



REPUBLIC OF BULGARIA
Ministry of Finance

EUROPE 2020: NATIONAL REFORM PROGRAMME

2017 Update

May 2017
Sofia, Bulgaria

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List of Abbreviations

EA	Employment Agency;	FSC	Financial Supervision Commission;
PPA	Public Procurement Agency;	IMF	International Monetary Fund;
ALMP	Active Labour Market Policies;	ME	medical expertise;
GDP	Gross Domestic Product;	MH	Ministry of Health;
BNB	Bulgarian National Bank;	MAF	Ministry of Agriculture and Food;
GA	Grant Assistance;	MC	Ministry of Culture;
RS	Renewable Sources;	MEW	Ministry of Environment and Water;
GIS	Geographical Information System;	ILO	International Labour Organisation;
SB	State Budget;	MJ	Ministry of Justice;
SG	State Gazette;	SMEs	Small and medium-sized enterprises;
VAT	Value Added Tax;	MTITC	Ministry of Transport, Information Technology and Communications;
GC	Grant Contract;	MLSP	Ministry of Labour and Social Policy;
EBA	European Banking Authority;	Mol	Ministry of Interior;
EE	Energy Efficiency;	IWG	Intergovernmental working group;
SIP	Single Information Point;	MW	minimum wage;
EC	European Commission;	MRDPW	Ministry of Regional Development and Public Works;
EAAL	European Agenda for Adult Learning;	CoM	Council of Ministers;
EWC	Expertise of Working Capacity;	MF	Ministry of Finance;
EU	European Union;	NRA	National Revenue Agency;
ESIF	European Structural and Investment Funds;	NTEF	National Trust EcoFund;
ESF	European Social Fund;	NHIF	National Health Insurance Fund;
EU ETS	European Union Emissions Trading System;	ASO	Amending and Supplementing Ordinance
ECB	European Central Bank;	NIJ	National Institute of Justice;
LNHIFB	Law on National Health Insurance Fund Budget;	R&D	Research and development;
LSBRB	Law on State Budget of the Republic of Bulgaria;	NIF	National Innovation Fund;
CSL	Civil Servants Law;	NCGLL	National Coordination Group for Lifelong Learning;
LE	Law on Energy;	NIIP	Net international investment position;
LEE	Law on Energy Efficiency;	NSSI	National Social Security Institute;
LERS	Law on Energy from Renewable Sources;	NAPE	National Action Plan for Employment;
LAS	Law Amending and Supplementing;	NPUAL-	National Platform United for Adult Learning;
FSCL	Financial Supervision Commission Law;	NRP	National Reform Programme;
SIL	Statutory Instruments Law;	NA	National Assembly;
LIP	Law on Investment Promotion;	NSLL	National Strategy for Lifelong Learning;
LEP	Law on Employment Promotion;	N CPRMP	National Council on Prices and Reimbursement of Medicinal Products;
LIFA	Law on Independent Financial Audit;	NT	National Target;
LPP	Law on Public Procurement;	IA	impact assessment;
LO	Law on Ownership;	OECD	Organisation for Economic Co-operation and Development;
LFAC	Law on Family Allowances for Children;	OP	Operational Programme;
LSD	Law on Spatial Development;	OPIC	Operational Programme "Innovation and Competitiveness";
GLI EA	General Labour Inspectorate Executive Agency	OPISME	Operational Programme "Initiatives for Small and Medium Enterprises";
ICT	Information and Communication Technology;	OPGG	Operational Programme "Good governance"
YEI	Youth Employment Initiative;	OPSESG	Operational Programme "Science and education for smart growth" 2014-2020;
IPA	Institute of Public Administration;	OPE	Operational Programme "Environment";
IPURD	Integrated Plan for Urban Regeneration and Development;		
ICP	Investment Climate Programme;		
ISSS	Innovation Strategy for Smart Specialization;		
MC	Monitoring Committee;		
SIC	Social Insurance Code;		

OPDCBE	Operational Programme "Development of the Competitiveness of the Bulgarian Economy"	WB	World Bank;
OPRG	Operational Programme "Regions in growth"	WHO	World Health Organisation;
OP HRD	Operational Programme Human Resources Development;	SOC	Specialized outpatient care;
OPTTI	Operational Programme "Transport and Transport Infrastructure" 2014-2020;	CAW	Construction and assembly works;
GP	General Prerequisites;	SEN	Special educational needs;
TTOs	Technology Transfer Offices;	CSR	Country-specific Recommendation;
AQR	assets quality review;	ST	Stress test;
PDL	Positive drug list;	CL	Commerce Law;
MFP	Maritime and Fisheries Programme;	TE	Technology exchange;
CoM	Council of Ministers Decree;	CR	Commercial Register;
Decree		TCs	Technology centres;
PA	Priority axis	SC	Steering Committee;
RIPL	Rules for the Implementation of the Investment Promotion Law;	MB	Managing Board;
IRPPL	Implementing Rules of the Public Procurement Law;	LL	Lifelong Learning;
IRLSA	Implementing Rules of the Law on Social Assistance;	SRF	"Scientific Research" Fund";
IRLFAC	Implementing Rules of the Law on Family Allowances for Children;	HPC	Hybrid Private Cloud
PRD	Programme "Rural development";	CAISAR	centralized automated information system "Address Register";
RB	Republic of Bulgaria;	CAISEPP	centralized administrative information system "Electronic Public Procurement";
UNFCCC	UN Framework Convention on Climate Change;	CAISCR	centralized automated information system "Civil registration";
CoM	Decision of the Council of Ministers;	CESA	Centres for Employment and Social Assistance;
Decision		EMCC	Emergency Medical Care Centre;
TLCUP	total labour cost per unit produced;	EPALE	Electronic Platform for Adult Learning in Europe;
		CRD	Capital Requirement Directive;
		CRR	Capital Requirement Regulation;
		FSAP	Financial Sector Assessment Programme

INTRODUCTION

The update of the NRP for 2017 has been prepared in the framework of enhanced monitoring of economic policies in the EU. Bulgaria has focused on the implementation of measures addressing the 2015 and 2016 CSR of the Council on the excessive macroeconomic imbalances identified by the EC. The key commitments in the areas with imbalances have been fulfilled. Progress has been made in the implementation of measures addressing national targets and CSRs. Positive dynamic of the macroeconomic development will further support the process of overcoming the identified imbalances. At the same time, the development of some of the measures is also influenced by the political cycle in the country resulting in the dissolution of the 43rd National Assembly, the holding of the parliamentary elections and the formation of the 44th National Assembly.

The target to achieve a correction of the structural deficit amounting to 0.5% of GDP in 2016 has been reached as a result of a greater consolidation effort than planned. Results of the sectoral analyses performed and of the periodic assessments of conditions and indicators for manifestation of shadow economy and its impact on the tax revenue amount in the SB have shown a stable trend for a positive change.

In the banking sector, the results of the AQRs of banks and STs performed by the BNB have shown that the country's banking system remains well capitalized. In the field of the non-banking financial sector, the balance sheet reviews and STs of the insurance companies carried out, and the review of pension fund assets, has found that the insurance sector and the supplementary pensions sector are stable.

The programmes and measures implemented, as well as the amendments to the LEP have a substantial contribution to the reduction of the long-term unemployment and to the inclusion of disadvantaged people in the labour market.

In response to the Commission recommendation for a new approach to business failure and insolvency, affecting the period before the opening of insolvency proceedings, changes in the CL have provided an opportunity to take more effective measures to prevent insolvency by rescuing the enterprise, including when there is a real danger of insolvency.

The NRP includes four sections. The first one gives an overview of macroeconomic expectations. The second section is divided into two parts and includes measures in response to the recommendations and the identified challenges in the Country Report Bulgaria 2017, as well as policies for enhancing the competitiveness of the economy. The third section provides a progress review of the implementation of NTs under the "Europe 2020" Strategy. Specific information is presented in tabular form on the measures for each CSR, policy and NT that will be implemented to realise commitments and policy objectives in the current semester. The last section presents briefly the relationship between the priorities in ESIF financing for 2014-2020 and the challenges identified in the Country Report Bulgaria 2017, CSR for 2016 and the implementation of the NT under "Europe 2020" Strategy.

The Country Report Bulgaria 2017 together with the documents launching the next European Semester has served as a starting point in this update of the NRP. Emphasis has been laid on the areas where limited or some progress has been found, as well as where progress has been substantial but the recommendations have not been fully implemented yet.

The 2017 update of the NRP has been developed according to government priorities for the period 2017-2021 and with the medium-term budget forecast for 2018-2020 and the Convergence Programme of the Republic of Bulgaria (2017-2020).

1

MACROECONOMIC CONTEXT AND SCENARIO

In 2015 and 2016 Bulgaria's economy has grown by 3.6% and 3.4% respectively, which is well above the EU average. In the medium term GDP growth is expected to remain above 3%, which will accelerate the process of real convergence compared to the period from the beginning of the crisis until 2014.

In 2017, the imports of goods and services are expected to accelerate, resulting in a slight slowdown of the economic growth of 3%. Its development will be influenced by the improved growth in domestic demand as well as continued export growth, albeit at a slower pace due to the expected slowdown of the European economy and of the demand from third countries neighbouring Bulgaria.

In the period 2018-2020, economic growth will accelerate to 3.2%, driven mainly by private consumption and investment. Exports of goods and services will continue to grow and along with an increase in domestic demand will lead to an acceleration of import growth. As a result, the positive contribution of net exports will gradually decrease and is expected to have a neutral contribution to GDP growth in 2020.

The average annual inflation is expected to be positive in 2017 – 1.2%. The increase in international prices, strengthened by the depreciation of the euro against the US Dollar, will be reflected in higher domestic prices of energy commodities and foods. They will have a leading positive contribution to inflation at the end of the year. Under the assumption of higher international oil prices and non-energy commodities and rising domestic demand, the average annual increase of the HICP is expected to be 1.3% in 2018 and inflation will accelerate to 1.8 % in 2020.

Labour market recovery will continue throughout the entire forecast period. The observed favourable developments in 2016 contributed to all labour market indicators¹ included in the Scoreboard of key indicators to stay below the indicative thresholds. The unemployment rate continued to decline for a third consecutive year and reached 7.6%² of the workforce in 2016. This trend will continue in the medium term and the decrease is expected to be realized at a slower pace, influenced by a more limited decline in labour supply, resulting from measures to gradually rise the months of age and length of service required for retirement. In 2017-2020 the unemployment rate is expected to gradually decrease to 6.2% and remain below the 3-years threshold of 10%.

The downward development in unemployment was associated with improvement in the structural indicators of the labour market, including in the rate of long-term unemployment and in the rate of youth unemployment. Although the economic activity rate (15-64) decreased compared to 2015, its 3-years change remained positive. The expected increase in participation of the population in the labour force in the medium term will be supported by both pension reform and longer stay in the labour market and by the implemented structural reforms.

In 2016, the employment recovery was accompanied by a real increase in labour productivity of 2.9% and a slowdown in growth rate of compensation per employee to 3.1%. As a result, TLCUP increased nominally by only 0.2% and fell by 0.9% in real terms. The improvement in the cost competitiveness of the economy is realized mainly through services, where the majority of economic activity marked reduction in compensation per employee compared to 2015. The increase in compensation per employee in industry did not affect negatively the competitive position of the economy, which was confirmed by the sustained real growth in industrial production and exports. In 2016, 3-year change in nominal TLCUP in the Scoreboard fell below the threshold of 12%, while expectations for the dynamics of compensation per employee and labour productivity show that nominal TLCUP will remain below the threshold in the medium term.

¹ For the purposes of monitoring macroeconomic imbalances in the EU

² According to the Labour Force Survey.

Current account surplus reached 3.8% of GDP in 2016. Improvement of the balance compared to 2015 was due to the increase in surplus in services and lower deficits in trade of goods and in the article primary income. In 2016 NIIP continued to improve and reached 51.3% of GDP in September. The positive balance of current and capital accounts over the forecast period and the gradual reduction of foreign debt, the favourable dynamics of reserve assets and the nominal GDP growth will limit the negative balance of NIIP. At the end of the forecasted period this indicator in the Scoreboard will be close to the projected minimum threshold of 35% of GDP.

The banking system has successfully passed the AQR and the ST. The results confirmed the stability of the system and its resilience to absorb negative macroeconomic and market shocks, and that no public support is required for any bank. The high levels of basic supervisory indicators remained unchanged at the system level. At the end of December 2016 the liquid assets ratio was 38.2% and the total capital adequacy ratio reached 22.2%. At the end of 2016, net profit of the banking system amounted to BGN 1 262.3 million, showing an annual growth rate of 40.5%.

Lending to the private sector started to recover and increased by 1.5% at the end of 2016. In the period 2017-2020, the growth of credit to the private sector will accelerate in line with the forecasted growth in private consumption, improved economic activity, accelerated growth of imports of goods and the acceleration of private investment growth. Annual growth of private sector receivables is expected to reach 6.6% at the end of 2020.

Table 1: Dynamics of some of the headline indicators in the Scoreboard of Microeconomic Imbalances

Indicators	Threshold	2015	2016	2017*	2018*	2019*	2020*
Current account balance as a percentage of GDP (3 year average)	- 4%/6%	0.6%	1.4%	2.7%	3.8%	3.8%	3.7%
REER with HICP, relative to 42 countries (3 year percentage change)	± 11%	-4.1%	-4.6%	-3.5%	-1.3%	-1.5%	-2.4%
Nominal unit labour cost (3 years percentage change)	12%	14.9%	7.2%	4.2%	4.2%	6.6%	7.5%
General government debt., % of GDP	60%	26.0%	29.5%	26.4%	25.6%	25.1%	23.8%
Unemployment rate, in %, (3 year average)	10%	11.2%	9.4%	7.9%	7.0%	6.5%	6.3%
Economic activity rate (15-64), (3 years change, pp)	-0.2%	2.2	0.3				
Long term unemployment rate (15-74), (3 years change, pp)	0.5%	-1.2	-2.9				
Youth unemployment rate (15-24), (3 years change, pp)	2%	-6.5	-11.2				

* Forecast

Source: EC, MoF

2

POLICY RESPONSE TO MAJOR ECONOMIC CHALLENGES

2.1 Implementation of the 2016 country-specific recommendations of the Council addressing macroeconomic imbalances

In July 2016, the Council adopted four recommendations to Bulgaria in the areas identified in 2015, in which the country is experiencing macroeconomic imbalances – fiscal policy, banking and non-banking financial sector, active labour market policies and insolvency framework. In the area of public procurement, a recommendation was made to strengthen the capacity of the responsible units and of the PPA and to improve the procedures and the control over their implementation.

Items 3.1.1 to 3.1.4 present the policy response in greater detail. The measures in the area of fiscal policy relevant to the implementation of the Stability and Growth Pact are presented in the Convergence Programme.

2.1.1 Country-Specific Recommendation 1

Achieve an annual fiscal adjustment of 0.5% of GDP towards the medium-term budgetary objective in 2016 and in 2017. Further improve tax collection and take measures to reduce the extent of the informal economy, including undeclared work.

⦿ Policy summary

The policy continues to be aimed at increasing budget revenues and decreasing the share of shadow economy while keeping the level of tax burden. The fight against tax fraud and tax evasion and the reduction of administrative burden and costs for businesses and citizens remain at the policy focus.

