budget. Employment initiatives tailored to the needs of older workers have also been implemented. These include elaboration of individual profiles to determine the person's needs as well as the development of an action plan with relevant measures and services, including guidance, improving the person's employability and job-search services. Further, most of the employment programmes and measures – both those funded from the national budget and those within operational programmes funded by the EU – accept beneficiaries in pre-retirement and retirement age looking for jobs. In general, a high

caseload has been found to significantly reduce the effectiveness of employment services (Dimitrov and Duell, 2014).

Under the National Employment Action Plan, elaborated annually, a set of training and employment measures and programmes are implemented that target unemployed older workers, especially over the age of 54. Among the Plan's operations, funded with the support of the ESF, are the New Workplace and Training and Employment programmes. New Workplace measures include vocational training; key competence training; subsequent subsidised employment; and adapting newly created jobs for disabled persons. Training and Employment measures include vocational training, key competence training and subsidised employment.

According to the "Report on the *ex post* evaluation of the effect of active labour market policy at an individual level", drafted under the project Assessment of the Effect of Active Labour Market Policy financed by ESF in 2007-13, the majority of programmes and measures were eventually aimed at older workers aged 50 and above. In the report, the net effect for those over 50 is 13.6% compared to the 13.2% average net effect for all participants in the active labour market measures and programmes.⁵

Nevertheless, the number of participants among 100 persons wanting to work was comparatively low, and decreased from 14.2 % in 2007 to 3% in 2014, the lowest ratio among European countries for which data were available in that year. The share of GDP spent on ALMP declined from 0.27% in 2007 to 0.18% in 2014, one of the lowest shares in Europe.

Targeting workers most at risk of long-term joblessness

About 20% of participants in programmes for integrating vulnerable people into the labour market are older workers (55-64), according to the National Concept Paper for Encouraging Active Ageing in Bulgaria (2012-30). But in the case of measures for promoting adaptability and productivity, the share of older workers is much smaller – about 8% (Zahariev, 2016).

A low level of skills is the major risk factor for those unemployed aged 50 and over becoming long-term unemployed. According to data of Employment Agency among the unemployed aged above 50 years in 2015, 52.6% were low skilled (without qualification) and 47.3% had less than an upper secondary education. Further, hiring rates of older workers are low. This justifies having ALMPs target older workers.

The Chance for Work Project has the objective of encouraging the economic activity of the unemployed aged over 50 by providing different measures to enhance their employability and adaptability to change. The unemployed are participating in a set of training measures: motivation training for active job search behaviour on the labour market; increasing adaptability to change; overcoming the psychological barriers related to change of profession and enhancing motivation to learn; training in key competences in order to enhance communication and teamwork skills; vocational training to acquire qualification for the profession of "hospital attendant". Successful completion of the trainings is followed by subsidised employment in medical and social institutions for a period of four months, to gain the practical skills.

The project has been in operation since 2012, as annual targets are defined through the annually developed National Employment Action Plan. The initiator of the project is the Confederation of Independent Trade Unions in Bulgaria. Employers are health and social institutions from all regions of the country. To participate in the project, they submit letters of interest in advance; this ensures that training is consistent with employers' needs. The project is co-funded by the state budget and employers. In 2014, the project trained 554 unemployed persons aged 50 and older to become nurses, and provided apprenticeship in health and social institutions for 40% of graduates for a period of three months. At the end of 2014, planned targets were

5. www.mlsp.government.bg/ckfinder/userfiles/files/politiki/zaetost/strategii%20izsledvaniq%20otchet/NETNA-bg.pdf (accessed 27 January 2018).

reached: i.e. 48% of the apprentices were hired on permanent work contracts in health care facilities. Some of the trained unemployed started work as nurses in Germany, Austria and France (Loukanova, 2014).

Providing employment/hiring subsidies to firms

Wage subsidies and reduction of social security contributions are the main instruments used as employment incentives. Criteria for companies' eligibility for wage cost subsidies include the number of workers in the enterprise in the month before submission of the application; the type of enterprise activity; successful fulfilment of obligations under previous contracts; and not having received assistance in the past 24 months under employment promotion measures. An important precondition is that in the three months prior to submission of the application for incentive measures, employers must not have dismissed employees from the same job positions for which they are now applying. Another requirement for receiving a hiring subsidy is for the employer to ensure employment for the entire duration of the incentive measure. The employers are also required to keep over 50% of all workers recruited with subsidy contracts after expiry of the subsidised period. The requirement of continued employment is set to stimulate the transition from temporary to open-ended contracts (Loukanova, 2014).

Subsidies for hiring unemployed older people have been provided under the Employment Promotion Act (EPA) since 2002 (Article 55a). For each job created for which an unemployed person aged 55 and over is hired, the employer receives a wage subsidy (in amount of EUR 150 for each hired older person with an upper secondary or lower level of education, and an amount of EUR 190 for each older person with higher education), as well as subsidies for mandatory social security contributions. Employers have to pay the difference to reach at least the minimum wage (EUR 230 per month in 2017). The subsidies are provided for no more than 12 months.

