EUROPE 2020:
NATIONAL REFORM PROGRAMME

2019 Update

April 2019
Sofia, Bulgaria
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<th>Description</th>
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<td>AAQ</td>
<td>Ambient Air Quality;</td>
</tr>
<tr>
<td>AEAV</td>
<td>Act for the establishment of administrative violations;</td>
</tr>
<tr>
<td>ATFR</td>
<td>Annual financial report;</td>
</tr>
<tr>
<td>ASO</td>
<td>Amending and Supplementing Ordinance;</td>
</tr>
<tr>
<td>BCP</td>
<td>Border crossing point;</td>
</tr>
<tr>
<td>BNB</td>
<td>Bulgarian National Bank;</td>
</tr>
<tr>
<td>CAIS</td>
<td>Centralised administrative information system;</td>
</tr>
<tr>
<td>CESA</td>
<td>Centres for Employment and Social Assistance;</td>
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<tr>
<td>CIP</td>
<td>Climate Investment Programme;</td>
</tr>
<tr>
<td>CL</td>
<td>Third party liability;</td>
</tr>
<tr>
<td>CP</td>
<td>Clinical paths;</td>
</tr>
<tr>
<td>CMD</td>
<td>Council of Ministers Decree;</td>
</tr>
<tr>
<td>CoM</td>
<td>Council of Ministers;</td>
</tr>
<tr>
<td>CoM Decision</td>
<td>Decision of the Council of Ministers;</td>
</tr>
<tr>
<td>CP</td>
<td>Clinical paths;</td>
</tr>
<tr>
<td>CPC</td>
<td>Commission for Protection of Competition;</td>
</tr>
<tr>
<td>CSR</td>
<td>Country Specific Recommendation;</td>
</tr>
<tr>
<td>DG COC</td>
<td>Directorate General for Combating Organised Crime;</td>
</tr>
<tr>
<td>EA</td>
<td>Employment Agency;</td>
</tr>
<tr>
<td>EAS</td>
<td>Electronic administrative services;</td>
</tr>
<tr>
<td>EBA</td>
<td>European Banking Authority;</td>
</tr>
<tr>
<td>EA AA</td>
<td>Executive Agency “Automobile Administration”;</td>
</tr>
<tr>
<td>EC</td>
<td>European Commission;</td>
</tr>
<tr>
<td>EEA</td>
<td>European Economic Area;</td>
</tr>
<tr>
<td>EE</td>
<td>Energy Efficiency;</td>
</tr>
<tr>
<td>EGA</td>
<td>Electronic Government Act;</td>
</tr>
<tr>
<td>EIOPA</td>
<td>European Insurance and Occupational Pensions Authority;</td>
</tr>
<tr>
<td>EP</td>
<td>European Parliament;</td>
</tr>
<tr>
<td>EPSR</td>
<td>European Pillar of Social Rights;</td>
</tr>
<tr>
<td>ERM II</td>
<td>Exchange Rate Mechanism;</td>
</tr>
<tr>
<td>ESF</td>
<td>European Social Fund;</td>
</tr>
<tr>
<td>ESIF</td>
<td>European Structural and Investment Funds;</td>
</tr>
<tr>
<td>ESO</td>
<td>Electricity System Operator;</td>
</tr>
<tr>
<td>EU</td>
<td>European Union;</td>
</tr>
<tr>
<td>EU ETS</td>
<td>European Union Emissions Trading System;</td>
</tr>
<tr>
<td>FCP</td>
<td>Fiscal control posts;</td>
</tr>
<tr>
<td>FM</td>
<td>Financial mechanism;</td>
</tr>
<tr>
<td>FSC</td>
<td>Financial Supervision Commission;</td>
</tr>
<tr>
<td>GA</td>
<td>Grant Agreement;</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross Domestic Product;</td>
</tr>
<tr>
<td>GHFR</td>
<td>Goods which involve high fiscal risk;</td>
</tr>
<tr>
<td>GIS</td>
<td>Geographic Information System;</td>
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<tr>
<td>GMI</td>
<td>Guaranteed Minimum Income;</td>
</tr>
<tr>
<td>HIA</td>
<td>Health Insurance Act;</td>
</tr>
<tr>
<td>HICP</td>
<td>Harmonised index of consumer prices;</td>
</tr>
<tr>
<td>IBRD</td>
<td>International Bank for Reconstruction and Development;</td>
</tr>
<tr>
<td>IC</td>
<td>Insurance Code;</td>
</tr>
<tr>
<td>ILO</td>
<td>International Labour Organisation;</td>
</tr>
<tr>
<td>IMF</td>
<td>International Monetary Fund;</td>
</tr>
<tr>
<td>IPA</td>
<td>Institute of Public Administration;</td>
</tr>
<tr>
<td>IPURD</td>
<td>Integrated Plan for Urban Regeneration and Development;</td>
</tr>
<tr>
<td>IR</td>
<td>Implementing Rules of the Law on Value Added Tax;</td>
</tr>
<tr>
<td>ISCED</td>
<td>International Standard Classification of Education;</td>
</tr>
<tr>
<td>ISSS</td>
<td>Innovation Strategy for Smart Specialization;</td>
</tr>
<tr>
<td>CACIAF</td>
<td>Commission for Anti-corruption and Illegal Assets Forfeiture;</td>
</tr>
<tr>
<td>LAS</td>
<td>Law Amending and Supplementing;</td>
</tr>
<tr>
<td>LCAAA</td>
<td>Law on Clean Ambient Air;</td>
</tr>
<tr>
<td>LCIT</td>
<td>Law on Corporate Income Tax;</td>
</tr>
<tr>
<td>LEE</td>
<td>Law on Energy Efficiency;</td>
</tr>
<tr>
<td>LEP</td>
<td>Law on Employment Promotion;</td>
</tr>
<tr>
<td>LERS</td>
<td>Law on Energy from Renewable Sources;</td>
</tr>
<tr>
<td>LFAC</td>
<td>Law on Family Allowances for Children;</td>
</tr>
<tr>
<td>LFSC</td>
<td>Law on the Financial Supervision Commission;</td>
</tr>
<tr>
<td>LIP</td>
<td>Law on Investment Promotion;</td>
</tr>
<tr>
<td>LIPD</td>
<td>Law on Integration of People with Disabilities;</td>
</tr>
<tr>
<td>LL</td>
<td>Lifelong Learning;</td>
</tr>
<tr>
<td>LMPHM</td>
<td>Law on Medicinal Products in Human Medicine;</td>
</tr>
<tr>
<td>LOC</td>
<td>Law on Obligations and Contracts;</td>
</tr>
<tr>
<td>LPP</td>
<td>Law on Public Procurement;</td>
</tr>
<tr>
<td>LSBRB</td>
<td>Law on State Budget of the Republic of Bulgaria;</td>
</tr>
<tr>
<td>LVAT</td>
<td>Law on Value Added Tax;</td>
</tr>
</tbody>
</table>
LVET – Law on vocational education and training;
LWM – Law on Waste Management;
MAHs – Marketing Authorization Holders;
MES – Ministry of Education and Science;
MEW – Ministry of Environment and Water;
MF - Ministry of Finance;
MH – Ministry of Health;
MI - Ministry of Interior;
MJ – Ministry of Justice;
MTITC - Ministry of Transport, Information Technology and Communications;
MIP – Macroeconomic imbalances procedure;
MS – Member States;
MW – Minimum wage;
NA – National Assembly;
NCA – National Customs Agency;
NEAP – National Action Plan for Employment;
NBBMI – National Bureau of Bulgarian Motor Insurers;
NFM – Norwegian Financial Mechanism;
NHIF – National Health Insurance Fund;
NIF – National Innovation Fund;
NRA – National Revenue Agency;
NRIA – National Roads Infrastructure Agency;
NSDSR – National Strategy for the Development of Scientific Research;
NT – National target;
NTEF – National Trust Eco Fund;
OECD – Organisation for Economic Cooperation and Development;
OP – Operational Programme;
OPE – Operational Programme “Environment”;
OPGG – Operational Programme “Good Governance”;
OPHRD – Operational Programme “Human Resources Development”;
OPIC – Operational Programme “Innovation and Competitiveness”;
OPRG – Operational Programme “Regions in Growth”;
OPSESG – Operational Programme “Science and Education for Smart Growth” 2014-2020;
PA – Priority axis;
PM – Particulate matter;
PO – Prosecutor’s Office of the Republic of Bulgaria;
PPA – Public Procurement Agency;
RA – Registry Agency;
RB – Republic of Bulgaria;
RCSIE – Regional Centre for Support of Inclusive Education;
RD – Research and Development;
REER – Real effective exchange rate;
RES – Renewable Energy Sources;
RPCMA – Rules of Procedure of the Council of Ministers and of its administration;
SAA – Social Assistance Agency;
SEGA – State eGovernment Agency;
SANS – State Agency for National Security;
SB – State Budget;
SG – State Gazette;
SIC – Social Insurance Code;
SJC – Supreme Judicial Council;
SMEs – Small and medium-sized enterprises;
SNS - single national strategy;
SCR – country specific recommendation;
SRF – Scientific Research Fund;
SRSS – Structural Reforms Support Office;
SRSP – Structural Reform Support Programme;
TEC – technical equipment for control;
TD – territorial directorates;
TMC – technical means of control;
TUFA – total useful floor area;
ULC – unit labour costs;
UNO – United Nations Organisation;
UNWE – University for National and World Economy;
UMBf – Updated medium-term budgetary forecast;
VAT – Value Added Tax;
VET – Vocational Education and Training;
WB – World Bank;
WSS – Water Supply and Sewerage;
YEI – Youth Employment Initiative.
INTRODUCTION

