



REPUBLIC OF BULGARIA  
Ministry of Finance

# EUROPE 2020: NATIONAL REFORM PROGRAMME

2014 Update

April 2014  
Sofia, Bulgaria



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## List of Abbreviations

RA	Registry Agency
PFIA	Public Financial Inspection Agency
EA	Employment Agency
AIS	Automated Information System
CA	Customs Agency
PPA	Public Procurement Agency
RIA	Road Infrastructure Agency
CAP	Code of Administrative Procedure
CBA	Cost-benefit Analysis
ASA	Agency for Social Assistance
ASED	Agency for Sustainable Energy Development
BAEZ	Bulgarian Export Insurance Agency
BDB	Bulgarian Development Bank
GDP	Gross Domestic Product
BDU	Bulgarian Doctors Union
GA	Grant Assistance
RES	Renewable Energy Sources
RS	Renewable Sources
SJC	Supreme Judicial Council
HEE	Higher Education Establishment
BCP	Border control point
AGS	Annual Growth Survey
SAMTS	State Agency for Metrological and Technical Surveillance
LOD	“Labour Office” Directorate
SG	State Gazette
HCYPMR	Homes for children and young people with mental retardation
HIC	Health Insurance contributions
SEWRC	State Energy and Water Regulatory Commission
PSSS	Public Social Security Scheme
TSIPC	Tax and Social Insurance Procedure Code
EAD	Sole-proprietor Shareholding Company
EBRD	European Bank for Reconstruction and Development
EE	Energy efficiency
EIB	European Investment Bank
pe	population equivalent
EC	European Commission
EU	European Union
USCRASP	Unified System for Civil Registration and Administrative Services to Population
ESIF	European Structural and Investment Funds
ECN	Electronic Communication Network
PSO	Power System Operator
EU ETS	EU Emission Trading System or EU System for Trading Greenhouse Gas Emission Allowances
ESF	European Social Fund
ERDF	European Regional Development Fund
LHE	Law on Higher Education
LSBRB	Law on the State Budget of the Republic of Bulgaria
LVAT	Law on Value Added Tax
LPIT	Law on Personal Income Tax
LCS	Law on Civil Servants
LE	Law on Energy
LEERS	Law on Energy from Renewable Sources
LEE	Law on Energy Efficiency
LAS	Law Amending and Supplementing

LEP	Law on Employment Promotion
LIP	Law on Investment Promotion
LLARACEA	Law on Limiting Administrative Regulation and Administrative Control over Economic Activity
LPP	Law on Public Procurement
LPSSE	Law on Pre-School and School Education
LSA	Law on Social Assistance
EA "CLI"	Executive Agency "Chief Labour Inspectorate"
EAECNIS	Executive Agency "Electronic Communication Networks and Information Systems"
ICT	Information and Communication Technologies
IG	Integrated Guidelines
ISIP	Information System of Insolvency Proceedings
UMIS	Unified Management Information System (of funds under the EU structural instruments)
EERESCF	Energy Efficiency and Renewable Energy Sources Credit Facility
CRC	Communications Regulation Commission
SSC	Social Security Code
CFP	Consolidated Fiscal Programme
MIP	Macroeconomic imbalance procedure
MH	Ministry of Health
IMF	International Monetary Fund
MSST	Minimum Social Security thresholds
MEET	Ministry of Economy, Energy and Tourism
ISIP	Information System of Insolvency Proceedings
MES	Ministry of Education and Science
MJ	Ministry of Justice
CoM	Council of Ministers
SMEs	Small and Medium-sized Enterprises
MTITC	Ministry of Transport, Information Technologies and Communications
MLSP	Ministry of Labour and Social Policy
MF	Ministry of Finance
IFI	International Financial Institutions
IFC	International Financial Corporations
MRD	Ministry of Regional Development
NRA	National Revenue Agency
NEK	Natsionalna Elektricheska Kompania EAD (National Electric Company)
NHM	National Health Map
NHIF	National Health Insurance Fund
R&D	Research & Development
RTD	Research, Technology and Development
NRIC	National Railway Infrastructure Company
NPAN	National Public Administration Network
NCCEII	National Council for Cooperation on Ethnic and Integration Issues
NSSI	National Social Security Institute
NAPERS	National Action Plan for energy from renewable sources
NAPEE	National Action Plan on Energy Efficiency
NAPE	National Action Plan on Employment
NRP	National Reform Programme
NA	National Assembly
NSI	National Statistical Institute
NAMRB	National Association of Municipalities in the Republic of Bulgaria
NT 1	National Target 1: "Reaching 76% employment of the population aged 20-64 by 2020"
NT 2	National Target 2: "Investment in R&D in the amount of 1.5% of GDP"
NT 3	National Target 3: Climate-Energy Package: "Achieve a 16% share of renewable energy sources in the gross final consumption of energy, and increasing the energy efficiency by 25% by 2020"
NT 4	National Target 4: "11% share of the early school leavers by 2020 and a 36% share of the people aged 30-34 with higher education by 2020"

NT 5	National Target 5: “Reducing the number of people living in poverty by 260 thousand”
TFP	Transitional and Final Provisions
CoM Decree	Decree of the Council of Ministers
pp.	percentage points
RDP	Rural Development Programme
EIA	Environmental Impact Assessment
OP	Operational Programme
OPAC	Operational Programme “Administrative Capacity”
OPE	Operational Programme “Environment”
OPDCBE	Operational Programme “Development of the Competitiveness of the Bulgarian Economy”
OPRD	Operational Programme “Regional Development”
OPFSD	Operational Programme “Fisheries Sector Development”
OPHRD	Operational Programme “Human Resources Development”
OPT	OP “Transport”
POEC	Plan for organisation and execution in construction
FLSU	First Level Spending Unit
EEP	“Energy Efficiency” Programme
WWTP	Waste Water Treatment Plant
DTCP	Detailed Transport and Communication Plan
EMEPA	Enterprise for management of environmental protection activities
DDP-LP	Detailed Development Plan – Lot Plan
PPP	Public–private partnership
TBUA	Total Built-up Area
CoM Decision	Decision of the Council of Ministers
CAR	Council for Administrative Reform
WB	World Bank
MBO	Medium-term Budgetary Objectives
GIS	Green Investment Scheme
CCEUFM	Coordination Council for European Union Funds Management with the CoM
SCF	Structural Funds and Cohesion Fund
CIW	Construction and Installation Works
ASSIL	Average Social Security Income levels
RIES	Risk Information Exchange System
CSR	Country-Specific Recommendation
JV	Job Vacancies
CR	Commercial Register
FEERS	Fund Energy Efficiency and Renewable Sources
CPCOC	Centre for Prevention and Counteraction to Corruption and Organised Crime
CEMC	Centres for emergency medical care
CSR 1	Country-Specific Recommendation 1 “Preserve a sound fiscal position by ensuring compliance with the medium-term objective and pursue a growth-friendly fiscal policy as envisaged in the convergence programme. Implement a comprehensive tax strategy to strengthen all aspects of the tax law and collection procedures with a view to increase revenue, notably by improving tax collection, tackling the shadow economy and reducing compliance costs. Establish an independent institution to monitor fiscal policy and provide analysis and advice.”
CSR 2	Country-Specific Recommendation 2 “Phase out early retirement options, introduce the same statutory retirement age for men and women and implement active labour market policies that enable older workers to stay longer in the labour market. Tighten the eligibility criteria and controls for the allocation of invalidity pensions to effectively limit abuse.”

- CSR 3 Country-Specific Recommendation 3 “Accelerate the national Youth Employment Initiative, for example through a Youth Guarantee. Reform the Employment Agency with a view to providing effective counselling to job-seekers and develop capacity for forecasting and matching skill needs. Enhance active labour-market policies, in particular concerning national employment schemes. Undertake a review of the minimum thresholds for social security contributions to ensure that the system does not price the low-skilled out of the labour market. Ensure concrete delivery of the National Strategies on Poverty and Roma integration. Improve the accessibility and effectiveness of social transfers and services, in particular for children and older people.”
- CSR 4 Country-Specific Recommendation 4 “Adopt the School Education Act and pursue the reform of higher education, in particular through better aligning outcomes to labour-market needs and strengthening cooperation between education, research and business. Improve access to inclusive education for disadvantaged children, in particular Roma. Ensure effective access to healthcare and improve the pricing of healthcare services by linking hospitals’ financing to outcomes and developing out-patient care.”
- CSR 5 Country-Specific Recommendation 5 “Take further steps to improve the business environment, by cutting red tape, implementing an e-government strategy and implementing the legislation on late payments. Improve the quality and independence of the judicial system and fight corruption more effectively. Improve the access to finance for SMEs and start-ups.”
- CSR 6 Country-Specific Recommendation 6 “Accelerate the absorption of EU funds. Ensure sound implementation of public-procurement legislation by extending ex-ante control by the Public Procurement Agency to prevent irregularities.”
- CSR 7 Country-Specific Recommendation 7 “Strengthen the independence of national regulatory authorities and the administrative capacity in particular in the energy and transport sectors, as well as for waste and water management. Remove market barriers, quotas, territorial restrictions and regulated prices and complete the market design by setting up a transparent wholesale market for electricity and natural gas. Accelerate electricity and gas interconnector projects and enhance the capacity to cope with disruptions. Step up efforts to improve energy efficiency.”

toe tonnes of oil equivalent  
TETC Trans-European Transport Corridor  
CCU Central Coordination Unit  
FPC Family-type Placement Centre  
EU-SILC EU statistics on income and living conditions  
NEET Not in Education, Employment, or Training

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JEREMIE Joint European Resources for Micro to Medium Enterprises



## Introduction

The 2014 update of the National Reform Programme has been prepared within the framework of the enhanced EU economic policy surveillance – the 2014 European Semester, and follows policy guidelines of 2014 Annual Growth Survey. This document reports on the progress achieved towards the national targets related to the five EU 2020 Strategy targets.

The document presents the stabilisation measures undertaken by the government and set in the Government Programme “Statehood, Development, Justice”, the measures in response to the 2013 CSRs and actions for accelerated implementation of structural reforms. The measures reported in the Programme also address the challenges identified in the in-depth review of Bulgaria under the macroeconomic imbalances procedure in pursuance of Regulation (EU) No 1176/2011 on the prevention and correction of macroeconomic imbalances.

The efforts of the government are focused on improving the business environment and reducing the administrative burden, and on enhancing the social dimension of policies, including combating against youth unemployment and reducing regional disparities. In parallel, a number of improvements in the statutory framework were drafted in view of increasing budget revenue collection, accelerated absorption of EU funds, ongoing optimisation of the administration, and focusing on e-governance. Efforts have also been made to take actions in areas where reforms are most pressing and where the pace of the reforms shall be accelerated: increased cost efficiency in healthcare and enhanced quality of the educational system. In line with the EC’s initiative in support to gradual reindustrialisation of the European economy, the Bulgarian government is currently developing a national programme aimed at increasing competitiveness. The policy measures and initiatives will be grouped in the following areas: promoting the development of high technology and the introduction of innovations; supporting access to new markets; increasing access to finance; developing human capital and skills.

Bulgaria will address existing challenges by following a complex approach, resulting in an overall enhancing of the quality of public finances, individual public services and providing conditions for long-term economic growth. This approach is supported by a strong political commitment to observe fiscal and budgetary discipline. This document was prepared in line with the Convergence Programme of the Republic of Bulgaria (2014–2017). ■

# 1 Macroeconomic Context and Scenario

## 1.1 Macroeconomic Outlook until 2020

In 2013 the Bulgarian economy expanded by 0.9 %. The external sector had the main contribution to the registered growth, as exports of goods and services increased by 8.9 % in real terms. Domestic demand had a negative contribution, mostly as a result of the reported decline in household consumption. The shrinking of external demand limited the real growth of imports to 5.7 %.

The improved prospects for the development of the European and the global economy in 2014 will result in a 6.9 % growth in Bulgarian exports. However, as a result of the increasing pressure of domestic demand on imports, the net exports will have a small positive contribution of 0.3 pp. The higher consumer confidence, the recovery of the labour market and the real household income growth are expected to support the increase in private consumption to 1.3 % in 2014. Investment will increase by 2.9 %, supported by government capital expenditure. As a result of these developments, the GDP growth in 2014 is expected to reach 2.1 % in real terms.

During the period 2015–2017 the economic growth is expected to accelerate from 2.6 % to 3.4 %. The main contributors will be the accelerated growth in household consumption and the improved investment activity in Bulgaria. Exports of goods and services are also expected to increase steadily, but the pressure of domestic demand on imports lead to an increase in the negative contribution of net exports to 1.1 pp. in 2017

**Table 1: Macroeconomic Projections**

	2013	2014	2015	2016	2017
<b>GDP, real growth, %</b>	0.9	2.1	2.6	3.4	3.4
<b>GDP deflator, %</b>	-0.8	1.1	1.8	1.7	1.8
<b>GDP per capita, in TBGN</b>	10.8	11.2	11.8	12.5	13.2
<b>Inflation, annual average, %</b>	0.4	-0.2	2.4	1.7	1.8
<b>Compensation per employee, nominal growth, %</b>	3.5	3.5	4.4	5.1	4.7
<b>Unemployment rate, %</b>	12.9	12.8	12.4	11.6	10.9

In 2013 the labour market was characterised by employment stabilisation and continuing increase of the unemployment rate. The number of people employed continued declining, but its rate of decrease decelerated to 0.4 % on average compared to a decline of 2.5 % during the previous year<sup>1</sup>. The agriculture and, in a lower extent, the services were the main contributors to this improvement.

<sup>1</sup> According to the definition of the System of National Accounts (SNA)

The number of unemployed persons continued increasing for a fifth year in a row and reached an average annual value of 436.3 thousand<sup>2</sup> which in an environment of employment stabilisation pointed to higher labour force participation. Due to the limited employment opportunities, however, the higher participation rate was also a factor for maintaining the high unemployment rate during the year; the average annual level of this indicator was 12.9 %<sup>3</sup>.

The labour market is expected to register a slight improvement in 2014. The number of employed persons is expected to stabilise and slightly increase at a rate of 0.1 %<sup>4</sup> compared to the previous year. Employment recovery is expected to be supported mostly by the services sector given the expected improvement in domestic demand. In 2014 the unemployment rate is expected to decrease slightly to 12.8 %<sup>5</sup>. Employment recovery is expected to strengthen gradually in the coming years, supported by the higher demand for labour and the increased economic activity of the population. At the end of the forecast horizon employment growth is expected to slow down as a result of the effect of demographic processes on the labour force. Unemployment is expected to follow a downward trend and reach 10.9 % in 2017.

Labour income growth will remain subdued in the medium term (2014-2017) due to the expected high levels of unemployment. The increase in economic activity during the period will also be reflected in an acceleration of labour productivity, and taking the gradual increase in employment, the growth in the average wage is expected to be close to 5 %.

Headline inflation slowed significantly in 2013. Corrections in the administrative prices during the year largely accounted for these developments. However the downward trend in the international prices of food and energy commodities and the relatively low domestic demand also had an impact. Inflation in 2014 will remain relatively low under the influence of the expected favourable juncture on the international commodity markets. The average annual inflation will accelerate to 2.4 % in 2015 and will slow down to 1.7–1.8 % in 2016–2017. The recovery of domestic demand is expected to result in a relative acceleration of inflation in consumer prices of services compared to food and non-food goods. The contribution of administrative prices to overall inflation during the period 2014–2017 is expected to be low.

The overall balance on the current and the capital account reached a surplus of EUR 1.2 billion (3 % of GDP) in 2013 compared to EUR 207 million (0.5 % of GDP) in 2012. The strong growth in exports of goods was essential to these positive dynamics. At the same time, the low domestic demand, reflecting the decline in consumption and investments, acted as a deterrent to the increase in the quantity of imported goods. The descending dynamics of international prices also had a negative contribution to the nominal change in imports. The slow recovery of domestic demand in 2014 will result in slight acceleration of imports. The continuing stabilisation of the European economy will continue having a positive impact on exports, while the

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<sup>2</sup> Based on Labour Force Survey (LFS) data

<sup>3</sup> As defined in the LFS

<sup>4</sup> As defined in the SNA

<sup>5</sup> As defined in the LFS

contribution of non-EU countries will be limited. As a result the growth rate of exports is expected to be more moderate, but still higher than the growth rate of imports.

The financial account in 2013 was negative (EUR 1.5 billion) compared to a surplus of EUR 2.2 billion in 2012. The outflows were related mainly to the increase in the assets held by Bulgarian banks abroad in the form of foreign currencies and deposits. Foreign Direct Investments (FDI) were the main inflow into the financial account. In 2013 they amounted to 2.7 % of GDP, registering a 2.1 % increase yoy. FDI are expected to stabilise at levels slightly below 3 % of GDP during the period 2014–2017, providing for a full cover of the current account deficit. ■

## 2 Implementation of 2013 Country-Specific Recommendations

### 2.1 Country-Specific Recommendation No. 1

#### Improving Tax Collection

Following the amendments to the Law on Value Added Tax (LVAT), as of 01 January 2014 a **reverse charge mechanism for VAT** is applied to supplies of cereals and industrial crops. This mechanism aims at limiting abuse of the trade in cereals and will be applied by the end of 2018. The expected effect of this measure is estimated as an increase in revenues in 2014 by BGN 200–400 million compared to the previous year.

Another important measure for improving tax collection is related to the exercising an **efficient fiscal control on goods with high fiscal risk** by the National Revenue Agency (NRA) authorities. A comprehensive strategy and concept for introducing fiscal control of the movement of goods with high fiscal risk was developed. The measure entered into force at the beginning of 2014 with amendments to the TSIPC. Measures were taken to enhance the administrative capacity of the control authorities by setting up the specialised “Fiscal Control” Directorate at the Central Administration of the NRA and strategic placement of permanent fiscal control teams at specially designated fiscal control points and at the locations where risk goods are unloaded. The expected effect of the fiscal control is assessed as a BGN 200 million increase in 2014 revenues compared to the previous year.

In 2013 an analysis of the **collection of public receivables** was carried out. A new organisation of the process of public receivables collection was introduced. One of its objectives was to streamline the process of investigating and selecting the debtor’s assets. Increase is planned in the electronic exchange of documents and data with public creditors and with institutions keeping information on property/assets of liable persons. In this regard the NRA developed an electronic service through which public creditors will be able to enter data regarding the execution grounds, subject to the compulsory collection. With a view to this the extant agreements and instructions are reviewed and updated to contain texts regarding the electronic exchange of data and documents. The development of a comprehensive specialised software, covering all activities related to collection of public receivables, is forthcoming. Its deadline will be 2015.

Every year targeted campaigns are held to collect overdue public receivables. Seventeen information telephone campaigns are planned for 2014. They will aim at stimulating the voluntary payment of overdue liabilities under the LPIT, HIC as well as of fines and fees imposed by different institutions to selected liable persons from all territorial directorates of the NRA.

Legal opportunity for rescheduling and deferral of tax liabilities and mandatory social security contributions at alleviated conditions for a longer period and in a greater amount was created<sup>6</sup>. The goal is to provide liable persons facing temporary financial difficulties with the opportunity to service their current liabilities for tax and social security contributions after receiving permission for deferral or rescheduling of tax liabilities and social security contributions the deadlines for the payment of which have expired. This measure also supports the gradual decrease in the liabilities of the private sector (MIP, 2014).

The expected effect of the measures for improving the collection of public receivables is assessed as a BGN 200 million increase in 2014 revenues compared to the previous year.

To **curtail “shadow” practices** and their negative effect on tax collection, measures are taken to strengthen the capacity of the revenue authorities. By the end of April 2014 the Risk Information Exchange System (RIES) of the Customs Agency (CA) is envisaged to become operational in a real environment. The CA is developing rules for collecting intelligence information and providing data for the risk analysis. The exchange of information between the CA and the NRA with regard to intracommunity supplies and acquisitions will continue, and so will the joint analysis for identification of objects for unregulated production, storage and sale of motor fuels and selecting risk individuals for inspections.

A programme was developed including planned measures for compliance with legislation and reducing the risk levels in 2014. The result will be assessed in 2015. Specific risks were analysed and assessed and will be prioritised depending on their importance.

The road and railway control with regard to the illegal transportation and shipment of tobacco products was strengthened, including through mobile control and surveillance groups and mobile teams. Targeted inspections of individuals, introducing lubricants and base oils in the country's territory are carried out.

## 2.2 Country-Specific Recommendation No. 2

### 2.2.1 Pension Reform

In 2011, with a view to the Council of the EU recommendations regarding NRP (2011–2015), the amendments to the SSC were made, effective as of 1 January 2012. By the virtue of these amendments, both the length of contributory service and the retirement age for all individuals started to increase, regardless of the category of labour, by four months in each calendar year until a retirement age of 63 years for women and 65 years for men, and a contributory of service of 37 years for women and 40 years for men are reached for the individuals working under third category of labour.

In 2014 the retirement conditions valid for 2013 for all labour categories are kept, so as for the third labour category the pension eligibility criteria are as follows: age of 60 years and 8 months and contributory service of 34 years and 8 months for women, and an age of

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<sup>6</sup> LAS the TSIPC, promulgated, SG, No. 109 of 2013

63 years and 8 months and contributory service of 37 years and 8 months for men. One of the reasons for the temporary suspension of raising the requirements is the fact that the burden of the reform launched in 200 is taken by a single generation. For women working under the third category of labour this result in a cumulative increase of the retirement age by 5 years during the period 2000–2011, and for men working under the third category of labour – a cumulative increase by 3 years during the same period.

In 2014 the opportunities for implementing measures ensuring the financial stabilisation of the public social insurance while achieving a closer interrelation with the life expectancy after retirement are widely discussed.

- A discussion on the different options for limiting early retirement at the Consultative Council on Streamlining the Social Security System to the Minister of Labour and Social Policy is forthcoming.
- A discussion on the opportunity for introducing legal provisions regulating a mechanism for equalization of retirement age for both men and women working under the conditions of third labour category at the age of 65 after 2021 is forthcoming..

The draft LAS the SSC is envisaged to be tabled at the Council of Ministers by the end of November 2014.

### **2.2.2 Active Employment Policies for Older Workers**

Within the active employment policy targeted at older workers, in 2013 under subsidised employment programmes and measures 1,535 unemployed individuals aged over 50 were included. In 2014 the implementation of the National Programme “Assistance for Retirement” will continue for unemployed individuals in pre-retirement age. Individuals, who lack up to 24 months contribution period and 24 months statutory retirement age or 24 months contribution period at the age of retirement, instead of the previously set 16 months, will be able to join the programme. The implementation of the measure for unemployed individuals aged over 50 (Article 55a of the LEP) will continue. According to this measure an employer, who creates a job and provides employment to an individual from the target group, is given funds from the state budget for the salary and the mandatory payments under the employment and social security legislation. The funds allocated for the implementation of programme “Assistance for Retirement” in 2014 exceed TBGN 385 and those for the measure from article 55a of the LEP exceed TBGN 523. Unemployed individuals aged over 50 will also be able to participate in the “Support for Employment” scheme under OPHRD. The goal is by 2015 the employment rate of the population aged 55–64 to reach 48.6 % compared to 47.4 % in 2013.

### **2.2.3 Limiting Abuse in the Allocation of Invalidity Pensions**

Over the last few years the control on the expert decisions for allocation of invalidity pensions, exercised by medical commissions to the NSSI territorial divisions, was strengthened. In case the medical commission decides that an expert decision issued by TEMC and NEMC has been issued incorrectly, an appeal against the decision of the medical expertise authorities is filed within 14 days of its receipt at the corresponding NSSI territorial division.

Until 31 December 2011 the control exercised by the medical commissions covered only a portion of the expert decisions of TEMCs, namely the ones concerning individuals with primary certification of incapacity. Since 1 January 2012, following amendments to the SSC, medical commissions rule on all expert decisions issued by TEMCs stating permanently decreased incapacity to work of 50 and over 50 percent. The deadlines for issuing the decisions are also shortened. According to NSSI data, the following has been achieved as a result of the strengthened control activities implemented by the medical commissions:

- an increase in the number of the decisions issued by the medical commissions by 43 % in 2012 and by 86 % in 2013 compared to the corresponding previous year;
- an increase the number of the appealed expert decisions issued by TEMC by 92% in 2012 and a negligible increase in 2013 compared to the corresponding previous year;
- an increase in the percentage ratio of the expert decisions of TEMC appealed against to the decisions of the medical commissions from 1.92 to 2.33 in 2012, and a decrease from 2.33 to 2.15 in 2013 compared to the previous year.

The analysis of the results of the appealed by the medical commissions expert decisions of TEMC/NEMC outlines the following trends:

- 12.2 % decrease in the number of individuals with a certified percentage of permanently limited capability for work, which determines entitlement to invalidity pension;
- 18.9 % decrease in the number of individuals with limited capability for work of over 70.99 percent, providing an entitlement to additional social benefits;
- 9.7 % increase in the number of individuals assigned to care assistance.

For the purpose of effectively limiting abuse, in January 2014 an Integrated Information System of Medical Expertise was introduced. The system contains general information about the number of individuals, the type of disability and the procedure for certifying the incapacity of individuals. The purpose is to objectify the issuing of certificates of incapacity<sup>7</sup> through detailed information about the number of appearances of each individual before the medical expertise. The system integrates information collected by the NSSI, the MLSP and the MH. The migration of data from the existing applications and archives shall be completed until the beginning of June 2014. The system will be used not only to the allotment of invalidity pensions, but also for social benefits, tax concessions, etc. Public access to it is also envisaged.

Other measures related to reducing abuse and increasing the quality of medical expertise, with regard to which in 2013 the required amendments in legislation are prepared, foresee: allowing doctors, members of TEMCs and NEMCs, to perform medical activities; streamlining the examination package for the purpose of medical expertise (introducing a 1 year statute of limitations), and abolishing the specialised expert medical commissions for pulmonary, ophthalmic and psychiatric diseases.

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<sup>7</sup> TEMCs and NEMCs make judgements based on various medical documents without medical examinations.



## 2.3 Country-Specific Recommendation No. 3

### 2.3.1 Youth Guarantee

Unemployment among population aged 15–24 was 28.4 % in 2013. This is similar to the 2012 level. In 2013 a total of 62 thousand unemployed young people, or 5 800 more than in 2012, started work. As at the end of January 2014 almost 12 thousand young people aged up to 29 (of which 6 thousand young people aged up to 24) were newly registered in the “Labour Office” Directorate (LOD). Of them, close to 25 % of the young people aged up to 29 and 20 % of the young people aged up to 24 started work on the primary labour market. Within the National Initiative “Jobs for Young People in Bulgaria 2012–2013” a package of measures, programmes and services, related to the activation, information, consultations, training and employment of young people aged up to 29, is implemented. In 2012 and 2013 in the primary labour market 70 000 young people aged up to 29 started work, and 25 600 young people participated in training and employment measures and programmes financed from the state budget. During the same period, with the financial support of the ESF 37 000 young people were included in training, and 20 000 young people started work.

The implementation of the measures in the action plan for the Youth Guarantee<sup>8</sup> aims at introducing a partnership approach in tackling youth unemployment, early intervention and activation of young people and support for the integration in the labour market. Young people will be offered jobs or training by the end of the fourth month of their registration with the LOD. Offers will be based on a personal action plan for each young person, where his/her profile will be defined.

It is envisaged that by 2015 the unemployment rate among young people aged 15–24 will be up to 27.2 %, and the level of NEET will fall to 20.5 %. Young people aged 15–24 included in employment and training will increase from 30 % in 2013 to 50 % in 2015. It is expected that by 2020<sup>9</sup> more than 150 thousand young people will be included in employment and training.

For inactive young people (not in education, not in employm, not registered in the LOD) activities are envisaged, which will be implemented using the partnership approach. In 2014 labour intermediaries in the LODs will inform each of these young people of the services provided by the LOD, and after 2014 information will also be provided by other organisations.

The legislative initiatives undertaken in 2013 will help the implementation of the measures in the plan.

- The promotion measures introduced in the LEP<sup>10</sup> provide opportunities for flexible part-time employment for long-term unemployed people aged up to 29 through financing the labour costs of employers. The amendments also envisage regulation the payment

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<sup>8</sup> In response to Council Recommendation of 22 April 2013. The recommendation requires from the EU Member States to ensure that all young people aged up to 25 will receive a good offer for job, further education, apprenticeship or traineeship within 4 months of becoming unemployed or leaving the formal education system.

<sup>9</sup> According to the plans in the updated Employment Strategy of the Republic of Bulgaria (2013–2020).

<sup>10</sup> With the amendments to the Law on Employment Promotion of 26 July 2013.

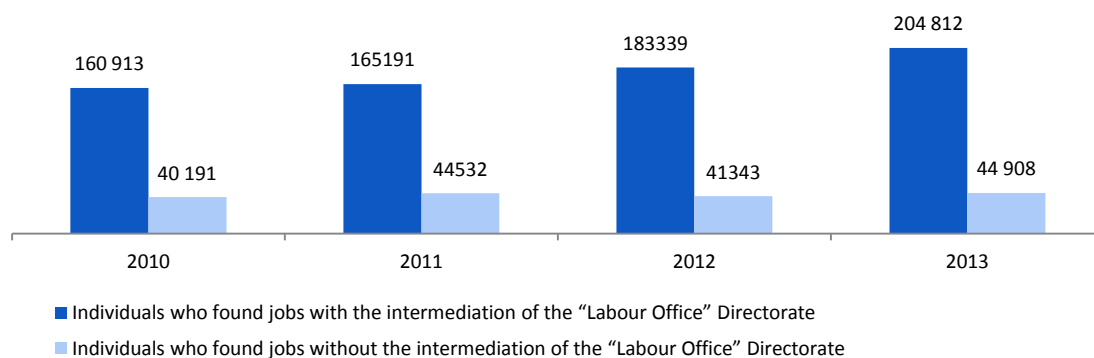
of scholarships to people involved in jobs search training and improvement of the legal framework of apprenticeship.

- Following the amendments to the Labour Code<sup>11</sup>, employers will be able to conclude employment contracts with a condition for traineeship with young people aged up to 29, who have completed secondary or higher education and have no work experience or professional experience under the acquired profession or speciality. The draft law envisages that young people will be hired for traineeship at positions corresponding to the qualification or speciality they have completed, for a period from 6 to 12 months. Interns shall have all rights of employees employed under employment relationships.
- New opportunity for acquiring professional qualification within the educational system by introducing elements of duality training is envisaged to be introduced in the legislation regulating the secondary education. Dual system of vocational education is in a process of regional implementation and should be tested in several municipalities through the school year 2015/2016 r.<sup>12</sup>

### 2.3.2 Strengthening the Capacity of the Employment Agency

In 2013 the total number of unemployed individuals who started work with the intermediation of the Employment Agency (AE) was 204 812 (over 21 000 more compared to 2012). This accounts to 82 % of the registered unemployed individuals.

Figure 1



Source: EA

122 job fairs, of which 53 specialised, were held. They were attended by 1 694 employers, 11 549 vacancies were announced and 21 453 job-seekers participated. Of the latter, 10 637 started work.

<sup>11</sup> Adopted by the National Assembly and promulgated in SG. 27, the Gazette on 25.03.2014

<sup>12</sup> Currently MES explore the possibilities of introducing elements of the dual training of Swiss Agency for Development and Cooperation at the Swiss Institute for Vocational Education and Training.

494 remote offices function. Their purpose is to facilitate the access of unemployed individuals from remote settlements to the services of the EA. In this way the mobile teams of the LOD by settlements helped unemployed individuals find work faster.

The results of the EA in the establishment of unemployed individuals improved as a result of the enhanced administrative capacity and services provided by the labour offices. In 2013, 4 400 training events for EA officials were organised. In June 2013 the methodology for control activity was updated. Its implementation streamlines and enhances the quality of control activities and, thus, the operations of the territorial divisions of the EA.

In 2013 work continued on the introduction of a system for forecasting the need for labour force with definite qualifications. In July 2013 the CoM adopted a mechanism for including the results from the forecasts for demand and supply of labour in Bulgaria when developing and implementing government policy. In February 2014 the first results of the model regarding the development trends of the labour market were presented. Medium-term forecasts for 120 professions and 35 economic activities and long-term forecasts for 9 classes of professions and 18 economic activities were prepared. A special unit will work at the MLSP. It will conduct the study, and the results will be used to implement effective policies in the field of education, training, social inclusion and employment.

In 2014 the EA will work on providing more personalised, electronic services and on expanding the market share to the segment of higher quality jobs. The introduction of the “one-stop-shop” service for all interested persons will continue. This will encourage the involvement of the inactive and discouraged individuals. Currently 76 of the 98 LOD apply this principle.

As from 2014 the electronic submission of applications for registration by job-seekers and requests-specifications of vacancies by employers will become possible.

After the launch of 490 “job-seeker studios”, they will be gradually introduced in all LODs in Bulgaria. The goal is for these studios to become preferred place for unemployed individuals, employers and social partners in the process of providing career guidance, accompanied by counselling and developing motivation for participation in lifelong learning.