Measures for mitigation and prevention of the informal economy and for transformation of undeclared work into regular employment with the active participation of all stakeholders contribute to the increase in the employment rate, to the increase in labour market flexibility and security and to the improvement of jobs quality.

The implementation of the measures included in the Single National Strategy for improving tax collection, tackling shadow economy and reducing compliance costs 2015-2017 continues. At the end of March 2017, the CoM adopted a second annual report assessing the implementation of the Strategy and of the 2016 Action Plan annexed to it.

⦿ Country Report Bulgaria 2017

According to the EC assessment, Bulgaria has made some progress in addressing CSR 1.

The EC notes that efforts to improve the efficiency of the tax system are ongoing. Progress is achieved in the improvements in tax control, systems for collecting taxes, and increasing tax compliance. An increase of VAT revenue is noted and an improvement in collection of indirect taxes as well as relative stability of income tax revenue and of social security contributions as a percentage of GDP, which is associated with a limited progress in the fight against undeclared work. A progress is noted also in international tax cooperation. However, the Commission considers that the fight against grey economy and reducing administrative burden continue to be among the major challenges. Emphasis is placed on the time that business spends to pay taxes.

Relatively little difference is found between the indicators of income inequality before and after taxes and social security contributions. It is pointed out that tax revenue as a percentage of GDP is relatively low, and

stands for that the structure of the tax system combined with high levels of tax evasion and undeclared work provide limited fiscal space. Consequently, tax system's role in the fight against income inequality is assessed as limited.

⦿ Policy response

Legislative changes and actions of the revenue administrations have been undertaken in the field of collection and control. The majority of the measures are set out in the Action Plan to the Single National Strategy for improving tax collection, tackling shadow economy and reducing compliance costs 2015-2017³. The Action Plan to the Strategy is updated. New measures are included as well as specific activities for the improvement of the measures implemented so far.

To improve revenue collection policies are outlined in detail in the Convergence Programme (2017-2020), where measures are presented to curb tax fraud, prevent tax evasion and decrease of the share of the shadow economy. The main tools for minimizing the losses from uncollected tax revenues in the budget include, inter alia, the strengthening of the interaction of the institutions and the exchange of information both on national and international scales, as well as the decrease of the administrative burden and the costs for doing business and costs for the citizens.

The implementation of measures for mitigation and prevention of undeclared work will be effected also by the performance of a more effective control for compliance with legislation by the GLI EA. Improved inspection and control intends to reduce the incidence of:

- ▶ work without a contract in economic activity "Plant production"
- ▶ illegal employment of foreign nationals;
- ▶ conducting intermediary activities without a registration at the EA.

³ Approved by CoMD №806/ 2015

2.1.2 Country Specific Recommendation 2

By the end of 2016, finalise the asset quality review and stress test of the banks. By the end of 2016, complete the balance-sheet review and stress test of the insurance companies and the review of private pension funds' assets. Take the necessary follow-up actions in all three sectors and continue to improve banking and nonbanking supervision.

⦿ Policy summary

The AQR and the ST in the banking sector has been concluded on August 13, 2016, within the statutory period, with publication of results, conclusions and corrective actions that banks should take, if necessary, to optimize their balance sheets in order to adequately cover credit risk. The results reflecting the specific nature and complexity of financial intermediation were announced both at banking system level and individually for each bank, and are publicly available on the BNB website⁴. The result of the ST confirms strong capital position and resilience to shocks of the banking system. Capital positions of banks remain stable.

Between 10 and 26 October 2016 the first stage of the joint mission of the IMF and the WB to assess the entire financial sector in Bulgaria (FSAP) has been held, being focused on the supervisory activity carried out by the BNB and the FSC, and becoming familiar with the processes, documentation, approach and results of the 2016 AQR and ST. Further discussions with the FSC were carried out in December 2016.

Between 17 and 31 January 2017 the second stage was held, during which the IMF and WB team performed its own ST simulation of the banking sector based on two hypothetical scenarios – baseline and adverse one, and in a series of meetings discussed the framework and characteristics of the Protection Mechanism in Bulgaria, the so called Safety net. The results of the overall assessment of the situation in the Bulgarian financial sector is planned to be presented to the Board of the Executive Directors of the IMF and the WB in May 2017. Based on the results of this review actions will be taken on strengthening the financial sector supervision.

At the beginning of 2017 balance sheet reviews of insurers and reinsurers and assets reviews of the pension funds have been completed, and on 03 February the summary reports of the results of the reviews in both sectors and of the ST results of the insurance sector have been published. The reviews confirmed the resilience of both sectors, but nevertheless established that legislative changes in certain aspects have to be carried out. The draft LAS of the SIC submitted in October 2016, containing the amendments as foreseen in the NRP, was not discussed at a plenary session of the 43th NA due to its dissolution after the resignation of the government. In this regard, a draft-law amending SIC will be submitted again, which will provide for an overall improvement of the regulation of supplementary pension insurance activity, including with regard to the outcome of the pension funds' assets review.

⦿ Country Report Bulgaria 2017

According to the EC assessment, Bulgaria has made some progress in addressing CSR 2.

The Commission considers that the stability of the financial sector has improved, noting that compared to 2014, total capital adequacy, risk coverage and liquidity of the banking sector as a whole have currently improved. Weaknesses are mentioned occasionally, but the system in general is defined as stable.

Profitability in both banking and non-banking sector remains stable. Difficulties of the insurance market identified by the EC are related to the application of Solvency II, which imposes more stringent capital requirements.

⦿ Policy response

BNB pursues a consistent policy towards banks in order to ensure their adequate capacity to absorb losses. This conservative policy results in accumulation of significant capital buffers in the banking system.

⁴ <http://bnb.bg/BankSupervision/BSAQR/BSAQRResults/index.htm>

Even before the entry into force of Regulation (EU) № 575/2013 and Directive (EU) № 2013/36 (CRR and CRD IV), BNB has required banks to maintain capital levels that were higher than the minimum ones required under the European legislation. Having introduced various types of buffers in accordance with the CRD IV, BNB determined that Bulgarian banks should maintain the highest permissible level of systemic risk buffer.

In addition to the steps already implemented (AQR and ST) and in line with previous preliminary observations of the joint mission of the IMF and the WB for assessment of the entire financial sector in Bulgaria (FSAP), whose forthcoming final analysis, containing conclusions and potential recommendations is to be received, the BNB develops measures in the following areas:

- ▶ expanding reasons for imposing supervisory measures;
- ▶ a review of current regulations, internal rules and guidelines governing supervisory activities; and
- ▶ drafting and adopting guidelines for activities in the various directorates of the Banking Supervision Department.

Measures to address CSR 2 in the field of banking sector are also outlined in the Convergence Programme (2017-2020).

In connection with the review of insurers' balance sheets at the end of June 2016, the FSC has taken steps to restore the eligible own funds of insurers, for which non-compliance with capital requirements was established. With respect to all insurers, measures have been taken for the implementation of independent external reviewers' recommendations, as well as for reflection of the findings of the review as an adjustment in the quantitative reporting templates at the end of June 2016.

Overall, the balance sheet review revealed an adequacy of the technical provisions level of the insurance sector. A proposal was made by independent external experts for a reduction of the technical provisions.

Concerning the ST of the Bulgarian insurance sector, the FSC will carefully analyse the results at the aggregate and individual levels and will take appropriate measures to increase the resilience of the Bulgarian insurance industry.

Concerning the results of the pension funds' assets review at the end of June 2016, the FSC asked pension companies to submit a Programme for implementation of the independent external experts' recommendations.

The results of the pension funds' assets review will be taken into consideration when drafting the amendments to the SIC to improve the regulation of the supplementary pension insurance.

In addition to the measures above and in conjunction with reflecting the results of the reviews completed in both sectors, as of end of June 2016 the FSC decided to carry out an inspection by independent external experts of the balance sheets of insurers and reinsurers pursuant to Article 18, paragraph 2 of the FSCL, including at the insurance group level, and of pension fund assets as of end of 2016. The purpose of the inspection is to take into account changes and subsequent events after the end of June 2016.

The inspection results should be presented to the FSC within the following deadlines:

- ▶ For insurers on an individual basis – until May 22, 2017
- ▶ For insurers at group level – until July 3, 2017
- ▶ For pension funds – until March 31, 2017

Table 2: Measures addressing CSR 2, part of Annex 1

Policy area	Measure title	Information on measures taken and planned					End date	Expected effect, also on the budget	Output indicators: current and target value
		Brief description of the measure	Start date	Current state (as of 30 April 2017)	Upcoming stages in the implementation of the measure until its completion deadline (after 1 May 2017)				
1	2	3	4	5	6	7	8	9	
Strengthening banking supervision and legislation	Regulations, internal rules and manuals in regard to supervisory activities	Expanding the reasons for imposing supervisory measures; review of current regulations, internal rules and guidelines governing supervisory activities; drafting and adopting an on-site Supervision Manual; Off-site Supervision Manual; Specific Supervision Manual all of them prepared in accordance with the best banking practices (applied by ECB, EBA and other leading supervisory authorities).	September 2016	Working groups of supervisory experts have been set up to prepare the supervisory process manuals of the respective units. Banking Supervision Process Manual was adopted in February 2017 by a decision of the BNB.	Finalizing the process of drafting new internal rules and guidelines governing supervisory activities; assessing the impact of new internal rules and manuals.	Second half of 2017	Ensuring effective supervision.		
Strengthening banking and non-banking financial sector supervision and legislation	Review of the existing legislation on the powers of FSC	A thorough assessment of the FSC's powers in relation to the current legislation, and of the strict and uniform application of EU legislation by the national regulator.	May 2015	Between 12 and 26 October 2016 a series of meetings were held under the mission of the IMF and WB within the FSAP. FSC provided detailed information on the operation of its administration, applicable legal framework, and structure of the insurance sector and pension system and on the status of both sectors. In December 2016 and January 2017, further discussions were held during the visit of IMF and WB.	An overall assessment of the FSC's powers in relation to the current legislation and of the strict and uniform application of EU legislation by the national regulator will be carried out within IMF and WB's review under FSAP.	Middle of 2017 -final report under FSAP.	Ensuring effective supervision.	Drafting proposals for new legislative changes, resulting from the review, to enhance the powers of the FSC.	
Strengthening banking and non-banking financial sector supervision and legislation	Improving the legislation regulating supplementary pension insurance	A comprehensive review of the legislation and drafting of amendments to the SIC to improve the regulation of the supplementary pension insurance, incl. in view of the outcome of the pension funds' assets review.	May 2017		Preparing and submitting to MoF a draft LAS of the SIC.	August 2017	Better regulation.	Draft-law adopted	

2.1.3 County Specific Recommendation 3

Reinforce and integrate social assistance, including relevant social services, and active labour market policies, in particular for the long-term unemployed and young people not in employment, education or training. Increase the provision of quality education for disadvantaged groups, including Roma. Improve the efficiency of the health system by improving access and funding, and health outcomes. In consultation with social partners establish guidelines and criteria for setting the minimum wage. Increase the coverage and adequacy of the minimum income scheme.

⦿ Policy summary

Active labour market policy aims to improve the integration of vulnerable groups in the labour market taking into account person's individual needs. It should provide fast and quality transitions from unemployment and inactivity to employment. Efforts continue to improve access to mediation services in employment including information, counselling, psychological support, motivation for active behaviour at the labour market, guiding to employment in the real economy and to appropriate programmes and measures for employment and training. All available instruments of ALMP are applied to limit unemployment duration with an emphasis on the training of unemployed persons at employer request, and on the job training and apprenticeship. The new education legislation focuses on promoting education and training and inclusion in the labour market.

Improvement of coordination between the social assistance system and employment promotion system with a view to support social reintegration of persons receiving social benefits by providing better financing in the implementation of programmes and projects in the field of social assistance continues.

It is a policy priority with regard to the people at working age that the employment promotion system promotes job creation for job seekers especially for disadvantaged unemployed people in the labour market and thus supporting their inclusion in the labour market. Thus, the monthly social benefits are just one of the tools that ensure protection of the most vulnerable groups. They are complemented by various other targeted and one-off cash benefits and benefits in kind (family allowances and allowances for integration of people with disabilities, social services, etc.).

Special attention is paid to the educational integration of children and students from ethnic minorities. The policy in this field aims to overcome the challenges in terms of equal access to education, improvement the work with parents and effective coordination of institutions and civil society. Another important aspect of the policy is to provide an opportunity for persons over 16 that have not completed elementary or primary education, to pass literacy courses and courses for learning lower secondary curriculum, which would later give these persons better opportunities for realization in the labour market. Additional intensive training in Bulgarian language, as well as additional training in educational areas of the compulsory pre-school education curriculum and in the compulsory subjects of the school curriculum is provided to children seeking or under international protection.

To increase the efficiency of the healthcare system and health outcomes, implementation of the objectives and measures of the 2020 National Health Strategy and the Action Plan to it continues. The introduction of the National Health Insurance Card provides an opportunity for more effective planning and targeting of resources. The expanded scope of activities in outpatient care and the refinement of the criteria for hospitalization help to avoid unnecessary hospitalizations.

Drug policy seeks to impose clear rules for participants in the pharmaceutical market, which should help to reduce treatment costs while providing quality and affordable medicines. An important role is assigned to the mechanisms for negotiating discounts for inclusion of medicinal products in the PDL and for compulsory health technology assessment. Another important aspect of the policy is to regulate the measures for monitoring of medicines and to limit their exports when necessary.

In the field of labour incomes and living standards a draft mechanism for determining the country's MW is developed.

🕒 Country Report Bulgaria 2017

According to the EC assessment, Bulgaria has made limited progress in addressing CSR 3.

In addition to the disparities in terms of demand and supply of skills, EC identifies as major challenges facing the country also disparities existing on a geographic and sectoral basis. These disparities hamper the effective functioning of the labour market and the implementation of the corrections required. Another major problem continues to be the poorly targeted ALMPs. The provision of quality education continues to be uneven and social inequalities are getting deeper too. The high share of long-term unemployment (about 60% of total unemployment) highlights its largely structural nature. The challenge of the labour market concerning the high percentage of young people who are neither in employment nor in education and training remains valid. The Commission considers that ALMP focuses mainly on demand, while measures aimed at labour supply remain underfinanced. More specifically, it concerns training programmes for the unemployed, aimed primarily at those individuals who are more easily activated.

EC considers the social transfers system as one of the least efficient in the EU, characterized by low adequacy and coverage. Bulgaria has one of the lowest levels of social transfers. Eligibility rules are considered very restrictive, leaving many poor families without support. The limited scope of the minimum income decreases access to health insurance for poor people who rely on the state for access to health services. Commission focuses attention on the lack of an update of the guaranteed minimum income since 2009. The lack of a mechanism for the regular review of social assistance undermines its relevance over time.

In the field of education, the Commission has identified insufficient provision of quality education and inadequate financing of the system as important challenges facing the country. An increase in early school leaving has been noted which leads to serious consequences for the labour market amid high regional disparities. This percentage is particularly high among the Roma, on which the Commission places particular emphasis. Roma participation in primary education remains low. They are exposed to educational exclusion and face barriers to equal opportunities for education, which increases the risk of dropping out.

In the field of health, the EC notes that public health expenditure remain low, covering only 51.6% of total health expenditure. Low health insurance coverage, in turn, limits access to health services. The Commission notes that the overall percentage of unmet medical needs due to cost, distance and waiting times remains well above the EU average. The prevalence of informal payments and low coverage of outpatient medical service makes access to healthcare difficult for certain categories of persons, such as long-term unemployed. Difficult access to medicines in some parts of the country is also identified. EC highlights also the growing shortage of doctors and nurses.