The 2019 update of the NRP has been prepared by the Ministry of Finance in the framework of the Europe 2020 Interinstitutional Working Group 31 for the European Affairs Council and also in the framework of enhanced monitoring of economic policies in the EU. Bulgaria has focused on the implementation of measures addressing the CSR of the Council on the macroeconomic imbalances identified by the EC. The Country Report Bulgaria 2019, together with the documents launching the next European Semester, has served as a starting point for the current update of the NRP. The emphasis has been laid on the areas where limited or some progress has been found, as well as where progress has been substantial but the recommendations have not been fully implemented yet. The 2019 update of the NRP has been developed in accordance with the government management priorities for the period 2017-2021, the medium-term budget forecast for the period 2020-2022 and the Convergence Programme of the Republic of Bulgaria (2019–2022).

Programme commitments and measures are consistent with the implementation of EPSR principles and rights. The Government will continue to implement measures and activities to include the Bulgarian Lev in Exchange Rate Mechanism II (ERM II) and the country’s accession to the Banking Union, and later in the euro area, and this is expected to have a positive impact on the economic environment as well and on the sustainability of public finances. The National Reform Programme includes four sections. The first one contains a brief overview of the macroeconomic expectations. For the first time in this year, a part is introduced with a brief description of the government’s investment strategy to address the investment shortage in key growth areas. They are in line with Annex D of the The Country Report Bulgaria 2019 with a view to the programming of Cohesion Policy funds in the next Multiannual Financial Framework for the period 2021-2027. This section also presents policies to enhance the competitiveness of the economy. The third section provides a progress review in the implementation of the NT under the Europe 2020 Strategy. For each CSR, policy area and NT, specific tabular information is presented on the measures that will implement the commitments and policy objectives within this semester. The link between the priorities in the financing of the ESIF for the period 2014-2020 with the challenges identified in the Country Report Bulgaria 2019, the CSR for 2018 and the implementation of the NT under the National Strategy for Europe 2020 is briefly presented in the last section.

1 MACROECONOMIC CONTEXT AND SCENARIO

1.1 Macroeconomic outlook for the period covered by the programme

The real growth of Bulgaria’s economy reached 3.1% in 2018, and the observed development was on the back of the strong performance of private consumption and the growth of investment activity in the country. The external sector had a restrictive effect on the economic growth, but this was largely due to temporary effects in the trade with third countries. As these effects are expected to fade away, exports of goods and services will increase in 2019-2020. Still net exports will remain negative in the forecast period and GDP growth will continue to be driven by domestic demand. In line with planned higher public investment, economic growth is projected to accelerate to 3.4% in 2019, after which it will slow down slightly to 3.3% in the period 2020-2022. Private consumption will be characterized by steady
growth rates though they will remain lower than the record high levels reported in 2018. The household consumption expenditure dynamics is expected to be curbed by increased uncertainty in the external environment, and at the end of the projection period also by the labour market development, which is related to the gradual depletion of employment growth opportunities. In the period 2020-2022, private investment is expected to increase in line with projected moderate export growth.

Having come in positive territory in 2017, the average annual inflation continued to accelerate, reaching 2.6% in 2018. Within the projection horizon, a slight slowdown is expected due to lower international oil prices, price stabilization of other raw materials, and lower domestic demand growth rates.