### **2.3.3 Active Employment Policies under National Schemes**

In 2013 using funds from the state budget subsidised employment was provided to 62 190 unemployed individuals in a vulnerable situation in the labour market which is by 43 % more compared to 2012. In 2013 close to 1 600 individuals more compared to 2012 were included in training financed with funds from the state budget. The funds from the state budget spent in 2013 were by 37 % more compared to 2012. This increase resulted from the BGN 30.6 million additionally allocated for subsidised employment of vulnerable groups in the labour market.

In 2014 the implementation of 4 new national programmes for activating unemployed individuals were launched. It is envisaged that 400 people will be included in employment and 2 300 people will be included in training under these programmes. The funds earmarked for their implementation total BGN 1.9 million.

- In 2014 the implementation of a new programme for employment and training, “Clio”, will be launched. Its objective will be to provide training, subsequent employment and social integration to unemployed individuals by opening jobs in activities related to conservation, maintaining, restoration and servicing of immovable cultural heritage sites.
- In cooperation with the Ministry of Agriculture and Food and the Forest Agency, a National Programme “Reviving and Preservation of Bulgarian Forests” will be implemented to provide employment to long-term unemployed individuals by opening jobs in activities related to the reviving and preservation of the state forestry fund and improving the environmental situation in Bulgaria.
- A National Programme for Integration of Refugees will be implemented. It will be orientated at Bulgarian language training and vocational training for people with refugee or humanitarian status, with a view to subsequent inclusion in employment.
- The implementation of a Training programme for unemployed individuals on social assistance aims at raising their employability by including them in training resulting in higher skills and qualifications.

National Programme “Security” was approved by a supplement to NAPE 2014<sup>13</sup>. The programme aims at limiting unemployment by providing employment in activities related to the protection of public order in settlements with high unemployment rates. 5 000 people will be included in employment under the programme.

Enhanced effectiveness and efficiency of active labour-market policies will be achieved based on the results of the project “Evaluation of the effect of the active labour-market policies, financed with resources from the state budget”, launched in 2013. Two studies are carried out under the project. One is for assessing the net effect of the active labour-market policy and the subject of evaluation are the programmes and measures included in NAPE 2011. The second study is for a follow-up evaluation of all components of the active labour-market policy in the following directions: orientation, relevance to the “Europe 2020” Strategy, economy, effectiveness and efficiency.

#### **2.3.4 Minimum Social Security Thresholds**

For a second year, when determining the Minimum Social Security Thresholds (MSST) by economic activities and qualification groups of professions for 2014, the principle of keeping the MSST unchanged where no agreement has been concluded between employers’ and employees’ representatives was adopted. It is thus guaranteed that any increase in the MSST is done with the consent of the stakeholders, reflects the specific nature of industries and the companies’ ability to maintain employment and open new jobs. The first results from the survey on the impact of minimum social security thresholds on employment, carried out by the MLSP, are expected by April 2014.

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<sup>13</sup> CoM Decision No. 172 of 27 March 2014.

**Box 1: Main conclusions from a regional analysis on the impact of the minimum social security thresholds on the labour market (a study carried out by the Bulgarian Ministry of finance)**

*Based on the analysis of the regional macroeconomic trends regarding the GDP per capita, labour productivity, investments, income and unemployment the conclusion was made that regardless of the differences in economic development, the share of labour costs is almost similar by regions. Since the salaries are lower than the country average in all regions except for the South-western Region, where the difference is positive, the comparable share of labour costs is related to the impact of labour costs other than salaries. On this basis, three regions were selected – North-western, North Central and North-eastern, in which to analyse the impact of the Minimum Social Security Thresholds (MSST), since these regions are characterised by the poorest economic development and the highest unemployment rates. The analysis focused on the industries with the largest numbers of individuals whose social security contributions are paid based on the MSST, such as trade, hotels and restaurants, and construction. The preliminary results showed that with regard to trade and hotels and restaurants it is possible to observe a negative effect from the increase in the MSST during the period since 2009. The average increase in the MSST during this period for both types of activities outpaced the increase in the minimum wage, with a tendency for higher growth rates of minimum income for individuals with lower qualifications and without qualifications. Regardless of the temporary recovery in 2011 in the positive dynamics of the largest group of persons within these activities – staff employed in services for the population, security and trade, the changes in the number of declarations were negative throughout the whole period observed. The comparisons between the MSST and the Average Social Security Income levels (ASSIL) for the activities in the corresponding region, on the one hand, and the average values for the entire economy, on the other hand, show that the MSSIL are approximately equal to the average for the sector, while the levels of the ASSIL are considerably lower, which is particularly evident for higher qualification levels. Thus, the lower levels of wages are the cause of both the shortage of highly-qualified labour and the higher unemployment in these regions. Moreover, under the same levels of MSST by professions against the industry average and lower levels of ASSIL, the uniform increase in social security thresholds imposes additional costs where wages are lower than the average, while lower wages in these areas are preconditioned by their poorer economic performance. Unlike trade and hotels and restaurants, in construction we can talk about negative impact of MSST in 2009 alone. Construction was seriously affected by the contraction of capital flows and the high growth of MSST during this year, with reduced revenues has increased price of labour input and has contributed to the reduction in the number of insured people. After 2009, however, MSSTs did not increase and ASSILs decreased, which indicates the use of part-time works as a form of employment. Thus, after the initial inertia in 2009 and the increase in the levels of MSST to ASSIL, employers started to react by reducing the social security income, and the decrease in the number of declarations is related mainly to the lower demand. In other words, if in 2009 optimisation of costs was affected negatively by higher thresholds, since 2010 the effect started adjusting and in 2012 in a large portion of the districts the number of declaration started recovering.*

*The analysis of the dynamics of people covered by social security schemes at the level of economic activity, professional qualification, planning region and enterprise size is focused on the period 2009–2012 in order to assess the influence of the minimum social security thresholds on the dynamics of unemployment in Bulgaria, including on the process of laying off people with low qualification in the period after the crisis. The main results of the study are as follows.*

***During the period 2009–2012 the number of insurance contracts decreased by 4.7 %. The micro-, small and medium-sized enterprises were characterised with a downward change, while the impact of the large enterprises was positive. The leading negative contribution made the North-western,***

North Central and South-eastern regions. The number of the insurance contracts in the South Central region has remained almost unchanged, and those in the South-western and the North-eastern region have increased. The analysis by size of enterprise shows that micro- and small enterprises were on a negative territory in all statistical regions. An increase was observed in the medium-sized and large enterprises in the South Central Region, the South-western and the North-eastern regions, which contributed positively positive contribution to the insurance contracts dynamics during the period in question.

**The dynamics of insurance individuals covered by social security schemes by professional status does not provide a clear status of individuals who left the system during the period 2009–2012.** All levels of occupation contributed to the observed decrease. In addition, in some of the professional groups in the number of insurance contracts increased, and these groups included workers with low, medium and high qualifications. The highest negative contribution came from the persons without qualifications and operators of installations and machines, applied specialists and support staff. However, some low skilled (staff employed in services for the population, security and trade, and agricultural production) and high skilled groups (managerial staff and analytical specialists) reported an increase. Regardless of the reported decrease in the number insurance contracts overall in the economy the funds on which they have paid contributions increased. This trend was caused by the groups of professions with positive dynamics of the insurance contracts (analytical specialists, staff employed in services for the population, security and trade, and managerial staff).

**In response to the recommendation to review the minimum thresholds for social security contributions, the dynamics of the insurance contracts by professional status showed that at national level there was no clear evidence that the increase in the minimum social security thresholds has a negative effect on the change in the number of low-paid workers.** In 2009–2012 the two professional groups with the highest number of individuals with low qualifications (workers without qualifications and personnel employed in services for the population, security and trade) had different dynamics under a similar increase in the MSST, which gives grounds to suggest the influence of other factors. During the period analysed, the number of persons employed in services for the population, security and trade increased by 2.8 % and their share in the total number reached 18.3 % in 2012. The observed developments reflected the upward dynamics of the indicator in small and large enterprises, while individuals employed in micro- and large enterprises were characterised by a decline and this trend was observed in almost all planning regions. Simultaneously, workers without qualifications decreased by 11.2 %, which corresponds to a 16.9 % share. The comparison of the dynamics in the two low-skilled groups discussed above shows that the differences were caused by small, medium-sized and large enterprises in the South-western, South Central and North-eastern regions. Given the comparable levels of minimum social security income, this means that the opposite dynamics observed in those two groups was due to differing demand. It is noteworthy that the number of insurance contracts decreased in all planning regions. From this point of view, a more considerable pressure of labour costs as a result of the increase in the minimum social security thresholds can be observed in the micro enterprises in the North-western, North Central and South-eastern regions. The remaining planning regions were also characterised with a decline in the number of insured individuals in micro enterprises, but in them the process of entering of larger enterprises, which are more competitive than micro enterprises, all other things equal, had an impact.

The observed in the dynamics of insurance individuals by occupation, region and size of enterprise were to a large extent valid for the economic activities with the biggest negative impact on employment decline in the period 2009–2012, including retail trade, hotels and restaurants, textile production, and road transport.

### 2.3.5 Accessibility and Effectiveness of Social Transfers

The following actions were undertaken in 2013 to improve the targeted nature of social benefits and ensure adequate access to social transfers:

- Legal opportunity was created for keeping the amount of energy assistance unchanged compared to the previous heating season<sup>14</sup>, taking into account the changes in the price of electricity for households and ensuring better social protection of the most vulnerable social groups.
- Conditions were created for access to public health services<sup>15</sup> of people without income and/or personal property, which grants them participation in the health insurance process and entitlement to medical care in hospitals in Bulgaria;
- The amount of the compensation<sup>16</sup> for raising children aged 1 to 2 was increased from BGN 240 to BGN 310, and as of 1 January 2014 the compensation will amount to BGN 340;
- Increase by BGN 100 (to BGN 250) of the one-off targeted allowance for schoolchildren enrolled in the first grade of state or municipal schools for the 2013/2014 school year<sup>17</sup>. These payments supported the families of over 48 000 first grade pupils, so that the latter could receive equal start in school;
- Differentiated amounts of the monthly allowances for children until graduation from secondary education, but not later than the age of 20, were introduced. With the amendments in the Law on Family Allowances for Children was introduced the rule for setting higher amounts of monthly allowances for a second child in the family (with BGN 50), for permanently disabled child (with BGN 100, or 200 % of the allowance for a second child) and for twins (BGN 75, or 150 % of the allowance for a second child).

With the 2014 state budget, the monthly allowance for children with permanent disabilities was increased from BGN 217 to BGN 240.

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<sup>14</sup> Ordinance No. RD-07-6 of 25 October 2013 amending and supplementing Ordinance No. RD-07-5 of 2008 on the conditions and procedure for allocation of targeted benefits for heating.

<sup>15</sup> CoM Decree No. 313 of 27 December 2013 amending and supplementing CoM Decree No. 17 of 2007 setting out the conditions and procedure for spending the earmarked funds for diagnostics and treatment in hospital medical treatment facilities of people without income and/or personal property, which grants them participation in the health insurance process.

<sup>16</sup> Law amending and supplementing the Law on the 2013 Budget of Public Social Insurance (promulgated, SG, No. 57, effective as from 29 June 2013)

<sup>17</sup> CoM Decree No 135 of 21 June 2013.

**Table 2: Recipients of social benefits of the respective type, number**

Social benefits	Recipients of social benefits of the respective type, number		
	2012	2013	2014 (estimate)
Monthly allowances for individuals and families	49 676 people and families monthly average	49 921 people and families monthly average	57 400 people and families monthly average
Lump-sum benefits	7 709 cases	7 758 cases	8 500 cases
Special-purpose allowances for rent under the LSA	205 cases monthly average	226 cases monthly average	265 cases monthly average
Special-purpose allowances for heating	210 711 cases for 2012/2013 heating season	251 876 cases for 2013/2014 heating season	270 000 cases for 2014/2015 heating season
Earmarked funds for hospital medical care – diagnostics and treatment	3 019 people	4 357 people	3 000 people

In 2014 the promotion of employment of long-term unemployed people in active age, receiving benefits, will continue for the purpose of decreasing the number of passive beneficiaries of social benefits and creating an opportunity to redirect those resources to the people who need them most.

### 2.3.6 Accessibility and Effectiveness of Social Services for Children and Old people

Over the recent years the social services system was expanded due to the reforms targeted at improving the planning, deinstitutionalisation of the services for children<sup>18</sup>, the provision of more community-based social services for children, the elderly people and people with disabilities. As of December 2013 the number of social services in the community was 781, which is an increase by 62 services compared to the same period of 2012. The number of specialised institutions for children decreased from 91 to 77, and the number of specialised institutions for elderly people and people with disabilities decreased from 162 to 160.

In 2013 as part of the implementation of the Social Inclusion Project funded with state guaranteed loan from the IBRD amounting BGN 61.4 million, continued the renovation and modernisation of the equipment in the centres for integrated early childhood development services. By the end of January 2014, 83 of the 85 Civil Works contracts worth EUR 17.8 million were completed. During the period specified crèches and kindergarten groups with 1 107 new places were commissioned in 17 municipalities.

By the end of February 2014, 194 community-based social services and 220 services of residential type for elderly people and people with disabilities were operational. The capacity of 81 homes for elderly people was reduced and 1 specialised institution for people with disabilities

<sup>18</sup> The five projects included in the Action Plan to the “Vision for Deinstitutionalisation of the Children in Bulgaria” National Strategy.



was closed down. The adopting of the National Strategy for Long-term Care<sup>19</sup> aims at creating conditions for independent dignified life of elderly people and people with disabilities by improving their access to social services and their quality, and closing down all functionally obsolete specialised institutions for elderly people and people with disabilities that do not satisfy their needs. The implementation of the strategy will also provide complex support to families looking after elderly people and people with disabilities. The development of an Action Plan for the implementation of the strategy until 2015 is forthcoming.

A **new Law in Social Services** will be developed in the period 2014–2015 for the purpose of improving the system of provision and financing of social services, enhancing the planning and quality of services and developing systems for monitoring and control of the efficiency and effectiveness of the services provided.

### 2.3.7 National Roma Integration Strategy

#### – Institutional measures for the strategy implementation

In order to ensure the achievement of specific results from the implementation of the National Roma Integration Strategy of the Republic of Bulgaria (2012–2020), in March 2013 28 district strategies and 220 municipal action plans were developed. The mechanism for monitoring the implementation of the strategy was improved in December 2013 through amendments to the Regulations on the Structure and Operations of the National Council for Cooperation on Ethnic and Integration Issues (NCCEII)<sup>20</sup>. A Committee for the implementation of the strategy was set up with the tasks to monitor the implementation of the measures set and the achievement of the results under the priorities of the strategy, to propose amendments to the legal framework in support of the strategy implementation, and to plan the resources required for the Roma integration policy. Two inter-departmental working groups function with the Committee – for resource provision and for monitoring of the implementation.

By the end of 2014 new municipal action plans and the second period of the Action Plan for the implementation of the strategy will be developed. Pursuant to the Bulgarian legislation, statistical data based on ethnicity are not collected<sup>21</sup>. For this reason, it is envisaged to develop by 2017 a system for monitoring the implementation of the strategy, containing an appropriate set of indicators for monitoring the actual effectiveness of the implementation of the measures included in the strategy.

#### – Implementation of measures under the priorities of the strategy

Under the Education priority as a result of measures taken to the dropout prevention the number of early school leavers was reduced. Since the most common reasons for dropping are absence from school, poor performance, social and/or family reasons it may be consider that

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<sup>19</sup> CoM Decision No. 2 of 07 January 2014.

<sup>20</sup> CoM Decree No 276 of 06 December 2013.

<sup>21</sup> An exception is the Census of the population and the housing fund, while respecting the principle of voluntary declaring of ethnicity.

measures target largely Roma children and students<sup>22</sup>. According to the data the largest number of dropouts is in a primary school level (V-VIII classes) – 2 122 students in the 2012/2013 school year. Compared to the school year - the reduction was of about 7%.

Under the Employment priority, in 2013, in the course of the implementation of different programmes, projects and promotion measures employment was provided to 14 670 individuals, and the number of individuals included in training to increase their employability was 9 928. The largest portion are the individuals who started work under the NP “From Social Assistance to Employment” – 8 110 people; 3 979 unemployed individuals have started work on the primary labour market, 1 543 individuals have started work under OPHRD, and 309 people have started work under the promotion measures under the LEP. Roma also participate in employment and training schemes, which are not explicitly targeted at this target group<sup>23</sup>. In 2014 the EA intends to improve the direct contact with Roma job-seekers by holding specialised employment fairs for unemployed people from the Roma community.

Under the access to healthcare priority, prophylactic examinations and tests were carried out in settlements with predominantly Roma population using 23 mobile medical offices. 11 453 examinations were made in 2013. 905 immunisations were made of children aged 0-18 with incomplete immunisation status, according to the National immunization Schedule. Under the “Prevention and Control of HIV / AIDS” programme 23 121 representatives of the Roma community were covered, and under the “Strengthening the National Tuberculosis Programme in Bulgaria” programme the people covered were 19 382. In 2014 the implementation of the model of health mediators will continue in order to improve the access of Roma to healthcare and social services and overcome the discriminatory attitudes to them. A total of 150 health mediators are envisaged to be employed, and their number is expected to increase to 170 in 2015.

Under priority “Housing Conditions”, in 2014 the construction of the new 213 social housing projects in the Vidin, Dupnitsa and Devnya Municipalities will continue. About 900 representatives of disadvantaged groups, including Roma, will benefit from them.

## **2.4 Country-Specific Recommendation No. 4**

### **2.4.1 Changes in School Education**

#### **New Law on school education**

The new law is extremely important for updating the school education so that it satisfies the needs of pupils, parents, teachers and the labour market as a whole. The work of the working group set up in July 2013 with the task to update the draft new Law on School Education continues. The revision of the draft new law is aimed at introducing additional quality criteria as

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<sup>22</sup> Within the education system in Bulgaria information on ethnicity is not collected and therefore the assessment is approximate

<sup>23</sup> The OPHRD scheme “Take Your Life in Your Own Hands”, the National Programme “From Social Assistance to Employment”, regional programmes, “Development” and “Support for Employment” schemes, etc.

well as at improving the access to education. The approval of the new law by the National Assembly is planned for 2015. For this reason the development of the corresponding secondary statutory instruments is envisaged for 2016. With regard to this, the educational requirements complying with the new law will apply as from the 2016/2017 school year.

#### Inclusive and integrating education and training

In 2012 the early school leavers aged 18–24 in Bulgaria accounted to 12.5 % compared to the EU-27 average of 12.8 %. A number of programmes and measures are implemented for preventing the early leave of the educational system most of which start in the period 2011-2012. Their effect on the premature leave is expected to show in 2014-2015. The programmes and measures include:

- Programmes for work in a multicultural environment and programmes for work with children and students with SEN - In 2013, 1 372 schools organised extracurricular activities covering 183 714 pupils, and 27 569 people participated in measures targeted at prevention of early school leaving.
- Under the programmes for work with children and students with SEN measures are implemented targeted at opening the educational system with a view to the implementation of inclusive education – in 2013 13 241 children and students with special educational needs are integrated into the general education (i.e. an increase of 9,6% compared to 2012), as 2072 educational institutions kindergartens and schools offer programmes for integration of children and students with SEN, incl. 84 pilot general education schools. A screening test was conducted covering 6 051 children at the aged of 3 from 990 kindergartens (around 11% of children at the respective age attending kindergartens). Popularization of good practices in the process of inclusive education is forthcoming incl. and the new model of functioning of the boarding-school until the end of October 2014.

Besides the measures for changes in school education presented in the document the remaining current changes in school, vocational and high education that should modernize the Bulgarian educational system and to adapt it to the needs for the development of the economy are briefly described under the National targets in education for implementing the “Europe 2020” strategy (*see measures in part 3.4*). In this way labour market challenges will be addressed established within the framework of the 2014 Macroeconomic imbalances procedure.

#### **2.4.2 Consistency of Higher Education with the Needs of the Labour Market and Enhancing the Cooperation between Education, Science and Business**

A draft Strategy for the Development of Higher Education in the Republic of Bulgaria 2014–2020 was developed and is currently undergoing public consultations. The strategy includes measures aimed at reforming the higher education with a view to synchronising it with the other national policies, increasing the competition among higher education establishments based on the professional realisation of students, adapting the admission by specialities to the needs of the labour market, and strengthening the connection between education, business and science. The strategy is planned to be adopted by the NA in May 2014.

The implementation of the project launched in 2012 with the goal to update curricula, aligning them with labour market demand, continues. The project is financed under OPHRD. Thirty-six projects with the involvement of higher education establishments are being implemented, and the total budget of the project was increased to BGN 11.8 million. The projects will strengthen the connection between higher education establishments at the levels of academic management and departments with employers' organisations, large enterprises and key experts. They jointly redefine and update the curricula in the higher education system, thus contributing to the higher quality of education and to the preparation of specialists who are competitive in the labour market and satisfy the needs of the business and the practice. Another important result under the project is the updating of the BSc degree by introducing specialities directly working for the business. The objective is to diversify the educational product into general training in the speciality during the first 3 to 4 semesters, followed by two years of specialisation so that the product is orientated to the practice.

Within the "Science and Business" project under OPHRD, an integrated platform was developed and launched in April 2013. It provides a meeting point between science and business for the purpose of developing partnerships and joint work on projects. It provides an opportunity for quick and easy access to important information databases at national level: the Bulgarian Patent Office, the Register of scientific activities in Bulgaria and the National Centre for Information and Documentation, and summarises the available information to the highest extent possible. A national bulletin for monitoring the condition of the links between business and science was developed. Twelve bulletins were prepared and published in the web site of the project. Over 250 young scientists received support for education in highly innovative complexes, three scientific schools and three science exchanges were held, over 150 publications in foreign media and 20 indexed magazines were supported.

### 2.4.3 Reform in Healthcare

A draft National Health Strategy 2014–2020, covering 8 priority areas, was adopted on 3 April 2014 by the Health Committee at the NA together with an action plan for it<sup>24</sup>.

The changes that will result in improved access of the population to high-quality health services are orientated at:

- **Improving the effectiveness of hospital care**

An important measure for overcoming disparities is to create conditions for guaranteeing **"basic" medical care for the population in inaccessible and remote regions**. Under this measure 51 municipal hospitals will be subsidised. For the purposes of its implementation, the MH together with the NAMRB prepared amendments to the methodology setting out the procedure and criteria for subsidising. Medical standards, approved with ordinances of the Minister of Health, were updated in order to align the requirements for levels of competence of the

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<sup>24</sup> Besides this, an agreement with the IBRD has been signed for the provision of technical assistance for analysis and diagnostics of the state of funding of healthcare in Bulgaria and for the development of scenarios for reform, preparation of draft action plan for the implementation of system of diagnostic related groups and analysis of the recommendations for reforming the pharmaceutical sector.

hospital structures with the needs of the population serviced and guarantee basic medical care, staff and equipment. The requirements in the medical standards were reviewed only for the first level of competence, while guaranteeing the required quality of medical activities mainly for the medical specialities required by and performed in the small municipal hospitals.

Amendments to the statutory mechanism for establishing and updating the National Health Map (NHM) were prepared. They are among the new measures in the Law on Medical Care Establishments aimed at optimising the performance and improving the control of the health system. **A new concept regarding the contents and mechanisms for implementation of the NHM** was adopted. It is envisaged that a new medical establishment for inpatient care can only be opened if it is approved by the Minister of Health as early as at the investment intention stage. A methodology for district health maps, which will be approved in several typologically selected districts, and a methodology of the NHIF for concluding contracts with hospitals according to the needs identified in the NHM are developed.

The implementation of the measures for **improving the infrastructure and equipment of medical treatment establishments**, approved in accordance with the Concept Paper on the Restructuring of the Hospital Care, continues. Under OPRD 2007–2013 the infrastructure of medical treatment establishments with over 51 % state ownership was modernised and renovated as the total amount of the funds allocated for the programme (BGN 147 million) is contracted.

#### – Optimised emergency medical care

**A Strategy for the Development of Emergency Medical Care 2014–2020** was developed and discussed with the industry council for tripartite cooperation in the healthcare sector. The strategy sets out clearly the emergency and urgent situations, the relationship between the centres for emergency care and other medical institutions, and the specialisation of people working in emergency care. Actions are to be taken to improve the relationships between the National System for Emergency Calls to the Single European Emergency Number 112 and the emergency medical care. In this connection training for the employees in the system of emergency medical care is planned.

A focus in the strategy is the development of emergency departments in 28 centres for emergency medical care (CEMC), the construction of 11 emergency hospital complexes at level one with the capacity to take 90 % of the emergency pathology, 16 hospital complexes at level two covering 60 % of the emergency pathology, and 204 emergency wards in specialised hospitals of national significance to service specific pathologies.

In 2014 the renovation of 35 emergency departments in remote regions with difficult access, higher unemployment and greater poverty, started, including emergency reception department at national centre for emergency medical care, to which BGN 12 million were allocated.

#### – Optimised expenditure on medicinal products

In 2013 savings in the amount of BGN 15 million were realised as a result of price reductions of medicinal products. By October 2014 the **Concept Paper on Drugs Policy** will be finalised. Its main task is to establish clear rules for the actors in the pharmaceutical market. The state of access of population to medicinal products will be analysed while taking into account the dy-

namics of processes that influence the development of the pharmaceutical network. In the short run a more flexible manner for contracting medicinal products, and in the long term – rationalisation in the prescribing of medicines will be sought.

Measures for linking pricing to results are undertaken for the purpose of **improving the pricing of health services**.

– **Strategic planning in the financing of hospital activities**

The replacement of the passive reimbursement model with a financing model under a **methodology for strategic planning in the financing of medical activities by the NHIF** is envisaged to start in 2014. At present activities already completed are reimbursed without a preliminary negotiation process. The methodology shall reinstate the negotiations principle with regard to health services on the grounds of strategic planning based on objective criteria and available financial resources. The strategic planning process in the financing of hospital activities will be launched by developing the methodology. The next steps will include negotiations with medical care establishments and payments based on the methodology.

– **Improved control of the activities of medical treatment establishments for hospital care through the implementation of joint checks for abiding the rules of good medical practices**

In 2014 it is envisaged to establish a legal possibility for implementing joint checks for abiding the rules for good medical practices, the rules for good pharmaceutical practices, the rules for good practices, of the approved medical standards, of the Health Insurance Law and of the National Framework Agreement, implemented by the RHIF, Executive Agency “Medical Audit”, regional health inspectorates and professional organisations of doctors, dentists, pharmacists and nurses, midwives and associated medical specialists.

If certain malpractices are ascertained, sanctions to the body to which by legislation the respective control powers are assigned will be imposed. Joint activities will lead to an increase of the quality of the processes of implementing control on the performers of medical care, financed by the NHIF.

– **Developing a new medical standard for general medicine for the purpose of improving the quality of primary care**

The improvement of the access to out-patient medical care will be achieved through the **creation of a standard in general medicine** as well as through reconsideration of medical standards by specialties with regard to the activities that are implemented in hospital and out-patient care. The implementation of the two measures is planned for 2014 and is directed towards increasing the quality of health services and efficient spending of funds.

The standard in general medicine specifies the requirements of the general quality standards depending on the specific conditions of the general medical practice. Its implementation is mandatory only in primary medical out-patient care. The standard will contribute to raising the quality of primary out-patient medical care, which is the entry point to the healthcare system. This should affect the costs at the next levels within the system – specialised and hospital medical care.

#### – **Reviewing the medical standards for hospital and out-patient care**

The reviewing of the medical standards is related to statutory regulation of the principle of implementing hospital care only where the therapeutic purpose cannot be achieved by out-patient treatment. This could be achieved through bringing out medical activities from hospital and out-patient care. This is expected to reduce the number of unnecessary hospitalisations thus reducing the expenditure on hospital care.

With regard to the access and quality of the medical care offered, amendments to the statutory instruments regulating the activities of the NHIF (ordinances on the main packages of out-patient and hospital care, on annual medical checks and on recording of patients needing regular care) were urgently prepared. The main focus in these amendments is the transfer of activities from the hospital to the out-patient care, the improved complex monitoring of patients with chronic diseases needing regular care, and the care for pregnant women and children.

## **2.5 Country-Specific Recommendation No. 5**

### **2.5.1 Reduction of Red Tape**

By the end of 2014 the implementation of the **Second Action Plan for the reduction of administrative burden** will continue. The plan includes 167 measures in five areas which will help achieve a 20 % reduction of the administrative burden for business equalling EUR 156 million saved costs for business per annum. The measures deal with submission of information by electronic means and via networks, collecting information from other government authorities rather than from businesses, removing of obligations, development of instructions, and simplification of terminology and reducing the complexity of legal provisions.

During the period August 2013 – February 2014 **three packages comprising together 138 measures for reducing the regulatory burden** at national and municipal level were adopted. Currently, 84<sup>25</sup> of all measures identified jointly by municipalities, NGOs and ministries are have been implemented. The expected effect of the implementation of the measures is over BGN 50 million savings per year for citizens and business.

With the amendments to the Tariff of State Fees, the fees collected by the Registry Agency for services related to the Commercial Register, the BULSTAT Register and the Property Register were reduced. The overall reduction of fees amounted to 21 %. This resulted in annual savings of costs bo citizens and businesses in the amount of approximately BGN 4.1 million. The state fees for 4 services were reduced by 20 %, where the services are provided electronically.

A Concept for a new law on state fees, including an impact assessment concerning budgetary and socio-economic aspects as well as an assessment of the implication on special/sectoral legislation, was developed by March 2013. A draft new Law on State Fees and related secondary legislation for its implementation are currently developed and expected to be adopted in September 2014.

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<sup>25</sup> See “List of implemented measures for reducing administrative and regulatory burden” - [http://www.government.bg/fce/001/0211/files/010414\\_Spisak.pdf](http://www.government.bg/fce/001/0211/files/010414_Spisak.pdf)

Currently 22 measures are included in draft laws discussed in the National Assembly. There is a proposal to abolish fees for issuing certificates for existence or absence of liabilities to municipalities, for categorisation of independent catering and entertainment facilities, and to repeal the requirement for submission of documents certifying data and information already collected by other administrative authorities and organisations.

With the adoption of the amendments to the CAP a large-scale administrative reform for introducing complex administrative services was launched. The latter envisages that the applicant (citizen or business) shall submit only one application, without any other documents required. Administrative authorities (including judicial authorities and municipalities) are therefore obliged to apply complex administrative services and to provide by official channels within three days all information needed by other administration for the provision of service. Access to services will be expanded through the introduction of possibility to ask for service provision also by mail as well as using combined channels (i.e. mail, electronic and over the counter).

Other 90 measures are to be approved by the Council of Ministers. They will result in simplification of procedures, elimination of requirements for submission of documents and reduced time for service provision. It is proposed to reduce 9 fees for services provided by the “Automobile Administration” Executive Agency, and the fee for issuing a Community licence for road transportation will be reduced 4 times (from BGN 2,000 to BGN 500). The elimination of the notarial certification in the cases of transfer of ownership of private vehicle will save about BGN 24 million a year to citizens and businesses.

The Council of Ministers will discuss and approve a law amending and supplementing the Law on Spatial Development, which will include 13 measures targeted at simplifying and facilitating construction and investment procedures.

By the middle of the third quarter of 2014 a new sectoral analysis for further reducing the administrative burden in the most critical areas will be undertaken.

In addition to the measures for simplifying and removing administrative and regulatory burden, measures for preventing the creation of new regulatory burden for citizens and business are implemented. The measures are related to the introduction of a mandatory regulatory impact assessment, the use of a cost based model for determining municipal fees<sup>26</sup>, and the development of standards for main types of services provided at municipal level. These measures have been included in the Strategy for Development of the Administration until 2020<sup>27</sup>.

The introduction of a preliminary impact assessment aims at ensuring continuity and predictability of legislation by limiting the frequent changes to laws and preventing inconsistencies in statutory regulations. The amendments to the Law on Statutory instruments will be adopted

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<sup>26</sup> The methodology was adopted with CoM Decree No. 1 of 2012

<sup>27</sup> CoM Decision No 140 of 17 March 2014



by the end of 2014, and a requirement for a SME-test will be introduced simultaneously<sup>28</sup>. The concept and mechanism for applying the SME-test were proposed for public consultation by September 2013.

In order to reduce the administrative and financial burden for the business and improve compliance with tax legislation, since the beginning of 2014 a legislative amendment became effective. The latter introduces a simplified regime of the so-called “**cash accounting**” of individuals registered under the Law on VAT. The measure provides individuals fulfilling certain conditions with the opportunity to use light regime for charging and paying the VAT owed on supplies, namely in cases of differed payment by their clients for performed supplies of goods and services. Expected effects are related to reduction of intercompany indebtedness and improving liquidity of SMEs (MIP, 2014), as well as limiting tax fraud.

Since the beginning of 2014 the government has been undertaking steps for the optimisation of public administration. So far six administrative structures have been closed or restructured and the closure of five consultative councils is also planned.