In 2016, a new employment incentive measure was introduced, targeting unemployed persons 50 and older, unemployed persons with lower secondary and less education, unemployed persons registered with labour offices no less than 6 months, and unemployed persons younger than 24 years old (Article 51, para. 1, EPA). For each job created under this new measure, the employer receives a wage subsidy as well as a reduction in social security contributions. These subsidies amount to 50% of eligible wage costs for the subsidised period. The subsidies are provided for no less than 3 months and no more than 12 months.

The national programme "Support for Retirement" was introduced in 2002; it has seen several changes since then. The latest changes were made in 2016 with a view to expanding the programme's coverage. Thus, unemployed people aged over 58 can be hired under the programme with no other conditions, while in 2015 the target group covered only unemployed persons who had been out of work 24 months and had been 2 years of age short for entitlement to a pension. The aim of the programme is to support the transition of unemployed people older than 58 to employment or retirement. Under the programme, employment is provided (for not less than 3 months and not more than 24 months) to these older workers if they actively search for a job and are registered with the labour offices. The amount of the wage subsidy is determined each year in the National Action Plan on Employment. In the interests of sharing experience between generations, highly educated and qualified older people can be appointed as consultants and mentors (see above). For each hired older unemployed person, the employer receives wage subsidies and subsidies for social security contributions. In 2017, the amount of wage subsidy for older people with upper secondary and lower education is EUR 230 per months, while for those with higher education it is EUR 250 per month.

Between 2010 and 2011, the contribution rate to the public pension system was reduced from 32% to 17.8% for the insured born before 1 January 1960 and to 12.8% for those born afterwards. According to the European Commission, the effects on job creation and income were negligible (European Commission, 2015). Further, this measure has quite likely penalized hiring of older workers (above the age of 50).

3.3. Enhancing job quality for older workers

Strengthen workplace safety and physical and mental health

National Occupational Safety and Health (OSH) Policy is implemented in accordance with the National OSH Strategy (2008-12) and the annual National Programmes on Safety and Health at Work, which follow the priorities of the Community Strategy on Health and Safety at Work 2007-12, the EU Strategic Framework on Health and Safety at Work 2014-20, and the Global strategy for OSH of the International Labour Organization. The main objective of the policy is to ensure safe and healthy working conditions for all workers by preventing work-related illnesses, occupational diseases and accidents at work. The overall concept of the strategic documents on OSH is geared towards prevention before rehabilitation and rehabilitation before early exit from the labour market. Priority areas of the OSH policy are: improving the implementation of OSH legislation; ensuring effective and efficient labour inspection; providing information on OSH policy; addressing the challenges related to implementation of OSH legislation in SMEs; effective management of occupational risks, including new risks at the workplace, through strengthening the social dialogue to ensure better protection; development and implementation of practical tools to manage occupational and health risks; awareness raising and encouraging a culture of prevention among workers and employers; and improving the quality of preventive and protective services. These measures do not target older workers directly. In particular, the General Labour Inspectorate is not carrying out any specific activities aimed at older workers. However, the National Strategy on Safety and Health at Work for the period 2008-12 and the annual national programmes on safety and health at work are included in different joint initiatives of public institutions and organisations of the social partners in support of workers, including vulnerable and particularly older workers.

The government promotes measures to improve application of legislation on safety and health at work through the Working Conditions Fund (WCF) within the Ministry of Labour and Social Policy. WCF funds projects to ameliorate working conditions in enterprises; the diagnostics of occupational diseases; and occupational health and safety training. The following activities have been developed or distributed in the reporting period through the Working Conditions Fund: programmes on risk assessment in small and medium-sized enterprises; information materials concerning the main risks at work aimed at vulnerable groups of employees, including young workers, elderly workers, and workers at SMEs; and guidelines for risk assessment in small and medium-sized enterprises. This last covers assessment of risks that include neuropsychological stress; stumbling, slipping or falling from a height; chemical substances; and the use of machines and working equipment. There is also a *Leading Dangers for Health and Safety at Work for Hairdressers* guide.

Further, schemes in the area of safety and health at work were implemented within Operational Programme Human Resources Development, co-financed by the European Social Fund of the European Union and the national budget for the 2007-2013 programming period:

- i. These included conducting a national study of working conditions published by EA GLI;6 developing profiles of safety and health at work by economic activity; developing models of management systems and organising training for activities related to safety and health at work by economic activity; developing practical instruments for assessing risk at the workplace by economic activity; and awareness-raising activities. The study on working conditions shows the following survey results: about one-third of respondents have vision problems, back pain, headache, vomiting and muscle pain. Forty percent of them complain of stress; more than sixty percent report total fatigue; and between twenty and twenty-six percent have problems relating to

6. <http://projects.gli.government.bg/index.php?mod=content&show=49>;
<http://projects.gli.government.bg/index.php?mod=content&show=43> (both accessed 26 January 2018).

sleep, anxiety and irritation. Sectors where employees have a higher incidence of health problems can be classified as risky. These are (in decreasing incidence of risk): mining and quarrying; education; human health and social work; and Manufacturing. However, the data are not broken down by age group.