### Scoreboard of Macroeconomic Imbalances

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Threshold</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current account balance as a percentage of GDP (3 y average)</td>
<td>-4% to 6%</td>
<td>0.6</td>
<td>0.8</td>
<td>1.3</td>
<td>1.9</td>
<td>3.4</td>
</tr>
<tr>
<td>Net international investment position (% of GDP)</td>
<td>-35%</td>
<td>-72.4</td>
<td>-63.0</td>
<td>-49.2</td>
<td>-44.7</td>
<td>-36.8</td>
</tr>
<tr>
<td>REER with HICP, against 42 countries (3 y percentage change)</td>
<td>±11%</td>
<td>-2.8</td>
<td>-4.2</td>
<td>-4.7</td>
<td>-3.3</td>
<td>4.1</td>
</tr>
<tr>
<td>Export market share, % of global exports (5 y percentage change)</td>
<td>-6%</td>
<td>5.6</td>
<td>11.8</td>
<td>8.2</td>
<td>19.3</td>
<td></td>
</tr>
<tr>
<td>Nominal unit labour cost (3 y percentage change)</td>
<td>12%</td>
<td>17.8</td>
<td>14.9</td>
<td>9.1</td>
<td>13.6</td>
<td>13.5</td>
</tr>
<tr>
<td>House price index (2015=100, deflated, annual percentage change)</td>
<td>6%</td>
<td>1.5</td>
<td>1.6</td>
<td>7.1</td>
<td>6.2</td>
<td>3.8*</td>
</tr>
<tr>
<td>Flow of credit to the private sector, % of GDP (consolidated data)</td>
<td>14%</td>
<td>-1.1</td>
<td>-0.3</td>
<td>4.1</td>
<td>6.2</td>
<td></td>
</tr>
<tr>
<td>Private sector debt, % of GDP (consolidated data)</td>
<td>133%</td>
<td>123.4</td>
<td>110.5</td>
<td>104.8</td>
<td>100.1</td>
<td></td>
</tr>
<tr>
<td>General government sector debt, (% of GDP)</td>
<td>60%</td>
<td>27.1</td>
<td>26.2</td>
<td>29.6</td>
<td>25.6</td>
<td>22.5</td>
</tr>
<tr>
<td>Unemployment rate, % (3 y average)</td>
<td>10%</td>
<td>12.2</td>
<td>11.2</td>
<td>9.4</td>
<td>7.7</td>
<td>6.3</td>
</tr>
<tr>
<td>Total liabilities of the financial sector (unconsolidated data, annual percentage change)</td>
<td>16.5%</td>
<td>5.6</td>
<td>6.2</td>
<td>11.2</td>
<td>1.1</td>
<td></td>
</tr>
<tr>
<td>Economic activity ratio (15-64), (3 y change, percentage points)</td>
<td>-0.2%</td>
<td>3.1</td>
<td>2.2</td>
<td>0.3</td>
<td>2.3</td>
<td>2.2*</td>
</tr>
<tr>
<td>Long-term unemployment rate (15-74), (3 y change, percentage points)</td>
<td>0.5%</td>
<td>0.6</td>
<td>-1.2</td>
<td>-2.9</td>
<td>-3.5</td>
<td>-2.6*</td>
</tr>
<tr>
<td>Youth unemployment rate (15-24), (3 y change, percentage points)</td>
<td>2%</td>
<td>-1.2</td>
<td>-6.5</td>
<td>-11.2</td>
<td>-10.9</td>
<td>-8.9</td>
</tr>
</tbody>
</table>

* The indicator is calculated on the basis of quarterly data for 2018 (Eurostat).

In line with the reported stable economic growth, favourable developments in labour market indicators continued. Thus, none of the labour market indicators included in the MIP Scoreboard\(^1\) exceeded the indicative threshold for three consecutive years. Employment and economic activity rates reached record high levels in 2018 (67.7% and 71.5%, respectively), and the unemployment rate declined to its historically lowest level of 5.2%. In structural terms, improvements were also observed – long-term

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\(^1\) For the purpose of monitoring under the macroeconomic imbalances procedure (MIP) in the EU.
unemployment rate declined to 3%\(^2\), and that for young people was reported to be lower than the EU average of 12.7%. Positive trends in the labour market are also expected in the period 2019-2021, after which the dynamics of employment will be more limited due to the negative demographic development and the corresponding impact on labour supply. At the same time, the unemployment rate will slow down in the period 2019-2022 and will reach 4% at the end of the projection period.

Favourable development was also reported for the indicators related to the competitiveness of the economy. In 2018, the growth in compensation per employee slowed down to 5.6% in nominal terms, while real labour productivity accelerated to 3.2%, which altogether led to a significantly lower increase in nominal unit labour costs (ULC) of 2.4%. Despite the ongoing improvement, the substantial increase in compensation per employed person reported in 2017 was reflected in the three-year change in nominal ULC and the value of the indicator slightly exceeded the benchmark threshold in 2018. Overall, wage and labour productivity dynamics are expected to continue to support the competitiveness of the economy in the medium term. A more substantial increase in the compensation of employees will be observed in 2019 due to the planned increase in labour costs in priority areas of the public sector, and then the growth rate of the indicator will slow down by the end of the forecast horizon. Labour productivity is expected to grow at a sustained pace of 3-3.5% and this will lead to a downward correction in terms of the three-year change in nominal ULCs at the end of the forecast horizon.

The current and capital account surplus (5.7% of GDP) continued to contribute to the improvement of the net international investment position and also reflected the improved competitiveness of the economy. In addition, as a result of the decline in gross external debt, since mid-2017 the country has become a net creditor to the rest of the world. Current account balance is expected to remain within the required range in the forecast horizon and will continue to reduce the negative balance of the investment position.

The banking system kept its high levels of capital, liquidity and profitability in 2018. At the end of December the liquidity coverage ratio was 294.1%\(^3\) and the total capital adequacy ratio was 20.38%. Private sector credit growth followed an upward trend throughout 2018 and reached 8.4% yoy at the end of December. This was accompanied by a steady downward trend in the share of non-performing loans. The share of the latter in the total amount of gross loans and advances decreased to 7.6% at the end of December versus 10.2% at the end of 2017. In favourable economic environment, increased private consumption and investment, private sector credit growth will keep positive dynamics and by the end of 2022 it is expected to reach 8.0% yoy.

In 2018, the housing price index in real terms slowed to 3.8%, which is below the 6% benchmark threshold. The reported dynamics reflected the recovery in supply as measured by the increase in building permits, as well as the continuing high growth rates of output and value added in the construction sector in 2018.

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\(^2\) The indicator is calculated on the basis of quarterly data for 2018 (Eurostat).

\(^3\) Calculated as the ratio between the liquidity buffer and net liquidity outflowliquid flows.
2 Policy Response to Major Economic Challenges

2.1 Implementation of the 2018 country-specific recommendations of the Council addressing macroeconomic imbalances

2.1.1 Country-specific recommendation 1

Improve tax collection and the efficiency of public spending, including by stepping up enforcement of measures to reduce the extent of the informal economy. Upgrade the State-owned enterprise corporate governance framework in line with international good practices.

- Policy summary

Tax and social security policy in the Republic of Bulgaria continues to be aimed at supporting economic growth, improving the business environment and enhancing fiscal sustainability in the long run. The revenue policy pursued provides for the maintenance of low rates of corporate taxes and for low rates of personal income taxes. Reducing administrative burdens and costs for the business and citizens will also be in the political focus.

A process for identifying key indicators for the budgets of first-level budget spending units was launched in 2018 to track policy progress and make public spending more efficient and effective. The key indicators identified were included in the report to the 2019 Law on State Budget of the Republic of Bulgaria (LSBRB) and the UMBF for the period 2020-2021. In the monitoring of the implementation of the planned indicators, 7 Ministries and 21 Municipalities were considered for review, as they are considered to have significant potential to improve the efficiency and effectiveness of staff and maintenance costs.