### 2.5.2 E-government Strategy

Electronisation of services will contribute to increasing administrative efficiency and thereby to reduction of bureaucracy. In 2013 the establishment of the Single electronic communication network in the public administration<sup>29</sup> was completed. Currently automated exchange among 32 of all 327 public registers at central level is accomplished, and electronic access is ensured for 76.8 % of them<sup>30</sup>. Currently only 8 % of the administrations provide services through the Single E-Government Portal and 10 % provide services through a portal developed for a group of administrations<sup>31</sup>. A transition to electronic records is planned to be achieved by the end of 2014.

The **Strategy for Development of E-government for the period 2014–2020** was adopted in March 2014.<sup>32</sup> It aims at responding to a number of requirements for the actual provision of administrative services by electronic means, including by improving the statutory framework for the purpose of ensuring better coordination between the development of administrative services and the electronic provision of services<sup>33</sup>. Currently about 15 % of the administrations

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<sup>28</sup> This is a priority area of the Small Business Act and an ex ante conditionality for the new programming period. The introduction of SME-test is also recognised among most urgent measures in the National Strategy for the Promotion of SMEs in Bulgaria for the period 2014–2020

<sup>29</sup> It is developed through integration of the existing National Network of the State Administration (NNSA) to the Council of Ministers and the Electronic Communication Network (ECN) to EA ECNIS. The project was launched with CoM Decree No. 8 of 23 February 2011 and is implemented by EA ECNIS.

<sup>30</sup> Source: 2011–2014 Public Registers – project of Access to Information Programme Foundation. With the financial support of the Trust for Civil Society in Central and Eastern Europe.

<sup>31</sup> Source: Strategy for Development of E-government 2014–2020

<sup>32</sup> CoM Decision No 163 of 21 March 2014

<sup>33</sup> For example, a legal requirement for service provision in electronic format exists with regard to 44.3 % of the registers at the central administrative level and 11.8 % of the registers at regional level the legal requirement exist for their availability in electronic format.

provide services by electronic means, and only 2 % of these administrations provide complex administrative services. The implementation of the strategy will increase by 57 % the number of administrative services provided by electronic means by 2020. Electronisation will affect to the greatest extent the budgetary area, agriculture and food, business environment and SMEs. A road map to the existing strategy is developed based on complementarity of sources of financing for each of the stages in the development of the e-government by 2020.

### 2.5.3 Legislation on Late Payments

Directive 2011/7/EU on combating late payment in commercial transactions is transposed into the Bulgarian legislation by the amendments to Article 303a and Article 309a of the Law on Commerce in March 2013.

Following the update of the 2013 budget<sup>34</sup>, late payments and liabilities of the state under already concluded contracts with the business in the amount of BGN 131.1 million were settled. As of 1 July 2013 strict accountability was introduced in the process of VAT recovery and the compliance with the requirement of 30-day period for VAT refund is monitored on a monthly basis. As a result, the recovered VAT for December 2013 was BGN 542 million compared to BGN 239 million for the same month of the previous year, the interest paid on late payments decreased to BGN 25 million for the first half of 2013, while in the second half of the year the recovery of VAT was done within the deadlines, without any payment of default interest.

For the purpose of financial rescuing and restructuring of state-owned enterprises in financial difficulty, the MoF carried out an analysis in September 2013 and work on a **draft Law on the Management of State-owned Enterprises** is under way. One of the main objectives of the draft law is to amend the policy of dividend payments by state-owned enterprises in line with their actual financial position and investment plans. This will improve their management and will create conditions for compliance with the legislation on late payments.

The liabilities of the state-owned and municipal hospitals (with status of commercial undertakings) amount to about BGN 340 million and over 50 % of them are due to suppliers of medicines and consumables. Delays in the reimbursement of health services provided and, hence, accumulation of debt for hospitals is observed in relation to the current low level of health insurance contributions and the unequal workload of medical care establishments. The main measure for preventing the accumulation of liabilities by hospitals is the replacement of the passive reimbursement model with the model of strategic planning of hospital expenditure, presented in the section related to the reform in healthcare.

In implementation of MoC Decree of February 2014, the preparation of quarterly sample survey of financial assets and liabilities for firms has been included in the 2014 national strategic programme. It is aimed at providing information on quarterly basis for 23 indicators, including outstanding cash balances and deposits abroad, holdings of debt securities and loans, shares and other equities, receivables and payables, borrowings and equity transfers. All non-financial corporations irrespective to their legal form will be surveyed.

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<sup>34</sup> Adopted by the NA on 25 July 2013

#### 2.5.4 Quality of the Judicial System

The independence of the judicial system in Bulgaria is guaranteed by the Constitution (Article 117(2)). The subjective assessment of the independence of the judiciary is difficult to measure. Nevertheless, in order to respond to the requirement for increased citizen's control, the **updated Strategy for the Judiciary until 2020** envisages strengthening the involvement of the civil society in the selection of the leading positions in the judiciary, and in the judicial process. The draft strategy will be proposed for public consultation.

In order to enhance public trust and transparency, the Supreme Judicial Council (SJC) has introduced a principle of public consultation for all applications at leading positions in the judicial bodies. Accordingly, magistrates as well as representatives from NGOs, high schools and scientific organisations may deliver opinion on applications and also address specific questions to the applicants.

The development of e-justice, as envisaged in the updated Strategy for Development of E-government for the period 2014–2020, will also improve the perception of the citizens and the business of the efficiency of the judicial system. A single portal for e-justice will be established under an OPAC project, implemented by the SJC. Providing more electronic services to citizens and businesses will lead to time savings and substantial budget savings.

The measures in the judiciary are mainly orientated at enhanced quality of the judicial system. In 2013, 435 fact-finding protocols were drawn out of 806 submitted to the SJC Inspectorate applications for establishing infringements of the right to hearing and adjudicating cases within a reasonable time. Of these 171 (i.e. 39 %) were found justified.

With regard to the quality of the judicial system, the measures include legislative amendments aimed at introducing obligations concerning the fight against crime in the Bulgarian legislation and improving the legal framework for insolvency proceedings during the first half of 2014.

By the fall of 2014 quality indicators and criteria will be developed and adopted. Consequently, a **mechanism for assessing the workload in the judiciary** at individual and institutional level will be introduced. Based on the results observed, in 2015 an in-depth analysis of the number of staff and the actual workload of the judicial bodies will be carried out and the judicial map of Bulgaria will be reviewed. Namely, to deal with uneven workload in the judicial authorities, on 6 February 2014 the SJC decided to close down the Military Court – Pleven and the Military Court – Varna as well as the relevant Prosecutor's offices as of 1 April 2014. The magistrates were redirected to the common courts and prosecutor's offices in order to take over part of the work on the cases and files.

The SJC undertook measures to ensure rhythmic activity in the competitions for recruitment to the vacant positions in the judiciary. It is planned to complete the procedures for selection of administrative heads, competitions for initial appointment and competitions for promoting and reallocation in the administrative courts and appellate prosecution offices, which were launched in 2013. At the beginning of 2014 a competition was launched for 21 vacancies for junior judges in district courts and 30 vacancies for junior prosecutors in the regional prosecutors' offices.

The implementation of measures for enhancing the capacity of the judiciary through **training of officials** in the system continues. In 2013, 234 training events for 6,664 officials were held in the National Institute of Justice. During the first two months of 2014, 19 training events for 600 officials were held, including judges, prosecutors, investigators, candidates for junior judges, candidates for junior prosecutors, mentor prosecutors, mentor judges, judicial assistants, prosecutor's assistants, registry judges and court officials.

In 2013 regional governors and municipal councils were provided with free of charge management and use of properties to respond to the needs of the judicial bodies. The 2014 investment programme of the judiciary has earmarked funds for reconstruction and overhauls of the administrative buildings of the judicial bodies – courts houses and premises of prosecutor's offices. Under the MoJ budget<sup>35</sup> BGN 30 million are earmarked for improving the **work environment in courts**.

A system for **data exchange** among the Information System of Insolvency Proceedings (ISIP), the four systems for managing court cases and the Commercial Register (CR) was developed. The integration between the ISIP and the information system of the CR were realised through the exchange between the ISIP and the specialised software of the Registry Agency (RA). The full integration of the ISIP and the CR will be achieved upon the completion of the OPAC project<sup>36</sup>.

To reduce the burden on citizens and the business, at the end of 2013 the fees collected by the Registry Agency were reduced by CoM Decree. In this connection a concept on the possibility for **remote payment** (SMS) of state fees in the system of the MoJ was developed.

Within the framework of the discussions of the draft law amending and supplementing the Law on Cadastre and Property Register in the parliamentary committees, the MoJ has proposed official documents and references to be also issued through remote access to the information system of the cadastre. These documents will have the validity of official documents issued by the Geodesy, Cartography and Cadastre Agency. No state fees will be paid for searching information in the cadastral map through remote access to the information system of the cadastre and the property register.

### 2.5.5 Fight Against Corruption

In 2009 the government launched the BORKOR project. This is a complex cybernetic model for central planning and development of effective measures and systems of measures against corruption. The actual implementation of the project started with the establishing in 2010 of the Centre for Prevention and Counteraction to Corruption and Organised Crime (CPCOC) to the CoM.

For the purpose of carrying out an initial analysis of the opportunities for corrupt practices in different public sectors, the CPCOC defined several different risk areas with potential for cor-

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<sup>35</sup> CoM Decree No. 19 of 07 February 2014

<sup>36</sup> OPAC project "Improving the delivery of services to the citizens and the business through developing the information system of the Commercial Register at the Registry Agency"

ruption. Based on the latter the carrying out of comprehensive anti-corruption analyses started, aimed at developing and proposing a set of measures to prevent and counteract weaknesses prone to corruption offences. Based on the adopted approach and the analyses carried out in 2013, the CPCCOC identified 3 risk areas with the corresponding sub-areas, which have potential for corruption: zone 1 “Strategic sectors and sectors of national importance”, zone 2 “Financial and economic sector” and zone 3 “Sectors with potential to generate crises and social tensions, caused by corruption practices and poor organisational environment”.

The CPCCOC plans to carry out comprehensive analyses in five risk sub-areas, namely: OP Innovations and Competitiveness 2014–2020; operation and disposal of natural resources; privatisation and post-privatisation control; drug policy and medical equipment; national payment schemes in the field of CAP.

To reduce the corruption risks in the field of public procurement procedures, CPCCOC tabled before the CoM specific proposals for a law amending and supplementing the LPP concerning the introduction of electronic instruments for conducting public procurement procedures. They aim at regulating possibilities for the introduction of e-catalogue (for submission of tenders in electronic format), e-audit and e-monitoring (as a database for ex post control of public procurement). The draft LPP is currently discussed at second reading to the National Assembly. The platforms for e-monitoring and e-audit will ensure the active involvement of the Public Financial Inspection Agency and the National Audit Office in the process and will expand their ability to exercise ex-post control.

An update of the National Strategy for Prevention and Counteraction to Corruption and Organised Crime will be prepared. It will introduce a methodology for establishing the corruption risk in individual government sectors.

The SJC is currently implementing measures of the action plan to the Strategy for Prevention and Counteraction to Corruption in the Judicial System. One of the envisaged measures is the adoption of unified criteria for imposing administrative sanctions on judges. The main objective of the strategy, and particularly of the criteria to be developed, is to increase trust in the judiciary, improve transparency regarding public policy of the judiciary and guarantee consistency in disciplinary practice of the SJC.

### **2.5.6 Access of SMEs and Start-up Companies to Financing**

Although Bulgaria is favourably assessed compared to the EU average with regard to the access of SMEs to financing, there is room for improvement in this field. The measures aimed at improving the access to financing for SMEs and start-up companies are in three directions – development of the already launched structured financial instruments under the Jeremie Initiative, more active mobilisation of the potential of the Bulgarian Development Bank (BBD) and improving the access of SMEs to public procurement.

According to preliminary data, in 2013 over 4,200 transactions for SMEs have been supported through the financial instruments under the Jeremie Initiative. Under the debt financial instruments 4,160 SMEs have received loans with a total value of EUR 358.4 million (share of public resources – EUR 122.7 million). Under the equity financial instruments start-up financing in the amount of EUR 2.87 million has been provided to 56 SMEs.

The BDB implements the government policy for supporting SMEs by providing guarantees and low-interest loans to SMEs, start-up companies and micro-enterprises, loans for working funds and investment to farmers and loans to small producers in regions with high unemployment. The Bank also participates in a programme for export insurance by granting additional interest preferences on loans for companies insured at the Bulgarian Export Insurance Agency (BAEZ).

At the end of March 2014 a Strategy for the BDB for the period 2014–2019 was developed. It aims at transforming the Bank into a full-fledged development bank and increasing its capacity for supporting the economy. The Strategy is divided into two stages. The first one, covering the period by the end of 2014, envisages restructuring and introducing of new functions of the Bank. Within the second stage activities will be directed at accelerated increase in the volumes of financing in support of the economy.

In 2013 measures were undertaken for improving the access of SMEs to public resources. The amendments to the Law on Public Procurement simplified the requirements for sub-contractors of projects financed with public funds and provided the opportunity for direct payments to the sub-contractors of public procurement contracts.

## **2.6 Country-Specific Recommendation No. 6**

### **2.6.1 Absorption of EU Funds**

In July 2013 the CoM adopted an action plan for minimising the risk of decommitment of funds and accelerating the absorption of funds under the operational programmes for the period 2007–2013. As a result the actually disbursed expenditure and the certified expenditure under the programmes co-financed from the Structural Funds and the Cohesion Fund (SCF) increased by 14 % during the second semester of 2013. The expected automatic decommitment of funds under SCF decreased about 8 times and is expected to remain below EUR 7.7 million<sup>37</sup>.

On 2 April 2014 the MoC adopted a Decree on the establishment of monitoring committees of the Partnership Agreement and the programmes financed by the ESIF concerning the programme period 2014-2020. On the agenda are the adoption of a CoM Decree on the determination of procedure for direct granting under the programmes, co-financed by the ERDF, the ESF and the Cohesion Fund for the period 2014-2020, as well as a Decree on the conditions and procedures for the choice of contractors from the beneficiaries of direct grants under the ERDF, the ESF, the Cohesion Fund and the Financial mechanism of the EEA. The draft Decrees were presented for public consultation with competent institutions and socio-economic partners, the National Association of Municipalities and representatives of the NGOs.

### **2.6.2 Expanding the Ex-ante Control of Public Procurement**

In 2012 the initially introduced model of control was amended. This model provided for carrying out the control over draft documents for opening and conducting procedures in single step. Following the amendment the control is exercised at two stages and a feedback mechanism

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<sup>37</sup> Provided that the losses under OP Environment, assessed at EUR 27 million at the end of 2013, are further minimised.

was introduced to follow up on the implementation of the PPA instructions. The first stage covers an examination of the draft procurement notice and the tender evaluation methodology prior to the launch of the procedure. At the second stage an assessment of the compliance of already published documents with the legal requirements and the recommendations of the PPA is carried out. Evidence shows that in 2013 the dossiers processed were over 37 times more compared to 2009, and the increase compared to 2012 is by 71 %. Against this background, it should be borne in mind that the increase of dossiers concerning launched procurement procedures is about 17 % on annual basis.

Currently a **National Strategy for the Development of the Public Procurement Sector** for the period 2014–2020 is developed and work started on the development of a new framework Law on Public Procurement, which will introduce the recently adopted European directives in the field. The Strategy and the draft law aim at increasing the effectiveness and legality in public procurement contracts and are a response to the Commission recommendations regarding the status and progress in the field, also in pursuance of the prerequisites in the Partnership Agreement.

In order to reduce the risk of irregularities in public procurement the strategy includes measures in the following 5 areas: legislation, law enforcement, publicity and transparency, strengthening of administrative capacity and professionalism and control systems.

In 2014 through amendments to the current law it is expected to expand the scope of ex-ante control above the European thresholds for public procurement in construction, financed with resources from the national budget. Subsequently, with the adoption of an entirely new law, on public procurement, the scope of the ex-ante control is expected to further expand, so that to examine technical specifications, randomly selected low value procurement contracts and some exceptions to the scope of the law, respectively the implementation of the directives. The new framework law is envisaged to be adopted by the National Assembly by mid-2015 and enter into force in early 2016.

## **2.7 Country-Specific Recommendation No. 7**

### **2.7.1 Independence and Administrative Capacity of the Regulatory Authorities in the Energy Sector**

At the end of 2013 new Statute of the State Energy and Water Regulatory Commission (SEWRC) and its administration was adopted. The measure was undertaken in response to the need for improved administrative capacity of the regulator in the Energy and Water sectors. The amendments comprise mainly reassignment of a large portion of the expert potential to the specialised administration, thus strengthening the activities related to exercising of control and solving disputes.

With regard to the need for strengthening the independence of the regulator, a LAS the Law on Energy is currently being discussed. The latter aims at further strengthening the financial independence and transparency in the work of the SEWRC. The envisaged amendments are mainly related to the legal regulation of the independence of the energy regulator, the introduction of mandatory disclosure of information related to the price discussion procedures, and

the establishment of a Public Council at the SEWRC, which will participate in the process of discussion and approval of regulated prices. The measure is expected to be implemented by the end of 2014.

### **2.7.2 Improved Management of Water and Waste**

Amendments to the Law on Waters were prepared and are expected to be adopted during the first half of 2014. The Law will introduce an integrated water management by regulating key public relations related to the water sector, including the water supply and sewage industry. The draft law envisages strengthening the administrative capacity of the sector management regulator through the introduction of economic instruments for setting the fees for water abstraction, use and pollution, and the introduction of appropriate incentives and mechanisms to achieve efficient water use. A public procurement procedure for development of a pricing policy in the Water sector in line with the “polluter pays” principle and the principle of recovery of costs for water services was launched.

Amendments to the Law on Waste Management were prepared in order to improve the waste management capacity. The measure aims at improving the existing information system for waste-related activities and promoting investments in modern equipment for recycling, reuse and/ or extraction of secondary raw materials and energy. The Law is planned to be adopted in June 2014.

### **2.7.3 Liberalisation of the Electricity and Natural Gas Market**

In 2013 one of the main stages of the liberalisation of the electricity and natural gas market was realised – unbundling of production, transmission and supply. Following a Decision of the SEWRC, the unbundling of NEK EAD and ESO EAD has been completed. In this way the ownership of the electricity transmission infrastructure and the infrastructure adjacent to the overhead transmission lines has been transferred to ESO EAD.

In August 2013 the SEWRC adopted a Decision to certify Bulgartransgaz EAD as gas transmission operator, and at the end of 2013 ESO EAD received a licence for electricity transmission system operator. At present a procedure for certification of electricity and natural gas transmission operators is underway. Following an approval of the EC, the SEWRC will proceed with the notification of the two companies. The legally stipulated deadline for the completion of the procedures is within four months from the submission of applications for certification by the companies.

In parallel with the process of unbundling of production, transmission and supply of electricity, great efforts are directed at setting up an electricity exchange. In October 2013 the registration process of providers of balancing energy started, and in December 2013 the registration of coordinators of special balancing groups commenced. The SEWRC has already issued the corresponding licences and at present the share of the free market of electricity is 35 % and the share of the regulated market is 65 %. The operation of the balancing market is a necessary precondition for the start of trading on the exchange principle, and the full liberalisation of the sector requires a further analysis of the situation. In this connection, with the cooperation of the SEWRC and based on consultations with the EC, by the end of the year a road map for the period until 2015 will be prepared to identify the steps required for a smooth transition



from a strongly regulated to a more open market, including for providing support to the vulnerable consumer groups. By September 2014 clarity is expected with regard to the selection of a model for providing support to energy poor people with a view to the full liberalisation of the sector.

For the setting up of an energy exchange, the BD of the “Bulgarian Energy Holding” adopted a decision to establish a new company, “Bulgarian Independent Energy Exchange” EAD, to apply for a licence for operator of the energy exchange in Bulgaria. The new company was registered on 10 January 2014 with scope of business “organising a stock market for trade in the field of energy and products related to energy consumption, such as electricity, natural gas, etc.”. As of March 2014 two companies had submitted to the SEWRC documents for issuing a licence for exchange operator – “Bulgarian Independent Energy Exchange”, owned by “BEH” EAD, and the private “Bulgarian Energy Exchange”. The SEWRC reviewed the submitted business plans and on 31 March 2014 adopted a decision<sup>38</sup> to issue a 10-year licence to “Bulgarian Independent Energy Exchange”. The market of balancing energy is expected to become operational in April – May 2014.

#### **2.7.4 Electricity and Gas Interconnector Projects and Capacity to Cope with Disruptions**

Energy independence on the gas market in Bulgaria continues being among the main priorities of the country, especially with a view to the recent political and economic events triggered by the crisis in Ukraine. In order to provide cheaper gas for Bulgarian producers and improve their competitiveness, and especially in order to guarantee the energy independence and security of supplies of natural gas, extensive work is undertaken on all infrastructure projects. Special attention is being paid to the construction of the reverse gas interconnectors with the neighbouring countries (Greece, Serbia, Romania and Turkey).

The activities related to the construction of the Gas Interconnection Bulgaria – Romania (IBR) were completed. After the final testing of the facility is completed, it will be commissioned (expected by mid-2014).

At the end of May 2014 the selection of a contractor for the activities related to the design, supervision and consulting on the construction of the Gas Interconnection Bulgaria – Serbia is expected to be completed. The preliminary expectations are that the gas pipeline will be constructed and commissioned at the end of 2016 – the beginning of 2017.

Co-financing under the European Energy Programme for Recovery in the amount of EUR 45 million is provided for the construction of the gas interconnection with Greece. The design has already received positive EIA decisions in Bulgaria and Greece and is at the stage of approval of route and sites in the two countries and design of the gas pipeline system. The ex-

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<sup>38</sup> Decision No. L-422 of 31 March 2014 of the SEWRC for issuing a licence for the activity “organising a stock market of electricity” to “Bulgarian Independent Energy Exchange” EAD.

pected deadline for commissioning is 2016. The implementation of this project will allow the transmission of natural gas from the Caspian region to Europe via the TAP<sup>39</sup>.

In March 2014 a Memorandum of Understanding for the construction of the gas interconnection Bulgaria – Turkey was signed. The intentions are for the project to become operational by the end of 2016.

In addition to the diversification of sources through the development of the gas connections, Bulgaria plans to deal with disruptions in supplies by expanding the capacity of the existing underground gas storage “Chiren”. After the completion of the feasibility study, a final investment decision will be taken and, based on it, the project is expected to be implemented in stages during the period 2014–2017. To obtain the financing required for the project, Bulgaria will apply under the “Connecting Europe Facility”.

### **2.7.5 Improved Energy Efficiency**

In the field of energy efficiency, a coordination unit between the competent institutions will be established. It will work actively for overcoming the existing coordination problems related to the reporting on the measures and their effects. By the end of April 2014 a working group will be set up to develop a specific proposal containing the stages for the establishing of the unit. The leading role in the coordination is envisaged to be given to the MEE, which will be supported by an external institution. The unit is expected to become operational by mid-2014.

In order to improve energy efficiency, work is mainly done in several directions. By the end of 2015 the scheme for providing support to 10,000 households to join the existing gas transmission network will be launched. In this way the energy efficiency will be improved by replacing the use of electricity for heating with direct burning of natural gas.

To boost energy efficiency, Bulgaria is putting in place a range of measures aimed at achieving the national target of increasing energy efficiency by 25 % by 2020 (see Measures under NT 3).



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<sup>39</sup> Trans Adriatic Pipeline

## 3 Progress toward National Targets under the Europe 2020 Strategy

### 3.1 National Target concerning Employment

**National target: Reach an employment rate of 76% for the population aged 20-64 by 2020**

- **Sub-targets: Reduce youth unemployment rate (among 15-29-year olds) to 7% and increase the employment rate of older people (aged 55-64) to 53% by 2020**

The employment rate of the population aged 20-64 was 63.5 % in 2013 (against 63 % in 2012); expectations are that in 2014 it will reach 64 %. To achieve the national target of an employment rate of 76 % for the population aged 20-64, an average annual growth of 2 pps. between 2014 and 2020 is needed, which is comparable, to the period 2000-2008.

In 2014 will continue the implementation of the annually updated National Action Plan on Employment, which aims to reduce unemployment and increase employment by providing support to vulnerable groups on the labor market.

#### Box 2: National Action Plan on Employment 2014

*The main priorities of the national employment policy in 2014 were set under expectations for higher economic growth, gradual reviving of the economy and growing domestic demand. They include:*

- *Activation and improvement of employability of unemployed individuals and mostly individuals from disadvantaged groups in the labour market;*
- *Improvement of the business environment;*
- *Support for keeping employment and effective utilisation of subsidies for employment;*
- *Utilising the potential of key sectors of the economy;*
- *Support for employment in SMEs and development of regionalisation;*
- *Development of inter-institutional cooperation and social partnership.*

*In 2014 the active labour-market policy will be targeted at the following main target groups: unemployed young people aged up to 29 years, with a sub-group aged up to 25 years<sup>40</sup>; unemployed individuals aged over 50 years; unemployed individuals with low qualification or qualification for which there is no demand in the labour market and lack of key competencies, including unemployed people with low educational degrees (including Roma); people with disabilities; inactive individuals who want to work, including discouraged people.*

*In 2014 the focus will be placed on profiling the job-seekers, individualisation of services, diversification of individual plans, providing counselling services and psychological support. Visits to the labour*

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<sup>40</sup> Pursuant to the Youth Guarantee, the target group covers young people aged up to 25 years (from 15 to 24 years)

*offices for formal confirmation of the unemployed status will be limited. After having used different services at the labour intermediary and having been directed to the primary labour market without this being followed by employment, unemployed individuals will be included in training, programmes and measures for subsidised employment. Individuals to whom refugee or humanitarian status has been granted will also be included in programmes and measures of the active policy.*

*The implementation of all actions, programmes, projects and measures planned in NAPE for 2014 is expected to raise the employment rate in the 15–64 age group to 60 %, and in the 15–24 age group – to 22 %. Employment for almost 22 thousand unemployed individuals will be provided with funds from the state budget.*

Reducing the high youth unemployment and inactivity rates is a key task in the 2014 NAPE. Greater involvement and control of the implemented measures will be ensured through the implementation of the National Plan for the Implementation of the European Youth Guarantee 2014–2020 (see Measures under CSR3).

In 2013 with the amendments to the Law on Investment Promotion (LIP) and the regulations on its implementation the scope of the law was expanded and new economic activities in the services sector, including high-tech and intensive knowledge-based services, were included. The existing thresholds for issuing a certificate for class of investment were reduced up to three times. A possibility for financial support from the state budget for partial reimbursement of the employer's expenditure on social security contributions for the new jobs opened, for a period not longer than 24 months as from the opening of the corresponding job, was included. In 2013 a total of 15 certificates were issued for projects with a total value of BGN 100.2 million, envisaging the opening of 901 jobs, of which 888 in high-tech production or services and 81 in municipalities with high unemployment rates.

In early April 2014 the Council of Ministers adopted amendments to the Implementing Regulations of the LIP (IRLIP), which improves the procedure for issuing a certificate for class of investment under LIP. The changes are related to the reduction and simplification of documentation required for consideration of a request for issuance of investment grade; introduction of immediate issuance of a certification from the Invest Bulgaria Agency (IBA) that the investment project is registered in IBA; lowered thresholds for priority investment projects in the manufacturing industry; abolishing the measure direct financial grants for priority investment projects (under Art. 66, para. 1, item 8 of IRLIP). After the abolishment of this measure, the reimbursement of social insurance expenditures will remain as a direct grant.

As from the beginning of 2014 the existing regime of assignment of 100 % of the corporate tax to companies carrying out manufacturing activities in municipalities with high unemployment rates was changed. For such are considered municipalities with unemployment at or above 25 % higher than the national average. Until the end of 2013 this figure was 35 %. New conditions were introduced according to which throughout the tax period the entity liable for tax shall maintain at least 10 jobs, of which at least 50 % shall be directly involved in the production activity concerned, and not less than 30 % of the staff shall have permanent addresses in municipalities with high unemployment rates.

The establishing of appropriate conditions on the demand side for job creation and job retaining has a considerable importance for increasing the employment rate in Bulgaria. The main

contributors in this respect are the access of companies to financing (see CSR 5), the reduction of the regulatory burden, the tax and social insurance system and the legislation protecting employment. On the supply side, the increased employment will depend on the quality of the educational system in Bulgaria and its ability to create a qualified labour force in line with the needs of the labour market (see CSR 4 and NT 4); on the effectiveness of the public employment services provided by the EA (see CSR 3); and on the opportunities provided by the active labour-market policies for including unemployed individuals in different employment and training schemes and programmes (see CSR 3).

## 3.2 National R&D Target

### National target: Investment in R&D to reach 1.5% of GDP in 2020<sup>41</sup>

In 2012 the R&D expenditure increased by 15.4 % in absolute terms and attained 0.64% of GDP, equalling to by 0.07 p.p increase as compared to 2011. Investments in R&D in the private sector increased and the ratio between the expenditure of private companies and public spending is 62 : 38. The existing structure of R&D expenditure in Bulgaria approximates the structure of expenditure prevailing in EU–28. According to the 2013 EU Innovation Scoreboard, R&D expenditure of the business sector increased. Medium-sized enterprises contributed most to the increase with a share of 71 %, followed by micro and small enterprises with a share of 15 %. SMEs face the most serious difficulties in financing their innovation activities. For this reason the measures aimed at improving the access to financing for SMEs to financing, including through development of venture capital and equity financing, will support the future active involvement of the business sector in R&D.

A fast increase is observed in the R&D expenditure in technical sciences, which represents about 24 % of the total R&D expenditure in Bulgaria and comes second to the R&D expenditure in medical sciences (44 %). Two-thirds of the R&D expenditure in technical sciences is incurred by enterprises in the private sector. Innovation activities are implemented more frequently in industrial enterprises (31.1 %) than in the services sector (22 %). According to the **Innovation Strategy for Smart Specialisation 2014–2020**, which is process of consultation with the EC and shall be adopted by 28 March 2016, and the action plan to it, additional incentives are envisaged for the training of engineering technical professionals for the industrial sector. Following consultations with the stakeholders the decision was made to develop by 2015 technological road maps, which will identify the challenges, development and potential of technologies and products, with regard to which Bulgaria has comparative advantage.

The higher education sector spends relatively low share on basic and applied R&D – as little as 0.08 % of the total R&D expenditure compared to 0.24 % in EU–28. The systematic shortage of financing for science in higher education results from the fact that the annual government

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<sup>41</sup> The target value for R&D investment of 1.5% of GDP up to 2020 is calculated under the following forecasts and assumptions: 1/minimum use of 15% of structural funds in the next programme period for financing R&D and innovation; for comparison this share is above 30% for the EU as a whole; 2/nominal growth of national financing for R&D of 5% per year, which is close to the expected growth in inflation; 3/ increase in private sector R&D and innovation of 15% per year in comparison to 20% in the period 2005-2009.

subsidies for higher education establishments do not include expenditure for science, technology and innovation, but are based on the number of students and the planned capital expenditure. According to the draft **Strategy for the Development of Higher Education 2014–2020**, the development of applied scientific research in higher education establishments will be stimulated through integration among the research units in higher education establishments and among the research units of higher education establishments and the BAS. In addition, the differentiated project-based payment taking into account assessments of Bulgarian scientists, participating in international programmes, will become the main principle of financing for higher education establishments and scientific organisations.

In 2014 BGN 20 million of the national budget is the amount allocated to programmes for innovation development. Financial resources will allow improving existing innovative framework. In January 2014 the government disbursed BGN 10 million, of which BGN 6 million for financing new innovation projects of Bulgarian companies and BGN 2 million for financing of already available contracts. Results are assessed as extremely positive and in January 2014 was launched the seventh session of the NIF, collecting 152 submissions of projects for funding. New sessions are forthcoming till the end of 2015.

Also, a continuing trend of increase in external financing for R&D is observed. Starting from 39 % in 2010, in 2012 it reached 46 % as a share of the total R&D expenditure<sup>42</sup>. This trend will be additionally strengthened by the proposed amendments to the Law on Innovation Promotion (LIP, according to which R&D is one of the six priority areas, in which investors will benefit from tax preferences and administrative support. Legislative draft proposals are submitted for discussion and a proposal by the NA in April 2014.

The share of persons employed in R&D as a percentage of the active population remained at 0.5 %, i.e. 2 times less than the EU–28 average. The core portion of Bulgarian scientists continues being employed in public scientific organisations (55 %) and higher education establishments (26 %). An increase in the share of people employed in R&D in the business sector from 13 % to 17 % was registered in 2012. Regardless of the fact that according to the 2013 EU Innovation Scoreboard Bulgaria still has a relatively good position with regard to the human capital in the R&D sector, the development of this potential and attracting and retaining young people in the sector remains a key challenge.