The EC reiterates that the MW levels are still determined without a transparent mechanism based on appropriate macro-indicators. This prevents achieving a good balance between the objectives of promoting employment and the protection of labour income.

🕒 Policy response

Long-term unemployed and young people who do not participate in any form of employment, education or training are priority groups for 2017 ALMP. The activity of Roma and youth mediators will continue for the provision of affordable services to disadvantaged groups in the labour market, including long-term unemployed and young people not participating in any form of employment, education or training. To resolve specific cases and overcome barriers to inclusion in employment, case managers will continue to work as intermediaries between different institutions – social, health and educational. Provision of integrated services will continue, tailored to the individual needs of persons from vulnerable groups in the 65 CESAs created. In order to improve access for more people to integrated services for returning to or inclusion in the labour market, 8 new CESAs are expected to be built in 2017.

In order to reduce the regional disparities in the labour market, implementation of a new measure will start in 2017, aimed at encouraging unemployed, including young people from institutions or using social services in a residential type community and educated, to be hired to work in a locality, situated more than

50 kilometres away from the locality of the current address. Persons who start work under the measure will be paid funds to cover the cost of fees for nurseries, kindergartens, housing rentals, charges for using the Internet. An amendment of the Implementing Rule of the Law on Employment Promotion is under preparation which will regulate the implementation procedure of the measure.

Actions have been taken in the area of social assistance to develop the social assistance system through changes in IRLSA. Current mechanism for granting social benefits is fine-tuned, with an emphasis on promoting education and training and higher activity for inclusion in the labour market. Since the beginning of 2017, assistance is performed on current address basis, which, among other positive effects, encourage labour mobility and migration.

In 2016 amendments to the Ordinance⁵ on the terms and conditions for granting targeted assistance for heating were adopted, aimed at preventing pensioners who received targeted assistance for heating from dropping out only because of the updated amount of their pension. Target benefit amount was increased in the new 2016/2017 heating season so as to fully offset the increase in the price of electricity.

A number of projects are being implemented now in the field of pre-school and school education which provide work with children and students with SEN, children and students from marginalized groups as well as activities related to the personal development of students and career guidance. Additional activities are foreseen that will help children and students in their development and will prevent dropping out of school, as well as various activities of interest to develop the potential of each child.

The Ministry of Education and Science, through the relevant inspectorates, MoI, through the inspectors from the Pedagogic room and the MLSP will jointly carry out periodic inspections and control of parents raising children at risk in order to return them to school more quickly, respecting the provisions of the Constitution of the Republic of Bulgaria for compulsory schooling up to 16 years. Measures aimed at the fulfilment of the NT in the field of education will also support the implementation of the recommendation in the part of quality education for disadvantaged groups.

Funds planned for primary outpatient care in 2017 have been increased by 11% compared to the 2016 LNHIFB. The funds are provided for increases in payments for capitation, preventive activities for adults and dispensary observation of persons over 18 with chronic diseases subject to dispensarisation. In 2017 SOC funds increased by almost 5% compared to the 2016 LNHIFB. The funds planned ensure retaining of the increased volumes of consultative examinations in 2016, by providing also performance of preventive gynaecological examinations of women at 30, in order to prevent malignant neoplasm of the cervix. In relation to the new commitments of the outpatient care system provided for in the regulations, funds are planned for medical and diagnostic activities amounting to BGN 77.5 million, representing an increase of over BGN 7 million compared to the 2016 LNHIFB.

Preparation of an analysis of the national legislation in accordance with the Convention 131 of the ILO on determining the MW is forthcoming.

⁵ № РД 07-5 of 16.05.2008

Table 3: Measures addressing CSR 3, part of Annex 1

Policy area	Measure title	Brief description of the measure	Start date	Information on the measures taken and planned			Expected effect, also on the budget	Output indicators: current and target value
				Current state (as of 30 April 2016)	Upcoming stages in the implementation of the measure until its completion deadline (after 1 May 2017)	End date		
1	2	3	4	5	6	7	8	9
Reducing the number of long-term unemployed	Implementation of the 2017 NAPE	Implementation of the measure encouraging hiring of long-term unemployed (Art. 55 (c) of the EPA) and the Programme for training and employment of long-term unemployed, financed by the SB.	January 2017		Inclusion of long-term unemployed in training and employment.	December 2017	BGN 9.2 million from SB	Employment provided to 2 900 long term unemployed.
Integrating into the labour market of young people who are not in employment, education or training	Implementation of the 2017 NAPE and of the National Plan for implementing the European Youth Guarantee; Measures to activate the inactive youth OP HRD	Implementation of measures for activation of inactive young people of the National Programme "Enabling inactive"; Implementation of the programme and measures for training and employment, incl. traineeships and apprenticeships for unemployed young people aged up to 29 ; Implementation of measures for activation of inactive young people of operation "Active" under OP HRD.	January 2017		Activation of economically inactive young people who do not study.	December 2017	BGN 1.8 million from SB	1/3 000 Activated young people under 29 ; 2/7 000 young people under 29 included in training and employment; 3/ Inactive participants aged 15 to 29 not in training or education 8 700.
			January 2017		Inclusion in training and employment of young people under 29.	December 2017	BGN 10 million from SB	
			2015		Implementation of the project activities.	2017	BGN 26 million under OP HRD	
Integration of social services and active employment policies	Measures to activate the inactive youth OP HRD	Operation "Ready for work".	2016	A contract is signed under the operation.	Implementation of the project activities.	2018	BGN 10 million under OP HRD (ESF BGN 8 million, YEI BGN 2 million)	1/ Inactive participants aged 15 to24 outside training or education 8 000; 2/ Inactive participants aged 25 to29 not in training or education 2 000.
			2016	A contract is signed under the operation.	Implementation of project activities.	2018	Total- BGN 159 million under OP HRD	1/Unemployed participants with a low level of education (below upper secondary – ISCED 3) 6 600; 2/Unemployed and inactive participants 9 375 persons minimum 3/ Number of
			2015	706 contracts have been signed. The total amount is BGN 114.2 million.	Signing contracts with beneficiaries and implementation of project activities under the operation are pending	2018	BGN 10 million BGN 125 million	
2015		In the process of implementing of project activities.	2017	BGN 24 million				

1	2	3	4	5	6	7	8	9
								newly introduced and / or updated processes and models for planning and implementation of policies and services – 1; 4/ Number of established and working CESA - minimum 40.
Increasing employment policy effectiveness	Labour market policy improvement	<p>1. Operation "Increasing effectiveness of employment policy."</p> <p>2. Operation "Achieving sustainable and quality employment by improving the attractiveness of occupations with low supply in the labour market in key development sectors of the Bulgarian economy."</p> <p>3. Operation "Development of the national system of competence assessment My Competence".</p>	<p>August 2015</p> <p>July 2016</p> <p>2015</p>	<p>A contract is signed with MLSP under the operation</p> <p>A contract is signed under the operation</p> <p>A contract is signed under the operation.</p>	<p>The operation is in progress.</p> <p>Implementation of project activities is ongoing.</p> <p>Implementation of project activities is ongoing.</p>	<p>2019</p> <p>2018</p> <p>2018</p>	<p>OP HRD BGN 5 848 300</p>	<p>1/ Employees in the labour market institutions of the covered by the programme measures/activities – at least 40 persons;</p> <p>2/ Number of companies that received support 50.</p>
Reducing imbalances in the labour market	Reducing the gap between supply and demand of labour in regional terms	Promoting territorial mobility of unemployed persons to start work (Art. 42, (3) of EPA).		A draft of IREPA is prepared for the implementation of the measure.	Adopting a draft of IREPA. Hiring unemployed persons in localities situated more than 50 kilometres from the locality of the current address.	2017	BGN 480 thousand from SB.	Employment to 400 unemployed
Labour income and standard of living	Mechanism for determining MW	Conceptual design of a mechanism for determining MW. Preparatory activities for starting the ratification procedure of Convention 131 of the ILO on determining the MW		<p>Negotiations between the Minister of Labour and Social Policy and the heads of national organizations representing employers and employees were carried out on the drafting of a mechanism for determining the MW amount for the country. Agreement in principle was reached. Indicators are discussed on the basis of which MW amount and negotiating corridor are determined.</p> <p>A draft National Tri-party agreement for drafting guidelines and criteria for determining the MW is prepared. The amount of MW will increase by BGN 50 in 2018, 2019 and 2020 and by 40 BGN in 2021.</p>	Preparing an analysis of the national legislation in accordance with the Convention 131 of the ILO on determining the MW.	2018		

1	2	3	4	5	6	7	8	9
	Ensuring social protection of vulnerable groups	Ensuring social protection of the lowest-income and highest-risk groups of the population through the provision of social benefits.	2016	In July 2016 were adopted amendments to Ordinance № РД 07-5 of 16.05.2008 on the terms and conditions for granting targeted assistance for heating for pensioners receiving assistance from the Targeted Energy Assistance Programme. Necessary actions for increasing the amount of the targeted assistance for heating during the 2016/2017 heating season were undertaken, so that the increases of the price of electricity was compensated in full. Amendments to the IRLSA have been adopted in 2016.	In 2017, the social protection of the lowest income and risky groups of the population will continue to be guaranteed by providing social benefits.	2017	1/Amount of social benefits (monthly, one-off allowances for rent, targeted resources for diagnosis and treatment CoMD 17, targeted benefits for heating) for 2017 BGN 143.5 million; 2/Promoting employment mobility and migration.	Ensuring social protection of the lowest-income and high-risk groups by improving the efficiency of the provision of social benefits.
Providing quality education and training for disadvantaged groups	Providing affordable and quality education for personal development	Providing free use of cognitive books for children and textbooks / teaching kits for students from class I to VII in the state, municipal and private kindergartens and schools.	March 2017	Prepared requests for cognitive books and textbooks / learning kits.	Providing requests for signing delivery contracts.	September – December 2017	Cognitive books for children in the preparatory group Textbooks / teaching kits for students from class I to VII.	1 / Number of children who received cognitive books; 2 / Number of students from class I to VII, who received textbooks / teaching kits for free use - - 100,000 children 270 000 students.
	Opportunities for LL	Organizing and conducting literacy courses and courses for acquiring competences for basic educational level for illiterate or poorly literate persons over 16 years old.	2017	In compliance with Order RD09-1416/21.09.2016 of the Minister of Education and Science, the implementation of the project "New Chance for Success" under OPSESG has started. The training in literacy courses has begun for adults in 123 schools, where 263 groups were formed and 3,343 trainees were included.	By the end of 2017, the completion of the training and the certification of their results will be finalised, as well as the launch of new literacy courses and courses for the acquisition competences for basic educational level.	December 2018	BGN 25 million	3343 people are enrolled in training Target value: 10000 people
Improved access to quality education for disadvantaged children, especially Roma	Strategy for Educational Integration of Children and students from ethnic minorities 2015-2020 and Action Plan for its implementation	Improving access to education and improving quality of education of children and students from ethnic minorities.	2017	Policies and measures set out in the Action Plan of the Strategy are implemented. In November 2016 was held a National Scientific and Practical Conference on the good pedagogical practice in the educational integration of children and students from ethnic minorities, organized by the Ministry of Education and Science and SBU.	Preparing an analysis of educational needs and opportunities for desegregation nationwide; Information campaigns among parents and communities to explain the benefits of educational integration of children from ethnic minorities – in regions with mixed ethnic population; Report on the implementation of the Action Plan on the implementation of the Strategy	2017	Improving access to education and improving the quality of education of children and students from ethnic minorities.	1 / Prepared analysis of educational needs and opportunities for desegregation nationwide; 2 / conducted information

1	2	3	4	5	6	7	8	9
				A report on the implementation of the Action Plan for implementation of the Strategy is under preparation.	for Educational Integration of Children and Students from Ethnic Minorities (2015-2020).			campaigns.
	Operation "Increasing the capacity of educational specialists to work in a multicultural environment" OPSESG	Implementation of activities for upskilling aimed at consolidating the results achieved towards the practical applicability, promoting and supporting the professional development of teaching staff; Early career support and raising the quality of continuing professional development opportunities of teachers and other educational staff.	2016	Implementation of projects approved.	Implementation of projects approved.	2018	Budget BGN 20 million for the period 2016-2018.	Number of pedagogical specialists qualified to work in a multicultural environment target – 1800.
	operation BG05M20P001-3.002 "Educational integration of students from ethnic minorities and / or asylum or international protection" under OPSESG	The operation is aimed at improving the conditions for equal access to schooling; increasing the motivation of students and parents to participate in the educational process; improving the quality of education in schools, which educate integrated students from different ethnic groups and / or children seeking or receiving international protection; additional activities with students for whom the Bulgarian language is not native to compensate for gaps in understanding the material.	2016	Implementation of projects approved.	Implementation of projects approved.	2018	1 / Number of students and young people from ethnic minorities (including Roma) involved in measures for educational integration and reintegration 18 750; 2/Grants BGN 25 million	Number of students and young people from ethnic minorities (incl. Roma) integrated in the educational system – Target value – 15 000.
Improved access to quality education including for disadvantaged children	Operation,, Providing conditions and resources for building and developing a supportive environment in kindergartens and schools to implement an inclusive education – Phase 1 " OPSESG project" Support for equal access and personal development "	Creating conditions for building an educational environment that promotes the potential of every child and student for personal development and successful realization and socialization. It aims at higher quality and better access to education by creating a supportive environment for early prevention of learning disabilities, for inclusive education of children and pupils with SEN and supportive environment for inclusive education and social inclusion of students with deviant behaviour.	December 2015.	"Inclusive Education" project under the OPHRD 2007-2013 achieved the general and specific objectives set. For the implementation period of the project were covered a total of over 3000 children with SEN and preschool children at risk of learning difficulties. The total number of covered professionals and teachers, including teachers of subjects and others from the school, members of the teams for resource support, is over 2000 people.	Implementation of project activities.	2017	Created conditions for building an educational environment that promotes the potential of every child and student for personal development and successful realization and socialization.	1 / Number of kindergartens supported to provide a supportive environment for early prevention of learning difficulties – target -33; 2/ Number of children and pupils with SEN involved in the process of inclusive training – target -1 800.
	Improvement the mechanism for allocation of the state budget funds for pre-school and school education	Creating conditions for: Improving the social status of pedagogical specialists; Fair and efficient allocation of financial resources in line with the needs of kindergartens and schools	2017	Ordinance № 4 of 2017 on the standardisation and remuneration of labour, in which the MW levels of the basic wage of the pedagogical specialists are determined.	Drafting changes in the legal framework for increasing the teacher's remuneration, linked to the quality of the educational process. Adoption of an Ordinance for financing the	2020	BGN 80 million for 2017 and with BGN 330 million for 2018, 2019 и 2020 increase in the	Improving the quality of the educational process.