Regarding shadow economy, the objectives of tax policy are aimed at implementing measures and actions that may have a restrictive effect on the prerequisites and indicators of shadow economy. Such prerequisites and indicators are as follows: cash payments, concealing sales or reporting sales at discounted prices, carrying out unregistered activities or undeclared work for remuneration, double-entry bookkeeping.

In order to fulfil the above-mentioned priority objectives, regulatory changes and actions of the tax administrations have been carried out in the field of collection and control. Achieving better effectiveness in implementing the measures is directly linked to strengthening interinstitutional cooperation, coordination and effective exchange of information at national, EU and third-country levels.

To improve the collection of tax revenues and the fight against shadow economy, measures from the plan to the Single National Strategy for improving the tax collection, tackling the shadow economy and reducing the compliance costs (SNS) were implemented in the period 2015-2018. In view of the positive results achieved, the permanent measures planned, together with a number of other measures, have been included in the strategy papers that each of the responsible institutions develops and implements.

Improving the framework for the management of state-owned enterprises is achieved through the implementation of a project under the Structural Reform Support Programme, which aims to implement the guidelines of the Organisation for Economic Cooperation and Development (OECD) in this field.
Findings from the 2019 National Report on Bulgaria

<table>
<thead>
<tr>
<th>Findings from the 2019 National Report on Bulgaria</th>
<th>Policy response</th>
</tr>
</thead>
<tbody>
<tr>
<td>• The tax system is relatively growth-friendly, but has little power to reduce inequalities and to promote policies to reduce poverty.</td>
<td>• Continued implementation of planning, inter-institutional cooperation and coordination as well as a systematic approach to the measures that are being implemented.</td>
</tr>
<tr>
<td>• Tax compliance costs remain high.</td>
<td>• Amendments to tax and social security legislation that simplify procedures, shortening the deadlines for service delivery, and eliminate requirements for the provision of documents that may be exchanged ex-officio are underway.</td>
</tr>
<tr>
<td>• The fight against shadow economy is seen as a challenge, with undeclared employment being a major component of its level. Measures such as flexible labour contracts and compliance with the new provisions of the LPP are being implemented; NRA’s information campaigns, e-services and checks of the cash declared by companies, and control of high-risk goods are assessed as successful.</td>
<td>• Continued implementation of activities to improve the conditions for voluntary compliance, to improve the collection of arrears and to optimize control activities.</td>
</tr>
<tr>
<td>• VAT and excise tax compliance, as well as corporate tax compliance, have been improved.</td>
<td>• Enhanced co-ordination between competent institutions in the detection of tax fraud, united fight against customs and tax violations related to excise goods, as well as Bulgaria’s participation in EU structures and activities and OECD initiatives in the field of tax and administrative cooperation.</td>
</tr>
<tr>
<td>• Performance indicators by policy area in the medium-term budgetary projection have been implemented.</td>
<td>• The defined key indicators are to be improved, by including them in government strategic budget documents at all stages of the budgetary procedure.</td>
</tr>
<tr>
<td>• No change in the regulation of corporate governance of state-owned enterprises. The launch of a technical assistance project under the SRSO with the assistance of the OECD is reported.</td>
<td>• Continued intensive implementation of the project on the Modernization of the state-owned enterprises management framework in line with best international practices, together with the OECD and the EC, within the set deadlines.</td>
</tr>
</tbody>
</table>
### Table 2.1-1: Measures addressing CSR 1, part of Annex 1