- ii. Activities of the Safety at Work project included: general or component-specific analysis of the condition and design of the organisation of labour; modernisation and/or reconstruction and/or ensuring the safety of existing facilities, technological processes, machines and facilities, related to improving working conditions and purchasing collective protective equipment; development (installation) and certification of safety at work standards; training of employees for the safe operation of newly introduced working equipment and technologies; and training in connection with a newly implemented standard for health and safety at work.
- iii. An electronic platform for distance learning about safety and health at work has been developed and maintained within the project Support for Decent Work, with the purpose of keeping employees informed and encouraging changes in conduct to strengthen health and safety efficiency. A network of 37 information bureaus on consultation and information has been established. Eight round tables dedicated to safety and health at work have been held. Two handbooks in support of decent work have been issued.

The ESF Human Resources Development programme for the new programming period 2014-20 also focuses part of its specific objectives on achieving higher employment among older people and improving their health and safety in the workplace. Bulgaria participates in the project *Strengthening the Capacity of Health Professionals to Improve the Health of the Ageing Workforce*, financed by the European Commission's health programme, which started in 2013.

The country is also actively involved in European campaign *Healthy Workplaces for All Ages*, organised by the European Agency for Safety and Health at Work (SHW) (2016-17). During the campaign in 2016, two conferences were held in Bulgaria. In 2017 the country also marked European SHW week with a national conference (Sofia) and a regional conference (Stara Zagora). Healthy Workplaces for All Ages focused on the challenges concerning the ageing workforce, as well as on sharing good practices in providing conditions for sustainable work and long and healthy working life at enterprise level.

Reducing the incidence of arduous/hazardous work

Some occupations described in a special ordinance may enjoy additional paid leave of five days per year or more, but this rule does not apply automatically and is subject to additional conditions. In a number of other professions, daily working hours have been reduced. The options for reduced working hours are also defined in a by-law and are subject to many additional conditions, including sectoral agreements.

The 2015 report of the Chief Labour Inspectorate Executive Agency shows that most of the heavy sanctions relating to immediate threats to workers' health and lives were imposed in construction and coal mining. These sanctions included closing production sites and injunctions for immediate measures to be taken (Zahariev, 2016).

Balancing professional and family responsibilities

As stated above, there are several possibilities for negotiating working-time flexibility. Otherwise, policies targeted at balancing professional and family responsibilities are focused on maternity and paternity leave and arrangements for coming back to work after a child-rearing break.

Table 1. Late Career Scoreboard, Bulgaria, 2006 and 2016

	Bulgaria		EU28 ^a		OECD ^a	
	2006	2016	2006	2016	2006	2016
Demographic situation						
-- Old-age dependency ratio ^b	0.28	0.34	0.28	0.32	0.23	0.28
-- Effective labour force exit age ^c (years) Men	59.8	63.1	62.0	63.4	63.6	65.1
Women	56.8	60.7	60.5	62.0	62.3	63.6
Employment						
-- Employment rate, 50-74 (% of the age group)	33.6	41.2	38.3	45.4	47.0	50.8
of which 50-54	71.3	75.4	73.1	77.9	73.8	75.7
55-64	39.6	54.5	43.3	55.3	52.7	59.2
65-69	5.6	9.9	9.1	12.1	20.3	25.5
70-74	2.6	3.2	4.4	5.5	12.0	14.6
-- Gender gap in employment, 55-64 ((men-women)/men)	0.37	0.12	0.34	0.21	0.32	0.25
Job characteristics						
-- Incidence of part-time work, 55-64 (% of total employment in the age group)	3.5	1.9	22.1	22.2	20.3	21.1
of which voluntary 55-64 (% of part-time work in the age group)	41.2	33.9	85.4	78.9	87.3	85.2
Average number of weekly hours worked	19.8	20.0	17.1	17.5	16.6	16.9
-- Incidence of temporary work, 55-64 (% of employees in the age group)	7.3	3.2	6.9	6.7	8.9	7.9
-- Incidence of self-employment, 55-64 (% of total employment in the age group)	13.1	10.3	24.1	19.7	38.0	32.8
-- Full-time earnings, 55-64 relative to 25-54 (ratio)	-	-	-	-	1.09	1.10
Dynamics						
-- Retention rate ^d after 60 (% of employees t-5)	30.1	47.7	37.1	48.8	40.3	50.3
-- Hiring rate, ^e 55-64 (% of employees in the age group)	12.9	6.3	6.1	5.8	9.2	9.1
Joblessness						
-- Unemployment rate, 55-64 (% of the labour force aged 55-64)	7.9	7.3	6.1	6.4	4.3	4.6
-- Incidence of long-term ^f unemployment, 55-64 (% of total unemployment in the age group)	65.4	64.9	49.8	63.7	26.3	44.3
-- Marginally attached workers, ^g 55-64 (% of population in the age group)	5.8	3.9	2.4	1.9	1.2	1.2
Employability						
-- Share of 55-64 with tertiary education (% of population in the age group)	17.9	23.5	17.2	22.9	20.0	26.2
-- Participation in training, ^h 55-74 (% of employed in the age group)	-	-	-	8.5	-	-
Relative to employed persons aged 25-54 (ratio)	-	-	-	0.66	-	-