### 3.3 National targets concerning the Climate-Energy Package

The intentions of the government in connection with the implementation of the policy in the field of climate and energy are related to the commitments of Bulgaria to develop highly efficient and green energy sector and establish a single internal energy market, while consistently protecting the consumers' rights. This process will be also accompanied by measures to overcome the main challenges in the field – high energy intensity of the economy, high dependence on imports of energy resources and reducing greenhouse gas emissions. In this context

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<sup>42</sup> During the period 2006–2009 the share of external financing of R&D was 7 % average of the total R&D expenditure.

the activities related to the construction of one of the large energy projects – “South Stream” – started. The implementation of this project will allow to diversify the routes and will guarantee the security of supplies. The Member States through which it will pass, including Bulgaria, fully support the project and currently the technical activities related to the construction are in progress. Nevertheless, the future of the project is uncertain with a view of the current political crisis.

The “Provision of consultative services regarding the restructuring of the railway sector in the Republic of Bulgaria” Project, financed under the Operational Programme on Transport 2007 – 2013, was completed in September 2013. The analyses carried out within the project will be used in the process of elaboration of an Integrated (Multi-modal) Transport Strategy in the part related to the railway transport. The preparation of this strategic document is in compliance with the ex-ante conditionalities in the transport sector as part of the Partnership Agreement. The deadline for the elaboration of the Integrated (Multi-modal) Transport Strategy is the end of 2016.

### **3.3.1 National target: 16% share of energy from renewables in gross final consumption of energy by 2020**

Over the recent years a serious increase was observed in the share of electricity generated from renewable sources. In 2012 the generation and consumption of energy from RES in Bulgaria reached 16.4 % in the gross final energy consumption. This in practice is attainment of the national target for 2020. The serious increase over a relatively short period of time (the share in 2011 was 13.6 %) raised doubts about the adequacy of the existing mechanisms and incentives to encourage the generation of electricity from RES. This fact, coupled with the existing challenges in the power system and their impact on electricity prices, led to a reconsideration of the energy policy both in the short and in the long term. As a result, in 2013 amendments to the Law on Energy were adopted to provide for the opportunity to balance the system by limiting the production of electricity in case of overproduction. For the purpose the mechanism for the purchase of renewable energy and offsetting the costs associated with this purchase was changed.

To solve the long term problems and to implement a policy of energy security and low prices of electricity, a new Energy Strategy of Bulgaria until 2030 is currently being developed. The main priorities of the strategy are approved, as follows: energy security, energy efficiency and clean low-carbon energy, diversification of sources and routes, effective utilisation of own energy resources, development of nuclear energy and export potential, transparent and functioning energy market and, last but not least, protection of consumers. The document will comprise three parts. The first part will include urgent measures (with a horizon of up to 3 years), the second part will have a span until 2030, and the third part will outline the vision for the development of the sector until 2050. The condition of the Energy sector is currently analysed – the problems in the generation, transmission and distribution of electricity are studied, supply and sales contracts are analysed, the “District Heating” sub-sector is analysed, etc. The document is expected to be tabled in the NA not later than mid-2014.

### **3.3.2 National target: 10% share of energy from renewables in the gross final energy consumption in transport by 2020**

The progress with regard to the use of energy from renewables in transport is limited. According to the data reported in the Second national progress report on the promotion and use of energy from renewable sources, which reports the implementation of the National Action Plan for energy from renewable sources, in 2011 and 2012 the share of electricity from renewables was 0.4 % and 0.3 % respectively. This resulted from the delays in the adoption of legislation regulating the criteria for sustainability of bio-fuels and liquid fuels from bio-mass. For this reason only the consumption of electricity is reported. If the consumption of bio-fuels in 2012 (86 ktoe) is reported, this share would be higher by about 1 %. In addition to the measures included in the 2013 update of the NRP, with amendments to the Law on Local Taxes and Fees<sup>43</sup> a special provision was introduced pursuant to which electric vehicles are exempt from tax on vehicles. This will act as an incentive to buy and use “hybrid” and electric vehicles. The development of a new long-term strategic document for the development of sustainable mobility, including measures to promote the use of renewable energy in transport, is envisaged.

### **3.3.3 National target: Increasing energy efficiency by 25% by 2020**

During the period 2000–2009 the primary and the final energy intensity decreased at an average annual rate of about 5 %. In 2010 and 2011 an increase in the values of both indicators was observed. During this period PEI increased by 1.6 % and 5.4 %, and FEI – by 2.1 % and 2.5 % respectively. Data show that in 2010 the improved efficiency of the generation, transmission and distribution of energy offsets the deteriorated efficiency of final consumption. Increased intensity in final use in turn resulted from the changes in energy intensity in individual sectors as well as from structural changes in the economy. The structural changes with the greatest impact on final energy intensity in 2011 were the increased share of industry in the total gross value added at the expense of services, the growth in the work done by freight transport (9.5 %), which considerably exceeded the GDP growth (1.7 %) (in other words, more work per a unit of GDP is done), and the increase in the number of residential properties and vehicles.

In pursuance of the measures in the 2013 update of the NRP, the activities related to the awarding of grants for promoting energy efficiency under the procedures “Investments in green industry” and “Energy efficiency and green economy” under OPDCBE and OPRD 2007–2013 continued.

The “Investments in green industry” procedure is targeted at large enterprises in Bulgaria, where issues related to the energy intensity of production and the negative impact on the environment are present in the highest degree. 29 contracts totalling BGN 75.9 million are implemented under it. The projects will be completed during the third quarter of 2014 and energy savings of 94 GWh/year are expected to be achieved.

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<sup>43</sup> Adopted with § 76 of the Transitional and Final Provisions of the Law on the 2013 State Budget of the Republic of Bulgaria (promulgated, SG, No. 102 of 21 December 2012).



The procedure “Energy efficiency and green economy” is targeted at micro-, small and medium-sized enterprises. As at the end of February 2014, 270 contracts with a value of EUR 90.4 million were concluded, and the contracting of the remaining EUR 59.6 million in the total budget of the procedure is expected to be completed by the end of June 2014. Energy savings in the amount of 250 GWh/year are expected to be achieved as a result of the implementation of the projects.

The implementation of 36 contracts, aimed at increasing the energy efficiency in municipal and state educational infrastructure, continues. During the period April 2013 – March 2014, 48 projects were completed and 208 buildings of the educational infrastructure were renovated. The average annual energy savings are expected to amount to 42 516 MWh.

For improving the energy efficiency and use of RES in housing projects, the project “Energy Renovation of Bulgarian Homes” with a value of BGN 50 million is implemented under OPRD 2007–2013. The Housing Renovation Fund also operates and provides loans to supplement the financing of measures on energy efficiency with a value of EUR 9.5 million from OPRD 2007–2013 and EUR 1 million own contribution. Energy efficiency is in the focus of the new OPRD 2014–2020. It is envisaged that in addition to residential buildings, the renovation of administrative buildings of the state and municipal administrations will be supported.

The financing of measures to increase energy efficiency also continues under the different instruments, such as Fund Energy Efficiency and Renewable Sources (FEERS), Kozloduy International Fund, Energy Efficiency and Renewable Energy Sources Credit Facility, and Residential Energy Efficiency Credit Line (REECL).

In addition, active work is underway on the process of transposing Directive 2012/27/EU on energy efficiency in the Bulgarian legislation. To this end a new National Action Plan on Energy Efficiency is being drafted. The Action Plan will define measures for improving energy efficiency and achieving energy savings, including measures in the field of generation, transmission and distribution of energy, and in the field of final energy consumption.

#### **3.3.4 National target: Keeping the increase in non-ETS greenhouse gases (GHG) within 20 % by 2020 compared to the 2005 level**

In pursuance of the international commitments of Bulgaria and in order to synchronise the Bulgarian legislation with the European law, a Law on Climate Change Mitigation<sup>44</sup> was adopted. This law outlines the overall policy to be followed in order to mitigate the impact and changes on climate.

To reduce pollution, the policies in Bulgaria are focused on establishing a high-quality waste management, implementation of new technologies, improving the transport infrastructure and promoting sustainable urban mobility.

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<sup>44</sup> Promulgated, SG, No. 22 of 11 March 2014, effective as from 11 March 2014.

It is expected that by 2020, as a result of the implementation of the measures included in the National Action Plan on Climate Change (2013–2020), the levels of total greenhouse gas emissions in Bulgaria will decline by 18.7 % compared to the levels recorded in 2005.

## **3.4 National Target in Education**

### **3.4.1 National target: An 11% share of early school leavers by 2020**

According to Eurostat data, in 2013 the share of people aged 18–24 who left the school system early, was 12.4 %. A slight decrease is observed compared to 2012, when this share was 12.5 %. Bulgaria is close to the EU–28 average value of this indicator (12 %). Nevertheless, after 2010 Bulgaria registered a value above the average for EU–28.

Data about early school leavers by level 2 planning regions show that in the South-western level 2 planning region the shares of early school leavers are sustainably lower by between 2 and 3.5 times compared to the country average, and the indicators for the period 2008–2012 are comparable to the best in Europe. In 2011 five of all six economic planning regions were characterised with shares of early school leavers, higher than the country average by 2.5–6.6 pps. The share of this group of young people is the highest in the South-eastern and the North-western planning regions, where one in five/six people (19.4 % and 16.8 % respectively) has not completed secondary education and is not involved in any form of education or training.

The net percentage of entrants is an important indicator of the existence of challenges related to the dropping out of school in the corresponding stages and levels of education. In 2012/2013 school year the net percentage of entrants increased compared to the previous four years. The higher the educational degree, the lower the percentage of entrants is. This, especially with regard to the secondary school stage, is caused mostly by the relatively early shift towards employment.

The ethnic and cultural reasons are among the most risky ones, and children from ethnic minorities and especially Roma children are most at risk of dropping out or early leaving the system. The level of enrolment in all educational degrees among Roma is much lower compared to all other minority groups. According to data from the 2011 census, Roma children not attending school account to 23.2 % of all children in mandatory school age (7 to 15 years).

According to data from the “ADMIN” system, the group of pupils, who have dropped out from school for social or family reasons, is the largest group among the drop-outs – during 2011/2012 school year this group accounted to 62.93 % of all drop-outs. The number of pupils who leave school because they are going abroad increases. During 2011/2012 school year their share increased by 26.13 %, and for the entire period 2008/2009 –2011/2012 school year this share was 38.65 %.

Pupils who study for two or more years in the same grade are one of the main groups exposed to risk of dropping out. The reasons for this are their poor academic achievements and their low interest in continuing their education. Boys prevail in this risk group. One of the groups exposed to risk of dropping out from school is also the group of children not included in the

system of pre-school education. Non-attendance at kindergarten increases the risk of learning difficulties at school, especially for children from vulnerable groups. These difficulties usually appear as early as at the elementary stage and may become reasons for dropping out.

The level of the results achieved by Bulgarian pupils in the three main categories of the latest international standardised assessment of OECD, carried out in 2012, is slightly lower than the world average. In the latest study, which places the emphasis on mathematics, Bulgaria ranked 47 in maths out of all 65 countries. The results are higher compared to 2009, but the share of pupils below the critical threshold remains high – close to 44 %. Compared to the previous study of 2009, the results of Bulgarian pupils in mathematics have increased by 11 points. The level of the Bulgarian pupils in reading literacy has also increased slightly compared to 2009. The situation is similar in natural sciences. The results demonstrate particularly large differences resulting from social conditions, different schools and places of residence of the pupils. Pupils from smaller settlements have considerably lower results than pupils in large cities. While pupils from specialised secondary schools achieve results much above the average, pupils from secondary comprehensive schools without specialised classes lag behind. Specialised schools rank close to the country average.

However, no improvements are observed in the trend yet. In 2013, 11,441 pupils were reintegrated in the educational system.

At the end of October 2013 the CoM adopted a **Strategy for reducing the share of early school leavers (2013–2020)**. To achieve the objectives set in it, work is under way in three directions: prevention (preventing the reasons), intervention (creating conditions for limiting the phenomenon) and compensation (support for reintegration).

#### **Detaining and reintegration in education**

At the end of 2013 the implementation of the second stage of Project “Improving the quality of education in secondary schools by introducing a full day organisation of the education process” was completed. The project was related to the implementation of the **new model of full-time organisation of the education process**. During 2013–2014 school year, 392 children from the preparatory groups of kindergartens and schools, 4 181 pupils from the elementary stage and 6 251 pupils from the pre-high-school level were included in supplementary training. The scope of the pupils participating in Olympiads and competitions was also increased.

As at 31 December 2013 in the programme for career orientation training 150 career consultants were hired and qualified in the 28 district cities of Bulgaria. They will coordinate their efforts with school counsellors, teachers and headmasters in order to support pupils in their independent choice of education or profession. 390 800 pupils from 1 to 12 grade are included in the programme. By the end of 2014 a single management system for vocational education will be developed and introduced under the project. It will support the raising of the effectiveness of vocational education, so that pupils are better prepared for the needs of the labour market.

In 2014 a **System for validation and recognition of informally and independently acquired knowledge and competences**, developed and tested under project “New opportunity for my

future”, will become operational. The project is implemented with the active involvement of the social partners and aims at increasing the opportunities of the labour force to acquire professional qualification. This will raise the motivation and employability of the labour force and will facilitate labour mobility. The system is envisaged to allow the issuing of a document proving professional knowledge, skills and competences, acquired outside the formal education, including at the workplace, at home, etc.

### **Training, qualification and development of pedagogical specialists**

Training of pedagogical specialists is identified as one of the main challenges for ensuring quality of education. In February 2014 the Ministry of Education and Science presented for public consultations a draft **National Strategy for the Development of Pedagogical Specialists (2014–2020)** which is expected to be adopted by the CoM in April 2014. By the end of June 2014 a National Plan to the strategy will be developed. The Strategy envisages development of a single statutory framework on the state regulation of the initial training, continuing qualification and professional development of pedagogical specialists through:

- development and approval of uniform and non-contradictory system for preparation and continuing qualification of pedagogical specialists;
- creation of unified legislation for state regulation of primary preparation, continuing qualification and professional development of pedagogical specialists;
- development of general and specific standards for pedagogical specialists and of a system for quality control, differentiated payment and professional development;
- development of a system consisting of special measures for attracting, retaining and development of pedagogical specialists at the age of 35 and of specialists with high level of professional training and qualification in the system of secondary education.

Since July 15 2013 by stages start trainings under the „Qualification of the pedagogical specialists“ project, implemented under OPHRD. The activities envisaged in the project are directed towards increasing the quality of the process of education, the efficiency of school education and pre-school education and preparation and the quality of their management. The increase in the level of professional competence of the pedagogical specialists is achieved through building up an efficient system for qualification. By the end of February 2014, 28 216 pedagogical specialists completed training for raising their qualification.

In December 2013 one-year specialising training for acquiring new additional qualification “child / primary school teacher” and professional qualification “teacher” started in higher education establishments and 367 pedagogical specialists attend this training. This was aimed to ensure practical training at the earliest stage of young specialists in secondary education.

For the same period, trainings continue for raising qualification under national programmes and initiatives. By the end of February 2014, 2 204 people are trained for teachers to work in groups for mandatory preschool preparation, 3 228 teachers are trained for acquiring knowledge, skills and competencies for work in multicultural environment, 4 491 teachers are trained for acquiring knowledge, skills and competencies for work with children with special

educational needs, 6 887 pedagogical specialists are trained for acquiring knowledge, skills and competencies for the assessment of pupils and 4 614 pedagogical specialists are trained for the prevention of school violence, aggression and other behaviour.

At the beginning of March 2014 education “Specialised qualification in institutions offering internationally recognised certificates” started, orientated at enhancing the foreign language knowledge, skills and competencies of pedagogical specialists for the purpose of achieving a level in accordance with the Common European Framework of Reference for Languages (CEFR); 342 teachers were included in it.

### **Development of vocational training**

At the beginning of the year a draft **concept for the development of vocational education and training (VET)** was presented. The measures in it are targeted at ensuring quality and effectiveness and improving the opportunities for access to VET. Measures are also included to enhance the opportunities for life-long learning and to strengthen the involvement and responsibilities of stakeholders to provide staff with the skills required by the economy.

During the year the implementation of the activities under project “Student practices”, financed under OPHRD, continued. The project ensures active participation of the business as early as at the stage of planning and analysing the needs for practical education of future personnel, and in the announcing of vacancies and the appointing of pupils and students. Under the project practical education in a real working environment was provided to pupils from 390 specialised secondary schools, comprehensive secondary schools with vocational classes and vocational colleges. Up to now 11 608 pupils have completed their practices.

### **ICT in education and science**

In connection with enhancing the quality of and access to education, a **Strategy for Effective Implementation of ICT in Education and Science in the Republic of Bulgaria (2014–2020)** was developed. It contains a balanced set of specific measures to be implemented simultaneously and in a synchronised manner, including deadlines for individual stages and corresponding financial estimates. Proceeding from the common technological resources, we are now speaking of a unified information and technological environment serving school education, higher education and science. The environment provides access to the Internet, communication technologies, management systems and shared electronic contents. The Strategy was published for public consultations in February 2014 and will be adopted by the CoM in April 2014.

### **3.4.2 National target: A 36% share of the people aged 30-34 with higher education by 2020**

Following the registered slight decline in 2012 compared to the previous year, the share of people aged 30–34 with higher education increased by 2.2 % in 2013, reaching 29.1 %. The net percentage of entrants in higher education during the 2012/2013 academic year continued increasing. The same trend is observed with regard to the number of people who completed higher education with educational qualifications degrees “Bachelor” and “Master”, and with regard to the educational and academic degree of “Doctor (PhD)”.

The draft **Strategy for the Development of Higher Education** in the Republic of Bulgaria for the period 2014–2020, which is planned to be adopted by the CoM in May 2014, is important for the development of a new Law on Higher Education.

The National Policy for equal access to quality higher education aims at encouraging autonomous higher schools to raise the quality of the higher education they offer. In this connection, **an update of the rating system** is done every year. Based on the results from each issue of the system, additional funds are allocated to higher schools for promoting quality. The system is also used by government institutions, higher education establishments and employers' organisations to make analyses and develop policies.

For the purposes of improving the conditions for access to higher education, the implementation of **financial measures to support undergraduate and post-graduate students** continues, such as: providing scholarships and loans under the Law on Loans to Undergraduate and PhD Students; subsidised use of students' canteens and dormitories; financial assistance for rented accommodation; support for physical education and sports and establishing the student loan system.

The creation of conditions for student practices in real working environment contributes to the quality of higher education and to the improved links between education and business aimed at fast and effective realisation of graduates in the labour market.

### **3.5 National Target: To reduce poverty and promote social inclusion**

#### **National target: Reduce the number of people living in poverty by 260 000 by 2020**

**Sub-targets:** *Reduce the number of children (0-18-year olds) living in poverty by 78 thousand (30% of the overall National Target, and 25% of the number of children living in poverty in 2008); reduce the number of persons aged 65+ living in poverty by 52 thousand (20% of the overall National Target and 10% of the number of elderly living in poverty in 2008); reduce the number of unemployed (aged 18-64) living in poverty by 78 thousand (30% of the overall National Target and 25% of the number of unemployed aged 18-64 living in poverty in 2008); reduce the number of employed (aged 18-64) living in poverty by 52 thousand (20% of the overall National Target and 22% of the number of employed aged 18-64 living in poverty in 2008).*

According to the latest data from the EU statistics on income and living conditions (EU-SILC) for 2011<sup>45</sup>, Bulgaria achieves partial progress with regard to the National target to reduce the number of people living in poverty by 260 000 by 2020. The number of people living in poverty has decreased by 73 300 people compared to the baseline level of EU-SILC 2008. At the same time, a slight increase is observed in the number of people aged 0–17 years, living in poverty – 17.5 thousand people more compared to the baseline level of EU-SILC 2008.

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<sup>45</sup> EU-SILC 2012, reference year 2011, NSI.

The risk of poverty or social exclusion in Bulgaria is above the average EU rate. According to EU-SILC 2011 data<sup>46</sup>, the share of people living in poverty or social exclusion is 49.3 %; for young people in the 15–24 age group this share is 51.3 %, and for the 15–29 age group it is 48.7 %. People living at risk of poverty accounted to 21.2 %, or 1.558 thousand people. This is a 1 pp. decrease compared to 2010. The people in Bulgaria experiencing material deprivation accounted for 44.1 % , which is 0.5 pp. more than in 2010. 473.8 thousand people aged between 18 and 59 were living in households with low work intensity, and they represent 11.2% of the entire population aged 18–59. Compared to 2010 figures, their share has increased by 1.1 pp. In terms of age groups, the risk of poverty is the highest for children aged up to 18 (28.2 %, or a decrease by 0.2 pp.) and for the population above working age (28.2 %, or a decrease by 2.9 pp.). The impact of social transfers (excluding pensions) on reducing poverty risk was 4.7 pp., which is almost two times lower than the EU average of 9 pp.

The provision of adequate material support to groups in disadvantaged position, the measures of the pension policy in the long-term and the income and social assistance policy are very important for limiting social exclusion and reducing poverty. With a CoM Decree of 1 January 2014 the minimum salary in Bulgaria was increased by close to 10 % to BGN 340. After all tax and social security contributions are deducted, it exceeds the official poverty line for 2014, which was set at BGN 251.

In 2014 the monthly payments of family allowances for children will continue in order to reduce child poverty. In 2013, BGN 503.8 million were paid under the Law on Family Allowances for Children. The social transfers which will be made in 2014 are described in section CSR 3. To prevent poverty and social exclusion, the process of deinstitutionalisation of childcare will continue (see CSR 3).

In pursuance of the National Strategy for Reducing Poverty and Promoting Social Inclusion 2020, actions for active inclusion of vulnerable groups in the labour market will continue in 2014 (see CSR 3 and NT 1). The interaction between health, social and education services will be strengthened and a more effective way will be sought to tackle the problem of homelessness by providing access to housing.

The tax relief introduced by the LPIT since the beginning of 2014 is targeted at people with low income and aims at increasing their disposable income. It can be used by taxpayers who have had only income from employment relationships and had no income under service contracts or other business activities during the year. The tax relief is equal to the tax payable on the income from employment relationships acquired during the year. After filing their tax returns, such individuals will receive a reimbursement of the 10 % tax withheld during the year.

Important steps for widening the social inclusion are taken by the prepared amendments to the Law on Asylum and Refugees. One of the changes envisages a change in the nature of the contracts for integration, which currently is voluntary. It aims to introduce a differentiation with respect to foreigners who are motivated to stay in Bulgaria, for which the state will take

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<sup>46</sup> EU-SILC 2012, reference year 2011, NSI.

care, offering a full package of integration measures, and those who do not intend to stay longer in the country and for who can offer some measures.

Other proposals envisage providing free education for children subject to mandatory pre-school education, and for children of compulsory school age, or seeking international protection in state and municipal schools. By CoM Decree functions of various institutions in the ongoing integration will be written, as well as terms and conditions for the conclusion , amendment and termination of the proposed agreement. In addition measures will be implemented to promote social inclusion by improving quality and access to social, societal, cultural and recreational services. ■



## 4 Additional Reform Measures and Use of Structural Funds

### 4.1 Additional Reform Measures

#### Information and Communication Technologies

In 2013, 53.6 % of the households had broadband access to internet, which is twice the 2010 value. The percentage of enterprises remains relatively unchanged – 77.9 %. With regard to the indicators for coverage of the broadband ICT infrastructure, Bulgaria is above the average level for the EU<sup>47</sup>. Regardless of this, the country lags behind with regard to the indicator for use of ICT services, and only 19 % of the residents have subscribed to such services<sup>48</sup>. In 2013 over 80 % of the enterprises were using internet to communicate with public institutions, while this rate is only 22.6 % for natural persons. The weak penetration of ICT services among the population can be explained with the fact that about 40 % of the people have no e-skills and almost the same percentage have never used internet. The percentage of use of electronic services by natural persons is low where electronic identification is required – for example, only 8.6 % of the natural persons use internet banking.

Within the framework of e-government, a measure for the **deployment of broadband access to remote and sparsely populated areas** is implemented. Following the receipt of the EC notification for the project funded under OPRD at the end of 2013, in 2014 the actual development of the corresponding infrastructure will start. A **National Plan for broadband electronic communication infrastructure for next-generation access** was also developed. It is expected to be adopted by the CoM by 30 May 2014 and respectively implemented by the end of 2015.

Although concerns regarding fraud and lack of security in the transmission of personal data over the internet are mentioned as an obstacle for the use of e-trade services by a relatively low percentage of users of electronic services in Bulgaria<sup>49</sup>, personal data protection is an important element of the strategy for the development of information society. A working draft of a **National Strategy for Cyber Security** is developed in line with the Commission proposal for Directive on network and information security (NIS) and the EU Cyber Security Strategy.

#### Road infrastructure

The integration of country's territory through better access and mobility is a factor of key importance for the enhancement of regional competitiveness, growth and the creation of jobs. Certain measures are foreseen for improving the connectivity at regional level and for encouraging local potential through construction, reconstruction and rehabilitation of first, second

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<sup>47</sup> Source: Eurostat: 60.7 % of the households were covered in Bulgaria and 53.8 % were covered in the EU in 2012

<sup>48</sup> Source: Eurostat: this indicator was 28.8 % in the EU in 2012

<sup>49</sup> NSI data: only 4.7 % of the households are concerned about their personal information

and third class roads. The development of road infrastructure will strengthen the measures directed towards attracting foreign investments and raising the investment activity in the regions. The resulting improvement of allocative efficiency in the economy will increase growth potential.

## **4.2 Use of EU Funds**

The Partnership Agreement of the Republic of Bulgaria outlining the funding from the European Structural and Investment Funds (ESIF) for the period 2014-2020 is prepared in accordance with the Common Strategic Framework of the EU, the Country specific recommendations of the Council for 2012 and 2013 and while taking into account the position of the European Commission regarding the negotiations with Republic of Bulgaria for the programming period 2014-2020. National, regional and local authorities observing the partnership principle have used this framework as a basis for the preparation of Strategy for Partnership Agreement, committing themselves to contribute towards the achievement of the Common European goals of the “Europe 2020” Strategy, the EU Strategy for the Danube Region, the Integrated maritime policy, the Blue Growth Strategy and the Convention on the Protection of the Black Sea Against Pollution.

The analytical part of the document covers indicators and criteria under the identified areas of discrepancy, the development needs and the growth opportunities of importance for the thematic objectives of the ESIF under which Bulgaria will work. The emphasis is on the contribution of the Partnership Agreement both to the implementation of NDP: Bulgaria 2020 and the NRP, and to the achievement of the common European goals for growth and employment formulated in the “Europe 2020” Strategy. In the Partnership Agreement Bulgaria identifies the main prerequisites that will contribute for the achievement of the defined in “Europe 2020” three types of growth - smart, sustainable and inclusive.

While taking into account the critical points for the development of Bulgaria as outlined in the analysis, the findings of the analysis on the differences, the identified needs for development and the growth potential set in the Partnership Agreement four strategic complementing each other funding priorities are formulated: three in the direction of “Europe 2020” Strategy for inclusive, smart and sustainable growth and one horizontal by nature.

### **4.2.1 Strategic Priority 1: Education qualification and employment for inclusive growth**

Priority 1 covers sub-priorities: Employment and labour mobility, Social inclusion, Healthcare and Education, training and life-long learning. The main objective of this priority is to contribute for the achievement of inclusive growth for the period 2014- 2020 in its three types of policies that determine also the sub-priorities for its achievement: increased employment rate and participation rate, including via alternative, remote and flexible forms of employment and modernisation of the labour market; increased quality of life and social systems, including improved health and equal access to quality health services; enhanced knowledge, skills and qualification of people, including in support of the labour force adaptability.

#### **4.2.2 Strategic Priority 2: Scientific research, innovations and investments into smart growth**

Priority 2 covers sub-priorities: Increasing competitiveness and resource efficiency of SMEs, R&D and innovations, Access to and use of ICT. Support provided by the ESIF will concentrate on addressing the most serious challenges allowing Bulgarian economy to achieve smart growth, namely: low levels of competitiveness and productivity of SMEs in sectors with high added value for the economy and the export potential, lagging behind scientific-development and innovative, market oriented activities, lack of efficient educational and scientific environment and its functioning relationship with business, allowing the implementation of quality scientific research and unsatisfactory access to and use of ICT.

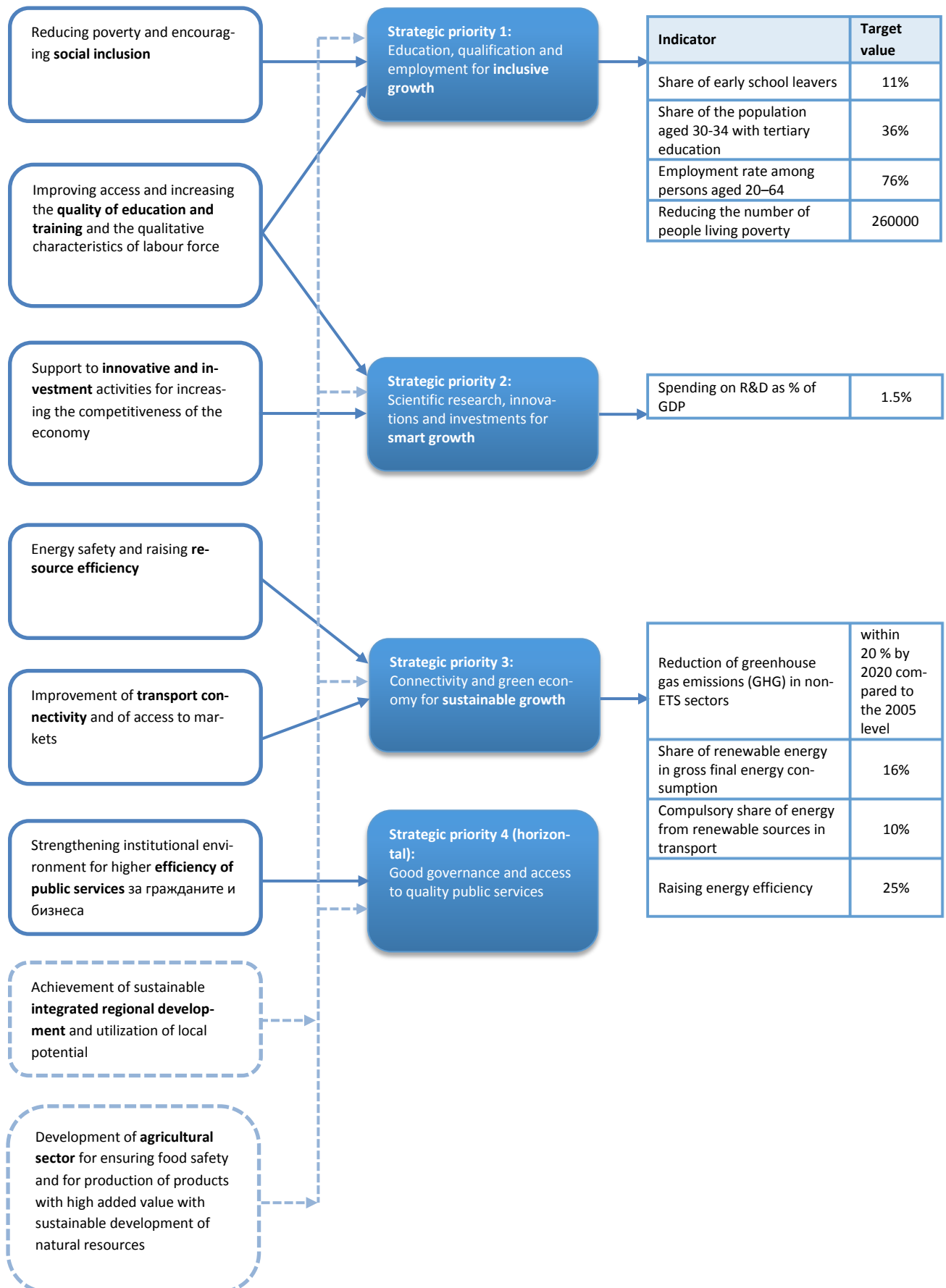
#### **4.2.3 Strategic Priority 3: Connectivity and green economy for sustainable growth**

This priority covers sub-priorities: Connectivity (internal and external), Transition towards low carbon economy, energy and resource efficiency, Climate and climate changes, prevention and risk management and Environment and preservation of natural resources. This priority addresses challenges in terms of connectivity and accessibility (of the country and the regions) and the related basic infrastructure, the national commitments undertaken by Bulgaria within the EU in the water and waste sectors, that are capital intensive and the implementation of which is impossible without the significant support provided by the ESIF. The analysis of the needs for development identifies the problem with high energy intensity and resource intensity of the economy, and the levels of risk and sensitivity to climate change, especially in rural areas and specific territories as a key one.

#### **4.2.4 Strategic Priority 4(horizontal): Good governance and access to quality administrative services**

The priority covers sub-priorities: Administrative efficiency and high-quality judicial system; Access to high-quality administrative services and efficient implementation of e-governance and e-justice. The development and the implementation of the “Good governance” concept that includes e-governance and e-justice, quality and efficient services for citizens and businesses as well as high level of professionalism and motivation of human resources in the administration and judicial system are key challenges for our country.