<table>
<thead>
<tr>
<th>Policy area</th>
<th>Measure title</th>
<th>Information on measures taken and planned</th>
<th>Upcoming stages in the implementation of the measure until its implementation deadline (after April 2019)</th>
<th>Expected effect, incl. budgetary</th>
<th>Output indicators: current and target value</th>
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<td><strong>1</strong></td>
<td><strong>2</strong></td>
<td><strong>Brief description of the measure</strong></td>
<td><strong>Start date</strong></td>
<td><strong>Current state</strong> (as of April 2019)</td>
<td><strong>End date</strong></td>
</tr>
<tr>
<td><strong>Tax policy, improvement of tax collection</strong></td>
<td><strong>Improving the conditions for voluntary compliance</strong></td>
<td>Permanent monitoring and communication with taxable persons forming a significant share of the economy of the country; Improving the approach encouraging the voluntary fulfilment of obligations by bona fide individuals; Organizing meetings with taxable persons to promote voluntary performance and prevent tax evasion. Improving the services to stimulate voluntary performance through: Applying innovative solutions to the provision of services; Facilitating administrative procedures and requirements related to declaration and payment of debts; Official exchange of information with other administrations; Reducing public tolerance of shadow economy and promoting the rights and obligations of citizens and businesses, and increasing trust in public administration and policies.</td>
<td>2019</td>
<td>Taxable persons with a significant contribution to the revenue side of the budget or with a significant impact on the economic growth in the country are currently being monitored. Organizing meetings and giving directions to the business for voluntary correction of misconduct behaviour. An opportunity is provided, at the same time with the registration in the RA to file a VAT registration, which is being done in shortened terms and by a simplified procedure. 7 information campaigns of the NRA, incl. reminder ones, in connection with various cases related to the filing of the ATR under Art. 50 of the Personal Income Tax Act for the purpose of voluntary adjustment and/or offsetting of public liabilities due have been conducted. Adopted/issued normative acts during the period: Rules Amending and Supplementing the Rules for the Application of the Excise Duties and Tax Warehouses Act, promulgated, SG, no. 3 of 8.01.2019, in force as of 8.01.2019, amend. no. 5 of 15.01.2019. Ordinance amending and supplementing Ordinance No. H-8 on the content, terms and detailed rules for submission and storage of data by employers, insurers for persons insured with them as well as self-insured persons - issued on 23.01.2019 by The Minister of Finance and promulgated in State Gazette, issue no. 9 of 29.01.2019. ASO of Ordinance No. H-9 of 7.11.2018 on the registers kept by the Customs Agency, promulgated, State Gazette, no. 9 of 29.01.2019.</td>
<td>Monthly monitoring of the economic behaviour of taxable persons, including monitoring of major economic operators in the country; Sending notification letters to businesses to prevent tax evasion and involvement in tax fraud; Holding meetings between the businesses and the NRA in case of deviations from the usual commercial practice. Ex-officio exchange of information between RA and NRA with regard to the persons who have applied to RA for registration under the VATA. Various information campaigns have been planned, such as: - electronic communications to the drawers of financial statements with which the NRA reminds them to declare their income; - electronic communications to the taxable persons with which the NRA reminds them that they should announce and publish the AFS in the RA; - Electronic communications to the persons to correct the data in the ATR for 2018 submitted by them, both under the PITA and the CITA until 30.09.2019, etc. In case of discrepancies, various measures will be implemented – informing individuals about the possibility to correct the data in their tax returns within the statutory deadline, invitations to remove discrepancies after the expiry of the voluntary correction period and submitting corrective tax returns, carrying out examinations, etc.</td>
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<td>Improving the collection of overdue public liabilities</td>
<td>Changing the approach and mechanisms for collecting public liabilities in line with the Concept for the development of the processes and activities for collection of public receivables in the period 2016-2020. Segmentation of the approaches for collection of overdue public liabilities according to behavioural and type classification of taxable persons and the size and categorization of their debt; Improving communication, incl. electronically, with debtors, public creditors and stakeholders for the early treatment of the new debt; Early implementation of incentives for voluntary payment of arrears in order to avoid the need for enforcing coercive actions. Enforcement on receivables of debtors by budget spenders – Implementation of Council of Ministers Decision No. 592 of 2018. Conducting a permanent monitoring of persons with obligations in the field of collection of overdue receivables with high fiscal effect.</td>
<td>2019</td>
<td>1. Criteria for separating individual groups/sub-groups of debtors have been established. 2. At the end of 2018, a new electronic service of the National Revenue Agency (NRA) for the electronic claiming of public receivables related to acts issued by public creditors of state, municipal or judicial authorities, for coercive collection at the NRA, was introduced. 3. The measure includes various means of communication with the taxable persons and is of permanent nature, incl. early notification (via e-mail and telephone campaigns). A new line for budget spenders has been envisaged, namely to notify revenue administrations, both for forthcoming payments under contracts or primary payment documents, and for the contracts they have concluded. A new information system “CMD Payments” has been developed and implemented, ensuring the implementation of the activities under the new Council of Ministers Decision № 592/21.08.2018. Holding personal meetings by the directors of the TDs of the NRA throughout the country with selected persons in order to effectively monitor their commitments to pay their debt and to timely control their treatment by the competent authorities.</td>
<td>1. Development of uniform rules regarding the approaches to collecting overdue public liabilities depending on the debtor’s profile. Improvement of the profile of the taxable person. 2. Implementation of the measure in 2019. 3. Implementation of the measure in 2019. Organizing campaigns to increase the collection rate of overdue public receivables, including monitoring of different categories of persons by sectors, carrying out activities subject to a licence scheme or a registration scheme, and others. 4. Implementation of the measure in 2019.</td>
<td>2019</td>
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<td>Optimizing and developing control activities.</td>
<td>Analyzing and periodic assessments of the risk of non-compliance with legislation and the presence of concealment of profits and of other indicators of existence of shadow economy, participation in tax and/or insurance fraud schemes or deviations from normal commercial practices; Improving and implementing fiscal control over the movement of goods with high fiscal risk; Continuing joint actions of CA and NRA: Conducting mutual workshops and/or trainings; Operational exchange of information and/or joint risk analysis;</td>
<td>2019</td>
<td>1. The Controlled Goods of High Fiscal Risk (GHFR) are 563 /incl. fuels/; the fiscal checkpoints (FCP) are 305 /incl. customs offices and tax warehouses/ 2. Existing FCP teams; mobile teams; operating centre in 24/7 mode; are carrying out: -checked vehicles at FCP; placed technical means of control (TMC); - Checks at the places of receipt/unloading; - Checks at retail outlets. 3. Interinstitutional coordination centre for countering smuggling and controlling movement of risk goods and cargo: provides coordination between the Directorate-General for Combating Organized Crime and the MoI Directorate-General for</td>
<td>Carrying out checks of means of transport carrying GHFR; Use of TMC; Imposing precautionary measures; Establishing new FCPs at border control crossing points and within the country; Supplementing the list of the GHFR; Improving the organisation of work on the implementation of fiscal control in commercial outlets too; Joint control actions; Monitoring of risk persons; Interaction with the Romanian tax administration at the border control crossing points in relation to risky goods and cargo.</td>
<td>2019</td>
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<td>Organizing and conducting stand-alone or joint inspections and other forms of control; Monitoring and effective control of e-commerce.</td>
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<td>the National Police and Directorate-General for the Border Police, SANS, CA, NRA and EA AA. In force from 01.01.2019, an amendment has been made to Art. 99(6) of the Excise Duties and Tax Warehouses Act, banning the supply and sale of excise goods through the publication of advertisements and announcements, incl. in electronic form. In 2018, this provision banned only excise goods subject to excise labels. In line with the adopted legislative amendments, a certain types of fuel are treated as having high fiscal risk. The Ordinance amending and supplementing Ordinance No. H-18 of 2006 on registration and reporting through fiscal devices of sales in trade sites, the requirements to software for their management and requirements to the persons, who carry out sales through electronic shop - issued on 25.01.2019 by the Minister of Finance and promulgated in State Gazette, No. 10 of 01.02.2019.</td>
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<td>Increasing in the number of fiscal checkpoints /situated next to tax warehouses and oil bases/. Project - Pre-declaration of data on transport of goods on the territory of the Republic of Bulgaria.</td>
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<td>Enhanced coordination between the authorities of NRA, CA, MoI, Executive Agency &quot;Automobile Administration&quot; at the MTITC and the bodies of the pre-trial proceedings in the detection of tax frauds and violations in the course of audit proceedings and inspections.</td>
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<td>Executing information exchange between NRA, MoI, SANS and the Prosecutor’s Office related to specific cases of tax evasion; Functioning in the Specialized Prosecutor’s Office of a Specialized Unit for Investigating tax crimes related to Organized Criminal Groups; Continuing the operation of the Interinstitutional Coordination Centre established in 2015.</td>
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<td>2019</td>
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<td>24-hour implementation of expert activity in the Interinstitutional Coordination Centre with the Directorate-General for Combating Organized Crime – a permanent structure ensuring the coordination and interaction between the Directorate-General for Combating Organized Crime, Directorate-General for the National Police, Directorate-General for the Border Police, SANS, CA, NRA and the EA “Automobile Administration”.</td>
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<td>Participation of the Republic of Bulgaria in the meetings of the WG “Taxation Issues – Direct Taxation CCTB”</td>
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<td>2019</td>
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<td>Participation in the meetings of the WG “Taxation Issues – Direct Taxation CCTB”</td>
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<td>1. Introducing anti-corruption training as part of civic education.</td>
<td>2. The legal framework in education enables the inclusion of topics related to the prevention and counteraction of corruption in the educational programme. In this connection, CACIAF supports the process of integrating anti-corruption training and education at all educational levels. The ultimate goal is to create a specialty in higher education to counteract corruption, to broaden the scope of anti-corruption education in secondary schools as an element of civic education and the formation of culture of intolerance to corrupt behaviour from the earliest childhood.</td>
<td>March 2018</td>
<td>Higher education: - in the 2018/2019 academic year at the University of National and World Economy, with the assistance of the Commission, the specialty “Countering Corruption” was opened in the Master’s Degree Programme with a duration of 2 semesters; - During the 2018/2019 academic year in the University of National and World Economy, the admission of PhD students at the University was organized in the field of “Countering Corruption”.</td>
<td>3. School education: - the corruption/anti-corruption theme is included in the curriculum of the new subject for civic education for grades XI and XII and will be launched in 2020/2021. The term “corruption” is also included in the programme for civic education for grade XI, approved on 16 August 2018.</td>
<td>4. - Strengthening anti-corruption education at higher education institutions;</td>
</tr>
<tr>
<td>6. Corporate governance of state-owned</td>
<td>7. Modernizing the governance framework for state-owned</td>
<td>8. Drafting proposals for amending the regulatory framework in the field of corporate governance of state-owned enterprises through the implementa-</td>
<td>June 2018</td>
<td>Adopted CMD for approval of two requests for support under the SRSP, incl. “Modernization of the management framework of state-owned enterprises in line with best practices.</td>
<td>9. Upcoming stages of the project: Preparing a bill and the accompanying documents; conducting a conciliation procedure under the provisions of the</td>
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<td>enterprises</td>
<td>enterprises in line with good international practices</td>
<td>enterprises in line with good international practices</td>
<td>international practices&quot;. The project has been approved by the EC. The implementation of the project has started: Project parameters and expected activities and results have been approved; OECD questionnaires have been completed by all ministries and two municipalities; First study mission to Bulgaria by the EC and OECD was conducted in October 2018. OECD Preliminary Report on the Framework of State-owned Enterprises in Bulgaria has been prepared. Second OECD Mission to Bulgaria was conducted on 23 and 24.01.2019. Launching the work on drafting amendments to the legal framework (January 2019) – OECD paper with concepts and ideas for legislative amendments was discussed. OECD final report on state-owned enterprises with conclusions and recommendations has been submitted. Proposals for legislative amendments in the field of state-owned enterprises (memorandum for the structure of a new law) have been submitted by the OECD, discussed in Paris, and will be used by the Bulgarian authorities to draft a new law.</td>
<td>RPCMA and holding a public discussion; finalizing the proposals for regulatory changes (March-May 2019); A working visit to Latvia of experts from Bulgaria, Lithuania and Sweden on sharing good practices for the management of state-owned enterprises. Approval of the Bill by the Council of Ministers (June 2019); Submission of the Bill to the National Assembly for consideration and adoption (June 2019).</td>
<td>the field; - improving the management of state-owned and municipal enterprises; - improving the financial situation and limiting fiscal risks.</td>
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</table>
2.1.2 Country Specific Recommendation 2