1	2	3	4	5	6	7	8	9
	and the system of delegated budgets				institutions in the system of pre-school and school education, which provides a sustainable model of financing and conditions for equal access to quality education.		remuneration of the pedagogical specialists.	
Improving the effectiveness of healthcare system	Implementation of the National Health Strategy 2014-2020	Implementation of the "Objectives for Health 2020" Concept and the Action Plan of the National Health Strategy 2014-2020. Implementation of the Concept of development of emergency medical care in Bulgaria. Development of high-tech medical activities for interventional treatment of cerebrovascular diseases	2014	Updated Ordinance for prophylactic examinations and dispensary. Updated Ordinance № 2 of 2016 to determine the basic package of health services guaranteed by the NHIF budget. Developed OPRG projects to improve infrastructure and material-technical provision of the system of emergency medical care; Payment was regulated for medical devices for interventional treatment of cerebrovascular diseases using the Methodology for subsidising medical institutions for 2017 and contracts for financing medical institutions to provide medical devices for interventional treatment of cerebral vascular diseases.	Approved project under OPRG; Construction, repair, reconstruction and equipping of CEMA and hospital structures for emergency care and delivery of ambulances and medical equipment.	2020	Improving and strengthening of health status, reducing health inequalities and ensuring health system with high quality medical services.	Achieving the five key objectives of the Strategic Framework (see National Health Strategy 2014-2020).
	Improving the mechanism of pricing of medicinal products and rationalization of drug use	Introducing clear rules for participants in the pharmaceutical market and of good European practices in the pricing of medicinal products; Introducing a mechanism of health technology assessment in the application of medicinal products; Administering an effective medical treatment by allowing for generic substitution and / or administration of medicinal products.	2014	With CoMD № 381 of 2015 / prom. SG. 3 of 2016 / changes were made in the Ordinance on the conditions, rules and procedures for regulation and registration of pharmaceutical prices. Maintaining the reimbursement status of medicinal products included in the PDL. Approved 6 pharmaco-therapeutic guidelines of NSTSRLP. Ordinance № 9 of 01.12.2015 on the conditions and procedures for the evaluation of health technologies is published. / Prom. SG. 97 of 2015 /. Commission for Health Technology Assessment is established. 15 reports on health technology assessment are published. A draft of a CoMD for approval of a project on the Amendment of the Law on Medicinal Products in Human Medicine was published for public discussion on 19.10.2016.	Maintaining a reimbursement status of medicinal products. Validation of pharmaco-therapeutic guidelines. Improving access to innovative medicines after mandatory health technology assessment. Changes in legislation concerning: Prescribing and dispensing of medicines; Regulating measures to monitor medicines and to limit their export when necessary.	December 2017	1/ Cost optimization of public funds for treatment; 2/ Reducing the prices of medicinal products of the PDL; 3/ Improved access to healthcare; 4/ Savings resulting from the introduction of centralized negotiation of discounts on drugs that NHIF pays fully or partially.	1/ Number of medicinal products with reduced prices in the PDL; 2 / Number of established pharmaco-therapeutic guidelines; 3 / Number of medicinal products maintained with a reimbursement status in the PDL.
EHealth.	Building up a National Health	Improving the quality and efficiency of health care through	March 2017	The project proposal was approved for funding under OPGG. Preparation of	Contract signed for the direct award of a grant entitled "Priority projects under the	December 2018	BGN 12 million grants under	a national health information

1	2	3	4	5	6	7	8	9
	Information System	the introduction of a national health information system and implementation of a real patient access to information about his health. Shortening the time for service to patients and citizens, raising the quality of public services in healthcare and reducing financial costs. Achieving a significant change in the quality of healthcare using new health technologies in the field of e-Health.		the tender documentation for the projects in progress.	roadmap to implement the strategy for the development of e-governance in the RB for the period 2016 – 2020 entitled" under the OPGG with a priority eHealth.		OPGG	system created
		Developing a concept of supply of medical products by means of a trading platform.	May 2017	Analysis and risk assessment for the identification of corrupt practices in the supply and distribution of medical devices. Proposals for measures - comprehensive solution model; an overview of best practices around the world, a Plan for realization of the concept, amendments to regulations.		September 2017	1/ Reducing the risk of corruption and fraud. 2 / Achieving lower prices and better quality.	
Quality education for disadvantaged groups	Improvement of facilities in educational institutions	Under OPRG 2014-2020: Construction, reconstruction, repair, equipping and furnishing educational institutions – nurseries and kindergartens, primary and secondary schools; Improving access to quality inclusive preschool and school education.	2014	Procedures opened for award of grants under PA 1 "Sustainable and Integrated Urban Development" and PA 3 "Regional educational infrastructure" Under PA 1 investment priority "Educational Infrastructure" 17 pcs. GCs worth BGN 130 million were concluded. Under PA 3 were concluded 37 GCs for upgrading vocational schools, sport schools and schools of art and culture.	Implementation of projects under PA 1 and PA 3 of OPRG 2014-2020.	2023	BGN 390 million under OPRG 2014-2020.	Capacity of supported childcare or educational infrastructure – target – 180 447 persons.
Improving the living conditions of vulnerable groups	Improving housing conditions for vulnerable groups, and regional health infrastructure (emergency medical care)	Under OPRG 2014-2020: Construction, reconstruction, renovation and expansion of social housing in order to prevent poverty and social exclusion. Construction, renovation, equipping and furnishing projects of the health infrastructure of the emergency medical care system.	2015	Procedures opened for award of grants under PA 1 "Sustainable and Integrated Urban Development" – for projects for construction /reconstruction of social housing for disadvantaged people, incl. for marginalized groups. A contract was concluded for a social housing project worth BGN 9.5 million. Under PA 4 was signed a contract with the selected contractor to prepare a feasibility study, cost benefit analysis, application form and technical specifications of the particular beneficiary MH.	Implementation of projects under OPRG 2014-2020 within PA 1 "Sustainable and Integrated Urban Development" – for projects for construction / reconstruction of social housing for disadvantaged people, incl. for marginalized groups. Publication of Guidelines for applying under PA 4 "Regional health infrastructure" OPRG 2014-2020. Forthcoming implementation of a project for improving the emergency medical care system.	2023	For social housing: OPRG 2014-2020 BGN 27 million For emergency medical care: OPRG 2014-2020 BGN 163 million	1/rehabilitated housing in urban areas- target 560 pcs.; 2/Population with a 30 minutes access to emergency medical care and observation for 24 hours - baseline - 3 637 539; target 7 045 677); 3/Hospitalisations per annum baseline 2,038,179, target – 1,925,448.

2.1.4 Country Specific Recommendation 4

Reform the insolvency framework to accelerate recovery and resolution procedures and improve their effectiveness and transparency. Increase the capacity of the courts regarding insolvency procedures. Strengthen the capacity of the Public Procurement Agency and contracting authorities and improve the design and control of public tendering procedures, in particular by fully implementing the National Strategy for the development of the Public Procurement Sector (2014-2020). Speed up the introduction of e-procurement.

⦿ Policy summary

The aim of the reform in the insolvency framework is, by establishing an effective procedure with the possibility of an agreement reached before the opening of insolvency proceedings, to negotiate restructuring of obligations, to create conditions for the recovery and stabilization of the company and for continuing its activities.

The reform is also supported by actions to ensure the necessary interaction between courts as regards the register of bankruptcy, to improve data quality in the CR and trainings of judges.

The new Law on the Independent Financial Audit provides for strengthening public supervision of registered auditors by increasing its independence and providing adequate powers, including investigative sanctions and adoption of supervisory measures. The role of audit committees in public interest entities is enhanced to achieve a high quality of statutory audit by an additional report to the audit committee and improving communication with the registered auditor. The law guarantees a higher degree of independence of registered auditors, prohibiting the provision of certain services outside the audit.

In the area of public procurement, measures are aimed at creating the necessary capacity of the LPP for successful implementation of measures under the National Strategy for Development of Public Procurement and Powers of the Agency under the new PPL, as well as for strengthening the capacity of contracting authorities through the implementation of training programmes.

Statutory obligations for procurement planning are established to improve the assignment process. With the introduction of extended ex ante control by the PPA errors in the procurement process and effective appeals are expected to decrease.

The introduction of e-procurement aims to increase publicity and transparency in public procurement and easing of the awarding process.

⦿ Country Report Bulgaria 2017

According to the EC assessment, Bulgaria has made some progress in addressing CSR 4.

EC found a serious delay in the reform of the legislation on bankruptcy, including changes in the CL. The Commission considers that the challenges facing the implementation of legislative changes, including training and qualification of judges, as well as the capacity of the courts, are not addressed yet.

Despite ongoing debt reduction, high private debt, mainly to non-financial enterprises is assessed as a problem. Reducing high levels of corporate indebtedness is considered limited by delays in the adoption of reforms of the insolvency framework and the lack of a developed market for sales of non-performing corporate loans.

The Commission acknowledges the steps taken by the government to implement the National Strategy for Development of the Procurement Sector in Bulgaria for the period 2014-2020. It notes that the efforts continue for the introduction of electronic public procurement and for strengthening the administrative capacity of PPA and contracting authorities.

⦿ Policy response

At the end of 2016 amendments to the CL were adopted, which provide an opportunity to take more effective measures to prevent bankruptcy by rescuing of an enterprise, including when there is a real danger of insolvency. A requirement was also introduced for merchants who want to benefit from a stabilization procedure, to submit for declaring in the CR their annual financial statements when required pursuant to OA.

The MJ has undertaken actions to ensure the necessary interaction between courts as regards the register of bankruptcy and to improve data quality in the CR. Annual training courses on the topics of bankruptcy and pledges are included in the long-term training programmes of the NIJ.

NA approved a new LIFA aiming at improving control on statutory audits of corporate financial statements, strengthening supervision of audit companies and ensuring shared responsibility in cases of fraud and improper accounting. It transposes the provisions of a Directive and an EU Regulation in the national legislation.

To increase the lawfulness of the public procurement awarding in the country, the ex-ante control of procurements with European funding carried out by the PPA, has been transformed into control in which the checked procedures are determined at random by specialized electronic Random Selection System. In addition, the technical specifications are checked with the new control too. The new Public Procurement Law, effective as of April 15, 2016, introduced two new types of control – on certain exemptions from the scope of the law and on some grounds for amendment of procurement contracts.

To ensure the necessary capacity of the PPA for the fulfilment of its advanced functions under the new regulations, measures have been taken to stimulate the Agency's employees and to increase the staff with new posts.

Measures to increase the capacity of the contracting entities have been provided for within the implementation of the project, which is implemented by IPA with the consulting support of the OECD. PPA participated in the conducting of the trainings with its experts that have attended training for trainers. To achieve long-term results of the project, a Training Plan for 2017-2019 was prepared, the target group in which are employees of different contracting entities under the LPP. The annual IPA programmes include procurement training divided into two levels: introductory and advanced. PPA participates in the programme with its expert trainers.

To introduce electronic awarding of contracts in the country, a centralized single platform model was adopted with CoMD № 108 of February 16, 2016. For its realisation PPA implements a project under OPGG, within which development, implementation and maintenance of CAISEPP is forthcoming. Given the complexity of the procurement, the construction of the platform is performed in stages until its full functionality is achieved.

In order to increase transparency and predictability of the public procurement awarding as well as acceleration of public procurement electronisation, a comprehensive analysis of the contract awarding process is carried out in the system and in separate risk departments. Based on identified opportunities for the occurring of corruption preconditions, a series of measures were formulated, which provide a complete solution in the analysed sector. Much of the proposed measures are adopted by the MoI – changes in the organizational structure of the MoI, internal rules etc.

Table 4: Measures addressing CSR 4, part of Annex 1

Policy area	Title of measure	Short description of measure	Start date	Information on measures taken and planned			End date	Estimated effect, incl. budgetary	Effect indicators with current and target value
				Current status (as of 30 April 2017)	Upcoming stages in the implementation of the measure until its completion deadline (after May 1, 2017)				
1	2	3	4	5	6	7	8	9	
Public Procurement	Optimisation of the ex-ante control of the PPA	Creating a legal basis for widening the scope of the ex-ante control. Gradual expansion of the ex-ante control carried out by the PPA.	April 2016	The new LPP and the RIPPL are in force as of 15 April 2016. They are prerequisites for improving planning procedures by introduced specific obligations for the contracting authorities. The legal basis for the extension of ex ante control is established. Four types of control are regulated: over negotiated procedures without notice; over some exceptions; over some grounds for amendment of the procurement contract; at random, within which the technical specifications are also checked. The first three types of control are effective since April 15, 2016, and the fourth is performed since September 1, 2016	Implementation of the widened scope of the control.	on-going	1/ Effective use of national and European funding. 2 / Increasing legality of the procedures carried out by the PPL.	1/ Reducing mistakes in the procurement process 2/ Reducing the number of effective appeals.	
	Strengthening the administrative capacity of the PPA	Implementation of the National Strategy for development of the public procurement sector (2014-2020). Analysis and justification of the administrative capacity of the PPA in accordance with the new PPL.	January 2016	Measures have been taken to strengthen the administrative capacity of the PPA in qualitative and quantitative terms. In June 2016, an analysis / assessment had been prepared of the administrative capacity of the PPA in accordance with the functions stipulated in the PPL and the RIPPL, effective as of April 15, 2016. By CoMD № 241 of 09.17.2016 was amended the Classifier of posts in the administration. It has created the position of "State Expert" in the PPA under Art. 229, paragraph 7 of PPL. As of October 24, 2016, according to the approved work schedule of October 1, 2016, 9 Chief experts from the specialized administration of PPA are reappointed to "State Expert" position. In 2016, funds for remuneration of employees were increased by 22%. The LSBRB provides funding to increase the number of the PPA staff by 15 new posts for the implementation of new functions of the law.	The adoption of the new Rules of procedure of the PPA is forthcoming. Increasing the total number of personnel of the PPA with 15 staff places.	2020	Institutional strengthening of PPA.	Implementation of the National Strategy regarding strengthening of the administrative capacity.	
	Strengthening the capacity of the contracting	Implementation of the project "Support to the development and implementation of a programme for	February 2017	A programme for training in the field of public procurement is prepared by IPA in cooperation and with technical assistance	In accordance with the plan, trainings start in April 2017.	2019	Improving the administrative capacity of		

1	2	3	4	5	6	7	8	9	
	authorities	training and development of public procurement in Bulgaria within the action plan of ESIF under measure GP 4 of the Partnership Agreement of the RB, outlining the assistance from the ESF for the period 2014-2020 Implementation of a well-established annual IPA programme with training in public procurement.		of the OECD. A three-year plan is prepared for training contracting entities for the period 2017-2019. Under the programme, the IPA holds regular training sessions in the field of public procurement. Thus in 2016 were conducted: 3 induction trainings, which involved 74 officials from central and local administration; 8 advanced classes, which are attended by 205 officials from central and local administration.				contracting entities qualitatively.	
	Introduction of E-public procurement	Defining a national model for electronic procurement, tailored to the specific conditions in the RB and best European practices. Taking actions for a phased implementation of the model chosen.	2015	Within the project under OPGG a procedure was opened in 2016 for awarding of a contract for the development, implementation and maintenance of CAIS EPP. The decision to initiate the procedure was cancelled by the Commission for Protection of Competition. The PPA has announced the reopening of the public procurement procedure for the above subject. A project proposal is submitted for funding under the OPGG.	Awarding of a public procurement procedure for the acquisition of a national electronic procurement platform. Implementation of the public procurement and phased-in introduction of the system's functionalities.	2020	1/ Improving business environment 2/ BGN 7 million grant under OPGG.	Increasing publicity and transparency of public procurement and easing the assignment process.	

2.2 Policies for increasing the competitiveness of the economy

2.2.1 Business environment

⦿ Policy summary

Reducing administrative and regulatory burden and creating better investment conditions for domestic and foreign enterprises continues to be an important policy priority. Some of the measures that will make a significant contribution are related to the abolishment of the obligation citizens and businesses to certify information available in the state administration as well as the introduction of the principle of silence consent.