**Figure 2: Relationship between the priorities set in the NDP: Bulgaria 2020, the targets of the National Reform Programme implementing “Europe 2020” Strategy and the strategic priorities of the Partnership Agreement**



The identified areas of intervention falling under the coverage and co-financed by the ESIF within the framework of the Partnership Agreement and the related programmes on the basis of the main challenges are complementing the national efforts of the Bulgarian government for the implementation of the main objectives of the NDP: Bulgaria 2020 and of the NRP (see Figure1).

The main factor for achieving growth and employment, both in the “Europe 2020” Strategy and in the Partnership Agreement, is the integrated and coordinated implementation of policies. Sustainable integrated urban development through the implementation of Integrated Plans for Urban Regeneration and Development is an instrument for policy integration at territorial level. Within the IPURDs cities and towns will undertake integrated investments supported under different operational programmes and from different sources of financing to achieve an overall improvement of the social and economic conditions. With the help of IPURDS infrastructural investments will be combined with appropriate measures for employment, education, and enhanced quality of social and health services. Through the National programme for reindustrialization the development of sectors and sub-sectors of the Bulgarian industry will be encouraged, especially those that are competitive or have growth potential.

At the same time, synergies and interconnections of the infrastructural projects will be sought with the aim to improve the urban environment as an incentive for keeping the active population in the towns and as an engine for coping with the negative demographic consequences and generating growth and employment. ■

## 5 Institutional Issues and Involvement of Stakeholders

The National Reform Programme of the Republic of Bulgaria is being developed and implemented within a specially established and functioning Working Group "Europe 2020" under CoM Decree No. 85 of 2007, in which representatives of the government administration and all stakeholders participate.

### 5.1 Political Participation (Parliament, Regional and Local Authorities) and Participation of the Social Partners

The Minister of Finance, who sees to the co-ordination of the national economic and financial policies with the general European ones, is the National Coordinator for the "Europe 2020" Strategy.

The draft 2014 update of the National Reform Programme of the Republic of Bulgaria was published in the web site of the Ministry of Finance (<http://www.minfin.bg>), so that all stakeholders can send their specific proposals.

After the approval by the CoM of the update of the 2014 National Reform Programme it will be sent for information to the Committee on European Affairs and Oversight of the European Funds at the National Assembly.

A seminar for presenting the 2014 National Reform Programme is envisaged to take place in the period May-June 2014 under the Communication Strategy of the Ministry of Finance.

### 5.2 Instruments for Monitoring

Progress in the implementation of objectives and reforms, presented in the National Reform Programme, is monitored using the currently existing reporting mechanism<sup>50</sup>. ■

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<sup>50</sup> Decision of the Council of Ministers No. 692 of 15 September 2011 determining the mechanism of reporting on the implementation of the measures and actions set out in the National Reform Programme of the Republic of Bulgaria, and the control over their reporting and implementation. The coordination process is laid down in NRP (2011–2015).

# Annex 1

## Progress Report on Country-Specific Recommendations and Other Macro Structural Reforms in Pursuance of National Targets and Priorities set in Europe 2020 Strategy

### –Measures addressing the Country Specific Recommendations of 9 July 2013

CSR category	Short title of the measure	Information on the measures, launched and planned								Expected outcome	
		Policy area	Description of the measure (actions)	Legal/administrative instrument	Description of main measures of direct relevance to address the country-specific recommendations				Budgetary implications	Outcome indicators with current and target value	Product/service indicators with current and target value
					Launched		Planned		Change in government revenue and expenditure relating to the implementation of the measure – overall and by years 2015, 2016, 2017 (BGN million)		
					Commencement date	Timetable on progress achieved in the last 12 months (April 2013 - April 2014)	Timetable on upcoming stages and deadline of implementation of the measure (from May 2014 to deadline for implementation of measure)	End date			
1	2	3	4	5	6	7	8	9	10	11	12
Improvement of the tax collection rate (CSR1)	1-1. Mechanism of reverse charge of VAT on supplies of cereals and industrial crops	Improvement of tax collection	Amendments to LVAT Meetings with merchants for clarifying the mechanism	Law to amend and supplement (LAS) the LVAT	2014	Enacting amendments to the legislation	2014-2018	2018	Increase of revenue by BGN 200-400 million in 2014	1/ Revenue from VAT as % of GDP (change) 2/ Reduction of the number of established violations in VAT levied on deliveries of cereals and	1/Growth of taxable turnovers from the sector, 2/Reduced number of established violations of the VAT law in the sector.

1	2	3	4	5	6	7	8	9	10	11	12
										industrial crops	
	1-2. Executing fiscal control of goods with high fiscal risk	Improve- ment of tax col- lection	Executing fiscal control of goods with high fiscal risk	Law to amend and supplement the Tax and Social Insurance Procedure Code ( TSIPC)  MF Ordinance on the terms and conditions for execution of fiscal control of the movement of goods with high fiscal risk in the territory of R Bulgaria and on the requirements to the fiscal control points  Internal administrative acts of NRA	2014	A strategy and concept for the introduction of fiscal control of the movement of goods with high fiscal risk have been developed.  Law to amend and supplement TSIPC enacted on 09.12.2013, in effect from 01.01.2014  Additional fiscal control functioning at NRA as of 01.01.2014.  MF Ordinance No H – 2 of 30.01.2014 on the terms and conditions for execution of fiscal control of the movement of goods with high fiscal risk in the territory of R Bulgaria and on the requirements to the fiscal control points.	Control performed by mobile units and regional fiscal control teams.	On-going	Increase of revenue by BGN 220 million in 2014.	Tax revenue as % of GDP (change)	1. Number of checks performed at the fiscal control points  2. Number of checks performed in the inland of the country.  3. Number of imposed measures for securing receivables under TSIPC.
	1-3. Improve the collection rate of public receivables and speed up the process of enforcement of public receivables.	Improve- ment of tax col- lection rate.	Analysis of the collection of public receivables.  Speeding up the process of identification and selection of the debtor's assets  Reducing the time for implementation of enforcement proceedings.	Internal administrative acts of NRA.  Law to amend and supplement TSIPC.	2013	Analysis of the efficiency of the Collection functions of NRA.  On-going monitoring of the collection of overdue receivables.  Putting in place of a new organization of the collection of public receivables.	Rescheduling or deferral of tax liabilities and compulsory insurance contributions as a tax concession.  Targeted campaigns for collection of overdue public receivables.  Intensification of the electronic exchange of documents and data with public creditors and with institutions, maintaining information about the properties/assets of the liable persons.  Initiating legislative changes aiming at reducing the time for execution of enforcement proceedings.	On-going	Increase of revenue by BGN 200 million in 2014.	Increase of the collection rate of public receivables	1. Collected overdue receivables as per cent of the overall amount due(executable, partially executable) debt  current value – 56 %  target value – 58 %  2. Campaigns conducted to promote volun-



1	2	3	4	5	6	7	8	9	10	11	12
							Specialized software is to be developed to cover all activities of collection of public receivables – deadline 2015.				tary payment targeting 64 000 persons with overdue public debt. (Campaigns were conducted in 2013, targeting 25 000 persons).  3/Number of conducted information campaigns – 17 for 2014
	1-4. Counter-acting customs, monetary and excise duty offenses	Reduction of fraud relating to excise goods, including goods in a scheme of deferred payment.	Putting into operation the Risk Information Exchange System (RIES)  Rules for collection of surveillance data and ensuring data for risk analyses.  Strengthening the control of illegal shipments and transportation of tobacco goods.  Performing targeted checks of persons bringing lubricant and base oils in the territory of the country.		2014	Introducing RIES and developing the rules for it – April 2014.	Exchanging information with NRA on the conducted community supplies and acquisition of goods of this type, conducting joint analyses, identifying sites for illegal production, storage and sale of motor fuels and identifying risk persons to check –2014.  Enhancing the road and railway transport control for tobacco products, including control exercised by the mobile control and surveillance units and the mobile teams – December 2014.			Amount of prevented damage (BGN million)	Number of instituted proceedings against persons involved in schemes of tax, excise duty and VAT fraud.
	1-5. Law Enforcement and Risk Level reduction Pro-	Improve the enforcement of tax and social insurance	Develop yearly Law Enforcement and Risk level Reduction Programmes, containing measures for legal control,	Internal administrative acts of NRA		Analyses and assessments of specific risks were made for the period, which were then prioritized according to their significance.  A Law Enforcement and Risk level Reduction Programme for	Initiating and conducting specific measures to address the risks in 2014.  Analyses and assessments of the specific risks in 2014. Yearly prioritization of risks according to their significance and development of the	On-going		Reduction of risk behaviours.	

1	2	3	4	5	6	7	8	9	10	11	12
	gramme.	laws.	communication, education, etc. measures.			2014 was developed. It contains the measures to be undertaken with the aim of increasing compliance with the law. Some of the measures were already launched.	Programme for 2015.				
	1-6. Introduction of cash accounting of VAT for motor vehicles.	Reduction of the administrative and financial burden.	Creating opportunities for persons satisfying specified conditions to make use of tax relief for charging and paying VAT due for deliveries, only in case an actual payment has been made on the transaction.	Law to amend and supplement LVAT.	2014	An amendment to the legislation entered into force on 01.01.2014, which introduced a streamlined regime of the so called "cash accounting" for persons registered under the VAT law.	Analysis of the performance and outcome	On-going		Tax revenues as % of GDP (change).  Reduction of the administrative and financial burden on the undertakings in implementing their obligations to pay the VAT due for the respective tax period.	1/ Number of undertakings /supplies subject to the scheme of "cash accounting of VAT" for motor vehicles.  2/Amount of the tax bases of the supplies to which the scheme of "cash accounting „of VAT for motor vehicles was applied.
	1-7. Introducing and upgrading the electronic services of NRA.	Improved services and reduction of the administrative burden.	Provision of more detailed and timely information to the citizens and businesses. Introduction of new e-services.	Internal administrative acts of NRA, LNRA, TSIPC.	2007	<ul style="list-style-type: none"> <li>- Information on incurred payments, transferred to NRA accounts and liabilities settled with them - through a Qualified Electronic Signature (QES) and a Personal Identification Code (PIC).</li> <li>- Informing the persons by e-mail confirming the receipt of the ordered amount on NRA account;</li> <li>- Information on the liability of the person and the date and type of document with which the liability was settled.</li> <li>- Submitting the tax return for the tax on gambling ( Article 224, Article 231;239, (1); Article 239, (2) of LCPT)</li> <li>- Submitting the Declaration as</li> </ul>	<ul style="list-style-type: none"> <li>- Submitting a tax return under Article 252 of LCPT</li> <li>- Public bulletin of persons who were given permission to apply the "cash accounting „scheme under LVAT.</li> <li>- Submission of a request for issuance of a permit to apply the "cash accounting" scheme</li> <li>- Submission of a request for termination of the "cash accounting" scheme.</li> <li>- Submission of a tax return under Article 246 of LCPT</li> <li>- Submission of a tax return under Article14, (1) of the Law on Insurance Premiums Tax (LIPT);</li> <li>- submission of a tax return under</li> </ul>	2014		Tax revenue as % of GDP (change)  Improved servicing.  Increased share of utilization of e-services.  Decreased expenses of obligated persons.	2/ Share of electronically filed documents

1	2	3	4	5	6	7	8	9	10	11	12
						per Article 88 of Law on Corporate Profit Tax (LCPT) and Article 87 (2) and (3) of LCPT;  - Submitting a tax return as per Article 55 (1) of the Law on Personal Income Tax (LPIT) and Article 201, (1) of LCPT	Article 14, (2) of LIPT				
	1-8. Simplifying the process of declaring tax liabilities	Improved servicing and reduced administrative burden	Analysis of existing tax returns and conducting consultations with the stakeholders.	Internal administrative acts of NRA, LNRA, TSIPC.	2014		Analysis of the possibilities for simplifying the tax returns.  Conducting discussions with the stakeholders.  Proposals for amendments to the legislation.	2014		Facilitating the clients in implementing their obligations.  Improved servicing.	Simplified tax return forms/ requirements to the declaration.
Limiting early retirement (CSR2)	2-1. The Advisory Council for Optimization of the Social Insurance System to the Minister of Labour and Social Policy shall approve an option limiting early retirement	Sustainable pension system	Amendments to Article 69 of the Social Security Code (SSC)	Law to amend and supplement SIC	2014	Discussion conducted by the Advisory Council to the Minister of Labour and Social Policy, with the aim of Optimizing the Social Insurance System	A Draft Law to amend and supplement SSC to be submitted to the Council of Ministers 30.11.2014.	2015		1/ Effective retirement age (change)  2/ Expenditure on pensions as % of GDP (change)	1/ Share of insured persons subject to no statutory requirement for minimum retirement age, as % of total number of insured persons.  2/ Share of insured persons subject to statutory requirement for age, which is below the general provisions for the retirement age, as % of total number of insured individuals.
Introducing the same retirement age for	2-2. Introducing a mechanism for equalising	Sustainability of the pension system.	Amending the Social Security Code in order to equalise the retirement age for	Law to amend and supplement SSC	2014	Discussion by the Advisory Council to the Minister of Labour and Social Policy on Optimization of the Social Insurance System	Submit to the Council of Ministers a draft Law to amend and supplement SSC - 30.11.2014.	2015		1/ / Effective retirement age for men (change)  2/ / Effective	Difference in the statutory retirement age for men and women.

1	2	3	4	5	6	7	8	9	10	11	12
men and women (CSR2)	the retirement age for individuals working under the conditions of the third category of work.		men and women to 65 years after 2021.							retirement age for women (change))	
Active employment policies targeting older working people (CSR2)	2-3. Measures and programmes for employment of individual aged 50+.	Sustainability of the pension system.	Ensuring employment for unemployed persons aged 50+ under measures and programmes for employment.	The National Action Plan on Employment (NAPE) 2014 was adopted with Council of Ministers Decision № 52 of 21 December 2013.	2013	About 21500 unemployed aged 50+ were employed in 2013.	The implementation of: the National Programme "Support for retirement"; the measure under Article 55a of the Law on Employment Promotion (LEP); "Support for employment „scheme under OPHRD will continue throughout 2014	2017	2015 – BGN 47 million (State budget) 2016 – BGN 52 million (SB) 2017 – BGN 57 million (SB) Total – BGN 156 million.	Increasing the employment rate among the people aged 55-64 years from 47.4% in 2013 to 48, 6 % in 2015.	Relative share of registered unemployed persons aged 50+, included in subsidized employment, of total number of registered unemployed in the same age bracket – 14% in 2013 20% in 2017
Decreasing the cases of abuse in assigning disability pensions (CSR2)	2-4. Single Information System of Medical Expertise (SISME)	Sustainability of the pension system	Operationalization of SISME		2011	The Single Information System of Medical Expertise is put into operation in January 2014.	Data migration from the existing programmes and archives – 01.06.2014.  Public access to the Single Information System of Medical Expertise.	2014		1/Reduced number of cases of abuse  2/Reduced expenses of NHIF for medical examinations	Number of certified individuals
	2-5. Quality of the medical expertise	Sustainability of public finance.	Permission for physicians members of TEMC and NEMC to be involved in medical treatment activities.  Optimization of the package of	LAS the Health Act  LAS the Regulation of the rules and procedure of the bodies for medical expertise	2013	As of 1 January 2012, after amendments were effected to the Social Security Code, the medical commissions rule on all expert decisions of TEMC certifying 50 and more per cent permanent disability.		2014		1/Reduced number of cases of abuse  2/Reduced expenses of NHIF for examinations.	Reduced time for performing a medical expertise.

1	2	3	4	5	6	7	8	9	10	11	12
			<p>medical tests performed for the purposes of the medical expertise (introduction of 1 year limitation period)</p> <p>Elimination of the specialized expert medical commissions for pulmonary, ophthalmic and psychiatric diseases.</p>	<p>LAS the Regulation on medical expertise</p> <p>Amendment to the Regulation on the basic package of activities (updating Annexes No 6 and No 7 to SSC.</p>							
Youth guarantee (CSR 3)	3-1. Implementing the measures of the National Plan for implementation of the Youth Guarantee, 2014-2020.	Active labour market policies /Integration of young jobseekers in labour market.	<p>Inclusion in subsidized employment</p> <p>Inclusion in training</p> <p>Effective counseling of the young people at the labour market</p>	<p>The National Plan for Implementation of the Youth Guarantee for 2014-2020 was adopted with CMD of 18 December 2013</p> <p>Amendments to LEP and LC</p>	2013	The measure was launched in the beginning of 2014.	<p>Programme "Start of the career"</p> <p>Encouraging employers to employ unemployed persons below 20 years of age (Article 36, (1) of LEP)</p> <p>Encouraging employers to employ unemployed persons below 20 years of age on part-time jobs (Article 36a of LEP)</p> <p>Encouraging employers to employ unemployed persons below 20 years of age, who have graduated from secondary schools or universities but have no labour record yet (Article 36b of LEP)</p> <p>Encouraging employers to employ as interns unemployed persons below 20 years of age, - (Article 41 of LEP)</p> <p>Encouraging employers to create jobs for apprenticeship of unemployed persons aged below 29 year (Article 41a of LEP)</p> <p>Training and employment schemes for young people under OPHRD.</p>	2020	<p>2015 – BGN 34.7 million</p> <p>2016 – BGN 54.5 million</p> <p>2017 – BGN 60 million</p>	<p>1/Reduced level of youth (15-24 years) unemployment from 28.4% in 2013 to 27.2% in 2015.</p> <p>2/Relative share of young NEET persons aged 15-24, of the total number of young people in the same age bracket (NEET rate) from 21.5% in 2012 to 20.5% in 2015.</p>	Relative share of registered unemployed young people (15-24 years), included in training or employment, of the total number of registered unemployed young people – from 30% in 2013 to 50% in 2015.

1	2	3	4	5	6	7	8	9	10	11	12
Effective counselling of jobseekers (CSR3)	3-2. Integrated approach to the provision of mediation services for employment.	Improving the mediation services delivered by the EA	<p>“One-stop shop” principle of delivering of services</p> <p>Establishing public information terminals for the provision of electronic mediation services</p> <p>Conducting general and specialized labour exchanges</p> <p>Case managers</p> <p>Opening of new distance jobs at the EOD</p> <p>Conducting trainings in customer servicing for the employees of EA.</p> <p>Introduction of “Workshops for job seeking” at EOD.</p>	CMD № 878 of 29.12.2002	2011	The documentation for two public procurement procedures is prepared: for the development of software for the kiosks and for SMS communication to the kiosk customers.	<p>2014. 2 EODs will introduce the “one-stop shop” servicing.</p> <p>The kiosks are expected to start operating by the end of 2014.</p>	2015		<p>Number of registered unemployed who have started working at the primary labour market after receiving mediation services for employment or participation at labour exchanges - for 2013 - 204 812 persons</p>	<p>1/Relative share of EODs which have introduced the “one-stop shop” servicing – from 76% in 2013 – to 100% in 2020.</p> <p>2/Number of labour exchange sessions conducted – 122 in 2013 and 128 in 2014.</p> <p>3/Number of public information terminals put into operation</p>
Identifying the skills needs at the labour market (CSR 3)	3-3. Develop a system of forecasting the skills needs at the labour market.	Active labour market policies /Improve ment of the mediation services provided by the Employment Agency.	<p>Introduction of a system of forecasting in the education and employment policies.</p> <p>Yearly surveying of employers to identify their labour force needs.</p> <p>Planning and organization of training for unemployed persons</p>	Order КБ № РД01-871/29,11,20 11 r.	2012	<p>Outlined common trends for the development of the labour market as a result of the model - February 2014.</p> <p>Two training courses conducted for 107 employees of the EA in connection with the preparation of the yearly surveying of employers.</p> <p>Mid-term projections developed for 120 professions and 35 economic activities, as well as long-term projections for 9 classes of professions and 18 economic activities.</p>	Conducting the first surveying of employers from the system of employment – first half of 2014.	2014		<p>1/ Reduction of the level of durable unemployment by 1 p.p. (from 7.5% to 6.5% in 2015.)</p> <p>2/ Reduction of the level of youth unemployment (15-24 years) from 28.4% in 2013 to 25.2% in 2015</p>	Relative share of registered unemployed included in training in accordance with identified future employers’ needs – from 2, 6% in 2014 to 5,3% in 2015.

1	2	3	4	5	6	7	8	9	10	11	12
Active policies of employment under national schemes (CSR 3)	3-4. Supporting the employment of young people with durable disabilities	Active labour market policies	Financing projects proposed by young people below 29 years of age, with durable disabilities, starting their own business	Law on the Integration of People with disabilities	2014			On-going		Youth unemployment (change)	Share of unemployed young persons with permanent disabilities aged below 29 years, realized at the labour market.
	3-5. Making assessments of the active labour market policies	Active labour market policies	Follow-up evaluation of all employment programmes and measures part of the active labour market policies.	Order № РД01-606/13,07,20 12 r.	2013	The first draft of the final report and a follow-up evaluation of all elements (programmes and measures) of the active labour market policies have been developed.  The first draft of the second report on the follow-up evaluation of the effect of the active labour market policy at the individual level has been prepared.	Three evaluations of the active labour market policy have been developed till the end of the project.	2015	BGN 660 thousand		Performed three evaluations of the active labour market policy.
	3-6. Targeting the programmes for unemployed in disadvantageous position.	Active labour market policies.	Starting of 4 new national programmes for the integration of unemployed persons in disadvantaged position in the labour market in the area of preservation and development of the cultural heritage, of the national forest stock, of training of the recipients of social assistance, training and employment of immigrants. National programme Security.	NAPE for 2014, adopted with CMD № 52 of 21 December 2013.  National programme "Activating the Passive Individuals".		2013	The implementation of the Programmes starts in the beginning of 2014.		On-going	BGN 1,9 million from the 2014 State Budget (SB).	1/The level of unemployment reduced by 1 p.p. (from 12.5% to 11.5% in 2015)  2/The level of durable unemployment reduced by 1 p.p. (from 7.5% to 6.5% in 2015 r.)

1	2	3	4	5	6	7	8	9	10	11	12
											GDP
Minimum thresholds for social security contributions (CSR 3)	3-7. Probe into the impact of the minimum thresholds for social security contributions on employment.	Reducing the obstacles for employment	Probing into the impact of the minimum thresholds for social security contributions on employment by regions and by economic activities.	NAPE 2013	2013	A contractor to conduct the study is selected through a social procurement procedure.  First results of the study – April 2014.		2014			Report with results of the study and its conclusions.
National Strategy for Reducing Poverty and Promoting Social Inclusion 2020 (CSR 3)	3-8. Progress achieved in the implementation of the Strategy	Reduction of poverty and promotion of Social inclusion	Development of an Action Plan for the implementation of the Strategy	National Strategy for Reducing Poverty and Promoting Social Inclusion 2020	2013	The Council of Ministers has adopted National Strategy for Long-term Care and National Health Strategy 2014-2020 – end of 2013.  62 new community-based services in 2013 (a total of 781 community based social services)  14 specialized institutions for children closed and 2 institutions for adults and disabled persons closed in 2013.  Introduced differentiated amounts of monthly allowances for child until graduation from the secondary school, but not after the age of 20 .  Increased monthly allowance for children with permanent disabilities.	Development of a draft Action Plan for 2015-2016 for the implementation of the National Strategy for Reducing Poverty and Promoting Social Inclusion 2020 – second half of 2014 – the beginning of 2015.	2020		1/ Relative share of persons living at risk of poverty as % of the population.  2/ Share of persons living in households with very low work intensity (% of persons aged 0-59 years)	1/ Progress in the implementation of the National target reducing the number of people living in poverty by 260 thousand till 2020 and the four sub-targets thereto.
National Roma Integration Strategy (CSR 3)	3-9. Progress achieved in the implementation of the Strategy by priority	Reduction of poverty and promotion of social inclusion. Improve-	Development and implementation of an Action Plan for the implementation of the Strategy and municipal Action Plans for the second period to	National Roma Integration Strategy of the Republic of Bulgaria 2012-2020. Action Plan	2012	Implementation of the Action Plan for the implementation of the NRISRB 2012-2020 and of the Decade of Roma Inclusion 2005-2015.  Implementation of 220 municipal action plans for 2012-2013 and 28 regional strategies (reporting	Development of new municipal action plans – till the end of 2014.  Development of the second period of the action plan for implementation of the Strategy – to the end of 2014.  Enhancing the coordination of the monitoring of the implementation	2020		1/ Number of drop-outs of school - 3844 pupils in the 2012/2013 school-year.  2/ Improved access of	1/Number of people with ensured employment: 14 670 persons of Roma origin for 2013.  2/Number of



1	2	3	4	5	6	7	8	9	10	11	12
	areas.	provement in labour supply.	2020.  Improvement of the coordination mechanism and of the monitoring of the implementation of the Strategy.	for the implementation of the NRISRB 2020.		<p>to the European Commission – November 2013)</p> <p>A Commission set up for the implementation of NRISRB.</p> <p>A mechanism for inter-institutional coordination of the formulation, implementation, monitoring and evaluation of the policies on the ethnic and integration issues.</p> <p>Priority Education: reduction of the number of drop-outs at the basic level of education (grades V – VIII) from 2302 pupils in 2011/2012 to 2122 pupils in 2012/2013.</p> <p>Priority Employment: unemployed persons of Roma background trained and hired to work with EOD as Roma mediators under the National programme for activating the "Passive persons"- as of the end of 2013 – 76 Roma mediators working with 63 EODs, and have registered 12 993 inactive and discouraged persons. Of them 3 434 were employed and 117 were included in different forms of training.</p> <p>Employment ensured to 14 670 persons of Roma origin, 9 928 were included in training for acquiring vocational qualification, key competences and literacy courses, 508 of them being under OP HRD.</p> <p>Priority Healthcare: 11 453 medical examinations were conducted in 2013 by the 23 mobile units. The programme for Prevention and control of HIV/AIDS, particularly its Component 5 "reducing the vulnerability of the</p>	<p>of the Strategy by institutions – the end of 2014.</p> <p>Putting in place a system of monitoring of the implementation of the Strategy (financed under OP HRD 2014-2020) – 2015 – 2017.</p> <p>Drawing up a Monitoring report on the implementation of the NRISRB in 2013 – April 2014.</p>			<p>Roma people to labour market and increasing the share of employed Roma persons.</p> <p>3/Number of conducted prophylactic medical examinations at places with predominantly Roma population - 11 453 for 2013.</p> <p>4/Number of new social houses built and improved educational, social and cultural infrastructure</p> <p>a/Number of users</p> <p>50 houses were renovated and 213 built in 2013 in which 905 representatives of disadvantaged groups will be accommodated, including Roma ones.</p> <p>248 educational facilities till</p>	

1	2	3	4	5	6	7	8	9	10	11	12
						<p>Roma people to HIV infections" covered 13 129 persons from the Roma community. 20 272 persons were screened for the risk of TBC in the period 01.01. - 31.12.2011 under the Programme Improving the Control of Tuberculosis. 8 health-social centres are operating in the Roma community...</p> <p>Priority "Housing conditions": 50 houses were reconstructed and 213 new built in 2013 to accommodate 905 representatives of disadvantaged groups, including Roma ones.</p>					September 2013/ to be used by 8407 Roma people.
Accessibility and effectiveness of social transfers (CSR 3)	3-10. Effectiveness of family allowances for children	Reduction of poverty	<p>Improvement of the criteria for allocation of specified types of family assistance.</p> <p>Introduction of the rule for higher amount of differentiated family allowance for children.</p> <p>Improving the control with a view to preventing any misappropriation of family allowances for children.</p>	<p>Law on Social Insurance and its implementing regulation.</p> <p>LAS the Law on Family Assistance for Children</p>	2014	<p>A WG is set up to develop a draft of a LAS relating to the Law on Family Assistance for Children.</p> <p>Differentiated amounts of monthly allowances are introduced for children until graduation from the secondary school, but not after the age of 20.</p>				<p>Share of the population at risk of poverty prior and after the social transfers (change in the difference between the two).</p>	<p>1/ Share of people covered by the social transfers (% of the people at risk of poverty)</p> <p>2/ Replacement and utilization rate (on the basis of objective criteria, such as economic status.</p>
	3-11. Ensuring social protection of the vulnerable groups of the population.	Reduction of poverty.	<p>Ensuring social protection of the lowest-income groups at risk of poverty by providing social assistance to them.</p> <p>Improving the adequacy of social</p>	<p>Law on Social Security and its implementing regulations</p>	2013	<p>The adjustment co-efficient for granting energy allowances was updated in May 2013 so that the pending increasing of the pensions as of 1 April this year will not deprive the elderly people from the right to receive an energy allowance. The co-efficient was raised from 1.104 to 1.212.</p>	<p>The state will continue promoting the employment of the supported durably unemployed persons in active working age with the aim of reducing the number of passive recipients of social assistance and creating opportunities for rechanneling the resources to the people most in need of support.</p> <p>The coordination between the so-</p>	On-going	<p>Amount at basis for 2014 – BGN 140 302 666;</p> <p>1. Monthly assistance – BGN 52 489 450;</p> <p>2. One-off</p>	<p>Better targeted social assistance;</p> <p>Increasing the employment of assisted durably unemployed persons in</p>	<p>1. Granted monthly assistance to persons and families – currently 57 400 average monthly number of persons and families;</p> <p>2. – Granted</p>

1	2	3	4	5	6	7	8	9	10	11	12
			payments depending on the needs for a better quality of life of the most vulnerable groups of the population.			<p>In June 2013 a change in the terms and conditions for receiving the earmarked assistance for heating raised the differentiated minimum income by BGN 15 for all target groups.</p> <p>Ordinance № РД07-6/25.10.2013 on amending and supplementing Ordinance № РД-07-5 of 2008 on the terms and conditions for granting the earmarked heat allowance created a legal opportunity for the amount of the allowance from the previous heating season to be retained, while taking account of the changes that have taken place in the price of electricity for households, thus guaranteeing better social protection of the most vulnerable social groups.</p> <p>DCM No 17 was amended on 21.12.2013 to define the terms and conditions for spending the earmarked funds for diagnosing and treatment at medical establishments for hospital care of persons who have no income and/or personal property, that could ensure their participation in the health-insurance process.</p>	<p>cial assistance system and the system of active programmes at the labour market will be improved and social reintegration of recipients of social assistance will be supported by ensuring better financing for the implementation of programmes and projects in the area of social assistance.</p>		<p>assistance – BGN 1 900 000;</p> <p>3. Earmarked allowance for rentals – BGN 100 000;</p> <p>4. Earmarked heat allowances – Ordinance No 5 – BGBN 83 313 216;</p> <p>5. Assistance for diagnostics and medical treatment of socially weak people – DCM 17/2007</p> <p>BGN 2 500 000;</p> <p>Financing sources for the measure</p> <p>the State budget</p>	<p>active working age;</p> <p>Ensuring heating in the winter season for the socially most disadvantaged people.</p> <p>Share of the population at risk of poverty [prior and after the social transfers (change in the difference between the two)].</p>	<p>one-off assistance – currently 8 500 number of cases;</p> <p>3. Granted earmark allowance for payment of rents under the LSS – currently average monthly number of cases 265;</p> <p>4. Granted heat allowance – 270 000 number of cases per heating season;</p> <p>5. – granted earmarked assistance for hospital medical treatment and diagnostics – 2000 persons;</p> <p>As per reports as of 31.12.2013:</p> <ul style="list-style-type: none"> <li>- monthly assistance rendered to persons and families – average monthly number of cases 49 921;</li> <li>- granted one-off assistance – 7 758 cases;</li> <li>- earmarked assistance for rents under LSS - 226 average monthly number of cases;</li> <li>- granted earmarked assistance for hospi-</li> </ul>

1	2	3	4	5	6	7	8	9	10	11	12
											<p>tal care, diagnostics and medical treatment - 4 357 number of persons</p> <p>- granted heat allowance – 251 876 number of cases per heating season 2013/2014</p> <p>6. Share of persons covered by social transfers (% of persons at risk of poverty)</p> <p>7Replacement and utilization rate (based on objective criteria, such as property status)</p>
<p>Accessibility and effectiveness of the social services for children and elderly people (CSR 3)</p>	<p>3-12. Integrated early childhood development services</p>	<p>Reduction of poverty and social exclusion of children</p>	<p>Implementation of the Social Inclusion Project (SIP)</p>	<p>Loan Agreement (Social Inclusion Project) between RB and IBRD, signed on 18.11.2008. (Loan № 7612 BG) and ratified by law, latest amendment by the 42 NA (Prom. SG No 98 of 12.11.2013)</p>	<p>2011</p>	<p>By 31.01.2014 completed 83 out of 85 Civil Works contracts worth EUR 17,8 million (37 contracts completed in 2013)</p> <p>By 31.01.2014 new 1107 places in crèches and kindergartens put into operation in 17 municipalities.</p>	<p>Completion of works and delivery of technological equipment and furniture for the centres for integrated child services - 01.07.2014.</p> <p>Launching of the early childhood development services in all 69 municipalities beneficiaries – 01.07.2015.</p>	<p>2015</p>		<p>Share of the children at risk of poverty and social exclusion (% of the population aged 0-17 years) (change)</p>	<p>1/ Number of children who have access to integrated early childhood development services.</p> <p>Current value: 1107 children</p> <p>Target value: 30 thousand children in 69 municipalities</p> <p>2/Equal start during the first seven years of children from the vulnerable groups.</p>