Take follow-up measures resulting from the financial sector reviews and implement the supervisory action plans in order to strengthen the oversight and stability of the sector. Ensure adequate valuation of assets, including bank collateral, by enhancing the appraisal and audit processes. Complete the reform of the insolvency framework and promote a functioning secondary market for non-performing loans.

- Policy summery

In 2018, the BNB continued its active work in the area of banking supervision through further refining and improving the legislative framework. In this regard, the BNB initiated legislative amendments to the Law on Credit Institutions, adopted Ordinance No 37 on internal exposures of banks and participated in other legislative amendments. Also, in 2018, the BNB adopted guidelines of the European Banking Authority in order to ensure a harmonized application of the prudential rules within the European Union. A reviewed Supervisory Review and Evaluation Manual of the BNB Banking Supervision Department was adopted with Decision No 279 of 14 November 2018 of the Governing Council of the BNB. In March 2019, the Council of Ministers adopted amendments to the Law on the Recovery and Resolution of Credit Institutions and Investment Firms to establish uniform rules and procedures for the restructuring of credit institutions and investment firms. There is an ongoing review of the asset quality and stress testing of six Bulgarian banks, based on the methodologies applied by the ECB’s banking supervision. Starting June 2019, forthcoming is the implementation of a unified EU non-performing exposures management framework incorporating the guidelines for managing non-performing and restructured exposures, which were adopted by the EBA at the end of 2018.

In 2018 and early 2019, the FSC completed the implementation of the Action Plan prepared jointly with the EIOPA on the basis of IMF and WB recommendations. Amendments were made to the regulatory framework, which fully complied with the commitments to strengthen supervision and legislation in the non-banking financial sector. The risk-based supervision guidelines in the insurance and pension insurance sectors were endorsed in December 2018 and became applicable as of 1 January 2019. The regulatory framework for the assessment of certain categories of assets in the field of insurance and pension insurance has been revised.

In the field of insolvency regulatory framework, a joint project with the Structural Reform Support Service (SRSS) of the EC was launched in 2018 to identify existing gaps in the scheme and to prepare a roadmap with a list of the measures necessary to address these gaps. The project is expected to end in June 2019 as part of the ERM II and the Banking Union commitments.

<table>
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<tr>
<th>Findings from the 2019 National Report on Bulgaria</th>
<th>Policy response</th>
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<tr>
<td><strong>Banking sector</strong></td>
<td><strong>Banking sector</strong></td>
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<td>• as a whole, the banking sector is strengthened, showing however a certain vulnerability.</td>
<td>• in 2019 the BNB will apply Art. 45 of the Credit Institutions Act, as well as Ordinance No 37 on Internal Exposures of Banks.</td>
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<td>• the banks have fulfilled the 2016 asset quality review recommendations.</td>
<td>• The BNB will continue its work in order to ensure a harmonized application of prudential rules within the EU. In this respect, the “Guidelines on Internal Governance” issued by the EBA have been adopted.</td>
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<td>• the actions taken in 2018 have been taken into account – new rules for large exposures and identification of connected clients, improved policies in several banks in terms of provisioning for potential losses, raising the level of the countercyclical buffer and macro-</td>
<td>• The BNB adopted a decision on the application of the Guidelines for the Assessment of the Suitability of the Members of the Managing Authority and the Persons in Key Positions.</td>
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<td>• The principles for measuring the value of banks’ assets</td>
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### Findings from the 2019 National Report on Bulgaria

<table>
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<td>and liabilities are governed by the International Financial Reporting Standards (IFRS), namely Fair Value Measurement.</td>
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### Non-banking financial sector