In May 2016 the CoM adopted an Action Plan with measures addressing key bottlenecks hindering the growth of investment. The measures provide for amendments to more than 20 laws and to the respective regulatory framework. They are aimed primarily at reducing the burden linked with administrative formalities and accelerating and facilitating the building process of technical infrastructure and investment projects. They are supplemented with horizontal measures to synchronize the legislative process with that of the strategic planning. A comprehensive analysis and risk assessment was performed regarding the administering of the regulatory regimes by municipalities to limit corruption and reduce the administrative burden on small and medium businesses. On this basis measures have been proposed – legal, organizational, technical, at central and local level.

Nearly half of the measures have been implemented as of February 15, 2017. The majority of the rest of the measures are in the process of implementation. Some of the most important implemented measures include: amendments to the LSD aiming at reducing the administrative arrangements, simplification of administrative procedures and reducing administrative time limits associated with implementation of investment intentions. Amendments to other basic laws have been made, related to the procedures concerning investment activity. Measures implemented include changes in other regulations such as the Tariff of Fees collected under the Law on the State Property, regulations related to the transmission and distribution of networks for gas and electricity and others.

The introduction of the obligation to perform IA on the regulations with an included SME test should in the medium term help to reduce regulations and frequently changing legislation. The developed methodology and scheme for performance of the SME test are important tools in the implementation process⁶.

The Third Action Plan to reduce the administrative burden on businesses for the period 2015-2017 is in progress⁷. At the end of December 2016 70 of the 130 measures of the plan have been implemented, resulting in a decreased administrative burden for businesses totalling to BGN 121.27 million per annum, or 25% of the planned 30% reduction.

Projects under OPRG 2014-2020 will be implemented, aimed to develop basic technical infrastructure, to improve quality of urban environment and accessibility and connectivity of regions.

⦿ Policy response

See Table 5.

⁶ The test performance methodology is a part of the Guide to Regulatory Impact Assessment

⁷ Approved by the CoM on 27 May 2015.

Table 5: Measures in the area of business environment to enhance the competitiveness of the economy, part of Annex 1

Policy area	Title of measure	Information on measures taken and planned					Estimated effect, also on the budget	Effect indicators with current and target value
		Short description of measure	Start date	Current status (as of 30 April 2017)	Upcoming stages in the implementation of the measure until its completion deadline (after May 1, 2017.)	End date		
1	2	3	4	5	6	7	8	9
Business environment	Building up and implementation of a shared resources portal for the development of e-governance software system	Developing and implementation of a shared resources portal for the development of software systems for E-governance.	2017	Preparing terms of reference.	Selection of a contractor. Development and implementation of a shared resources portal for the development of software systems for E-governance. Providing access to components, libraries and solutions and answers to technical questions regarding the building of a new software system.	2018	BGN 100 thousand under OPGG.	Number of portals developed – 1.
Business environment	Development of a GIS based electronic platform SIP	Developing a GIS based electronic platform SIP which will provide access to information about existing physical infrastructure suitable for the deployment of electronic communications networks and meeting the requirements of Directive 2014/61 / EU on measures to reduce the cost of deploying high-speed electronic communications networks.	2017	A project proposal under OPGG is submitted. The signing of a contract with OPGG and project starting is forthcoming.	Determining base layers and associated metadata and attributes; Development of network infrastructure GIS; Integration with other systems; Development and implementation of a software platform for processing and graphical presentation of data within the meaning of Directive 2014/61 / EU; Introduction of GIS-based online electronic administrative services for the activities of the SIP; Creating online public records; Training of stakeholders for working with GIS based information system SIIT.	2018	BGN 2 Million under OPGG Optimization of business processes and enhancing transparency in the operation of the administration.	Platform built
Business environment	Reducing the time and cost of access to technical infrastructure and streamlining of procedures of connecting business to it	The aim is to find out the problematic procedures and to optimise the time limits for issuance of all licenses and permits necessary for doing business in the country.	CoMD № 617 of 12.08. 2015	"Connecting to power" will be effected with 5 procedures and within 121 days. Joining the natural gas supply is carried out with 6 procedures and within 86 days. Joining water supply consists of 6 procedures. This field provides a choice for investors of the deadline for implementing the procedures. Express service lasts 25 days while normal service takes 95 days.	Proposals are sent for amending Ordinance № 6 of 24.02.2014 on connecting producers and customers of electrical power to the transmission or distribution networks and additional measures agreed upon within the working group to the MoF for approval.	December 2017	Easing the authorisation regime	Reducing time periods, fees, and procedures.
	Reducing the administrative burden to citizens and business	Implementation of the first, second and third package of measures to reduce the regulatory burden.	2013	1. Ceasing or simplification – 9 regimes; 2. Reduction of time limit of 18 regimes; 3. Reduction of fees under 7 regimes; 4. Reduction of the required documents under 25 regimes; 5. Simplification of procedure under 13 regimes.	Adopting legislative changes by the CoM and submitting to the NA.	December 2017		1. Annual costs saved to citizen and business (BGN 50 Million.); 2. Time saved to citizen and business

1	2	3	4	5	6	7	8	9
	Implementation of the Third Action Plan to reduce the administrative burden 2015-2017	Simplification of requirements resulting from national or from European legislation.	27 May 2015	By decision under item 1 of Protocol № 39 of the CoM meeting of 20.09.2016 a report was adopted on the implementation of measures under the Third Action Plan as of 06/30/2016 At the end of December 2016 a total of 70 measures of the Plan have been implemented. This has led to a reduction of administrative burden for businesses to the total amount of BGN 121.27 million per annum or 25% of the planned 30% reduction.	By the end of March 2017 preparation is forthcoming of progress reports as of the end of December 2016 concerning the third action plan and its submission for approval by the CoM.	December 2017	Administrative burden reduced for business by 30% which corresponds to costs reduced for business amounting in total to BGN 144.5 Million.	Target values: 1/ Number of regulations amended 25; 2/ Number of simplified information obligations for businesses 66; 3/ Number of institutions, which have created the technical capacity to electronically exchange information on the measures included in the Action Plan 15. (1 500 000 days).
Business environment	Introducing the "tacit consent" principle in the special laws	Ministry of Economy has created an IWG which should present proposals for the actual implementation of the tacit consent, including proposals for legislation in which tacit consent to be introduced.	March 2016	An IWG was established to introduce the principle of "tacit consent" to reduce the administrative and regulatory burden. A report was presented by the Minister of Economy at an operational meeting of the CoM with the relevant proposals for registration regimes. Answers were received from the MEW and the MC. Answers are expected from the MFA and the MTITC.		December 2017	Introduction of the principle of "tacit consent"	1/ Real implementation of the "tacit consent" principle 2/ Number of certification and registration regimes.

2.2.2 Public administration

⦿ Policy summary

The measures in the field of public administration are aimed to optimise the institutional environment in the medium term, as well as to use more efficiently resources in the provision of public services. The changes made enhance transparency and involvement of citizens and legal entities in the process of decision making on policy development.

Improving the quality and objectivity of the selection process when entering government service, while ensuring the necessary knowledge, skills, abilities and attitudes, will bring both economic and social benefits. The effectiveness and efficiency of policies and public services will increase, thus raising the public confidence.

The updated roadmap for implementation of the Strategy for the development of e-government in Bulgaria for the period 2016-2020 foresees the realisation of short-term priority projects by 2018 that will upgrade the existing and build new central systems of electronic management and key primary registers.

⦿ Policy response

See table 6.

Table 6: Measures in the field of public administration to increase the competitiveness of the economy, part of Annex 1

Policy area	Title of measure	Information on measures taken and planned					Estimated effect, incl. budgetary	Effect indicators with current and target value
		Brief description of measure	Start date	Current status (as of 30 April 2017)	Upcoming stages in the implementation of the measure until its completion deadline (after May 1, 2017)	End date		
1	2	3	4	5	6	7	8	9
Network industries ICT	Inventory of ICT infrastructure for the needs of e-governance	Auditing ICT resources of central and local administration. Mapping ICT resources. Performing analysis and creating conditions for the imposition of a model for monitoring and optimization of expenses for building and maintaining an integrated environment for the development and operation of e-governance. Supporting the process of creating an environment for e-governance.	2016	A contract for a grant under OPGG. Contract signed for development of terms of reference for the assignment of a public procurement for selecting a contractor. Prepared technical specification. Announcing the tender to select a contractor.	Procedure for selecting a contractor. Assessment of real possibilities for building an environment for e-governance and transition to cloud organization of ICT resources of the administration based on a Single electronic communication network.	March 2018	1 / Increasing the capacity utilization of the infrastructure; 2 / More adequate technical support of information resources; 3 / Reduction of operating costs for information resources; 4 /BGN 2.03 million grant under OPGG.	1/ Number of administrations inventoried – 576; 2/ Number of locations inventoried; 3/ Number of information resources listed.
	Building a government HPC and a secure internet hub for public eGovernment services.	Building a government HPC and gradually increasing capacity in order to facilitate administrations in electronization of services. Hybrid architecture allows the integration of additional hardware and software.	2017	A project proposal is prepared.	Studying the current status. Planning a phased upgrade of the HPC capacity annually. Delivery and installation of equipment, licensing management environment and preparing a technological map.	2018	1/ Resources consolidation 2/ BGN 25.8 million grant under OPGG.	HPC built 1.
Public administration	Implementing CAIS CR and CAIS AR	Implementation of CAIS CR which supports 3 Registers integrated: Register of the population – National Database "Population", National electronic register of civil status acts and Register of identification numbers. Implementation of CAIS AR.	2017	A project proposal is submitted under OPGG. Preparation of terms of reference.	Selecting a contractor. Development and implementation of CAIS CR with a centralized architecture, providing functionality through web services and automatic notification to interested parties throughout the state administration. Development and implementation of CAIS AR as an open and free classifier of all addresses in the RB. CAIS AR meets all modern requirements for scalability, security, preserving the transaction history of the classifiers and providing public web services to public authorities, citizens and businesses.	2018	1/ Implemented CAIS CR; 2/ Implemented CAIS AR; 3/BGN 2.05 million grant under OPGG.	Number of upgraded registers 4.
	Development and implementation of a pilot system for remote electronic voting	Development of a pilot fully functional system for remote electronic voting, integrated with the national scheme for electronic identification and CAIS CR and conducting of an experimental	2017	A project proposal is submitted under OPGG. Preparation of terms of reference.	Selecting a contractor. Development and implementation of a pilot system for remote electronic voting.	2018	1/Introduced possibility for an electronic remote voting in elections;	Number of information systems developed 1.

1	2	3	4	5	6	7	8	9
		ballot.					2/BGN 1.25 Million grant under OPGG.	
	Development of a National Spatial Data Portal (INSPIRE)	Development and implementation of a national web portal with the following features: storage of metadata for national spatial data; services related to the data; an online interface provided to access all available and published spatial databases; integration with the European INSPIRE portal and the national for open data portal.	2017	A project proposal is submitted under OPGG. Preparation of terms of reference.	Selecting a contractor. Development and implementation of the National Spatial Data Portal (INSPIRE).	2018	1/Improved infrastructure for spatial information and optimized processes related to the exchange of spatial data. 2/BGN 1.6 million under OPGG.	Number of portals developed 1.
	Performing IA of statutory instruments	The amendments to the SIL (SG. 34 of 2016) introduced an obligation to perform IA of statutory instruments. By the preparation of real IAs the regulatory requirement will be satisfied and will help directly the process of formulating better and coherent policies and the creation of better statutory instruments.	September 2017	Approved project under OPGG "Building capacity for performing IA in the public administration", within which preliminary comprehensive and subsequent IA will be performed.	Starting performance of comprehensive preliminary IAs October 2017. Starting performance of subsequent IAs October 2017.	December 2018	BGN 3.1 million grant under OPGG.	1/Comprehensive preliminary IAs performed in 2018 36 2/ Subsequent IAs performed in 2018 20
	Publication of public information in an open, machine-readable format	Publication of data sets in an open machine-readable format.	January 2017	Approved List of data sets on priority areas to be published in an open format on the Open data portal in 2017 Contract for a grant under OPGG.	Publication of the data sets according to the list adopted by the CoM and publication of additional data sets on the initiative of public sector organizations.	December 2018	BGN 850 thousand under OPGG.	Current value 1 560 data sets; Target value 2 100 data sets.
	Introduction of a centralized stage of the competitions for civil servants	Introduction of a centralized stage of the competition on recruitment in the public administration and reassignment / mobility to a managerial position for the first time, in accordance with the adopted amendments to the CSL. Providing the necessary technological platform for their performance.	April 2015	LAS to CSA adopted by the NA (SG. 57 of 2016). Contract for a grant under OPGG.	Development of an on-line platform Development of tests.	December 2017	BGN 1.43 million grant under OPGG.	Reducing appointments without a competition (less than 400 servants by 2017, 0 for 2020).

3

PROGRESS ON THE NATIONAL TARGETS UNDER THE EUROPE 2020 STRATEGY

Table 7: Progress on the implementation of the national targets under the Europe 2020 strategy

National target	2013	2014	2015	2016	2020
Employment of the population aged 20-64 years	63.5%	65.1%	67.1%	67.7%	76%
Investment in R&D as % of GDP	0.63%	0.79%	0.96%*		1.5%
Share of RES in the gross final consumption of energy	19%	18%	18.2%		16%
Share of RES in the gross final consumption of energy in transport	6.0%	5.8%	6.5%		10%
Precluding level increases of greenhouse gases (GHG) outside the scope of EU ETS of more than 20% by 2020 compared to 2005	-3.5%	-4.6%			20%
Share of early school leavers	12.5%	12.9%	13.4%	13.8%	11%
Share of people aged 3034 with higher education	29.4%	30.9%	32.1%	33.8%	36%
Decrease the number of people, living in poverty with 260 000	1 528 000	1 578 000	1 585 800		260 000 ⁸

* Preliminary data of EUROSTAT.

3.1 National target for employment

⊙ Policy measures

The NAPE is a key instrument for implementing the ALMP. Employment to over 23 thousand unemployed and training to over 11 thousand unemployed is planned to be provided in 2017. To improve the correlation between demand and supply of skills and increase the employability of job seekers, training will continue to be provided tailored to the needs of employers and to the characteristics of the various target groups of employment policy. Trainings at employer's request will be organised in over 30 professions for which there is a deficit of specialists in the Bulgarian labour market.

In 2017, 35 thousand unemployed and inactive persons, of which 18.5 thousand young people, are planned to be involved in training and employment with financial resources provided under OPHRD. 27 thousand employed persons are envisaged to improve their qualifications including undergoing specific training for a specific workplace.

Promotion and opening of jobs for training through work will continue in 2017. The implementation will continue of the incentive measure "green jobs" regulated by EPA, which on the one hand supports job creation contributing to environmental protection, and on the other – provides employment to persons unemployed for a period longer than six months. Additional significant opportunities to generate 'green' jobs are provided by investment activities contributing to the sustainable management of the water sector and waste, prevention of floods and landslides risk, evaluation and conservation of biodiversity and ecosystems and EE.

⁸ NT: reducing the number at risk of poverty or social exclusion by 260 000 until 2020

Implementing the policy of investment promotion under the LIP and the RIPL, priority is given to the promotion of investment projects creating jobs for skilled professionals in high-tech industries and services, as well as in regions with high unemployment. The projects are promoted through administrative and financial incentives, including with financial support for staff training and for partial reimbursement of social security and health insurance contributions for the new jobs created by the projects.