1	2	3	4	5	6	7	8	9	10	11	12
	3-13. Deinstitutionalization of child care	Reduction of poverty and of social exclusion of children.	Regional social infrastructure for children.  Provision of quality services, targeted to the needs of every child.  Prevention of violence and early school leaving, reintegration of children.  Counselling and support for the families at risk, evaluation, training and assistance to foster and adoptive parents.	National Strategy "Vision on the Deinstitutionalization of Children in R Bulgaria „and action plan for its implementation.  OPRD 2007-2013  OPRD 2014-2020	2010	Activity 1: Plans have been developed for deinstitutionalizing by 1 January all the 218 children placed in the pilot Homes for Medical and Social Care for Children (DMSCC). As at 28 February only 91 children with serious health problems have remained there. The plans are these children to be placed in homes for residential services rendered to children needing permanent medical care, which will be built in the facilities of the HMSCC which will be closed.  8 introductory training courses are delivered in this period, plus 8 additional ones for the staff. 432 employees (95% of the whole staff) were included in the courses.  44 services are planned and delivered on the basis of the analysis of the needs of the children.  5 methodologies for the innovative services were developed.  The infrastructure activities relating to the reorganization of HMSCC into centres for health and social services have completed in 5 of the buildings. It is expected to have the remaining ended by April.  8 regional plans for deinstitutionalization are developed, for each pilot HMSCC.  Activity 2: the process of relocation of 141 children and youth has begun in 18 target municipalities, 63 children and youths are undergoing additional medical expertise; the first centres for	Activity 1: Pending is the closing of the 8 pilot HMSCC till the middle of 2014. The activities of the new 44 social and health-social services to be delivered on the territory of the closed HMSCC will then start.  Activity 2: Identifying target territories for the purpose of expanding the target group and specific services; developing plans for taking the children out of the specialized institutions.  Activity 3: Upcoming 5 trainings in three areas: social service delivery and supervision; analysis of the condition of the specialized institutions for elderly people, for people with mental disorders, physical and sensory disabilities; people with mental disabilities; mentally retarded people and old people. Study of the quality of social service standards applied in the country.  Activity 4: applying on a national scale of a new approach to the "foster care„service; decentralization of the foster care; development and introduction of a single financial standard for the service.  Activity 5: Training for 2100 employees of 147 Social Assistance Directorates in the country.  Forthcoming is the prioritization of the objects to be financed in the period 2014-2020.	2023	Total value of the project under activity 4 – EUR 7,7 million  Total value of the project under activity 5 –EUR 4,8 million	Share of children at risk of poverty (% of the population aged 0-17) (change)	1/ Increase of the number of services for children.  Currently: 371 (01.2014)  Target: 512 (2017).  2/ Closing of the existing specialized institutions for children.  Currently: 77 (2013)  Target: 0 (2025)  3/ Children using community-based services

1	2	3	4	5	6	7	8	9	10	11	12
						<p>family type accommodation were established in 14 municipalities; training of staff to deliver the new services is organized.</p> <p>Activity 3: 2 new activities added to the project and its term extended. The two activities are: 1) Analysis of the condition of the specialized institutions for elderly people, for people with mental disorders, with physical and sensory disabilities; for people with dementia, for people with mental disabilities and for old people. 2) Study of the standards for the quality of social services applied in the country.</p> <p>Activity 4: 955 foster families have been approved by the end of February 2014 and a total of 1123 children have been placed in foster care.</p> <p>Activity 5: 382 social workers have been appointed as of January 2014 with all Social Assistance Directorates in the country under the project "Strengthening the Capacity of the Social Assistance Agency (SAA) to raise the Quality and Effectiveness of Social Work".</p>					
	3-14. Development of a network of long-term care services	Reduction of poverty and promotion of social inclusion of adults.	Elimination of the institutional model of care for adults with disabilities.  Development of inter-sectorial services for social inclusion.  Changes in the National programme Assis-	National Strategy for Long-term Care and action plan for its implementation  OPRD 2014-2020	2013	194 community-based social services for elderly people and people with disabilities function by the end of February 2014 (6 more compared to the beginning of 2013) with the capacity of 5 793 places, the occupancy being 5869; 220 services of residential type for elderly people and people with disabilities (22 more compared to the beginning of 2013), with an overall capacity of 2688 places of which 2580 are	Development of an action plan for implementation of the National Strategy for Long-term Care - second half of 2014 - 2015.  The analysis of the condition of specialized institutions for adults, for people with mental disorders, with physical and sensory disabilities, with dementia, with mental disabilities and for old people (under Activity 3 of measure "Deinstitutionalization of Child Care) --	2020		1/ Share of the population aged 65+ at risk of poverty (% of the population aged 65+)(change)  2/ Share of children at risk of poverty and social exclu-	Increase of the number of social community-based services for elderly people and people with disabilities.  Current value: 411 (January, 2014)  Target value:

1	2	3	4	5	6	7	8	9	10	11	12
			<p>tants for people with Disabilities”</p> <p>Regional infrastructure for provision of community-based services.</p>			<p>occupied.</p> <p>The capacity of 81 homes for elderly people was reduced, 1 specialized institution for disabled people was closed.</p> <p>The standards for the social services, delegated by the state, were raised (CMD № 658 of 31.10.2013).</p> <p>The National Strategy for Long-term care adopted (CMD №2 of 07.01.2014).</p>	<p>2014-2015.</p> <p>Opening new community-based social services and residential type services for elderly people and people with disabilities – on-going measure.</p> <p>Prioritization of the objects to be financed under OPRD 2014-2020.</p>			<p>sion (% the population aged 0-17 years)(change )</p>	<p>512 (2017)</p>
	3-15. Drafting a new Law on Social Services	Reduction of poverty and promotion of social inclusion.	Greater flexibility and better quality of delivered services on one hand, and on the other hand - observation of consumer rights in the selection of services and providers.		2014	An inter-departmental group set up to draft the new Law on Social Services.	<p>Drafting a new Law on Social Services.</p> <p>Adoption of new Law on Social Services enacted.</p>	2015	No additional financing needed.	<p>1/ Share of the population aged 65+ at risk of poverty (% of the population aged 65+)(change)</p> <p>2/ Share of children at risk of poverty and social exclusion (% the population aged 0-17 years)(change )</p>	<p>1/Change in the coverage of the population using social services as % of the population at risk.</p> <p>2/Change in the number of social service providers.</p>
Law on School Education (CSR4)	4-1. Modernizing the secondary education system.	Improving the quality of and access to education.	Update the draft of the new Law on School Education	Draft of a Law on School Education	2013	Revise the draft Law on School Education in order to introduce additional quality criteria.	<p>Enacting of the new law – 4<sup>th</sup> quarter of 2015.</p> <p>Development of the secondary legislation – 2016.</p> <p>Enforcing the new educational requirements – starting from the 2016/2017 school-year.</p>	2016		<p>1/ Reduction of the share of 15 year old students with achievements below PISA critical threshold to 35 % by 2020</p> <p>2/ Reduction of the share of early school leavers</p>	<p>1/ Share of persons who graduate from the secondary school as % of people of the respective age group.</p> <p>2/ Share of students with early established learning difficulties as</p>

1	2	3	4	5	6	7	8	9	10	11	12
										to 11% by 2020.	per cent of drop-outs.
The higher education aligned to labour market requirements (CSR4)	4-2. Strategy for the Development of Higher Education in R Bulgaria 2014-2020	Modernizing the higher education system.	Development of the draft of Strategy for the Development of Higher Education	Strategy for the Development of Higher Education in R Bulgaria 2014-2020	2013	Developed draft of Strategy for the Development of Higher Education in R Bulgaria – November 2013.  Public discussions on the draft of the Strategy till March 2014.	Development of the final draft of Strategy for the Development of Higher Education – April 2014.  Adoption of the Strategy for the Development of Higher Education – May 2014.	2014		Creating a long-term framework for adequate development of the higher education system.	Adopted Strategy for the Development of Higher Education in R Bulgaria 2014-2020
	4-3. Rating system of the HEEs	Improving the quality of higher education.	Yearly updating of the system by reviewing the methodology and indicators and conducting sociological surveys.	DCM № 121/25.06.2012 r.	2012	Updated edition of the rating system in January 2014.	Three editions of the rating system by the Autumn of 2015.	2015	BGN 2,2 million ESF and national co-financing.	Raising the quality of education at the HEEs	Number of sociological surveys (3 opinion polls)  Number of respondents.  Number of analyses based on statistical data.
	4-4. Updating the curricula	Improving the quality of higher education.	Procedure „Updating the curricula of the HEEs to align them to the labour market requirements” under OPHRD 2007-2013	OPHRD 2007-2013	2012	50 projects implemented by the HEEs, including the following activities:  Analysis of priority specialties in accordance with the specific needs of the business and the requirements of the labour market at micro level.  Including the business in the educational process of the HEEs. Undertaking measures to update the curricular  Creating new curricula and/or updating the existing ones.  Testing the new and/or updated curricula in an academic environment. Introducing measures for updating of the teaching	Finalizing the projects.	2014	BGN 11.6 million from ESF and national co-financing, additionally BGN 2.4 million planned expenses.	Number of students educated under the new curricular – the plan is for at least 80% of the students at the HEEs and their structures.	Number/% of educational establishments which have introduced new curricula and syllabuses – the plan is for at least 40 HEEs and their structures.



1	2	3	4	5	6	7	8	9	10	11	12
						<p>methods.</p> <p>Involvement of the business in the implementation of the new curricula – introducing the students to the real working environment, organizing seminars with the participation of representatives of the business, concluding partnership agreements between the universities and businesses, etc.</p>					
	4-5. Practical education of students in real working environment (Student practices)	Improving the quality of higher education.	Ensuring additional practical education for the students in the HEEs in Bulgaria.	Strategy for Life-long learning and draft Strategy for the Development of Higher Education. OPHRD 2007-2013” Draft of OP Science and Education for Smart Growth 2014-2020	2012 r. – start of the project Student practices 2013 launching the first practices in real working environment.	49 000 students involved in practical training by 15 March 2014, and 34 000 have successfully completed it.	The Managing Authority has required an increase of the eligible number of students (MLSP)	2014	BGN 60 million under PPHRD	1/Number of students included in practical training  2/Number of students who have successfully completed the practical training.	1/Number of contracts signed between HEEs and students.  2/Number of completed practical trainings.  3/Number of partnership agreements concluded between employers and HEEs.  4/Number of contracts concluded between mentors and HEEs.
Cooperation between educational institutes, research institutes and enterprises (CSR)	4-6. Enhancing the scientific capacity for development of specific practically oriented scientific	Intensifying the education-science-business cooperation.	Draft a proposal for improvement of the legal framework with focus on the improvement of the mechanisms of monitoring, coordination and consultations	Implementation of a project under OPAC: “Improving the policy of development of science and scientific research ”	2012	A working group is set up to discuss the preliminary results of each phase of the preparation of the analyses and to prepare opinions and recommendations on the proposals made by the stakeholders and to draft decisions for improvement of the legal framework.	Analysis of the legal framework and of the strategic documents relating to the implementation of the policies in the area of science and scientific research in R Bulgaria and to the identification of existing deficits.  Assessment of the potential economic, social and environmental impacts of every developed draft.	2015	BGN 365 thousand under OPAC.	1/ Number of analysed statutory instruments - 3.  2/Number of analysed strategic documents –	Mechanism for monitoring of the policy in the area of science and scientific research – 1.

1	2	3	4	5	6	7	8	9	10	11	12
4)	research.		<p>between the administrative structures and stakeholders (HEEs, research organizations, businesses).</p> <p>Development of a model for monitoring and impact assessment of the measures undertaken under the government policies in the area of science and scientific research, servicing the development of the country.</p>							<p>1.</p> <p>3/ Number of developed options for the improvement of the policies in the area of science and scientific research – 3.</p>	
Access to inclusive education for the children in disadvantaged position, particularly Roma children (CSR 4)	4-7. Programmes for work in multicultural environment	Prevention of early school leaving.	<p>Procedure: „Educational integration of children and students from ethnic minorities”</p> <p>Activities of the Centre for Educational Integration of Children and Students from the Ethnic Minorities (CEI)</p> <p>Procedure: „reintegration of early school leavers ”</p>		2012	<p>152 contracts concluded with schools.</p> <p>1372 schools carry out extracurricular activities in 2013, connected with the educational integration of children and students from the ethnic minorities; 183 714 students involved in such activities; 27 569 persons participating in measures aimed at preventing early school leaving.</p> <p>9597 persons involved in measures under the procedure “Educational integration of children and students from the ethnic minorities” aimed at preventing early school leaving.</p> <p>599 persons reintegrated under the procedure “Reintegration of drop-outs from the educational system”.</p>	<p>Another 4955 drop-outs from school reintegrated in the educational system under the procedure: “Educational integration of children and students from the ethnic minorities”.</p> <p>Additional 348 drop-outs from school reintegrated in the educational system under the procedure “Reintegration of early school leavers.</p>	2015	<p>BGN 116.1 million under ESF and national co-financing.</p> <p>In 2015 BGN 23.4 million ESF and national co-financing.</p>	Number of drop-outs from school reintegrated in the educational system.	Number of persons involved in measures for prevention of early school leaving.

1	2	3	4	5	6	7	8	9	10	11	12
	4-8. Integrated and inclusive education of children and students with special educational needs (SEN).	Improving the access to education.	Opening the education system for inclusive education of children with SEN.	Procedure "Inclusive education" under OPHRD 2007-2013  Procedure „Support for the education of children and students with SEN" under OPHRD 2007-2013.	2011	13 241 children and students with special educational needs are integrated to study in kindergartens and schools, among them 1508 children and students with SEN under project „Inclusive education under OPHRD (which is an increase of 9,6% compared to 2012)  2072 kindergartens and schools offer programmes for integration of children and students with SEN in 2013, of which 84 pilot general education schools and 25 pilot schools under project "Inclusive education" under OPHRD.  A screening test was conducted under project "Inclusive education" covering 6 051 children aged 3 years from 990 kindergartens with the aim of early evaluation and prevention of learning difficulties. 400 psychologists and speech therapist are trained.  25 psychologists and 25 speech therapists are appointed in 25 pilot kindergartens with the aim to implement programmes for work with children aged 3-6 years for prevention of learning difficulties.  A total of 322 specialists are recruited and work in 84 pilots – 84 psychologists, 175 resource teachers, 60 speech therapists, 3 teachers for children with visual impairment and 10 speech rehabilitators are appointed to assist in the education of 1508 children and students with SEN.  Specialized technical equipment for work with children with sensory impairments is supplied to	Building a model of successful inclusion in the school environment under the project „Inclusive education" under OPHRD – deadline October 2014.  Ensuring specialists (resource teachers, speech therapists and psychologists) in pilot kindergartens and schools for children deprived of parental care, included in the deinstitutionalization process – October 2014.  Disseminating good practices in the process of inclusive education and of the new model of inclusive education built in the 84 general education schools – deadline 2015.	2015	Under project "Inclusive education"- BGN 14 million.  In 2014 BGN 21.9 million – ESF and national co-financing.  In 2015 BGN 2.8 million ESF and national co-financing.	1/Per cent (%) of children and students with SEN integrated in the general education and in the kindergartens/schools offering inclusive education,, who have successfully completed a grade, educational level – planned 4621 children/student s (65% of their total number)  2/Per cent of children/student s deprived of parental care and using services of residential type, included in the process of deinstitutionalization and successfully included in the educational process in kindergartens and schools.	1/Number of kindergartens where screening tests are conducted – 990 in 2013; 1391 in 2015.  2/Number of kindergartens where language tests are conducted – 25 by 2015; in 2013 - 0.  3/ Number of kindergartens and schools with enabling environment for inclusive education– 89 in 2013; 115 by 2015.  4/Number of educational institutions offering programmes for integration of children with SEN – 2072, of them 84 pilot general education schools and 25 pilot kindergartens under project Inclusive Education under OPHRD.  5/ Number of children and students with SEN for whom enabling environment for

1	2	3	4	5	6	7	8	9	10	11	12
						<p>part of these schools.</p> <p>A new model of functioning is implemented as a pilot project at a boarding school for children with disabilities, where specialized rehabilitation is offered for the education of children with serious and multiple disabilities, where specialized food and transportation are ensured and the dormitory is taken out of the school structure.</p>					inclusive education is put in place -- 1508 in 2013.
		Support for the development of the informal education of the young people.	Component 1 „Young people at risk“ of Programme BG06 „Children and young people at risk“, financed through the FM of EIA 2009 - 2014	Component 1 „Young people at risk“ of Programme BG06 „Children and young people at risk“	2014	Concluded 4 contracts for financing of projects for construction of youth centres which cover the criteria of the Council of Europe for quality certificate.		2016	BGN 9.7 million - general budget; (BGN 8.2 million – FM of EEA; BGN 1.5 million – national co-financing)	Activities targeted at young people, including young people at risk of social exclusion, in disadvantaged position, from Roma and other ethnic groups.	Coverage – at least 400 young people; at least 25% Roma; building 4 youth centres.
Efficient access to healthcare (CSR 4)	4-9. Medicines pricing control.	Improving the access of the population to health services.	<p>Establishing clear rules for the participants in the pharmaceutical market.</p> <p>Setting up an inter-institutional unit for coordination of the checks performed by BDA and RHIs for cancelling of unlawful practices in the supply of medicines.</p>	<p>Concept for Medicinal Policy/ draft.</p> <p>Short-term measures and optimization of the functioning and control of the healthcare system.</p>			Finalizing the Concept for Medicinal Policy – October 2014.	2014		Saving of public spending (public and private) on medicines.	1/ Number of medicinal products included in the Positive Drug List (PDL) at reduced prices
	4-10. Optimization of	Quality of health services.	Regulating the relations between the emergency centres and other	Strategy for the Development of Emergency	2014	Developed Strategy for the Development of Emergency Medical Care 2014-2020 and discussed by the Branch Council for	Adoption of the Strategy. Restructuring of all emergency wards – 209, hospital complexes –	2020	BGN 12 million from the state budget	Number of lethal cases of persons below 65 years	1/ Average number of calls serviced by a physicians'

1	2	3	4	5	6	7	8	9	10	11	12
	emergency care.		<p>medical treatment establishments.</p> <p>Specialization of the people working in emergency care.</p> <p>Improvement of the relations between National Emergency Calls Service /NECS/ 112 and emergency medical care.</p>	Medical care 2014-2020.		<p>tripartite cooperation in the healthcare sector.</p> <p>An action plan developed for the construction and equipment of 34 emergency wards – launching public procurement procedures.</p>	<p>11 at the first and second level, creating an emergency hospital complex.</p> <p>Training the staff in the system of emergency medical care.</p>			<p>of age per 100 thousand patients of emergency care (change)</p>	<p>team.</p> <p>2/ Average time of travel to the destination by an emergency team.</p> <p>3/ Share of calls unserved by the emergency teams (i.e. delay for more than 1 hour)</p>
	4-11. Renovation and equipment of the regional health infrastructure.	Quality and access to health services.	Construction/renovation, equipment and furnishing of health infrastructure facilities.	<p>Concept for the restructuring of the hospital care.</p> <p>OPRD 2007-2013</p> <p>OPRD 2014-2020</p>	2011	<p>Improved healthcare infrastructure – 1 building, 32 884 patients, benefiting from renovated infrastructure and acquired apparatuses/equipment</p> <p>OPRD 2007-2013: Completion of the now implemented 52 grant contracts for the renovation of medical treatment establishments and reporting on the outcomes.</p>	The MH prepares a list of priority establishments to be financed in accordance with the National Health Strategy and the National Health Map.	2023	<p>Current value of contracts under OPRD 2007-2013 – BGN 279,5 million.</p> <p>OPRD 2014-2020 –BGN 124,3 million</p>	Equal access of the population to different types of high quality health care.	<p>Number of facilities part of the health infrastructure supported under OPRD 2007-2013 – 52.</p> <p>Increasing the number of renovated healthcare establishments 37,2% (currently 13,9%) under OPRD 2014-2020.</p>
	4-12. Support for state and municipal medical treatment establishments in smaller and remote locations.	Access to quality health services	<p>Subsidizing 51 municipal hospitals in remote and difficult to access locations.</p> <p>Updating the medical standards with the aim of simplifying the requirements for staff and technical equipment and at</p>	Methodology of MH for subsidizing the medical treatment establishments in small settlements, difficult to reach settlements.	2014	The State Budget Act foresees subsidizing of the municipal hospitals in remote settlements difficult to reach.	<p>Allocating subsidies for the activities of the municipal hospitals.</p> <p>Making changes in 16 medical standards – by the end of 2014.</p>	2014		Population with access to the improved health services	<p>% of funds paid in implementation of the methodology.</p> <p>Number of changed medical standards.</p>

1	2	3	4	5	6	7	8	9	10	11	12
			improving the access to healthcare in the small locations.								
	4-13. Regulating the spending of public resources in accordance with the needs of the population of medical services.	Quality of medical services and efficient spending of funds.	Updating of the National Health Map – a regulatory instrument for public spending.  Methodology of NHIF for concluding contracts with medical treatment establishments according to the needs defined in the NHM.  Opening a new medical treatment establishment only upon approval by the Minister of Health at the stage of investment intention.	Updating of NHM.  Law amending and supplementing the Law on medical Treatment Establishments.	2014		Updating of the NHM – a regulatory instruments for public spending – 2014.  Law amending and supplementing the Law on medical Treatment Establishments – May, 2014.  Methodology of NHIF for concluding contracts with medical treatment establishments according to the needs defined in the NHM – 2015/2016r.  Opening a new medical treatment establishment only upon approval by the Minister of Health issued as early as the stage of investment intention -2015.	2020			Updated Health Map with parameters for activities of different types of medical care.  Contracts of NHIF with medical treatment establishments for hospital care.  Provision of medical care to the population in accordance requirements of NHIF.  Number of permits issued for new medical treatment establishments.
Linking hospitals' financing to outcomes (CSR 4)	4-14. Strategic planning in financing hospital activities..	Quality of health services and efficient spending of resources.	Replacing the model of passive reimbursement with the model of financing according to a methodology of strategic planning (contracting with NHIF)	330	2014		Development of a methodology for strategic planning for the purposes of financing medical activities by NHIF.  Concluding contracts with the medical treatment establishments based on the Methodology.  Payment based on the methodology.	2020		1/ Funds paid by NHIF for patients exceeding the planned number.  2/ Annual number of patients for whom NHIF pays to the medical treatment establishments in excess of the	Number of treated patients and funds spent by NHIF.

1	2	3	4	5	6	7	8	9	10	11	12
										number agreed upon with NHIF.	
	4-15. Strengthening the control of hospital care.	Quality of medical services and efficient spending of funds.	Putting in place a mechanism for efficient joint control for abiding the rules of good medical practice and the established medical standards.	330	2014		Legislative changes  Executing joint controls, implemented by RHIF, Executive Agency Medical Audit /EAMA/, RHIs and professional organisations.	2020		1/Average annual expense per patient treated in a hospital from some of the main groups of diseases.	Number of hospitalizations per year.
	4-16. Control of the practice of physicians	Quality of health service and efficient spending of funds.	Creating a register of the type and number of contracts of each physician.  Introducing a regulatory limit of the number of medical treatment establishments and contracts under which a physician may work with NHIF.		2014		Putting the register in place - 2014 r.	2014		1/ Average annual spending per patient treated in hospital for some of the main groups of diseased.  2/ Average duration of hospital treatment of a patient from some of the main group of diseases.	Ensuring 24-hour medical treatment and diagnostic process
Development of outpatient treatment (CSR 4)	4-17. Creating a standard for „general medical treatment“	Quality of health services and efficient spending of funds.	Defining the activities to be conducted as part of the primary outpatient treatment.		2014		A general medical treatment standard developed by April 2014.	2014		The funds of NHIF spent on referrals to specialist from outpatient treatment.	Number of hospitalization per year compared to the previous year.
	4-18. Revision of the medical standards for hospital	Quality of health services and efficient	Taking activities out of expensive hospital care to outpatient care.	Amending Ordinance №40 of 2004 on determining the basic	2014	Public discussion on 04.02.2014 of the amendments to Ordinance №40 of 2004 on determining the basic package of healthcare activities, guaranteed with the	Working groups set up to review the standards and activities to be transferred to outpatient treatment.	2014		1/ Number of hospitalization cases compared to the previous	1/Number of standards changed as a result of changes in the in-

1	2	3	4	5	6	7	8	9	10	11	12
	and out-patient treatment.	spending of funds.		package of healthcare activities, guaranteed with the budget of NHIF.		budget of NHIF.				year.	patient and outpatient care packages.
Cutting red tape (CSR 5)	5-1. Reduction of the administrative burden to citizens and businesses.	Improving business environment	Implementation of the First, Second and Third packages of measures for reduction of the regulatory burden.	1/ laws – 42 2/ tariffs – 7 3/ law implementing regulation - 1 4/CM decrees - 13 5/ other acts adopted with DCM - 3 6/ ordinances issued by Ministers - 25 7/ other acts of Ministers – 2 8/ CMD on adoption if the Third package of measures.	2013	The CM has adopted the First (CMD 484 of August 2013) and Second (CMD 635 of October 2013) and Third (CMD 90 of February 2014) packages of measures for reduction of regulatory burden.  84 of a total of 138 measures from the First, Second and Third package are fulfilled.  Legislative changes affecting the implementation of another 26 measures are being discussed bit the NA.	Adoption of the regulatory changes for implementation of the measure – December 2014.  By statutory instruments: - Enactment of LAS of the APC by NA – (Enacted in March 2014 by the NA) - Enactment of LAS of the Traffic Law by NA – December, 2014. - Enactment of LAS of the Law on tourism by the NA – June 2014. - Enactment of LAS of the Labour Code (Adopted in March 2014 by NA) - enactment of the LAS of Law on Spatial Planning and Development – September 2014.	2014	Reduction of state budget revenues by appr. BGN 12 000 000 million per year.  No EU funds contribution.	1/ Saved annual expenses of citizens and businesses of approximately BGN 50 million.  2/ Saved time of citizens and businesses – at least 1 500 000 days.	1/ Elimination or simplification of 17 admin. regimes; 2/ reduction of the implementation period of 25 regimes; 3/ reduction of fees relating to 13 regimes; 4/ reduction of the number of required documents under 53 regimes; 5/simplifying the procedure under 30 regimes.
	5-2. Implementation of the Second Action Plan for reduction of the administrative burden 2012-2014	Improving the business environment.	Simplifying the requirements ensuing from the national and EU legislation.	Second Action Plan for reduction of the administrative burden 2012-2014.	2012	According to the Report on the Second Action Plan for reduction of the administrative burden 91% of planned measures for the period were implemented as of December 2013. As a result, the overall reduction of the administrative burden for the business in the period from the beginning of 2012 till the end of 2013 was EUR 100 million per year, which is 13% of planned reduction by 20%.	A report on the implementation of the measures is drawn up every six months, and is submitted to the Council of Ministers for approval.  The final report on the Second Action plan for reduction of the administrative burden is to be prepared in March 2015.	2014	Saved expenses of the business per year – appr. EUR 156 million.	Under the Second Action plan for reduction of the administrative burden: 20% reduced administrative burden for the businesses.	1. Number of amended statutory instruments. 2. Number of simplified obligations for information of the business.



1	2	3	4	5	6	7	8	9	10	11	12
	5-3. Institutionalization of the impact assessment.	Preventing the introduction of useless regulatory burden.	Amendments to the Law on Statutory Instruments.  Form/rules for conducting an overall impact assessment.  Coordinating the draft laws with the centre for Prevention and Counteraction to Corruption and Organized Crime (CPCOC)	Rules and Procedures of the Council of Ministers and its administration.  LAS of the Statutory Instruments Act.  Strategy for the Development of the Administration till 2020.	2013		LAS of the Statutory Instruments Act	2014		1/ Share of SMEs which continue operating 1 year after being established.  2/ Share of SMEs which continue operating 2 years after being established	1/ Duration (days) for starting a business (Doing business)  2/ Number of procedures for starting a business (Doing business)
	5-4. Fee policies aligned with the social relations	Reduction of the administrative burden for citizens and businesses.	Draft of a new Law on State Fees and of the secondary legislation needed for its implementation.	A new Law on State Fees and secondary legislation for its implementation.	2011	A draft of a new Law on State Fees developed and approved, co-financed from OPAC. The contracts concluded with and implement by the contractors.	Deadline for the implementation of the measure (draft) – September 2014.	2014		Saved annual expenses of citizens and businesses.	1/ Developed a draft of a new Law on Fees.  2/ Specialized methodology for impact assessment of the introduction or updating of the fees;  3/ Methodology for setting the size of fees based on the cost covering principle.  4/ Single tariff of fees by types of administrative services.
E-government strategy (CSR)	5-5. Ensuring a standard and compatible environment for	Improving business environment.	Improving the central e-government systems and processes of electronic administrative service deliv-	Concept for E-government in Bulgaria 2010 – 2015  Law on Electronic government	2014	The implementation of the project „Building on the existing and construction of new central systems of e-government with a view to improving the information and communication environment for better adminis-	Enacting amendments to LEG – 3 <sup>rd</sup> quarter of 2014.  Development of 30 modules for the authorized access of the state administration and 190 modules for sectoral information systems – 4 <sup>th</sup>	2015		Reduction of the expenses of citizens and businesses.	

1	2	3	4	5	6	7	8	9	10	11	12
	better administrative servicing of the citizens and businesses.		ery.	(EGA) Strategy for the Development of E-government in Bulgaria 2014 – 2020 and road map for its implementation (draft)		trative servicing of the citizens and businesses“ is underway:	quarter of 2014.  Completing the construction of the instrumental base of e-government in Bulgaria – 4 <sup>th</sup> quarter of 2014.  Follow-up development and enhancement of the Single Portal for Access to Administrative E-Services (SGAAES) 4 <sup>th</sup> quarter of 2014.				
	5-6. Electronic authentication and identification of citizens using e-services.	Improvement of the business environment	Creating a register for unified electronic identity.  Developed components for electronic authentication and electronic authorization.	Concept for e-government in Bulgaria 2010 – 2015  Law on E-government (LEG)  Strategy for the Development of E-government in R Bulgaria 2014 – 2020 and Road map for its implementation (draft)	2011	Created 1 register for electronic identity.  Implementation of the project Building on the existing and construction of new central systems of E-government with a view to improving the information and communication environment for better administrative servicing of the citizens and businesses“, containing activities relating to electronic authentication and identification of citizens for the purpose of using e-services.	Adoption of the legal framework for issuance and use of e-ID (a law or ordinance) – 3 <sup>rd</sup> quarter of 2014.  Development of components for electronic authentication and electronic authorization – 1 <sup>st</sup> quarter of 2015.	2015		Saving time and expenses for citizens and businesses.	
Quality of the judicial system (CSR 5)	5-7. Participation of the public in the election of management positions in the judiciary.	Raising the effectiveness and transparency of the judiciary.  Improving the quality and trust in the judiciary.	Publication of performance assessment forms.  Publication of information and data about the candidates for administrative and management positions.  Conducting public hearings on the candidates, where magistrates,	Updating the Strategy for the Judiciary - 2020.  LAS on the Law on the Judiciary.	2014	Adoption of an Annual programme for the A activity of the SJC for 2014.  An ad hoc committee set up to develop Management Policies of SJC	Publication on the Internet site of SJC of all appraisal forms of the administrative heads and their deputies, information on their career development, C.V.s of the candidates for administrative heads, their concepts for the development of the authority they are applying for, opinion about the candidates submitted by non-profit legal entities, registered to perform activities of social importance, HEEs and research organizations, including questions addressed to the candidates, as well as received signals on	On-going		Perception of the independence of the judiciary (Global Economic Forum, reports of the European Commission)	1/ Raising the transparency of the work of SJC in appointing the administrative heads of the judicial authorities.  2/ Raising public trust in the personnel policy pursued by SJC.