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<th>Attention to exposures in hard-to-value assets and implementation of regulatory initiatives and strengthening of the restructuring framework.</th>
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<td><strong>Findings</strong></td>
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<td>prudential instruments.</td>
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<td>The implementation of the Action Plan in cooperation with the EIOPA will contribute to the adequate supervision of the non-banking financial sector.</td>
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<td>The solvency of insurance companies has improved since the end of sector reviews (2016-2017).</td>
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<td>The problem of assets whose value is difficult to determine was identified in the reviews of both the banking and the non-banking financial sectors but has not yet been fully resolved.</td>
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<td>Group level supervision remains a challenge for risk-based adequate supervision in the insurance sector.</td>
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<td>Despite the improved level of civil liability insurance premiums, there are challenges related to the business model and business strategy of market participants, with a possibility for potential effects to be spread beyond the sector itself.</td>
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<td>A methodology on insurance claims and improved pricing methods would contribute to the stability of the insurance sector.</td>
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<td>The Green Card Bureau’s liquidity causes concern. It is supported by ongoing on-the-spot checks and specific provisions of the new Insurance Code. These measures should be implemented in a timely and comprehensive manner, and governance-related issues which remain potentially outstanding should also be addressed to ensure the trust and involvement of member insurers.</td>
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<td><strong>Non-banking financial sector</strong></td>
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<td>In 2018, the FSC completed the implementation of the Action Plan prepared jointly with the EIOPA. Only Own Earnings Rules for 2019 are in a process of finalization.</td>
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<td>The risk-based supervision manuals in the insurance and pension insurance sectors were approved in December 2018 and became applicable from 1 January 2019.</td>
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<td>Amendments to two regulations in the field of insurance and pension insurance – Ordinance No. 53 of 23.12.2016 on the requirements for accountability, valuation of assets and liabilities and formation of technical reserves of insurers, reinsurers and the Guarantee Fund and Ordinance № 9 of 19.11.2003 laying down detailed rules for valuation of the assets and liabilities of the supplementary pension funds and the pension insurance company, the value of the net assets of the fund, the calculation and announcement of the value of one unit, calculation and comparison of the profitability of investment properties and the requirements for maintaining individual lots have been adopted and promulgated.</td>
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<td>At the end of 2018 an amendment to the IC was adopted, which introduced a ceiling on the compensation for the persons to whom compensation is due. Forthcoming is the preparation of an Ordinance approving the method for determining the amount of compensation for material and non-material damage sustained as a result of bodily injury to the injured person and for determining the amount of the compensation for material and non-material damage of the injured person as a result of the death of a victim.</td>
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<td>In 2018, the necessary oversight measures were taken to improve the organisational structure and management system of the Green Card Bureau and some of the major civil liability insurance companies for motorists. The FSC will continue to oversee the monitoring of the implementation of the supervisory measures. A reinsurance contract is due to be concluded thus meeting all the requirements of the Council of the Bureaus in connection with the monitoring procedure. In addition, the NBBMI has taken action to amend its statutes with a view to introducing new rules governing the conclusion of a general reinsurance contract.</td>
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Findings from the 2019 National Report on Bulgaria

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<td>In 2019, the “bonus-malus” system is due to be introduced.</td>
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<td>According to data for the fourth quarter, all insurers domiciled in Bulgaria reported the fulfilment of the capital requirements. On average, the coverage of the Solvency Capital Requirement by non-life insurers is 159% and by life insurers is 271%. There are no insurers who have covered the Solvency Capital Requirement below 110%.</td>
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**Insolvency framework**
- Insolvency proceedings are slow and expensive and do not yield satisfactory results.
- The reform of the insolvency regulatory framework has not yet been completed and it lacks important legislative elements.
- Poor regulatory and institutional structures do not allow insolvency proceedings to be conducted in a timely and cost-effective manner.
- Insolvency proceedings are not perceived as an effective recovery mechanism.
- The lack of adequate monitoring tools makes it difficult to assess the efficiency of insolvency and restructuring processes.

**Insolvency framework**
- A project under the SRSP is being carried out to implement the reform of the insolvency law. The measures in the project include an analysis of the applicable legal framework and drafting proposals for amendments thereto, improving the criteria and mechanisms for collecting and processing statistics, training of administrators in insolvency proceedings and fiduciaries. The content and focus of the project are broadly in line with the EP and the Council proposal for a new restructuring directive and a second chance. Further sustainability will be ensured by the adoption of a Roadmap for the implementation of the insolvency and stabilization framework by the Institutions.
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<th>Policy area</th>
<th>Measure title</th>
<th>Information on measures taken and planned</th>
<th>Upcoming stages in the implementation of the measure until its implementation deadline (after April 2019)</th>
<th>Expected effect, incl. budgetary</th>
<th>Output indicators: current and target value</th>
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<tr>
<td>1. Strengthening supervision and legislation in the non-banking financial sector</td>
<td>Implementing an Action Plan prepared jointly with the EIOPA.</td>
<td>Preparing FSC’s medium-term resource management procedure in accordance with the identified risks for FSC’s failure to perform its functions, emerging risks and change in priorities.</td>
<td>January 2018</td>
<td>A working group was set up to prepare new Rules for Organizing Own Earnings in 2019.</td>
<td>Creating conditions for effective management of FSC’s resources.</td>
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<td>2. Improving the regulatory framework in the field of Civil Liability insurance</td>
<td>Drawing up amendments to the legal framework aimed at introducing the Bonus-Malus System.</td>
<td>Preparing a draft amendment to the legislation in the field of compulsory civil liability insurance framework aimed at introducing the Bonus-Malus system.</td>
<td>May 2019</td>
<td>Drawing up a proposal to amend the legislation on the implementation of the Bonus-Malus System, in line with the results of the public consultation.</td>
<td>Better risk assessment in pricing compulsory Civil Liability for motorists. Stimulating bona fide drivers.</td>
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<td>3. Improving the regulatory framework in the field of Civil Liability insurance</td>
<td>Drafting amendments to the legal framework aimed at adopting a methodology for determining the amount of compensation for material and non-material damage sustained as a result of bodily injury.</td>
<td>Adopting an Ordinance on the approval of a methodology for determining the amount of compensation for material and non-material damage sustained as a result of bodily injury to the injured person and for determining the amount of the compensation for material and non-material damage of the injured person as a result of the death of a victim.</td>
<td>December 2019</td>
<td>Fairer determination of non-material damages. Creating conditions for harmonizing the practice of determining such benefits. Creating conditions to A prepared normative act</td>
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<td>injury to the injured person and for determining the amount of the compensation for material and non-material damage of the injured person as a result of the death of a victim.</td>
<td>Implementing a project under the European Union Structural Reform Support Programme, including the following activities: 1. Review and making recommendations on the insolvency and stabilization framework; 2. Developing a model for collection and publication of data on insolvency and stabilization procedures; 3. Drawing up a roadmap for the implementation of the recommendations on the insolvency framework and the model for data collection and publication; 4. Providing trainings to administrators and trusted persons, and training of trainers.</td>
<td>Septem-ber 2018</td>
<td>A mission of the SRSO with the representa-tives of the MoJ was held in July 2018. A request for technical assistance to be provided by the SRSO was made in August 2018. A Conceptual Note and Technical Terms for Project Implementation were approved in September 2018. A project team including representatives of the MoJ, MoF and SJС was set up in September 2018. Contract signed with project contractor – October 2018. The initial meeting between the project contractor, the SRSO and the project team was held in November 2018. A review of the existing insolvency and stabilization legislative framework was carried out and recommendations were made in April 2019. A review of the ongoing process of collecting and publishing insolvency and stabilization data was carried out and the data was made publicly available, and recommendations were made for better collection of data and process modelling in April 2019.</td>
<td>June 2019</td>
<td>Improving the effectiveness of insolvency and stabiliza-tion proceed-ings; Creating a reliable statistical system for insolvency proceedings and stabiliza-tion proce-dures; Enhancing confidence in the judiciary; Preventing abuse practic-es in insolvency proceed-ings.</td>
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2.1.3 Country Specific Recommendation 3

Increase the employability of disadvantaged groups by upskilling and strengthening activation measures. Improve the provision of quality inclusive mainstream education, particularly for Roma and other disadvantaged groups. In line with the National Health Strategy and its action plan, improve access to health services, including by reducing out-of-pocket payments and addressing shortages of health professionals. Introduce a regular and transparent revision scheme for the minimum income and improve its coverage and adequacy.