- Weighted averages with the exception of the share with tertiary education.
- The ratio of the population aged 65 and over to the population aged 20-64.
- Effective exit age over the five-year periods 2001-06 and 2011-16. The effective exit age (also called the effective age of retirement) is calculated as a weighted average of the exit ages of each five-year age cohort, starting with the cohort aged 40-44 at the first year, using absolute changes in the labour force participation rate of each cohort as weights.
- All employees currently aged 60-64 with job tenure of five years or more as a percentage of all employees aged 55-59 five years previously.
- Employees aged 55-64 with job tenure of less than one year as a percentage of total employees.
- Unemployed for more than one year.
- Persons neither employed, nor actively looking for work, but willing to work and available for taking a job during the survey reference week.
- Participation in formal and non-formal training in the last four weeks.

Source: OECD estimations from the *OECD Employment Database*, the *OECD Earnings Distribution Database*, *OECD Education at a Glance* and the *Eurostat Database on Education and Training*.

Table 2. Implementing ageing and employment policies in Bulgaria, 2007 to mid-2017

1. Rewarding work and later retirement	
1.1. Enhancing incentives to continue working at an older age	
<i>Raising the statutory age of retirement</i>	+
<i>Facilitating phased retirement</i>	/
<i>Better combining of pensions and work income</i>	✓
<i>Rewarding longer careers</i>	+
1.2. Towards restricted use of early retirement schemes	
<i>Restricting access to publicly funded early retirement schemes</i>	/
<i>Introducing specific provisions for arduous/hazardous work</i>	+
1.3. Preventing welfare benefits from being used as alternative pathways to early retirement	
<i>Unemployment (insurance and assistance) benefits</i>	?
<i>Social aid</i>	/
<i>Disability benefits</i>	+
2. Encouraging employers to retain and hire older workers	
2.1. Preventing discrimination in employment on the basis of age	
<i>Implementing current or new legislation</i>	/
<i>Launching public awareness campaigns</i>	/
2.2. Taking a balanced approach to employment protection by age	
<i>Implementing age-neutral measures</i>	/
2.3. Discouraging mandatory retirement by employers	
<i>By law in general and by sector/occupation, private/public sector, region</i>	/
2.4. Encouraging social partners to implement better retention and hiring mechanisms targeted at older workers	
<i>For all older workers</i>	+
<i>Review of the use of seniority wages</i>	/

2.5. Encouraging good practice in collective labour agreements and/or by individual employers/industries in managing an age-diverse workforce	
<i>Sharing knowledge and experience across different age groups</i>	+
<i>Adjusting the working-time arrangements of older workers</i>	/
<i>Other issues such as internal job mobility, further training, workplace adjustment, age discrimination, mandatory retirement</i>	/
3. Promoting the employability of workers throughout their working lives	
3.1. Enhancing participation in training by workers in their mid- to late careers	
<i>Providing guidance services</i>	/
<i>Promoting lifelong learning and development of the adult vocational education and training system</i>	+
<i>Setting up mechanisms for recognising and validating skills</i>	+
3.2. Providing effective employment assistance to older jobseekers	
<i>Promoting an all-age mainstreaming activation approach</i>	+
<i>Targeting workers most at risk of long-term joblessness</i>	+
<i>Providing employment/hiring subsidies to firms</i>	+
3.3. Enhancing job quality for older workers	
<i>Strengthening workplace safety and physical and mental health</i>	+
<i>Reducing the incidence of arduous/hazardous work</i>	+
<i>Balancing professional and family responsibilities</i>	/
<p>++ = Substantial action taken. + = Some action taken, but more could be done. +? = Some action taken, but requires further assessment. ? = Some action taken with negligible impact. / = No relevant action taken. ✓ = No action needed.</p> <p><i>Source: Assessment based mainly on answers by Bulgaria to the 2016-2017 OECD questionnaire.</i></p>	

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