In order to ensure conditions for establishing policies for LL at the regional level in the pilot districts of Burgas, Gabrovo, Pazardzhik, Ruse and Haskovo Regional coordination groups for LL to NPUAL are established and a Model for coordination of the interaction between the interested parties at the regional level is developed and its application is pending.

Table 8: Measures addressing NT for employment, part of Annex 1

Policy area	Measure title	Information on measures taken and planned					End date	Expected effect, also on the budget	Effect indicators with current and target value
		Brief description of the measure	Start date	Current status (as of 30 April 2017)	Upcoming stages in the implementation of the measure until its completion deadline (after May 1, 2017)				
1	2	3	4	5	6	7	8	9	
Employment	Implementation of NAPE 2017	Measures and programmes to promote job creation for disadvantaged groups in the labour market.	January 2017		Implementation of measures and programmes included in the plan funded by the SB.	December 2017	BGN 73 Million	23 000 unemployed included in employment and 11,000 unemployed included in training.	
Promoting investment, creating jobs in high-tech sectors and in regions with high unemployment	Financial incentives for job creation in companies of sectors with high added value	Issuing certificates for investment class and for priority investment project under the LIP. Allocation of funds for the implementation of incentives under the LIP incl. for partial reimbursement of contributions of the employer for the new jobs created. Operation "Specific trainings" under OP HRD.	2013 2017	As of February 2017 6 certificates under the IPA have been issued (4 for investment Class A, 1 for investment Class B and 1 for a priority investment project), providing for the creation of 3503 new jobs, of which 3182 in high-tech industries and services. Investments in certified projects are totalling BGN 143.32 million, of which BGN 50.21 million in high-tech industries and services.	57 projects are scheduled to be certified under the LIP between May 1, 2017 and December 31, 2020 totalling BGN 1052 million and providing for the creation of 2120 new jobs. Within the period is planned the provision of incentives for 40 certified projects with a total investment volume of BGN 397 million providing for the creation of 1507 new jobs. The start of the "Specific trainings" operation is pending.	2020 2019	1/Growth of investment and employment in high-tech sectors and in regions with high unemployment; 2/Proceeds to the budget in the form of paid taxes and social security and health insurance contributions; 3 / Operation "Specific trainings" BGN 10 million under OPHRD.	1/Employment rate in sectors with high added value (change) – 12.1% growth in 2015 compared to 2014; 2/Share of jobs created in sectors with high added value (as% of all new jobs created by projects certified under LIP) – 47.4% as of 31/12/2016; 3/Unemployed and inactive participants – at least 2000 persons 4/Employees – 1000 under operation "Specific training".	
LL Policy	Providing incentives for LL	Implementation of the 2014-2020 NSLL. Interaction with stakeholders for implementation, monitoring and evaluation of the LL policy within the NCGLL.	2017	Project №: 3761PP-1-2015-1-BG-EPPKA3-AL-AGENDA is currently being implemented in accordance with grant agreement № 2015 – 2761 / 001 001 between Education, Audio-visual and Culture Executive Agency and MoE.	Conducting 6 training seminars for the regional coordinating groups for LL (2017). Developing a set of universal logical matrices for the development of analyses and programmes for development of the Adult Learning sector at the district level (2017). 6 analyses of the status of the Adult Learning sector are developed in 6 pilot			900 participants in the LL Day in 2017	

1	2	3	4	5	6	7	8	9
		Implementation of EPALE stage III. Implementation of the Working Programme of the National Support Unit of the EPALE.						
LL Policy	Improving labour market policies	1. Operation "Increasing employment policy efficiency". 2. Operation "Achieving sustainable and quality employment by improving the attractiveness of professions with low supply in the labour market in key development sectors of the Bulgarian economy." 3. Operation "Development of the national competence assessment system – My Competence". 4. Operation "Training for employees." The operation will provide training for employees working in micro, small, medium and large enterprises. 5. Operation "Vouchers for employees." The scheme will provide an opportunity for employees with secondary or lower level of education to acquire new or to expand their knowledge and skills by gaining qualifications and key competences. 6. "Flexible employment opportunities and training in companies with variable intensity activity."	August 2015 July 2016 2016 2017 2016 2016	There is a contract signed with the MLSP under this operation. There is a contract signed under this operation. There is a contract signed under this operation. The procedure was announced on 12.04.2017 and is open for application until 17:30 on 30.06.2017 There is a contract signed under this operation. Declared procedure. Completed process for call for proposals.	The operation is under implementation. Project activities are performed under the operation. Project activities are performed under the operation. Call for proposals. Project activities are performed under the operation. Under evaluation of the submitted project proposals.	2019 2018 2018 2018 2019 2018	OP HRD BGN 135.85 million.	1/Employed in the labour market institutions, covered by the programme measures – at least 40 persons; 2/Number of enterprises supported – 50; 3/Number of projects aimed at public administrations and public services in the labour market – 1; 4/Employed – 25 000 persons; 5/Employed participants, incl. employed, with secondary and lower education (below ISCED 4) – 54 000; 6/Unemployed and inactive participants – at least 5000; 7/Employed – at least 2100.

3.2 National target for R&D

⦿ Policy measures

Implementation continues of measures set out in the Action Plan on ISSS. Performance of activities in the entrepreneurial breakthrough process aims to create conditions for strengthening innovation in the enterprises and increasing the number of SMEs that have introduced a new product, service, technology and marketing or organizational innovation.

Projects and procedures funded by the NIF are implemented, aimed at promoting innovation and technological development. Support provided is aimed primarily at SMEs that collaborate with research organizations.

Implementation of "Eurostars" and "Eurostars 2" programmes is focused on increasing competitiveness, growth and job creation. These programmes contribute to the objectives of "Horizon 2020".

The implementation continues of measures to improve the pro-innovative infrastructure and to promote innovation in enterprises with funds from the OPIC. In 2017, announcement of procedures for a grant amounting to EUR 64.8 million is pending.

New update for the Research Development Strategy 2030 is foreseen, accompanied by an Operational action plan and indicative budget for the period 2017-2022.

The activities of the commissions created for evaluation of research have started according to the Regulation for monitoring and evaluation of research activities undertaken by universities and scientific organizations and the activities of the Research fund. Business assessment has been carried out of the facilities included in the National Roadmap for Research Infrastructures. A map of the available research infrastructure, facilities and equipment by planning regions in Bulgaria has been drafted. The update of the National Roadmap for Research Infrastructures is under preparation.

A subscription has been provided for access to the pan-European research and education network (GEANT) and for access to the research information databases.

A concept of national policy for open access to scientific information and scientific data has been developed. Regulation in a single normative act of mandatory application of open access policy by scientific organizations, universities and research funding organizations is under development.

Table 9: Measures addressing the NT for R&D, part of Annex 1

Policy area	Measure title	Information on measures taken and planned					Expected effect, also on the budget	Effect indicators with current and target value
		Brief description of the measure	Start date	Current status (as of 30 April 2017)	Upcoming stages in the implementation of the measure until its completion deadline (after May 1, 2017)	End date		
1	2	3	4	5	6	7	8	9
Support to innovation and implementation activities	ISSS	Implementation of the ISSS Action plan measures performance of activities in the entrepreneurial invention process.	2014	Regional workshops conducted in the Planning regions to present the results of the ISSS and to identify the regional innovation capacity. Developed system for monitoring and evaluating the implementation of ISSS. Developed technological roadmaps associated with the identified thematic areas in ISSS. Preparing an annual report on progress in ISSS objectives implementation.	Implementation of the ISSS Action plan measures for 2017. Technical and financial monitoring performed of 46 contracts for the execution of R & D projects and TF projects of the 6th and 7th Competition Session of the NIF. Assessment of project proposals of the 8 th NIF Session announced.	2020	In accordance with the financial plan set up in ISSS.	Number of innovative companies supported
	Funding of applied research	NIF funding of industrial research and pre-market survey of companies.	2015	Technical and financial monitoring performed of 46 contracts for the execution of R & D projects and TF projects of the 6th and 7th Competition Session of the NIF. Assessment of project proposals of the 8th NIF Session announced.	Information support and promotion of NIF activities.	2017	For 2017 BGN 5 million	Investments in R & D as% of GDP (change) an increase of 0.01% per annum of public spending on R & D
Support to SME	European initiative "Eureka" Programmes Eurostars, Eurostars 2	Implementation of the programmes.	2009	Agreement signed relating to the implementation of the Eurostars 2 programme. Within the thirteenth competition session under Eurostars (third under Eurostars 2) 2 projects have been approved.	Second and Fourth Competition Sessions of Eurostars 2 Programme are upcoming. Carrying out information programs for Eureka and Eurostars 2.	2020	For 2017 BGN 1 million	Number of projects with Bulgarian participation approved
Pro-innovative infrastructure	Development of a pro-innovative infrastructure	Support for the creation / development of TC, TTO, thematically focused laboratories and high-tech laboratories for testing and technological verification. Creation and development of technological park "Sofia Tech Park."	2012	4 TTO and 16 TC are supported under OPDCBE. A grant to the amount of BGN 10.39 million has been paid. Construction of Sofia Tech Park has started and a grant amounting to BGN 67.4 million has been paid. The project proposal of Sofia Tech Park for stage II of the project is under evaluation.	Signing a contract for Phase II of the project for the construction of Sofia Tech Park. Starting the "Creating and developing thematically focused laboratories" procedure under OPIC.	2023	A grant of BGN 61.9 million will be provided under OPIC for 2014-2020	
	Promoting innovation in the enterprises	Support to the development and implementation of innovations in the enterprises; Development of cooperation between businesses and academia; Funding of projects for renovation and upgrading of technologies in the enterprises;	2012	594 contracts are implemented under the procedure "Improving production capacity in SMEs" under OPIC. Under the procedure "Supporting the development of innovations in the enterprises" are concluded 220 contracts with a total value of the grant BGN 54.3 million.	Completion of negotiations on the procedure "Support for the introduction of innovation in enterprises" and "Development of managerial capacity and growth of SMEs." Completion of the evaluation and awarding contracts under procedures "Support for the development of innovations by start-ups."	2023	BGN 1.066 billion grant will be provided under OPIC for 2014-2020	1. Share of innovative companies (% of the total number of companies) reference value (2012) – 27.4, target value

1	2	3	4	5	6	7	8	9
		Introduction of new ICT-based services; Support to existing clusters and to newly established ones.		The procedure "Development of clusters in Bulgaria" is open for applications.	Evaluation and contract awarding under the procedure "Development of clusters in Bulgaria." Planned procedure "Developing product and manufacturing innovations."			(2023) 30.4. 2. Expenses for innovations that are not a result of R&D, (% of the turnover – reference value (2012) 0.49, target value (2023) 0.63.
Improving research infrastructure	NT for R&D	Updating the National Roadmap for scientific infrastructure by complementing new scientific developments of regional and European importance.		<p>New updated of the research development strategy 2030 is foreseen for May 2017. The operational action plan and the indicative investment plan for the period 2017-2022 to the Strategy were prepared.</p> <p>In 2016 National Science Fund held competitive sessions for fundamental research, support for young scientists and periodicals. Joint competitions with China, France and Russia were organized and held. An Annual OP of the NSF for 2017 was adopted.</p> <p>The activities of the commissions created for evaluation of research have started according to the Regulation for monitoring and evaluation of research activities undertaken by HEIs and RO, and the activities of NSF.</p> <p>The update of the National Roadmap for Research infrastructure is under preparation. A map has been prepared of the available research infrastructure, facilities and equipment in regions of planning by research arrears. A National Programme for polar research 2017-2021 was approved</p> <p>7 competition procedures were announced under the new rules of the NSF.</p> <p>A subscription is provided for access to the pan-European research and education network (GEANT) and for access to the research information databases.</p> <p>A concept of national policy for open access to scientific information and scientific data was developed and publicly announced.</p>	<p>Regulation in a single normative act of mandatory application of open access policy by scientific organizations, universities and research funding organizations is under development.</p> <p>Implementation of the Operational plan for implementation of the targets of the Research development strategy and a plan of the indicative investment for 2017-2022.</p> <p>The evaluation of the scientific value of the submitted projects will be carried out by international evaluators and will start at the beginning of June 2017 All stages of the</p>	<p>June 2017</p> <p>2023</p>	<p>Enhancing research activities, technological development and innovations.</p> <p>Under both procedures, BGN 350</p>	<p>1. Number of international projects in which Bulgarian researchers take part</p> <p>2. % increase on an annual basis of the number of scientific publications by Bulgarian researchers/research units in international journals</p> <p>3. % increase of the number of patents per 100 thousand citizens.</p> <p>4. Number of scientific organisations doing research using scientific infrastructure modernised within OPSESG.</p> <p>Output indicators for-Centres of</p>

1	2	3	4	5	6	7	8	9
				<p>At the end of February 2017 is terminated a contract for selection of companies with two assessors procedures for selection of projects – "Establishment and development of Centres of Excellence" and "Establishment and development of Competence Centres " under PA 1" Research and Technological Development" under OPSESG. The reason is that the bids do not comply with the stated requirements. The Central Coordination Unit at the CoM announced a centralized competition for the recruitment of international experts – individuals with high scientific requirements to them. Along with the procedure for selection of evaluators through centralized competition, the Managing Authority of the OPSESG organized and started the first stage of evaluation of the submitted 44 projects for administrative compliance and eligibility.</p>	<p>evaluation of submitted proposals and the conclusion of contracts with the successful bidders should be completed in September 2017.</p>		<p>million.</p>	<p>Excellence_and Competence Centres; - 250 new researchers in supported entities; - 350 researchers working in improved research infrastructure facilities; - 4 newly built infrastructure complexes in Centres of Excellence and 8 in Competence Centres; - 40 joint research projects developed between Centres of Excellence and business and 110 with Competence Centres.</p> <p>Public expenditure on R&D (GOVERD plus HERD) financed by enterprises accounting for 0.03% of GDP.</p> <p>Share of scientific publications among top 10 % most cited in RIS3 priority areas – 4 %</p>

3.3 National targets under the „Climate-energy“ package

3.3.1 National Target: a 16% share of energy from RS in the gross final energy consumption by 2020

⊙ Policy measures

In the Second National Report on Bulgaria's progress in the promotion and use of energy from RS in 2011-2012 Bulgaria reported that it has achieved the binding NT of 16% share of energy from RS in gross final energy consumption by 2020. A continued growth in energy from RS has been observed – 19% in 2013 and 18% in 2014 and this trend was reported in 2015 as well. Therefore, measures are presented for promoting the development of energy from RS in accordance with current conditions, development of the sector and guidelines of the EU energy policy.

In compliance with the requirements of Directive 2015/1513 / EC amending Directive 98/70 / EC relating to the quality of petrol and diesel fuels and amending Directive 2009/28 / EC on the promotion of the use of energy from RS, changes will be carried out in the national legislation setting a national sub-goal for the share of new generation biofuels in the “Transport “sector for 2020.

3.3.2 National Target: Increasing the energy efficiency by 25% by 2020

⊙ Policy measures

Energy efficiency is a high priority of the national policy. The main directions in which a potential for savings is sought, are associated with energy end-use in the sectors households, transport, industry, services, as well as with the processes of energy production and conversion, which include development of the gas distribution network, reducing energy transmission and distribution losses, increasing the efficiency of thermal power plants, increasing the share of energy produced by high-efficiency cogeneration.