1	2	3	4	5	6	7	8	9	10	11	12
		tion..	NGOs, HEEs and scientific organizations may present their opinion on the candidates and may put questions.				the work of the applicants.  Public hearing of the Updated Strategy for the Judiciary till 2020 - - 2014.				
	5-8. Defining the key offenses (terrorism, financial offenses)	Improving the business environment.	Introducing international obligations in the area of combating crime into the Bulgarian legislation.	Draft of a new LAS of the Penal Procedure Code /PPC/	2013	LAS of the PCPCPC was presented for public discussion in December 2013.  A broad public discussion of the draft of PPC is to take place on 18 March with representatives of civil organizations and movements.	An entirely new approach to the criminalization of terrorism and financing of terrorism is introduced in Chapter 35 of the draft, which ensures full compliance with the applicable European and international law, while also constituting a new serious step in the right direction in the struggle against this type of crime, thus making Bulgaria one of the first countries in Europe, which strictly introduces the UN standards and the ones of the Council of Europe in this area.	2014			
	5-9. Overcoming the uneven workload of the magistrates	Improving the business environment. Improving the effectiveness of the judiciary. Improving the quality and trust in jurisdiction	Conducting competitive procedures for the vacancies in the judicial system.  Updating the court map  Improving the capacity of the judicial system by training its personnel.	Updated Strategy for the judiciary till 2020.  Annual programme of SJC.	2014	Conducting regularly competitive procedures or the appointment of junior judges and prosecutors and for promotions in the judicial authorities.  Forthcoming is the adoption of a Mechanism for assessment of the workload in the judicial system at the individual and institutional level, with focus on established quality indicators and criteria.  234 training events conducted in 2013 for training 6664 employees. 19 trainings were conducted in the first two months of 2014, 600 persons were trained..	The criteria are expected to be approved in the Autumn of 2014. An in-depth analysis will be then performed of the number of personnel and the actual workload in the judicial authorities; the court map will be revised in 2015.	2020		Number of pending court cases per 100 residents (change)	1/Time needed to resolve criminal/civil and commercial court cases/ administrative cases (change)  2/ hare of resolved court cases by type (change)  3/ Number of court cases per magistrate (change)  4/Number of judges per 100 thousand residents
	5-10. Improving	Improvement of	Overall analysis and evaluation of the necessity of	Commerce Act (SG No 20	2013	Conducting of an overall analysis and assessment of the necessity to make changes in the insolven-		2014		1/ Time necessary to close the	1/ Time necessary to resolve non-criminal

1	2	3	4	5	6	7	8	9	10	11	12
	the insolvency proceedings.	the business environment.	changes in the insolvency proceedings with a view to increasing the effectiveness and speed of the proceedings.	of 2013) Secondary legislative acts Regulation on amending and supplementing Ordinance No 3 of 2005 on the procedure for selection, qualification and control of the assignees /SG, No 111 of 27.12.2013 /		cy proceedings – April 2014.  A functioning system of data exchange put in place between the information system of insolvency proceedings, the four systems of management of court cases and the Commercial register.				enterprise (years)(change)	cases/ civil/ administrative cases (change)  2/ Share of resolved court cases by type (change)
	5-11. E-justice	Improving the business environment and efficiency and transparency of the judicial system. Improve improvement of the quality and trust in jurisdiction..	Regulating e-justice.  Building a uniform portal for the judiciary.	Concept for e-justice (adopted with Protocol decision of CM dated 21.11.2012)  CMD № 74/ 04.02.2013 r. on approval of LAS of Law on the Judiciary	2012	Draft of a study and construction of a single communication and information infrastructure and single gateway of the judiciary – contract concluded on 27.12.2013.  In its decision as per protocol № 48/08.11.2012, SJC approved a draft Concept for e-justice, developed by the Ministry of Justice and has already started its implementation. It should be noted that a grant contract was signed with the MA of OPAC for the implementation of the project „E-justice“.	Adoption of LAS of the Law on the Judiciary (APC, PPC, PCCOC PPC, LEG, LEDES) by the NA - July 2015.  Building a gateway for e-justice (SJC) – deadline July 2015.  Putting in place a single system for of random case assignment, to replace the existing one. Introduction of a system for serving e-summons and e-communications - deadline 2015.  Two administrative e-services introduced (certifying statements by the judicial authorities) – by mid-2016.	2020		1/ Time saved to citizens and businesses in days.  2/ Costs saved for citizens and businesses – in BGN.  3/ Public access provided to citizens and businesses to e-cases with deleted personal data.  4/ Saved expenses from the state budget.  5/ Number of	1/ Connectivity of the registers (%)  2/ Connectivity of the judicial authorities.

1	2	3	4	5	6	7	8	9	10	11	12
										delivered e-services to citizens.  6/ Raised efficiency and transparency of the judicial system and convenience for the citizens and legal entities by using information technologies.	
Counter-acting corruption (CSR 5)	5-12. Adoption by SJC of uniform criteria for imposing disciplinary sanctions on the magistrates.	Improving the business environment.  Raising the effectiveness and transparency of the judiciary.  Improving the quality and trust in the administration of.	Implementation of the Strategy for Prevention of and Struggle against Corruption in the Judicial System.  Developing common rules (criteria) for imposition of disciplinary sanctions.	Strategy for Prevention and Struggle against Corruption in the Judicial System	2014		Adoption by SJC of uniform criteria for imposing disciplinary sanctions on the magistrates- October 2014	On-going		1/Reduction of the number of overturned decisions of SJC with which disciplinary sanctions are imposed on magistrates.  Increasing the transparency of the overall policy pursued by the SJC.	1/ Prevention of corruption in the judicial system.  2/ Introducing uniformity of the disciplinary practice of SJC.
	5-13. Implementation of the Strategy for Prevention and Fight	Improving the business environment.			2014			On-going		1/Reduction of the number of overturned decisions of SJC with which disciplinary sanctions are	

1	2	3	4	5	6	7	8	9	10	11	12
	against Corruption in the Judicial System.									imposed on magistrates.  Increasing the transparency of the overall policy pursued by the SJC.	
	5-14.  Develop and introduce intervention systems for fighting corruption and raising the integrity of the central and local government.	Improving the business environment	Building the IT infrastructure for CPCCOC.  Strengthening the administrative capacity of CPC-COC.  Updating the National Strategy for Prevention of and Counteraction to Corruption and Organized Crime in Bulgaria	National Strategy for Prevention of and Counteraction to Corruption and Organized Crime in Bulgaria  LAS of LPP  Regulation on the rules and procedure of CPCCOC.	2012	Measures for the intervention in the area of public procurement adopted by the Advisory Council on 06.02.2013.  The Bulgarian government is developing jointly with a team of EBRD, under a consultancy contract, technical specification for e-platforms.	Development of detailed plan for the implementation of the proposed measures and implementation of a national model for conducting electronic public procurement procedures – December 2014.	2014		1/Performed analyses  2/ Proposed measures.	1/ Reducing the potential zones for corruption.
Access of SMEs and new start-ups to financing (CSR)	5-15.  Development of financial instruments.	Development of alternative financing sources.	Structuring the instruments for financial engineering.  Extending funds under the created financing instruments for the purpose of market realization.	Framework financial agreement for the implementation of the JEREMIE initiative.  OPDCBE 2007-2013  OPIC 2014-2020	2012	Equity funds 2013: - 56 SMEs received financing in the amount of BGN 5.61 million.  Venture Capital Fund  Seed Capital Financing Fund (Eleven and LAUNCHub) – by April 2014 – almost 100 start-ups; about BGN 12.7million investment and another BGN 7.8 million from private investors.  Co-financing fund – selected fund managers  Mezzanine funds  Loan products 2013 - 4160 MSEs extended loans amounting in	Equity funds 2014-2015.:  Venture Capital Fund – start-up investments  Seed Capital Financing Fund  Seed Financing Fund – start-up investments  Mezzanine fund – start-up investment  Loan products 2014-2015 r.:  Instrument providing financing with a risk sharing element  Guarantee fund	2015	For 2014-2015 BGN 345 million ERDF and BGN 60.9 million national co-financing.  For 2010-2015 – BGN 581,8 million from ERDF and BGN 102,7 million – national co-financing.  OPIC - for 2016-2020 BGN 166,2	1/ Share of newly set up innovative enterprises (change)  2/ Investment in R&D as % of GDP (change)  3/ Ratio start-ups-closed MSEs (change)  4/ Attracted private capital by unit of public re-	Number of supported innovative and newly established enterprises (change)  Number of supported enterprises by equity funds.  Number of supported enterprises under the loan products  Number of loans extended

1	2	3	4	5	6	7	8	9	10	11	12
						total BGN 700.1 million. Instrument providing financing with a risk sharing element Guarantee fund The initiative JEREMIE – 4200 transactions supported in 2013.			million from ERDF and BGN 29,3 million national co-financing.	source (in EUR)	under the loan products.
	5-16. Financial support through the BDB	Development of alternative financing sources.	Provision of credit lines by the IFI for SMEs.  New loan products for micro and small companies and start-ups.		2013	Launching a new loan programme for lending to micro and small enterprises – 19 November 2013.  Credit line of EIB to SiBank in the amount of BGN 195.5 million and to Bulbank in the amount of BGN 195.5 million.  Developed strategy for BDB for the period 2014-2019 – March 2014.	Adoption of the Strategy – April 2014.	2015		1/ Share of newly set up innovative enterprises (change) 2/ Investment in R&D as % of GDP (change) 3/ Ratio start-ups-closed MSEs (change)	Share of SMEs granted financing under financial instruments of the BDB (change)
	5-17. Facilitating the access of SMEs and start-ups to participation in public procurement procedures.	Improved access to public resources.	Easing the requirements for personal wealth and the criteria for selection of sub-contractors.  Increasing the contractors of framework agreements.	LAS of LPP	2013		Enacting of LAS of LPP by mid- 2014	2014		1/ Share of newly set up innovative enterprises (change) 2/ Investment in R&D as % of GDP (change) 3/ Ratio start-ups-closed MSEs (change)	1/ Share of MSEs which have access to public procurement. 2/ Share of MSEs paid directly as sub-contractors in public procurements. 3/ Funds from public procurements received by MSEs.
Absorption of EU funds (CP6)	6-1. Ensuring continuity between the programming	Effective channeling of resources to the economy.	Phasing of the projects under Operational programmes.  Project "Scientific and Technological	Projects under OPs 2014-2020	2013	Action Plan for minimizing the risk of losing funds and for speeding up the absorption of funds under OPs – 31.07.2013.  The activities under the two projects - „Sofia Tech Park“ and	1/. Finalisation and successful verification of the activities under the projects for the technological park and for the construction of gas interconnection of the current programming period till 31.10.2015.	2020	1/. For the project for technological park: 2014 – BGN 3 million.  For the period	1/ Investment in R&D as % of GDP (change)	1/ A technological park built and put into operation

1	2	3	4	5	6	7	8	9	10	11	12
	periods.		<p>Park ", beneficiary SOFIA TECH PARK, total amount of the project – BGN 97.7 million; Grant financing– BGN 97.3 million;</p> <p>Project „Construction of gas interconnection Bulgaria-Serbia“, beneficiary MEE, total value of the project – BGN – 92.6 million; Grant financing– BGN 91.9 million</p>			<p>„Construction of gas interconnection Bulgaria-Serbia“ are being implemented. Due to a delay in the implementation of the activities, currently a process has started for their phasing, while observing the requirements and terms as per Decision of 20.3.2013 on approval of guidelines on the winding up of OPs, approved for financing from ERDF, ESF and the Cohesion Fund (2007 — 2013. The activities that have to be implemented in the two programming periods must be based on the principle of phasing, as explained in Section 3.4 of the guidelines.</p>	<p>2/ Implementation of the remaining activities under the two projects within the framework of the new OPIC 2014-2020, where funds for their implementation are foreseen.</p>		<p>2015-2020 – BGN 94 766 106.</p> <p>2/. For the project for building of a natural gas interconnection Bulgaria-Serbia: 2014 – BGN 8 210 505, 62.</p> <p>For the period 2015-2020 – BGN 84 431 855,42</p>	<p>2/Diversification of the energy sources /supplies (change)</p>	<p>2/ 50 km. Of built gas pipeline</p>
	6-2. Creating opportunities for electronic communication in the process of absorbing EU funds.	Effective allocation of resources in the economy	Creating opportunities for e-communication between the applicants for projects/beneficiaries of the programmes and MAs and CAs of the programmes.	DCM on the adoption of national costs eligibility rules for the Ops for the financial framework 2014 - 2020.	2013	<p>The draft of DCM on defining the rules for extending grant assistance under the programmes co-financed from ERDF, ESF and CF of EU for the period 2014-2020 is published on the portal for public consultations in connection with public hearings and is sent for inter-departmental coordination. Its submission to CM for approval is pending.</p> <p>A procedure of selection of contractor for further upgrading of the information system and the functionalities for electronic communication was conducted to develop the existing possibilities for electronic applications and reporting.</p>	<p>Final adoption of the decrees on the grant assistance – the beginning of April 2014.</p> <p>Built functionalities for e-communication of the information system for management of EU funds for the period 2014-2020</p>	2014		Reduced administrative burden and facilitated candidates for the projects and beneficiaries of the programmes	Built functionality for e-communication of the information system for management of EU funds for the period 2014-2020.
Extending ex-ante control of public procurement (CSR)	6-3. Introducing ex ante control of public procure-	Effective allocation of resources in the economy	Expanding the scope of ex ante control of public procurement for works exceeding the European	LAS of the Law on Public procurement	2013	Draft LAS of the LPP submitted to the NA – August 2013.	<p>The draft is to pass a second hearing and voting by the plenary session of the NA.</p> <p>Forecast for the deadline for introduction of the measure – 6 months</p>	2014		Share of appealed procedures under the public procurement	Expected number of public procurements subject to ex ante control after its scope is



1	2	3	4	5	6	7	8	9	10	11	12
6)	ment procedures for work, financed from the national budget.		thresholds, financed by the national budget.				after LAS PP enters into force.			(change)	expanded.
	6-4. Creating the legal basis for a future extending of the scope of ex ante control by PPA.	Effective allocation of resources in the economy	Further expanding the scope of ex ante control	LAS of the Law on Public Procurement.  National Strategy for the Development of the Public Procurement Sector for the Period 2014-2020.	2014	A working group formed to develop a new Law on Public Procurement.  The National Strategy for the Development of the Public Procurement Sector for the Period 2014-2020 is being developed.	Drafting the initial version – September 2014.  Public discussion of the draft law – end of 2014.  Coordinating the draft law and submission to CM for approval – 2 months after the end of the public discussion.  Discussion and adoption of the draft law by the NA – 6 months after its submission to the NA, but no later than the end of 2015.  Adoption of The National Strategy for the Development of the Public Procurement Sector for the Period 2014-2020- end of 2014.	2015		Share of appealed procedures relating to public procurement (change)	Expected number of procurements subject to ex ante control, after expanding its scope.  Share of these compared to the share of controlled procedures before (%)
Independence and administrative capacity of the national regulatory authorities in sectors energy, transport, water and waste (CSR 7)	7-1. Improving the capacity and independence of SEWRC.	Strengthening competition in the network industries.	New organizational structure of SEWRC.  Creating advisory structures of the civil society.  Ensuring financial independence of SEWRC.	LAS of the Law on Energy  Statutes of SEWRC	2013	A new Regulation of the organization of SEWRC – November 2013.	Amendments to the Law on Energy with the aim to improve the financial independence of SEWRC (introduction of a statutory requirement for independence, obligatory announcement of the information when discussing prices and participation of the Public Board in the process of discussion and setting of regulated prices) –end of 2014.	2014		1/ Electricity price for households and industry in PPP (change)  2/ Market share of the largest producer of electric power/ importer of natural gas / (change)  3/ Cumulative market share of the main suppliers of electricity-	1/ Number of administrative staff at the regulatory authorities  2/ Number of conducted inspections, regulatory audits of the electricity distribution companies.

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										ty/natural gas (change)	
	7-2. Integrated water management	Effective use of resources and environmental protection	Introduction of the polluter pays principle.  Introduction of requirements for the inclusion of the resource costs and the environment protection costs in the reimbursement of the costs of water services.  Revision (limitation/withdrawal) of the permits for the period of each planning cycle.  Ensure the protection of drinking water.  Implementation of the Maritime Strategy.	LAS the Law on Water.  Eliminate any omissions in the transposing of Directive 2000/60/EC of the European Parliament and of the Council establishing a framework for the Community action in the field of the water policy (official notification letter from the European Commission concerning an opened infringement procedure №2009/2256) and Directive 2007/60/EC on the assessment and management of floods risk.	2013	Drafting of a LAS the Law on Water	Submission the draft of the Law amending and supplementing the Law on Water to the NA.	2014		More realistic pricing of water resources in accordance with the principle of cost return and the polluter pays principle .	Putting in place of statutory mechanisms for enforcement of the pricing policy required by the EU legislation.
	7-3. Introduction of economic instruments in water management	Effective use of resources	Economic reasoning of the size of fees for water abstraction, for the use of a water object and for pollution.  Introduction of	LAS the Law on Water	2014	A public procurement procedure launched for the development of the pricing policy for the Water sector – in 2014.  Implementation of a project for evaluation of cost recovery for water services and guaranteeing the contribution of water users.	Developing an approach for determining resource expenditures and environment protection costs as well as an approach to the defining of the contribution of the different water users to the cost recovery – end of 2014.	2014		More realistic pricing of water resources in accordance with the principle of cost return and the pol-	Putting in place of statutory mechanisms for enforcement of the pricing policy required by the EU legislation.

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	ment		appropriate incentives and mechanisms for effective water utilization.							luter pays principle	
	7-4. Effective regulatory arrangements in waste management	Environment protection	Improvement of the existing information system on the waste-related activities.  Promotion of investment in equipment for waste utilization by recycling, reuse and/or extraction of secondary raw materials and energy.	LAS the Law on Waste Management.  OPE 2014-2020	2013		Submission of LAS the LWM – May 2014.	2014		1/ Recurrent use and recycling of waste – at least 25% of the total weight by 01.1.2016, at least 40% of total weight by 01.1.2018 and at least 50% of total weight by 01.1.2020.  2/ Separate collection and recycling of biological waste - by 31.12.2016 not less than 25% of the total quantity of biological waste generated in the region in 2014;  By 31.12.2020 not less than 50% of the total quantity of household biological waste generated in the region in 2014;  By 31.12.2025 r. not less	

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										than 70% of the total quantity of household biological waste generated in the region in 2014.	
Removal of market barriers, quotas, territorial restrictions and regulated prices (CSR7)	7-5. Unbundling of production, transmission and supply of electricity and natural gas.	Enhance competition in the grid industries.	Unbundling of NEK EAD and ECO EAD.  Certification of electricity and natural gas transmission system operators.	Decision of SEWRC № P-205 of 18.12.2013 r. on transferring to ESO the ownership of the electricity transmission grid.  Report from a session of SEWRC in camera of 08.08.2013 on the certification of Bulgartransgaz	2013	Licensing ESO as a separate company, independent electricity transmission system operator (unbundling of NEK and ESO) – 18.12.2013 r.  Lodging a request for the recording of the reorganization of ESO in the Commercial Register – 04.02.2014 r.  A session held in camera by SEWRC on 19.08.2013 where the decision on the certification of Bulgartransgaz as independent gas transmission operator has been taken.	Certification of ESO by SEWRC after notification to and approval by the European Commission.  Certification by SEWRC of Bulgartransgaz after notification and approval by the European Commission.	2014		1/ Reduction of the quota for the regulated market – by 2014 - 65% regulated market  2/ Increase of the % of customers freely choosing the supplier of natural gas and electricity	1/ Number of restrictions for market penetration.  2/ Number of interconnections for electricity.  3/ Electricity export fee.  4/ Competition between electricity suppliers.
Setting up a wholesale market for electricity and natural gas (CSR7)	7-6. A functioning energy exchange.	Enhancing competition in the grid industries.	Launching the market of balancing energy	Decision of SEWRC № Л-422 of 31.03.2014 on issuance of a licence for the activity “organization of an electricity exchange”.	2008	14 coordinators of balancing groups registered in ESO (6 of them over the period May 2013 – February 2014).  A registered company, owned by BEH EAD, applied for obtaining a licence for energy exchange operator (Bulgarian Independent Energy Exchange) -- 10.01.2014.  A 10-year license issued to Bulgarian Independent Energy Exchange as operator of the energy exchange - 31.03.2014 r.	Launching the market of balancing energy – April-May 2014.  A functioning electricity energy exchange – end of 2014.  Development of a road map for the period till 2015 for a smooth transition from regulated to more open market –end of 2014.	2014		1/ Reduction of the quota for the regulated market – by 2014 65% regulated market.	Number of companies listed on the energy exchange.

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Enhancing the capacity to cope with disruptions (CSR7)	7-7. Gas interconnections  Gas storage facility in Chiren.	Security of supplies.	Construction of gas interconnection Bulgaria-Romania.  Construction of gas interconnection Bulgaria-Greece  Construction of gas interconnection Bulgaria-Serbia  Construction of gas interconnection Bulgaria-Turkey  Expanding the capacity and upgrading the gas storage facility in Chiren.	CMD on Gas interconnection Bulgaria-Serbia – a project of national importance.	2012-2013	Gas interconnection Bulgaria-Romania – completed the terrestrial part of the project, the next stage is to build the connection under the Danube river (technological problems)  Gas interconnection Bulgaria – Greece- positive decisions on EIA in Bulgaria and Greece; the route and site approved in both countries; the gas transmission system is being designed.  Gas interconnection Bulgaria – Serbia – public procurement for the designing, supervision and consultations.  Gas interconnection Bulgaria – Turkey – working group set up and negotiations on the project started. A memorandum signed between the relevant ministries of Bulgaria and Turkey in March 2014.  After conducting the necessary study of the gas storage facility in Chiren, the final investment decision will be made to cover the mode and scope of the extension of the facility in the period 2015 – 2017.	Gas interconnection Bulgaria--Greece – construction 2016.  Gas interconnection Bulgaria--Serbia - construction 2016-2017.  Gas interconnection Bulgaria--Turkey – end of 2016.  The project for the extension of the gas storage facility in Chiren is expected to be implemented stage by stage in the period 2014 – 2017.	2016-2017	Gas interconnection Bulgaria-Romania EUR 4,375 million EU grant (EEPR) for the Bulgarian part of the project.  Gas interconnection Bulgaria – Greece – EUR 45 million EU grant (EERP) for the whole project.  Gas interconnection Bulgaria –Serbia EUR 46,98 million under OPDCBE (ERDF) – for the Bulgarian part of the project  Estimated value BGN 410 million	1/ Sustainability of the system against disruption of gas supplies.  2/ Diversification of sources and of the routes of energy supplies.  3/ Expanding the capacity for storage	Capacity of already built reversible gas interconnections.
Improvement of energy efficiency (CSR7)	7-8. Speeded up gasification of households	Improvement of energy efficiency/ reduction of carbon emissions	Integration of the gas distribution sector in the local strategies and programmes.  Seeking opportunities for project financing.  Implementation of energy efficiency measures at the end users of natural gas. (DE-	Law on Energy  Energy Strategy of the Republic of Bulgaria to 2030  Programme for accelerated gasification of R Bulgaria till	2012	Funds allocated on 17.12.2013 from IF Kozlodui under project DESIREE.	Proposed amendments to laws and regulations aimed at promoting the process of household gasification  Launching of the scheme for support to be rendered to 10 000 households for connecting to the existing gas distribution grid -	2020	EUR 10.5 million grant from IFK	Reduction of the energy intensity of GDP (change)  Reduction of CO2 emissions (change)	Increased share of households with access to natural gas  (share of gasified households 10% - in 2013)  (share of gasified households 30% - target 2020)

1	2	3	4	5	6	7	8	9	10	11	12
			SIREE)	2020.							
Employment (NT1)	1-1. Programmes and measures for training and employment financed from the state budget	Active labour market policies.	Ensuring subsidized employment under National programmes within the NAPE	NAPE for 2014 adopted with CMD № 52 of 21 December 2013	2013	Subsidized employment financed from the state budget was ensured in 2013 for 62 190 unemployed persons in disadvantaged position at the labour market.		2014	Financial resources for 2014 – BGN 73 million (SB)  Additional financial resources needed for 2015 – BGN 84 million (SB)	1/Reduction of unemployment level by 1 p.p. (from 12.9% in 2013 to 12% in 2015)  2/Reduction of the level of long-term unemployment by 1 p.p. (from 7.4% in 2013 to 6.8% in 2015)	1/ Share of persons undergone an employment/training programme and who have sustainable employment at the same or another work place, as % of all unemployed included in a programme.  2/ Share of the funds for active labour market policies (SB) as % of GDP
	1-2. Financial incentives for job creation in enterprises and sectors with high value added.	Promotion of investment creating jobs in high tech sectors in the regions with high unemployment.	Issuance of certificates for class investment under the Law on Investment Promotion (LIP)  Allocation of financial resources for promotional measures under LIP, including for the partial reimbursement of costs incurred by employers on social security contributions relating to newly created jobs.	Law on Investment Promotion and implementing regulations for it.  General Block Exemption Regulation of the European Commission	2013	14 certificates were issued under LIP in the period April 2013 – January 2014 to projects which envisage the creation of a total of 759 new jobs, 746 of which – in high tech productions and services. The investments stand at a total of BGN 139.9 million.  A total of 15 certificates were issued in 2013 under projects amounting to BGN 100.2 million, which plan to create 901 jobs, 888 of them in high tech production and services, and 81 in municipalities with high unemployment rate.	40 projects certified under LIP in the period May 2014 –December 2017 with a total amount of BGN 963 million, envisaging to create 1807 new jobs.  Promotional measures granted to 19 projects with total amount of investments standing at BGN 475 million, which plan to create 1187 new jobs.	2017	Budget programme № 8 „Attracting and Promoting Investment ”  Structural funds of EU  OPHRD	Employment co-efficient in sectors with high value added (change)  Number of created jobs and amount of investment in LTTA under projects certified as per LIP in high-tech production and services.	Share of newly created jobs in sectors with high value added (as % of all newly created jobs under projects certified as per LIP)
	1-3. Encourag-	Life-long learning	Implementation of the National	National Strategy for	2014	Adopted NSLL 2014-2020 - January 2014	Building a National Information System for the Sector of Adult	2020	State Budget	1/ Increased participation	1/Functioning system – 1.

1	2	3	4	5	6	7	8	9	10	11	12
	ing life-long learning.	policy.	Strategy for Life-long Learning (NSLLL) 2014-2020.  Setting up of a National Council for Life-long Learning.  Conducting the priority activities at national level for implementation of the European Programme for Adult Learning – I stage	Life-long Learning 2014-2020 (CMD № 12 of 10.01.2014) OPSESG		Adopted Action Plan for the implementation of NSLLL for 2014. – 2 April 2014.  Developed model of a National information system for monitoring the sector for adult learning (NISMSAL) – 30.04.2014.	Learning (NISSAL) – April – May 2014.  Preparation of a proposal for priority activities at the national level to be carried out in implementation of the European Programme for Adult Learning, and submitting it to the European Commission – II stage – May 2014.  Development of an Action Plan for 2015 – November-December 2014.  Setting up of a National Unit for servicing the Electronic Platform for Adult Learning in Europe (EPALE). Development of the work programme of the unit for the period November 2014 – December 2015.			of the population aged 25-64 in education and training from 1.5% in 2012 to over 5% in 2020. (4-week reference period)  2/ Decrease of the share of drop-outs from the educational system aged 18 - 24 years from 12.5% in 2012 to 11% in 2020.  3/ Increase of the employment rate of the population aged 20-64 from 63 % in 2012 to 76% in 2020.	2/ Summarized results of the implementation of the national priorities in implementation of EPALE – – I stage.
R & D (NT 2)	2-1. Innovation strategy for smart specialization	Support for the activities of implementing innovations	Development of technological road maps for identification of priority products and technologies in the country.  Regional analysis of the innovative potential by making an assessment of the innovative infrastructure by	CMD № 668/2012 and Regulation 1303/2013  Innovation Strategy for Smart Specialization and Action Plan.	2013	Public discussion of the draft of the Strategy - November 2013.  In coordination process with the European Commission – April 2014.  A procedure of updating of the National Road map for scientific infrastructure is in a process of updating as of August 2013.  A letter sent to the President of the European Strategic Forum for Scientific Infrastructures for	The deadline for adoption of the Strategy – 28.03.2016.  Development of technological road maps – end of 2015.  Setting up a network of experts in innovative policies – 31.05.2014 and development of an analysis of the innovative potential by regions – end of 2015.  Signing a MoU for inclusion of Bulgarian scientific organizations and universities in new European infra-	2020	For the development of the technological road maps: EUR 46 000 for the period 2014-2015.  For the regional analysis of the innovative potential: EUR 51 129 for the period	Investment in R&D as % of GDP (change)	1/ Progress report on the implementation of the Innovations Strategy  2/ Number of supported innovative active enterprises.

1	2	3	4	5	6	7	8	9	10	11	12
			regions)			<p>nomination of experts in the scientific areas of the Forum to perform the international evaluation of the proposals. An international evaluation will be performed in the beginning of April 2014 and a report and draft of the road map will be drawn up.</p> <p>According to the procedure laid down in the road map, the final evaluation will be performed by a Consultative Board, where representatives of interested ministries and other agencies will be included.</p> <p>Pending is the drawing up of a report on an updated version of the Road map, to be submitted to the CoM – deadline 30 April 2014.</p>	structures and contracts for financing of the new infrastructures at national level.		2014-2015.		
	2-2. Financing of applied science research.	Support to innovations implementing activities	Financing from the National Innovation Fund (NIF) ensured for industrial scientific research pre-market screening of enterprises	Innovations Strategy of Republic of Bulgaria	2006	35 projects supported in 2013, with total amount of EUR 7,6 million (of which 60% state subsidy extended through NIF), in the sectors: ICT, energy efficiency, chemical industry, computer production, electronic and optical products, healthcare.	The 7-th competitive procedure launched on 01.02.2014, with deadline for conclusion of contracts 30.06.2014.	2020	EUR 4.1 million for 2014, (of which 25% for additional payment connected with the 6 <sup>th</sup> competitive procedure of 2013)  BGN 19 million for 2015.  BGN 19 million for 2016	1/ Investments in R & D as % of GDP (change)	1/ Number of newly developed or upgraded products/services.  2/ Number of newly developed or upgraded technologies  3/Number of realized partnerships between businesses and research organizations.
		Improvement of the scientific research	Building and support to Centres of excellence and competence centres.	Seventh EU Framework Programme for Research, Technological	2010	The activities are carried out in accordance with the programmes under the two concluded contracts for building a Centre of Excellence – Institute	Conducting competitive procedures in support of the construction of Centres of Excellence and Competence Centres and applied science research and experimental devel-	2020		Investment in R&D as % of GDP (change)	1/Number of partnerships realized between businesses and



1	2	3	4	5	6	7	8	9	10	11	12
		environment.		Development and Demonstration Activities  OP SESG 2014-2020		of Solid State Physics and Institute of Polymers – Bulgarian Academy of Science	opment in priority areas, assisting the development of the economy.				scientific organizations.  2/ Number of supported Centres of Excellence and Competence Centres
	2-3. Scientific research infrastructure	Improvement of the scientific research infrastructure	Adding to the national Road map for scientific infrastructure the new science complexes of regional and European significance.	National road map for science infrastructure	2013	27 applications lodged for construction of new science infrastructures under the published call for proposals by the Ministry of Education and Science of November 2013.  A letter sent to the President of the European Strategic Forum for science infrastructures for nomination of experts in the science areas of the forum to conduct the international evaluation of the proposals - November 2013.  An administrative review of the lodged proposals is performed in order to verify the completeness of required documents.	International evaluation and a report on the results of the evaluation – April 2014.  Development of an updated draft of a road map with new infrastructures included – 30 April 2014.  Signing of a MoU for the inclusion of Bulgarian scientific research organizations and universities in new European infrastructures and agreements for financing the new infrastructures at national level.  OPSESG envisages the development of new schemes of support to the construction of scientific research infrastructures.	2020	For 2015 – BGN 948 thousand and for 2016 – BGN 1 million from the state budget	1/ Number of publications of Bulgarian researchers/scientific research units in international magazines (change)  2/ Number of patents per 100 thousand residents (change)	1/Number of international projects, developed at the Centres of excellence and Competence Centres.  2/ Number of international projects with Bulgarian researchers involved.
	2-4. Introduction of a system of evaluation of the scientific research organizations and units.	Improving the mechanisms for evaluation and monitoring the scientific research units.	Adoption of Regulation on the Monitoring and Evaluation of Scientific Research Activities carried out by HEEs and scientific research organizations, as well as the activity of Bulgarian Science Fund (BSF).	Law on the Scientific Research Promotion	2011	Two versions of the draft Regulation developed – in 2011 and 2012.	Adoption of the new Regulation.	2014		1/ Number of publications of Bulgarian researchers/scientific research units in international magazines (change)  2/ / Number of patents per 100 thousand residents (change)	1/ Number of international projects with Bulgarian researchers involved
	2-5. Ensuring	Building the European	Adoption of an Action Plan for the period 2014-	National Strategy for Development	2014		Conducting a round table to discuss the Action Plan with the scientific	2017		1/Expenditure on R&D as	1/ Number of international projects with

1	2	3	4	5	6	7	8	9	10	11	12
	consistence between the national policy for scientific research and the European policy.	scientific research space.	2017 for implementation of the National Strategy for Development of Scientific research.	of Scientific research.			community.  Drafting the proposal for adoption of the Action Plan by CoM.			% of GDP;  2/Public spending on R&D as % of GDP;  3/Private spending on R&D as % of GDP;  4/Per cent of the Structural Funds allocated to R&D.	Bulgarian researchers involved
	2-6. Development of pro-innovation infrastructure	Improve-ment of the pro-innovation infrastructure.	Technological centres specialized by sectors.  Thematically focused certifying and measuring laboratories.  Laboratories for testing and demonstrating the concept of test specimens and utility models.  Development and building on the pilot project for technological park Sofia Tech Park.	OPDCBE 2007-2013  OPIC 2014-2020	2012	Implementation of 24 contracts for support to offices for technological transfer and technological centres in the amount of EUR 6.5 million.  The construction of Sofia Tech Park is underway; a pre-notification is submitted to the European Commission in May 2013 for the purpose of legal certainty, in accordance with the Code of good practices in conducting procedures of state aid control. Within the framework of the launched pre-notification procedure, two meetings were held at DG Competition: in July 2013 and January 2014, after which in February 2014 a letter requiring additional information and explanations was received, with deadline for provision of such information – 21.03.2014.	Completion of the implementation of the contracts under OPDCBE till 31.10.2015.	2020	EUR 4.4 million for 2014  EUR 3 million for 2015  EUR 10.3 million for 2016  (Of these funds – 15% come from national co-financing)	1/ Investments in R&D as % of GDP (change)  2/ Investment in high-tech sectors and activities (as % of the total volume of investment) (current and cumulative data) (change)	1/ Number of attracted investors by sectors and size of investment.  2/ Number of technological parks.
	2-7. Promotion of innovations in the enterprises	Increasing investment in R&D.	Financing of projects for innovation and development of the technologies in the enterprises.  Introduction of	OPDCBE 2007-2013  OPIC 2014-2020			Completion of the implementation of the contracts under OPDCBE - 31.10.2015.	2020	EUR 51,1 million for 2015.  EUR 76,7 million for 2016.	Relative share of SMEs, introducing product- or process-related innovations, of	Number of supported projects.  Value of supported projects.

1	2	3	4	5	6	7	8	9	10	11	12
			<p>new ICT-based services.</p> <p>Introduction of internationally recognized standards.</p> <p>Support rendered to existing and newly formed clusters.</p> <p>Support rendered to rapidly growing enterprises.</p>						EUR 500,4 million for the period 2014-2020.	<p>total number of SMEs.</p> <p>Share of expenditure on investment in ICT.</p>	
Climate/energy (NT 3)	3-1. Coordination of energy-efficiency policy	Improvement of the energy efficiency.	<p>New Law on Energy Efficiency.</p> <p>National Action Plan for EE 2014-2016</p> <p>National Strategy for EE.</p> <p>Building a National Public Information System for RES</p>	<p>Directive 2012/27/EU on energy efficiency</p> <p>Law on Energy Efficiency</p>	2014	<p>Developed draft of the LEE</p> <p>Conducted consultations with part of the stakeholders on the Action Plan.</p> <p>Developed draft of the Strategy</p>	<p>Draft of LEE submitted to CoM – May 2014</p> <p>National Action Plan for EE 2014-2016 – May 2014</p> <p>National Strategy for Energy Efficiency (in accordance with the updating of the Energy Strategy) – December 2014.</p> <p>Setting up of a coordination unit between the different institutions for overcoming the existing coordination problems relating to the reporting of the measures and effects in the area of energy efficiency – by the middle of 2014.</p>	2016	No additional financial resources are needed for the implementation of the measure.	Implementation of the national targets for energy efficiency.	Energy consumption (energy intensity) by sectors.
	3-2. Integrated city transport	Improvement of the energy efficiency/reduction of emissions	<p>Building of transport infrastructure.</p> <p>Supply of motor vehicles</p> <p>Development of new lines</p> <p>Promotion of alternative forms of transport</p>	<p>OPRD 2007-2013</p> <p>OPRG 2014-2020</p>	2011	The implementation of 7 contracts concluded under OPRD 2007-2013 is underway.	Completion of the currently implemented contracts and reporting on the results of OPRD 2007-2013	2023	<p>OPRD 2007-2013 – BGN 410 million</p> <p>OPRG 2014-2020 – BGN 279,8 million</p>	<p>1) Reduction of the carbon emissions by 19 thousand tons per year under OPRD 2007-2013</p> <p>2) OPRG 2014-2020: Increase the number of trips by public transport</p>	<p>1/ km of upgraded transport infrastructure under OPRD 2007-2013</p> <p>2/ Number of supplied vehicles.</p> <p>3/ Total length of supported lines of city transport under</p>

1	2	3	4	5	6	7	8	9	10	11	12
											OPRG 2014-2020
	3-3. Promotion of the use of "hybrid" and electric automobiles	Using RES in the transport.	Financial support rendered to the development of innovative start-ups for technological modernization and development of technological centres and clusters in the area of sustainable transport systems and logistics.	CMD № 862/2012	2015	Amendments made to the Law on Local Taxes and Fees (LLTF), adopted in § 76 of the Transitional and Final Provisions of the 2013 State Budget of the Republic of Bulgaria Act (prom., SG, No 102 of 21.12.2012) introduced a special provision according to which the electric automobiles are exempt from tax on transport vehicles - – Article 58 (2) of LLTF,.	Enactment of amendments to the Law on Road Traffic (LRT), Law on Roads, the relevant regulations and tariffs under the Law on Roads and the Law on Road Transport;  Setting up of an interdepartmental working group to develop a new long-term strategic document for development of sustainable mobility.	2020	National budget - BGN 30 thousand per year as of 2015 – for organization and conducting of public campaigns;	1. Reduction of harmful emissions in the ambient air. 2. Improved condition of ambient air in the settlements. 3. Reduction of the share of fossil fuels. 4. Promotion of investment in industry, transport and services.	1. Number of registered electric and hybrid automobiles. 2. Number of charging points for alternative fuels. 3. Reduced consumption of fossil fuels (in tonnes) 4. Total amount of investment.
	3-4. South Stream project	Security of supplies	Construction of the gas pipeline in the territory of Bulgaria	CMD – a project of national significance	2014	A WG set up in Bulgaria  A procedure of selection of works contractor for the territory of Bulgaria is underway  Mandate given to the European Commission to negotiate with Russia the compliance of the inter-governmental agreements with the legal framework of EU.	Construction of the pipeline in the territory of Bulgaria – first stage till 2015, full capacity – in 2017.	2017		1/ Sustainability of the system against disruptions of gas supplies (%)  2/ Diversification of the routes of gas supplies.	1/ Capacity for gas supply and transmission  2/ Share of natural gas in the energy mix.
	3-5. New energy strategy to 2030			Law on Energy	2014	The Energy Strategy of R Bulgaria is in a process of updating by the working group.	The finalization of the project and its publication for public debate is forthcoming –end of April 2014	2030			
	3-6. Financial support rendered to energy	Improving energy efficiency	Providing support for investment in energy saving technologies and production of	OPDCBE 2007-2013 OPIC 2014-2020 Law on Ener-	2012	For the period 01.04.2013-28.02.2014 - 270 grant contracts concluded standing at EUR 90,4 million.  FEERS: no new contracts signed	Negotiating the remaining BGN 116.6 million under procedure Energy Efficiency and Green Economy on a monthly basis till the end of July 2014.	2020	EUR 34,6million for 2014  EUR 132,6 million for	Energy consumption to GVA (energy intensity) in enterprises	1/ Share of SMEs which have received financial support to implement energy

1	2	3	4	5	6	7	8	9	10	11	12
	saving technologies in the enterprises		energy from RES  Fund Energy Efficiency and Renewable Energy Sources.	gy Efficiency			OPDCBE:  Expected yearly savings in large enterprises as a result of the implementation of the projects: 94GWh/y.  Expected yearly savings in SMEs as a result of the implementation of the projects: 250 GWh/y.  FEERS:  Expected yearly saving of funds – BGN 14.3 million/y;  Expected yearly energy saving - 95 375 MWh/y ;  Expected yearly harmful emissions saving - 75 CO2 kt/y		2015  Total budget - BGN 278,01 million from ERDF and BGN 49,06 million from national co-financing (OPDCBE)  BGN 623.5 million under OPIC for 2014-2020.	(change)	saving technologies as % of all SMEs  2/ Energy savings of SMEs which have received support as % of total saved energy by the enterprises.  3/ Share of SMEs which applied for but did not get financing.  4/ Share of enterprises with operating energy saving technologies as % of all enterprises in energy intensive sectors.  5/ Share of supported enterprises with installed energy saving systems as % of all enterprises.
	3-7.  Energy efficiency of buildings	Improving energy efficiency	Rendering support to measures for energy efficiency and RES in residential buildings and buildings of the public administration, including through the use of financial instruments	OPRD 2007-2013  OPRG 2014-2020	2011	ОППП 2007-2013:  The two contracts concluded for EE of residential buildings (The Fund for residential buildings renovation and the project for renovation of Bulgarian homes) are in the process of implementation.  208 renovated buildings of the educational infrastructure with ensuing energy saving of 42 516	OPRD 2007-2013:  Completion of the contracts implemented now and reporting on the results.  OPRG 2014-2020:  1. Submitting OPRG to the European Commission for approval  2. Launching the implementation of OPRG 2014-2020.	2023	BGN 62 million for residential buildings under OPRD 2007-2013  Current value of the contracts for educational infrastructure under OPRD	OPRD 2007-2013: Energy saving from the renovation of the buildings of the educational infrastructure in kWh/average per year.	Number (share) of renovated buildings (public/residential/school/hospitals) under OPRD 2007-2013  Under OPRG 2014-2020:  14187 households which have passed to

1	2	3	4	5	6	7	8	9	10	11	12
						MWh/y.			2007-2013-BGN 53million  Budget under OPRG 2014-2020 – BGN 621,6 million.	Reduction of the consumption of end energy by households and the administration by 27 669 tons of oil equivalent (toe) (base value 3,43 million toe)	a higher class of energy consumption.  Reduction of primary energy consumption in the public buildings by 200 million kWh/average per year
Educa-tion(NT4)	4-1. Development of the pedagogical specialists employed in secondary education.	Improving the quality of secondary education.	Building a single effective system of education, training, continuing qualification and conditions for professional development of the pedagogical specialists.  Creating a single legislative framework for state regulation of the initial education, continuous qualification and professional development of the pedagogical specialists.  Ensuring conditions for professional development of the pedagogical specialists.  Putting in place of an effective system for qualification.	National Strategy for the Development of the Pedagogical Specialists 2014-2020.	2014	A draft National Strategy for the Development of the Pedagogical Specialists 2014-2020 developed and put for public discussion – February 2014  <u>Implementation of procedure BG051PO001-3.1.03-0001 „Qualification of the pedagogical specialists“ under OPHRD - 28 216 pedagogical specialists have undergone programmes for training and raising of their qualification by February 2014.</u>  Completed trainings under the project:  1/Creating conditions for promotion of and support to the professional development of outstanding pedagogical specialists – implementation 82.4 % (824 trained specialists);  2/Training of directors of kindergartens and newly appointed school directors to work with delegated budgets - implementation 88 % (1936 trained directors);  3/Raising the qualification of the pedagogical specialists occupying a new position in the education	Adoption of the draft Strategy by CoM - April 2014.  National Action plan for the Strategy - June 2014.	2020		1/Raising the share of pedagogical specialists aged below 35 years of the total number of pedagogical specialists.  2/Increasing the share of newly appointed pedagogical specialists.	1/ Increased number of conducted pedagogical practical training and internships, including internships in distant forms of education under national and European programmes.  2/ Number of teachers who have passed training for raising their qualification – 80 % of those included under the procedure „Raising the qualification of the pedagogical specialists “  3/Increasing the share of pedagogical specialists who have participated in continuing

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						<p>system, or resuming their work after a continuous paid leave (lasting for more than two school years) or after interruption of the work as teachers for more than two school years. 98.87 % implementation (2 968 trained).</p> <p>4/ Training of kindergarten teachers to work with the groups for compulsory pre-school education – 2 204 trained</p> <p>5/Training of teachers to acquire knowledge, skills and competences to work in a multicultural environment – 3 228 people trained;</p> <p>6/Training of teachers to acquire knowledge, skills and competences to work with children and students with special educational needs – 4 491 teachers trained;</p> <p>7/Training of pedagogical specialists to acquire knowledge, skills and competences to evaluate the students – 6 887 teachers trained;</p> <p>8/Training of pedagogical specialists in prevention of violence and aggression in school – 4 614 persons trained.</p>					<p>qualification forms.</p> <p>4/ Increasing the share of pedagogical specialists who have participated in continuing qualification in professional training.</p>
	4-2. Introduction of dual education.	Quality of secondary education.	Regulating the possibilities for organization of learning by doing and its integration into the system of VET  Development of a concept for the VET  Implementation	Proposal for amendments to be made to LVET, Ordinance № 3, ordinance № 4 etc.  Proposal for amendments to be made to LC.	2014	<p>Developed a draft concept for the development of VET in Bulgaria (introduction of learning by doing).</p> <p>Practical training in real working setting of students from 390 professional high schools, secondary general education schools , professional classes and professional colleges.</p> <p>Conducted 28 regional confer-</p>	<p>A survey on the topic „VET - condition and trends of development by regions“– March-May 2014.</p> <p>Continuation of the practical training of students in a real working environment – October 2014.</p>	2020	<p>BGN 50 thousand from the budget of MES</p> <p>BGN 88 million from ESF and national co-financing.</p> <p>In 2015 BGN 17.6 million from ESF and national co-</p>	<p>1/ Shortage of labour power with specific qualifications by sectors (change)</p> <p>2/ NEET unemployment</p> <p>3/ Youth unemployment-</p>	<p>1/ Share of students at professional schools covered by the dual system.</p> <p>2/ Number of companies [participating in the dual education (change)</p>

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			of activities under the project „Student practical exercises“ under OPHRD 2007-2013	OPHRD 2007-2013 OP OPSESG		ences with coaches from the partner companies and teachers.  11 608 students have completed their practical classes.			financing.	ment (young people aged 15-24) by educational level.	3/ Share of students with secondary professional education who continue their education in HEES.  4/Number of students involved in school practical classes.  5/ Number of students who have completed school practical classes.
	4-3. Inspecting the secondary education.	Quality of secondary education.	Development of a new model of inspecting the school and pre-school education.  Procedure „Perfection of the system of inspecting the education“	OPHRD 2007-2013 New Law on School Education	2013	Tested model of inspections conducted in 1064 schools, kindergartens, service units, covering a total of 369 628 children and students.	Development of a standard for the inspecting of education -2014.	2015	BGN 1 million –ESF and national co-financing.  In 2015 BGN 200 thousand from ESF and national co-financing.	PISA cassation (change in the results compared to the previous evaluation)	Comparison of the results of the national system of external evaluation between two different levels of education (e.g. between grade 4 and grade 7)
	4-4. Educational support rendered to students with SEN.	Access to and quality of secondary education.	Implementation of a new model of full-day organization of the school process.  Additional educations for students at risk of dropping out.	Project Improvement of the quality of education at the focal schools by introducing a full-day organization of the educational process.  NP “Caring	2012	Completed second phase of the education for the implementation of the new model of full-day organization of the educational process.  Implementation of a new model of full-day organization for grades 1-8 in 796 focal schools, included in the List of focal schools in Republic of Bulgaria for the 2013-2014 school year, adopted with DCM №	Applied model of full-day organization at the basic level in the focal municipal schools.  Educated 13800 children and students in pre-school and school age.	2015	BGN 180 million under OPHRD  BGN 1,8 million from NP.	Share of early school leavers (% of 18-24-year old) who have completed at the maximum the elementary school level.	1/Share of students covered by the full-day form of education, of total number of students of the same age group.  2/Share of drop-puts from school.  3/Number of



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				for every student”.		250/01.11.2013.  Included in additional education during the 2013/2014 school year - 3 392 children from the preparatory groups of the schools and kindergartens, 4181 students at the elementary level and 6251 students at the pre-high school level of the basic education.					students with improved achievements.
	4-5.  Reintegration of drop-outs from school.	Access to secondary education.		Procedure BG051PO001-4.1.05 „Educational integration of children and students from ethnic minorities ”  Procedure BG051PO001-4.1.06 „Reintegration of drop-outs from the educational system ”	2011	11441 students reintegrated in the educational system in 2013.  Under procedure BG051PO001-4.1.06 „Reintegration of drop-outs from the educational system ” – 599	Under procedure „Educational integration of children and students from the ethnic minorities ” – 4955 drop-outs reintegrated in the educational system.  Under procedure „Reintegration of drop-outs from the educational system ” – 348 drop-outs reintegrated in the educational system.	2015		Share of early school leavers (% of the 18-24 age group with lower level of secondary education)	1/ Share of drop-outs reintegrated in the system, as % of all drop-outs.  2/ Share of successfully reintegrated as % of participants in reintegration programmes
	4-6.  Career guidance in secondary school.	Quality of secondary education	Creating a system of career guidance.  Ensuring accessible and high quality services for the students at all stages of school education.	Procedure „System for career guidance in the school education” under OPHRD 2007-2013	2012	Hired and qualified 150 career counsels in the 28 district centres in the country  390 800 students from grade 1 through 12 included in career guidance programmes as of 31.12.2013.	Creating information and methodological resources for provision of career counselling to the students.	2014	BGN 8.8 million – ESF and national co-financing  In 2015 BGN 1.8 million from ESF and national co-financing.	1/ PISA study (change in the results compared to the previous evaluation)  2/ Average number of years in the educational system in order to acquire an educational level (secondary and/or higher	1/ Per cent of the population aged 18 - 24 years with completed at the most the elementary level of secondary education.  2/ Share of students actually covered by services for career guidance, as % of all students in the

1	2	3	4	5	6	7	8	9	10	11	12
										education) for the population aged 25+ (change)	country. 3/ Number of students from the general education system, who have undergone a programme for professional guidance and career development. 4/ Number of students from the general education system who are involved in programmes for professional guidance and career development.
	4-7. Putting in place a system of identification and recognition of informally acquired knowledge, skills and competences.	Raising the employability and the social integration.	Procedure „Putting in place a system of identification and recognition of informally acquired knowledge, skills and competences “	OPHRD 2007-2013	2013	<p>Performed Analysis of the European practices and validation systems: reviewed legal framework; developed methodology and a pilot model of a National Validation System; developed documentation and Validation Manual;</p> <p>Trained: 40 multipliers, 1000 consultants and 28 expert-evaluators in the area of validation;</p> <p>30 events conducted to raise the awareness of persons and employers about the possibilities for recognition of informally acquired knowledge, skills and competences.</p> <p>A system and electronic platform for reporting put in place.</p>	<p>A package of proposals for legislative changes prepared; 42 training programmes; development of a Web-based platform.</p> <p>Planned number of evaluators and representatives of the administration (HRM specialists, etc.), representatives of the social partners, representatives of the training institutions trained in the recognition of informally acquired knowledge, skills and competences – 850;</p> <p>Planned number of persons consulted on the possibilities for recognition of informally acquired knowledge, skills and competences – 21 000;</p> <p>Planned number of persons included in the process of recognition of informally acquired knowledge,</p>	2014	<p>BGN 5.8 million from ESF and national co-financing</p> <p>In 2015 BGN 1.2 million from ESF and national co-financing</p>	<p>1/A system for identification and recognition of informally acquired knowledge, skills and competences put in place;</p> <p>2/Number of persons who have obtained qualification as a result of the process of recognition of informally acquired knowledge, skills and</p>	<p>Number of persons included in the process of recognition of informally acquired knowledge, skills and competences – planned 11 000.</p>

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						Launching the system –10 000 persons consulted; 5000 persons – included in a process of validation; 1200 certified persons for acquiring PQ;	skills and competences – 11 000.			competences – planned 4 000.	
	4-8. University student scholarships and loans	Access to higher education	Payment of student scholarships  Granting student loans from the 4 banks as per Law on Student and Doctoral-Candidates Loans (LSDCL)	Law on Higher Education  Decree № 90/2000  OPHRD  Law on Student and Doctoral-Candidates Loans		<b>Student scholarships</b>  Student summer semester 2012/2013 – under projects „Student Scholarships ” 24886 scholarships for academic achievements (BGN 120) and 4174 social scholarships (BGN 200); totally paid BGN 16 109 240. For the winter semester of the academic year 2013/2014 - 22567 scholarships for academic achievements (BGN 120) and 3581 social scholarships (BGN 200) – totally paid BGN 14 672 520.  Scholarships winter semester 2013/2014 – from SB 18647 scholarships, of which 76% for academic achievements and income and 24% according to social criteria.  <b>Student loans</b>  In the period April-December 2013 - 1730 loans under LSDCL in the amount of EUR 7,1 million.  Till April 2014 it is expected to have 800 loan contracts concluded under LSDCL with indicative value of EUR 2,1 million.	Discussion of LAS regarding LSDCL and submission to CM – June 2014.	On-going	State guarantee issued for 2014 under LSDCL for EUR 20,4 million.	1/Share of university graduates (% of the population aged 30-34 with successfully completed higher education)  2/Number of loans extended under LSDCL.	1/ Share of students covered by the programme for student loans as % of all students (by specialities)- 7,9 % for the period 2010-2013 and target value – 29 % for the period 2010-2020.  2/ Share of students receiving scholarships for academic achievements (by specialities))  3/ Share of students who receive scholarships for access to education (social scholarships) as % of all students (by regions)
	4-9. Educational infrastructure – facilities and equipment	Access to secondary and higher education.	Construction, reconstruction, repair, equipment, furnishing of educational institutions – nurseries, kindergartens, basic, secondary and	OPRD 2014-2020  Investment Programme of MES  National Programme „Moderniza-	2012	NP „Creating accessible architectural environment 2013“carried our repairing of 29 state schools for improvement of the access for persons with SEN.  Investment Programme of MES for 2013 – repair works carried out in 76 schools (of which 45%	Planned repair works for 2014 – in 14 schools, total amount of BGN 2 264 503; 129 supported schools during the school year 2013/2014  Implementation of projects under OPSESG.	2023	OPRD 2014-2020 - BGN 349 million	1/Increasing the share of renovated general educational institutions by 65,9%.  2/ Increasing	Capacity of the supported child care or educational infrastructure – 142,6 thousand persons serviced by general educational and

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			higher schools (including class rooms, libraries, laboratories, sports facilities, study buildings, hostels, internet connections)  Activities carried out in implementation of the investment programme of MES  National Programme „Modernization of the System of Professional Education“	tion of the System of professional Education““ (DCM 203/29.03.2013)		to be completed in 2014)  Interdepartmental Committee for renovation and repairing of 10 schools.  NP „Modernization of the System of professional Education“-financed 36 projects for professional schools.				the share of renovated district educational institutions by 155 %	149,5 thousand persons serviced by district infrastructures.
Poverty (NT5)	5-1. Housing conditions for vulnerable groups.	Reduction of poverty and social exclusion.	Construction, reconstruction, repair and expansion of social houses.	OPRD 2007-2013  OPRG 2014-2020		By the end of January 2014 there are 13 functioning centres for temporary accommodation of persons (1 more compared to the beginning of 2013) with capacity of 625 places, of which - 598 occupied.	3 projects are being implemented for construction of modern social houses under OPRD 2007-2013  OPRG 2014-2020:  1. OPRG sent to the European Commission for approval  2. Launching of the implementation of OPRG 2014-2020	2023	OPRD 2007-2013- BGN 15,6 million  OPRG 2014-2020. – BGN 51 million.	Increase of the number of the representatives of marginal groups, including Roma, with improved housing conditions from 740 to 3600 persons	Number of newly built or reconstructed social houses - 1120
	5-2. Support to families with children	Reduction of poverty and promotion of social inclusion.		LFAC		As of 31.12.2013 the family allowances for children paid under LFAC amount to BGN 503,8 million  Differentiated monthly family allowances for children until graduation from secondary school, but not after the age of 20, were introduced as of 01.01.2014;  The monthly allowance for children with permanent disabilities was increased as of 01.01.2014.	Monthly payment of family allowances for children.	On-going	2014 budget – BGN 556 397.	1/ Share of children at risk of poverty (% of the population aged 0-17) (change)	1/ Children and families recipients of allowances under LSDCL.

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	5-3. Material assistance and access to labour market for people with permanent disabilities.	Social inclusion of disabled people.	Allocation of funds for projects of and for people with permanent disabilities, financed by the Agency for People with Disabilities (APD)	UN Convention on the Rights of People with Disabilities  Law on Integration of Persons with Disabilities (LIPD)  Regulation for the implementation of LIPD  Strategy for Equal Opportunities for People with Disabilities.	2013	As of the end of 2013 the following projects were financed:  • 32 projects for starting and development of own business;  • 12 projects of employers ensuring 25 new jobs;  • 18 social projects of specialized enterprises and cooperatives of people with disabilities, through which healthy and safe conditions of work are ensured for 1100 persons;  • 13 project with business orientation.		2017	2015 - BGN 3.3 million (SB)  2016 – BGN 3.3 million (SB)  2017 - BGN 3.3 million (SB)	Number of people with permanent disabilities realized at the labour market through programmes of the APD /change/	Number of created jobs for people with permanent disabilities and ensured specialized working environment.  Number of jobs with ensured healthy and safe working conditions.  Number of people with permanent disability who started their own business.
ICT	1. Broad band communication infrastructure for next generation access		Ensuring the equipment for e-government needed for the state and municipal administrations, education system, healthcare and social establishments.  Building new NGA networks and upgrading the existing broadband infrastructures.  Building broadband access of next generation for the remote, depopulated and rural areas.	National Strategy for the Development of Broadband Access in RB.  National programme Digital Bulgaria 2015.  National Plan for next generation access	2012	Developed draft National Plan for broadband infrastructure for next generation access.  The draft is published on the site of MTITC for public discussion.  Public discussion of the National Plan – 30.03.2014.  Interdepartmental discussion of the National Plan – 15.04.2014.	Adoption of the National Plan with an act of the CM – 30 May 2014	2015		1/ % of persons aged 16 - 74 years who have used Internet for the purpose of interacting with public institutions during the last 3 months.  2/ Per cent of enterprises which have used Internet for the purpose of interacting with public institutions	1/ Share of households with broadband access to Internet.  2/ Share of enterprises with broadband access to Internet.

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	2. Introduction of the principle of open data (data re-use) in the state administration	Transparency in the work of the state administration.	1/ Statutory regulation of the principle  2/ Identification of data most susceptible to repeated use.  3/ Development of technical guidelines.	LAS to the Law on Access to Public Information (LAPI)		The principle of open data underlies the Strategy for Development of the State Administration 2014 – 2020.	June 2015 enacted LAS the LAPI by the NA  December 2015 – preparation of an analysis of the readiness to introduce open data in the state administration  December 2015 – development of technical guidelines for introduction of open data.				1/ Number of administrative structures which create opportunities for data re-use.  2/ Number of types of data for which possibility for re-use has been created.
	3. Broadband access in remote and rural regions		Development of a mid-term framework programme and project fiches.  Establishment of optical infrastructure (next generation networks) for certain municipalities		2013	End of 2013 – received notification from the European Commission on project: „Development of broadband access in Bulgaria by building a critical, protected, secure and reliable public ICT infrastructure “  Selected sub-contractors and signed contracts for designing and construction of optic cable routes in the regions of South Bulgaria and North Bulgaria. The implementation of the contracts commenced.  Prepared public procurement procedures for the selection of contractors for the audit and information and publicity of the project.	Implementation of the contracts – designing, coordination and construction of the optic routes.  Conducting the Procedures for the selection of contractors for the audit, information and publicity of the project.  Preparation and conducting of the procedure for selection of contractor for the supply and putting into operation of the communication equipment.  Preparation and conducting of procedures for the selection of contractor for the renovation and repair of technological premises under the project.  An opinion is expected from the Competition Protection Commission in connection with an appeal of the public procurement procedure for the selection of consultant to make an assessment of the compliance of the investment project with the requirements for works contracts and for the construction supervision, to coordinate the safety and health conditions at the stage of construction and development of the Technical passport of the construction object“.	2014	BGN 39.1 million under OPRD 2007-2013	1/ Per cent of persons aged 16 – 74 years who have used Internet to interact with public institutions during the last 3 months.  2/ Per cent of enterprises which have used Internet to interact with public institutions.	1/ Share of households in remote and rural regions with broadband Internet.  2/ Share of enterprises in remote and rural regions with broadband Internet.

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Competitiveness	1. Internationalization of SMEs	Support for SMEs	Participation in the Enterprise Europe Network.  Participation of Eureka Eurostars programme	Programme CIP of the European Commission for assistance of Enterprise Europe Network (EEN)  CMD No 658/2009 – concerning Eureka and Eurostars programmes	2012 for EEN  2009r – for Eurostars and Eureka	<p>Re.: EEN network:</p> <p>The interest of the companies in the EEN and the services it offers has increased.</p> <p>The indicator defined by MEE for 2013 to have at least two concluded partner agreements between Bulgarian and foreign companies is fulfilled, and for the whole consortium of 14 partners in Bulgaria the total number of concluded agreements is 42.</p> <p>For Eurostars :</p> <p>The year 2013 was the first one since Bulgaria’s participation in the Programme in which a project with Bulgarian participation was approved.</p> <p>This was the project E! 8213 TRIPLE-S Microscope in which the Bulgarian company AMG Technology OOD participates. It was ranked 15<sup>th</sup> of totally 510 eligible project proposals, filed at the 10<sup>th</sup> session of Eurostars.</p> <p>Till then no Bulgarian project has ever passed the quality threshold (of 400 p.). The approval of the project proposal under the Eurostars programme is a serious achievement for Bulgaria.</p> <p>A Financing agreement was concluded after a conducted procedure in compliance with the internal rules of the Bulgarian SMEs Promotion Agency (BSMEPA). The approved costs stand at BGN 651 491,28 and subsidy in the amount of BGN</p>	<p>Re.: EEN:</p> <p>MEE and the other project partners continue carrying out the activities in accordance with agreement EEN-150325 EIIRC-BG3 with timeline till 31.12.2014.</p> <p>Preparation is underway to apply for a new agreement for the period 2015-2020 for the EEN network under programme COSME.</p> <p>Re.: Eurostars:</p> <p>Implementation of project E! 8213 TRIPLE-S Microscope, which is with Bulgarian, Austrian and Swiss participation and is in the area of electronics.</p> <p>The Bulgarian partner is AMG Technology OOD – Botevgrad, and it is a micro enterprise experienced in the development of micro electric mechanical systems (MEMS) and technologies for their prototype production.</p> <p>The aim of the project is to unite in a single instrument for the first time three of the most powerful microscopes with high resolution and thus create a microscopic device with entirely new capacity to characterise nanoscaled objects.</p> <p>Conducting information campaigns of BSMEPA with the aim to invite more Bulgarian enterprises to participate in forthcoming Eurostars and Eureka calls for proposals.</p>	<p>For EEN – 31.12. 2014</p> <p>For Eurostars– 31.12. 2020</p>	<p>For EEN 2014 – BGN 64.5 thousand (SB)</p> <p>BGN 96.9 thousand from EC</p> <p>2015-2017 – no data available before a new agreement is concluded</p> <p>Eurostars : 2014-2017</p> <p>BGN 9.8 million/y from the National Innovations Fund.</p>	<p>Opportunity for Bulgarian enterprises to cooperate with European enterprises and research organizations in joint projects and partner agreements.</p>	<p>Number of approved Bulgarian projects under Eurostars programme.</p> <p>Number of participation of Bulgarian companies in Eureka programme.</p> <p>Number of agreements concluded between Bulgarian companies and foreign partners under EEN.</p>

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						492 655,90.					
	2. Promotion of entrepreneurship, including among the young people.	Promotion of entrepreneurship	1.Organizing events for the purpose of promotion of entrepreneurship among the young people  2.Adoption of an Action Plan "Entrepreneurship 2020 – Bulgaria"	Action Plan "Entrepreneurship 2020 - Bulgaria" COM /2012/0795	2013	Three information seminars conducted: "Follow your ideas – become an entrepreneur" with students within the Global Week of Entrepreneurship.	6 information seminars conducted with students and young people across the country – 2014  Setting up of a JWG to develop Action Plan Entrepreneurship 2020 - Bulgaria and submit it to CoM for approval.	December 2014  December 2014	For the information campaigns – 2014 -2017  Up to BGN 4 000 per year	Share of young (below 35 years) entrepreneurs as % of SMEs  Adoption of a single strategic document in the area of entrepreneurship.	1/ Number of conducted seminars  2/ Number of attending students /young people  3/ Adopted plan
	Development of the road infrastructure	Improvement of accessibility and connectivity.	Construction, Reconstruction, rehabilitation of roads of first, second and third category.	OPRD 2007-2013  OPRG 2014-2020	2013	279,2 km rehabilitated road network.	Completion of the currently implemented 24 contracts under OPRD 2007-2013 and reporting on the outcomes.  Commencement of the implementation of the contracts under OPRG 2014-2020	2023	Current value of contracts under OPRD 2007-2013 - BGN 473. 7 million  OPRG 2014-2020 – BGN 380.5 million	Time saved in EUR/y	Total length of newly built and reconstructed and rehabilitated roads – 635 km.