To support the implementation of the NT for energy savings by 2020, the LEE introduces also a target to increase EE in energy end-use, which will be distributed as individual targets between liable persons. Liable persons are all fuels and energy retailers, excluding suppliers of fuels for transport.

In the implementation of individual targets for energy savings a possibility is provided for liable persons to offer energy efficient services at competitive prices through companies providing EE services and / or contributions to the "Energy efficiency and renewable sources" Fund or to other financial intermediaries. Agreements may also be concluded with providers of EE services or other non-liable parties for the transfer of energy savings by transferring energy savings certificates.

Support for increasing EE in enterprises is provided also by OPIC. In 2016 and early 2017 procedures were announced for SMEs and large enterprises totalling EUR 140 million.

3.3.3 National Target: Non-admitting a rise in the levels of greenhouse gases (GHG) outside the EU ETS with of more than of 20% by 2020 compared to 2005

⊙ Policy measures

To reduce greenhouse gas emissions outside the EU ETS, the policies are aimed at efficient management of waste, improving EE in industry, implementation of new technologies, improving energy performance of buildings, improving transport infrastructure and promoting sustainable urban mobility, reducing emissions on land for agricultural use and biological fermentation in livestock, afforestation.

The envisaged financial support from OPE 2014-2020 under previously announced and planned procedures is essential for ensuring facilities, machinery and equipment for treatment of biodegradable and green waste and sewage sludge.

The implementation continues of the ICP, under which projects are financed for improving EE of public facilities as well as for promoting the use of electric and hybrid vehicles by public authorities.

Table 10: Measures addressing the „Climate-energy “package, part of Annex 1

Policy area	Measure title	Information on measures taken and planned					End date	Expected effect, also on the budget	Effect indicators with current and target value
		Brief description of the measure	Starting date	Current status (as of 30 April 2017)	Upcoming stages in the implementation of the measure until its completion deadline (after May 1, 2017.)				
1	2	3	4	5	6	7	8	9	
Improving EE and using RS energy	Programme BG04 Energy efficiency and renewable energy	Improving EE and using energy from RS.	2014	Implementation of the 52 contracts under approved projects for increasing EE and RS, training of representatives of government institutions and municipalities with respect to the development, planning and implementation of measures for EE and RS, exchange and transfer of knowledge, experience and best practices in the field of EE and RS.	Implementation of contracts by beneficiaries government institutions, municipalities, SMEs, universities, training and educational organisations, companies for energy services, etc.	2018	1/ Increasing EE and increasing the share of RS for heating and / or cooling in municipal and state buildings and local heating systems. 2 / Increased administrative capacity in terms of EE and RS.	Improving EE and using RS energy	
Improving EE	Auditing and certification of public service buildings with a total area of over 250 m2	Performing energy audits and certification of all public service buildings in operation with a total area exceeding 250 square meters.	2013	Energy savings – 142 ktoe/year.	Performing energy audits and certification of all public service buildings in operation with a total area exceeding 250 square meters.	2020	Investment needed BGN 1 746 million	Energy savings – 214 ktoe/year	
	Fulfilment of individual goals for energy savings by energy traders	To support the implementation of the NT, the LEE introduces also an aim to increase EE in energy end-use that will be distributed as individual goals between liable persons.	2014	Energy savings – 173ktoe/year.	Fulfilment of individual goals for energy savings by energy traders.	2020	Investment needed BGN 3 450 million	Energy savings – 486 ktoe/year.	
Improving EE and using RS energy	LAS of the LERS	Transposing the provisions of Directive 2015/1513 / EC.	March 2016	Prepared analysis of opportunities for the production of new generation biofuels and other RS in transport and determining the indicative sub target on consumption of new generation biofuels in the "Transport" sector.	Determining a national sub-target for a share of new generation biofuels in transport in 2020 and its submission to the EC. Preparing a draft LAS of the LERS.	September 2017	BGN 15 000	Target determined; LAS of the LERS adopted by the NA.	
	LAS of the LE	The draft LAS of the LE is associated with the development and approval of a model for full liberalization of the electricity market and satisfying conditions under Decision № C (2016) 5205 of 04.08.2016 of the EC on support for the production of energy from RS in Bulgaria – SA 44840 (2016 / NN).	2017	With the WB's assistance is performed an analysis of legislation in the energy sector and the choice of model for full liberalization of the electricity market. A procedure of identified state aid notification to the EC is carried out.	LAS of the LE prepared.	2017	No financing needed.	Adopted LAS of the LE	

1	2	3	4	5	6	7	8	9
	Fourth National Report on progress in the promotion and use of energy from renewable sources	Meeting the requirements of Directive 2009/28 / EC.	2017	An 18% share of energy from RS is reported in 2014, and thus the obligatory NT for 2020 has been overachieved.	Data collecting, preparation and submission of the Fourth National Report to the Commission.	December 2017	No financing needed.	National report presented to the EC
Improving EE	Improving EE of enterprises through ESIF	Providing support to investment in energy saving technologies and energy production from RS and construction works of production facilities.	2012	437 contracts have been implemented under OPDCBE. Projects proposals under the procedure "EE for SMEs" are under evaluation. 941 proposals were received. The procedure "Improving energy efficiency in large enterprises" is declared open for applications.	Concluding and implementation of contracts under procedures "EE for SMEs" and "Improving energy efficiency of large enterprises".	2023	For 2014-2020 r. will be provided a grant of BGN 466 million under OPIC.	Energy intensity of the economy (change) – baseline value – 0644 (2012) toe of EUR 1000 of GDP (2005 = 100) and 0.608 (2014) target value (2023) – 0604.
	Effective implementation of European policy on climate change and participation of Bulgaria in international negotiations on climate change	Participation in negotiations at European level concerning amendments in the functioning of the EU ETS, as well as at international level regarding implementation of the Paris Climate Agreement and regulation of the issues unsettled by the Agreement. Ensure the implementation of the requirements of the newly adopted EU legislation in the field of biofuels (Directive 2015/652 and Directive 2015/1513). Investment in actions for reducing greenhouse gas emissions in non – EU ETS sectors.	2013	Participation in the negotiations on the legislative proposals of the EC: Directive amending Directive 2003/87 / EU with the purpose of improving cost efficiency in the process of reducing emissions and low carbon investments; Regulation for sharing efforts for sectors outside the EU ETS in the period 2021 2030; Regulation for the inclusion of emissions and removals of greenhouse gases from land use, land use change and forestry in the climate and energy framework by 2030. The Paris Agreement to the UNFCCC is ratified by a law of 21.10.2016 (prom. SG 86/2016) and entered into force for Bulgaria on 29.12.2016. The instrument of ratification is deposited. Participation is taken in negotiations for the preparation of rules and guidelines for the implementation and operationalization of the key aspects of the Paris Agreement. Implementation of ICP, with funding from NTEF – implemented projects to reduce energy consumption in 66 public facilities through EE totalling BGN 25.1 million with carbon emissions savings amounting to 454,100 tons (tCO2eq); delivered 44 vehicles, of which 34 electric cars and 10 electric power (plug in) hybrids that will save carbon emissions amounting to 1387 tons (tCO2eq) throughout their entire	Participation in the negotiation process at European level for the adoption of legislative proposals of the EC and in the international negotiations on the remaining issues unregulated by the Paris Agreement. Providing BGN 15.3 million to NTEF for funding under the ICP projects for improving EE of facilities and installations – public state and / or municipal property, and for supply of electric and hybrid vehicles. Ensuring the implementation of the requirements of the newly adopted EU legislation in the field of biofuels (Directive 2015/652 and Directive 2015/1513) – preparation and adoption of Ordinance on the sustainability of biofuels taking into account indirect land use changes; Ordinance on the conditions and terms of preparation and verification of reports of suppliers of fuel and energy for transport; Methodology for determining greenhouse gas emissions from the entire lifecycle of biofuels taking into account indirect land use change; Methodology for determining the intensity of greenhouse gas emissions from the entire lifecycle of liquid fuels other than biofuels and transport energy.	2020	1/ Saved greenhouse gas emissions as a result of ICP projects. 2 / Improved biofuel regulatory framework aimed at promoting their use.	1/ Implemented projects under ICP 2/ Adopted legislative acts and methodological documents in the field of biofuels with a view to their promotion.

1	2	3	4	5	6	7	8	9
				life-cycle (10 years).				
Improving EE	Measures for improving EE and reducing harmful emissions	Under OPRG 2014-2020: Integrated urban transport: Construction of transport infrastructure. Delivery of vehicles. Developing new urban transport lines. Promoting alternative forms of transportation. Implementation of EE measures in buildings – residential buildings, administrative buildings of state and municipal administration and student dormitories.	2015	<p>Opened procedures for the award of grants under PA 1 "Sustainable and Integrated Urban Development" for projects for integrated urban transport and implementation of EE measures in residential and administrative buildings and in student dormitories.</p> <p>Under PA 1 are concluded 3 GCs for improvement of public transport systems totalling BGN 37.8 million. Under PA 1 is concluded 1 GC for EE in residential buildings worth BGN 3 million and 5 GCs for EE in office buildings totalling BGN 6.7 million.</p> <p>Under PA 2 "Support for EE in support centres in outlying areas," are concluded 63 GCs for EE in residential buildings to a total amount of BGN 93.7 million and 107 GCs for EE in public buildings totalling BGN 78.3 million.</p>	Implementation of projects under OPRG 2014 -2020 within PA 1. Implementation of projects under OPRG 2014-2020 within PA 2.	2023	<p>1/OPRG 2014-2020 BGN 279.8 million for urban transport.</p> <p>2/OPRG 2014-2020 BGN 661 million for EE in buildings.</p>	<p>1/ Quantity of fine particles in cities (base value 1.79 µg / m3, target value 1.57 µg / m3.</p> <p>2 / Urban transport Estimated annual decrease of GHG – target amount of 13 927.73 tonnes of CO2 eq.</p> <p>3 / Number of households with improved energy consumption classification – 12 901.</p> <p>4 / Decrease of annual primary energy consumption of public buildings – 140 645 420 kWh / year.</p>

3.4 National target for education

3.4.1 National Target: 11% share of early school leavers by 2020

⦿ Policy measures

The share of early school leavers in Bulgaria for 2016 is 13.4% according to Eurostat data⁹. Given the values of that share in previous years (2015 – 13.4%, 2014 – 12.9%, in 2012 and in 2013 – 12.5%) the negative trend has been stopped.

A model of an Early Warning System in kindergartens and schools has been developed and a selection has been made of 50 educational institutions of level 2 in 19 municipalities of the Northwest and of the Southeast region, in which approbation is going on since the 2016/2017 school year. The process of approbation will continue for two consecutive school years – in 2016/2017 and 2017/2018. The first individual records of children and students have been registered. They will identify specific cases of children and students at risk of dropping out of education, measures to address the risk and track performance of the teams on site. The Early Warning System will allow the availability of information for every student at risk of dropping out; how to work for keeping him at school, which class or to what level of proficiency he has reached in order to be ensured with access to the labour market, what reintegration measures are applied to dropouts, etc.

The implementation of the project "New Chance for Success" continues. It is designed to allow persons over 16, who have not completed elementary or primary education, to take literacy courses and courses for learning curriculum of lower secondary education, which would subsequently boost their prospects on the labour market. The project provides for supporting 10,000 illiterate or poorly literate persons.

In the field of vocational education a project "Students practices" is in the process of implementation, within which 8000 students will have the opportunity to receive practical training in a real working environment. Support is also provided to the introduction of the dual training system, 15 new professions being determined in which dual training in at least 40 vocational schools will be carried out.

3.4.2 National Target: 36% share of the people aged 3034 with higher education by 2020

⦿ Policy measures

A number of measures have been implemented following the Strategy for Development of Higher Education in the RB 2014-2020. Changes have been regulated concerning terms and conditions for granting scholarships to students, PhDs and postgraduates from State Higher Education Institutions and scientific organizations.

The CoM Decree № 64/25.03.2016 regulates changes concerning the conditions and procedures for approval of the number of students to be enrolled for training in the public universities and the adoption of the list of priority professional fields and of the list of protected specialties. This Decree limits the funding of certain professional fields in which the university fails to compete with the others. This creates conditions for intensifying the competition between the universities, improving the quality of education and research, and also contributes to strengthening the higher education institutions as research centres.

Another novelty is the introduction of scholarships determined only on the basis of students' average success. Universities will necessarily determine the portion of funds for scholarships to be granted based only on this indicator. The monthly amount of state grants has been increased between BGN 70 and BGN 150, and the size of the rewards and benefits that a Rector can grant – from BGN 200 to BGN 300. The provision of scholarships funded under the ESIF is also ongoing. A new point is that these scholarships are given purposefully to promote training in the priority fields.

⁹ Data is available on the Eurostat site <http://appsso.eurostat.ec.europa.eu/nui/show.do>

In 2017, an assessment is pending of progress on implementation of the Strategy in order to update the Action Plan and the indicators set, as well as publication of the new edition of the ranking system of universities in the RB.

It is expected that over 40,000 students will take practical training in a real working environment, which will support their future employment. The funds envisaged amount to BGN 37 million.

Table 11: Measures addressing the NT for education, part of Annex 1

Policy area	Measure title	Brief description of the measure	Information on measures taken and planned				Expected effect, also on the budget	Effect indicators with current and target value
			Starting date	Current status (as of 30 April 2017)	Upcoming stages in the implementation of the measure until its completion deadline (after May 1, 2017.)	End date		
1	2	3	4	5	6	7	8	9
A share of early school leavers of 11% by 2020	Implementation of the Plan for 2016-2017 to the Strategy for reducing the share of early school leavers (2013-2020)	The implementation plan is based on an approach that requires consolidation of all members of the school community and cooperation with a wide range of stakeholders to tackle school failure and dropping out of the education system.	2017	Adopted Plan 2016-2017 for implementation of the Strategy.	Performance of activities under the policies set in the Plan.	2017	Reducing the share of early school leavers.	Share of early school leavers.
Increasing the share of 30-34 year-olds with higher education	Assessing the progress in implementing the Strategy for Development of Higher Education in the RB for the period 2014-2020 in order to update the Action Plan and the indicators set	Analytical review of the Strategy for Development of Higher Education in the RB for the period 2014-2020 and the Action Plan to it.	January 2017	Performing the analytical review.	Assessment of progress in implementing the Strategy for Development of Higher Education in the RB for the period 2014-2020 and an updated Action Plan.	December 2017	Long term framework established for the development of higher education.	Performed assessment of progress in implementing the Strategy and the updated Action Plan.
Increasing the share of 30-34 year-olds with higher education	Projects under OP SESG „Maintaining and improving the Bulgarian University Phase 1”Ranking system”	Yearly actualization of the Ranking System.	June 2016	Implementing the project proposal.	Implementing the project proposal.	2019	BGN 3 million.	Number of actualizations of the Ranking System.
Increasing the share of 30-34 year-old with tertiary education	Projects under OP SESG “Students’ scholarships Phase 1”	Payment of scholarships to improve access to quality higher education.	January 2016	Implementing the project proposal. Scholarships awarded for GPA and scholarships for special achievements to over 10 000 students in Bulgarian universities amounting to BGN 7 million.	Implementing the project proposal.	2017	BGN 26 million, including ESF funds (85%) BGN 22.1 million, National co-financing (15%) BGN 3.9 million.	Percentage of students receiving scholarships for success as a% of all students (subjects).
Increasing the share of 30-34 year-olds with tertiary	Project OP SESG "Student Practices – Phase 1"	Improving the relevance of education and training to the labour market, facilitating transition from education to work.	January 2016	Implementation of the project proposal.	Implementing the project proposal.	2017	Number of students participating in student practices 46	Share of students who have passed successfully practical training

1	2	3	4	5	6	7	8	9
education							000; Grant BGN 37 million.	in a real working environment of all participants in the practical training under the OP; target value – 87%.
Improving the facilities of universities	Construction, reconstruction, repair, equipping and furnishing higher schools / universities	Under OPRG 2014-2020: Construction, reconstruction, repair, equipping and furnishing high schools/ universities.	2015	Under PA 3 "Regional educational infrastructure" procedure "Support to universities in the RB" – concluded 12 GCs totalling BGN 40 million.	Implementation of projects under PA 3 "Regional educational infrastructure" under OPRG 2014-2020 with beneficiaries universities.	2023	BGN 43 million under OPRG 2014-2020.	1/Capacity of supported childcare or education infrastructure – persons; 2 /Number of modernized educational institutions.

3.5 National target to reduce the number of people living in poverty by 260 000 by 2020

⦿ Policy measures

Implementation of the objectives in the field of social inclusion is closely related to the implementation of policies on employment and access to education that addresses CSR 3. Key highlights of the social inclusion policy include: continuation and finalization of the process of child care deinstitutionalization; expanding access to services by establishing an adequate network of affordable and quality social and health services offered in the community and at home for the elderly and people with disabilities; improving the regulatory framework in the field of social services and developing integrated cross-sectoral services; supporting families with children, etc.

Concrete steps are taken towards improving the legal framework in the field of social services. In this connection legislative changes are adopted for the amendment of the IRLSA, which aim at ensuring adequate time for preparation of the social service system, and especially of social service providers, for conducting a qualitative assessment of the needs of support.

In order to continue and finalise the reform of deinstitutionalization of child care, in October 2016 the CoM adopted an updated Action Plan for implementation of the National Strategy "Vision for Deinstitutionalization of Children in the RB". The updated plan includes measures grouped into several key areas: ensuring social and integrated services for early intervention and prevention in family environment; providing care in a family environment for children at risk who are not raised by their biological parents, and gradual closure of homes for medical and social care for children; providing social services and community support for children placed in homes for children deprived of parental care, and children of these homes leaving the care system; providing social, health and integrated health and social services for children with disabilities; increasing the efficiency of the system ensuring the rights of children; providing the necessary infrastructure.

The reform of care for the elderly and people with disabilities and the development of affordable and quality services in home environment is also one of the priority directions of the social inclusion policy. In this regard, following the National Strategy for Long Term Care adopted in 2014, a draft Action Plan for 2017-2020 has been prepared, and the steps for its finalization are subject to a pending decision.

Ensuring effective support to families with children is an essential dimension of policies for reducing poverty and promoting social inclusion. In order to achieve better targeting of support for families raising children with disabilities, amendments to LFAC¹⁰ have been made through the LSBRB for 2017. The amendments are related to the introduction of a new monthly allowance for raising a child with permanent disability. In this regard, we have taken the necessary steps to bring the secondary legislation in accordance with the legislative amendments introduced.

Following the social inclusion policy and in particular the National Strategy for Reducing Poverty and Promoting Social Inclusion 2020, the next Action Plan for 2017-2018 is under preparation. The deadline for finalizing the plan is until the end of July 2017.

In order to improve the adequacy of the pensions for labour activity, the minimum amount of the pension for contributory-service and retirement-age is raised from 1 July 2017 and again from 1 October 2017. This leads to an increase in the minimum amounts of other pensions for labour activity, which are calculated from this amount – pensions for disability due to a general disease, pensions for disability due to an employment injury and occupational disease, and survivor's pensions.

To improve the quality of ME and the expertise of ability to work, MLSP in partnership with the MoH and the NSSI has developed new mechanism for workability assessment which will help for reducing the abuses and for enabling people with disabilities to return to the labor market. The mechanism will be developed under OPHRD. Currently the operation is approved for funding. Within the framework of the operation new methodologies will be developed that will introduce uniform, standardized criteria for describing the

¹⁰ Effective as of 01.01.2017.

functioning, disability and health of the person to be used for assessment of the type and the degree of disability on one hand, and on the other for assessment of the ability of a person with a permanently reduced working capacity to perform certain types of work and his options for participation in the labour market. This will promote better targeting and distribution of public expenditure to support those persons.

The methodologies developed within the project will be used by institutions concerned that will perform ME and EWC. The methodologies will be used by the NSSI, which will carry out the workability assessment of the persons who have applied for a disability pension.

Table 12: Measures addressing NT for poverty and social inclusion, part of Annex 1

Policy area	Measure title	Brief description of the measure	Information on measures taken and planned				Expected effect, also on the budget	Effect indicators with current and target value
			Starting date	Current status (as of 30 April 2017)	Upcoming stages in the implementation of the measure until its completion deadline (after May 1, 2017)	End date		
1	2	3	4	5	6	7	8	9
Reducing poverty and promoting social inclusion	Integrated services for early childhood development	Providing support for continuing funding of services for early childhood development under the Social Inclusion Project in Operation "Services for Early Childhood Development" OPHRD 2014-2020.	December 2015	The operation is in progress. As of December 2016, 65 out of 66 municipalities have already signed contracts for provision of grants	Signing a contract with one more municipality is forthcoming.	2018	OP HRD BGN 30 million	Number of suppliers of social inclusion services 66.
	Providing access to social services in the community and continuing the deinstitutionalization process	Developing new social services in the community for children and families, the elderly and people with disabilities and removing the institutional model of care: 1.Operation "Fostering "; 2.Operation "Increasing the capacity of staff in the field of child protection, social services and social assistance"; 3. Procedure "Independent Live" 4. Operation "Discover me /Find Me/" – This operation is realized in support of Measure No.3: "Formation of independent life skills, of learning and working and supporting personal development" from the Project of the Updated Action Plan to the National Strategy "Vision for deinstitutionalization of children in Bulgaria". The overall objective of this operation is to contribute the prevention of institutionalization, to promote the	2015 2016 2015 2017	The operation is in progress. The operation was launched. The concluded contracts are 293 to a total amount of BGN 149.15 million. The operation was approved by the OP HRD 2014-2020.	The operation is in progress. The operation is in progress. The operation is in progress. Announcing is forthcoming.	2018 2019 2018 2020	OPHRD BGN 51.6 million OPHRDP BGN 28 million OPHRD BGN 150 million OPHRD BGN 4 million	1/Children and young people receiving social and health services in the community after their departure from an institution – 200; 2/Number of social services providers – 90; 3/Number of employees who have acquired a qualification upon leaving the operation- 7300; 4/Disabled persons and persons over 65 years unable to serve themselves – 16,000; Number of service providers for social inclusion – 265; 5/Children and youth in institutional care, covered by the deinstitutionalization measures (incl. Children and young

1	2	3	4	5	6	7	8	9
		<p>social inclusion of children and disadvantaged youth, including those with disabilities and at risk in residential services, through the implementation of measures towards the formation of independent life skills, of learning and working and supporting personal development.</p> <p>Under OPRG 2014-2020: infrastructure projects to support the process of deinstitutionalization of social care for children and adults</p> <p>Amendments to the legislation</p>	<p>2017</p> <p>2016</p> <p>2017</p>	<p>Preparing Guidelines for Applicants under PA 5 "Regional social infrastructure" OPRG 2014-2020.</p> <p>Updated Action Plan for the National Strategy "Vision for deinstitutionalization of children in Bulgaria" adopted by the CoM (with CoMD № 859 / 13.10.2016)</p> <p>A draft action plan developed for the period 2017-2020 on the implementation of the National Strategy for Long Term Care.</p> <p>In March 2016 started the project "New standards for social services" with particular beneficiary MLSP.</p> <p>Promulgated and put into force CoMD № 34 / 16.02.2017 for amending and supplementing the CoMD № 288 of 04.11.2016 amending and supplementing IRSAA.</p>	<p>Publication of Guidelines for applicants for and implementing projects under PA 5 "Regional social infrastructure", OPRG 2014-2020.</p> <p>Continuing and finalizing the process of deinstitutionalization of child care in accordance with the updated Action Plan for the National Strategy "Vision for deinstitutionalization of children in the RB".</p> <p>Finalising and adopting an Action Plan for the period 2017-2020 for the implementation of the National Strategy for long-term care.</p> <p>New and / or updated processes and models for planning and implementing policies and services will be introduced within the scope of the project.</p>	<p>2023</p> <p>2025</p> <p>2017</p> <p>December 2017</p> <p>March 2017</p>	<p>OPRG 2014-2020 BGN 99 million</p> <p>OPHRD BGN 1.725 million</p>	<p>people in residential community services) – 600;</p> <p>6 / Number of providers of services for social inclusion – 25;</p> <p>7 / Number of supported facilities of social infrastructure in the process of deinstitutionalization – 138 pcs.</p> <p>Introduced new and / or updated processes and models for planning and implementation of policies and services.</p> <p>Current position 1 Target – 1</p>

1	2	3	4	5	6	7	8	9
	Improving access to the labour market for people with disabilities	Integration of people with disabilities and vulnerable groups: Operation "Active inclusion".	Q1 2016	The concluded contracts are 58 to a total amount of BGN 18.7 million.	Implementation of project activities is ongoing.	2018	OPHRD BGN 20 million	Participants over 29 who started a job incl. as self-employed, upon leaving the operation- 500; Inactive and unemployed participants who started looking for a job or have a job, incl. self-employed, after care for a child was provided – 500; Participants with disabilities over 18 who started looking for a job or have a job, incl. as self-employed persons – 500; Participants with disabilities over 18 receiving services – 900.
		Operation "Development of social entrepreneurship."	2016	Launched procedure.	An evaluation of the submitted project proposals is carried out.	2019	OPHRD BGN 15 million	Number of cooperative enterprises and social economy enterprises supported – 70; Inactive or unemployed participants-480.
		Operation "Support for people with disabilities" is aimed at ensuring quality care for persons with severe disabilities by creating centres for comprehensive support to persons with disabilities, incl. with severe multiple disabilities and their families, as well as improving access to services for career development and encouraging participation on the labour market and recovery of labour activity of families with persons with disabilities.	2017	The operation is approved by the MC.	To be announced in 2017	2020	OPHRD- BGN 6 million	People with disabilities over 18 – 540.
		Operation "Equal opportunities" – aims	2017	The operation is approved by the MC of OPHRD 2014-2020	To be announced in 2017	2020	OPHRD BGN 8 million	People with disabilities over 18 – 1200;

1	2	3	4	5	6	7	8	9
		<p>at creating preconditions for active social inclusion of people with disabilities as one of the most vulnerable groups in our society. The operation is directed towards increasing of the level of public awareness about the problems and opportunities of people with disabilities to change the public attitude towards them. The procedure also aims at realization of complex actions towards facilitating access to employment for vulnerable groups, as well as providing opportunities for the people's return to the labour market who take care their relatives with disabilities</p> <p>Operation "New Chance for social inclusion" – is aimed at supporting the social inclusion of people with disabilities to facilitate their access to employment through pilot testing and practical application of a new approach to expert determination of the employability of people with disabilities. A model for expert assessment of disability and employability of people with disabilities will be approved through direct implementation of the ICF standards of the World Health Organization, providing individual approach.</p>	2017	The operation is approved by the MC of OPHRD 2014-2020.	To be announced in 2017.	2018	OPHRD BGN 1 million	<p>Children incl. with disabilities – 250.</p> <p>People with disabilities over 18 250.</p>
	Supporting families with children	Providing family allowances for children under the LFAC.	Permanent	Family allowances for children under the LFAC amounting to BGN 503 388 484 are paid in 2016.	Payment of family allowances for children.	Permanent	20172019 BGN 568.7 million	Share of children at risk of poverty before and after social transfers (40.4% and 25.4% respectively) – a decrease of 15 percentage points for 2015
		Preparing regulatory changes in the IRLFAC in accordance with the changes in the LFAC.	2017	For the purpose of bringing secondary legislation in line with the changes introduced to the LFAC and setting the terms and conditions for the provision of a new type of family support for children a working group was created by order № ПД/01-898 / 19.12.2016 of the Minister of	Submitted and adopted a draft of CoMD amending and supplementing IRLFAC.	April 2017		Approved CoMD amending and supplementing IRLFAC

1	2	3	4	5	6	7	8	9
				<p>Labour and Social Policy to develop:</p> <p>1. Draft Decree amending and supplementing the IRLFAC;</p> <p>2. Model application form for granting monthly allowances for raising a child with permanent disability.</p> <p>Promulgated and put into force CoMD № 78 / 21.04.2017 for amending and supplementing IRFACA, amended with CoMD № 139 / 2002.</p>	Developed and approved models of application forms for granting family allowances for children under LFAC.	May 2017		<p>Approved application forms</p> <p>Current position -1 Target – 1</p>
Improving the quality of ME and EWC	Improving EWC	A project proposal developed under procedure: BG05M9OP001-3.010 Expertise of Ability to Work, OPHRD, which provides expert support to develop methodologies for ME and EWC, in which the principles of the International Classification of human functionality, Disability and Health (ICF) of WHO will be integrated.	January 2017	The operation is in the process of evaluation of the project proposal.	The operation is in progress.	December 2019	<p>1/Improving opportunities for integration of people with disabilities in the labour market.</p> <p>2 /Improving the efficiency of public expenditure to support people with disabilities and with reduced capacity.</p>	Number of new and / or updated processes and models for planning and implementing policies and services – 1.

4

USING EU FUNDS

The budget of the OPs for 2014-2020 programming period amounts to BGN 23.19 billion. As of 31.12.2016 the funds contracted amount to BGN 8.25 billion (36% of programmes budget). Actual disbursements amount to BGN 2.14 billion (9% of programmes budget). The tranches received from the EC amount to BGN 1.91 billion (8% of programmes budget).

Table 13: Implementation of operational programmes for the programming period 2014-2020 as of 30.04.2017 based on data from UMIS (in BGN million)

	Programme budget (EU +NA)	Amount contracted (As a % of programme budget)	Amount actually paid As a % of programme budget)	Tranches received from the EC
OPTTI 2014-2020	3 692	1 633 (44%)	359.8 (10%)	313.0 (10%)
OPE 2014-2020	3 463	747.5 (22%)	98.1 (3%)	162.0 (6%)
OPRG	3 018	1 701 (56%)	172.2 (6%)	202.9 (8%)
OPIC	2 484	1 088.2 (44%)	361.2 (15%)	285.7 (14%)
OPSMEI	199.5	199.5 (100%)	186.5 (93%)	177.8 (89%)
OPHRD	2 136	1 032.5 (48%)	317.1 (15%)	239.5 (13%)
OP for food and / or basic material assistance co- financed by FEAD 2014-2020	241.2	104.2 (43%)	47.9 (20%)	44.6 (22%)
OPSESG	1 371	334.6 (24%)	48.3 (4%)	54.8 (5%)
OPGG	657	187.7 (29%)	19.4 (3%)	33.1 (6%)
MFP	222.1	5.1 (2%)	0.3 (0.1%)	
PRD	5 706	1 216 (21%)	525.3 (9%)	399.2 (9%)