- Policy summary

In 2019, the leading course of action of active labour market policy is training of the workforce and targeted work with disadvantaged groups, priority being given to the long-term unemployed and the unemployed without any profession or qualification. Various training opportunities have been offered to increase their employability in the labour market. In order to better link it to labour market demand, the training of unemployed persons to acquire professional qualifications has been carried out based on applications by employers with a commitment to provide post-employment or based on a list of professions defined on the basis of information on needed workforce provided by regional employment commissions and medium and long-term labour demand forecasts.

For the activation of disadvantaged groups, services have been provided in the field of information, counselling, psychological support, motivation for active labour market behaviour, guidance on appropriate employment and training programmes and measures, gearing towards vacancies in the primary labour market, and inclusion in adult education. For those with low employment opportunities, such as long-term unemployed subject to social assistance, an integrated approach to the provision of employment and social assistance services continues to be applied in the established 73 Centres for Employment and Social Assistance (CESA) by the EA and SAA teams. Services are also provided by Roma and youth mediators, job fairs, etc. to reach economically inactive persons. Unemployed persons from disadvantaged groups have been included in incentive measures for subsidized employment (according to the LEP), employment and training programmes contributing to their inclusion/integration into the labour market. In 2018, 32,272 unemployed persons were included in employment under measures and programmes financed by the state budget and the ESF, of which 48% were unemployed without qualification, 38% were unemployed with basic and lower education, and 36% were long-term unemployed.

In 2019, the implementation of comprehensive measures for the coverage and inclusion of children and pupils in the system of pre-school and school education has been continued. Conditions for inclusive education have been provided, with particular attention to the most vulnerable groups – children and pupils with special educational needs, children and pupils from ethnic minorities, migrant families and seekers or beneficiaries of international protection.

In 2019, to increase the efficiency of the healthcare system and health outcomes, the objectives and measures of the National Health Strategy 2020 and its Action Plan will continue to be implemented. One of key measures of the Strategy for ensuring an effective health system is the digitization and integration of systems in the sector through the establishment of a National Health Information System (NHIS). The finalization of the first stage of the System in 2019 will lay the foundations for the development of eHealth in Bulgaria, which will allow for shortening of the time for patient care, facilitating the access to modern and high quality health services and optimizing the strategic management of the health sector.

In order to ensure effective planning and targeting of public resources for health, the application of the National Health Card and the Ordinance on the Criteria and the Procedure for the Selection of Health Facilities for in-patient care, with which the NHIF can conclude contracts in the regions where there is a surplus of hospital beds, have been ensured.

To improve the health results of the population in 2019 and to reduce direct payments by patients, the process of expanding the scope of activities guaranteed by the NHIF budget, including outpatient care activities as well as promotive and preventive activities, will continue.
To improve the access to healthcare and specialized medical care for emergency patients, a large investment project funded under the OP “Regions in Growth” 2014-2020 is implemented. It will contribute to modernize and refurbish Emergency Wards, Emergency Medical Service Centres and their branches. The implementation of the project will allow 98% of the population to be provided within 30 minutes with emergency medical care for 24-hour treatment and surveillance. Additionally, projects funded under OP HRD 2014-2020 will provide for the upgrading of the qualifications, knowledge and skills of the emergency medical staff and support for the post-graduate students.

In the past 15 years, human resources in healthcare in Bulgaria have generally been characterized by stability and lack of significant changes in their number. The number of physicians in Bulgaria per 100 000 population was 364 in 2005, 404 in 2015, and in 2016 reached the figure of 416, thus the indicator for Bulgaria exceeded the European average of 349.6 per 100 000 population by nearly 20%. According to Eurostat data, the number of dental doctors in Bulgaria in 2015 was 105 per 100 000 population, with an average of 75.87 per 100 000 for the Member States, and thus Bulgaria is second in terms of dental practitioners after Liechtenstein. The number of master-pharmacists entered in the National Register of the Professional Organisation of Pharmacists has increased almost twice over the period 2013-2017, from 3 473 to 6 399 at the end of 2017. The professions in the Professional Healthcare Division enjoy a relative stability. There are territorial imbalances in the distribution of medical specialists, and for physicians the difference between the regions with the highest and the lowest provision is about 2 times. In order to overcome the shortage of nurses, efforts have been made to increase the number of places for students in the Nurses specialty and to promote among employers the possibility to employ staff providing basic healthcare services.

In 2018, social support was provided to people from the most vulnerable risk groups by applying a differentiated approach, improving the focus of measures and optimizing spending, and by providing targeted social protection for heating to people with low incomes during the winter season. Actions were undertaken to build a clear mechanism for updating access to targeted heating allowances and improving their adequacy. Opportunities were identified to increase the budget allocation for the 2019 programme. The actions undertaken enable automatic compensation of the annual increase of pensions in accordance with the provisions of the SIC.

<table>
<thead>
<tr>
<th>Findings from the 2019 National Report on Bulgaria</th>
<th>Policy response</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Labour market</strong></td>
<td><strong>Labour market</strong></td>
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<tr>
<td>• Continued economic growth has a positive impact on the labour market, although labour and skills shortages are increasing.</td>
<td>• Implementation of the National Employment Action Plan (NEAP) in 2019 with the aim of activating the inactive persons and increasing the quality of the workforce, incl. increasing the employment of the disadvantaged groups on the labour market, priority being given to the least developed regions.</td>
</tr>
<tr>
<td>• Regional disparities in the labour market remain significant.</td>
<td>• Development of individual regions through the implementation of regional employment programmes funded from the state budget according to the level of unemployment and the number of unemployed in each region.</td>
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<tr>
<td>• Inequities limit the access to the labour market for large groups.</td>
<td>• In 2019, the number of people trained through state budget appropriations alone is projected to increase by 10% compared to 2018 and to reach 11,400 persons. Unemployed persons with low or no education registered at the Labour Offices have been included in literacy training and after successful completion have the opportunity to participate in professional qualification and be helped to find a job.</td>
</tr>
<tr>
<td>• Levels of activity and employment are still very low among people living in rural areas, the low-skilled and the Roma.</td>
<td>• The Employment Agency will continue to provide various services aimed at increasing the skills and the employment opportunities of the unemployed. In 2019, new ser-</td>
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<tr>
<td>• The number of young people who are not involved in any form of employment, education or training is still high but is steadily decreasing.</td>
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<tr>
<td>• The overall rate of economic inactivity dropped sharply. The targeting of active employment policies has improved, but the level of participation is still very low, although it is increasing.</td>
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</table>
### Social system
- The social protection system is insufficient to deal with major social problems.
- The huge income inequality and the large numbers of people at risk of poverty show the need for “active inclusion” policies. Need for targeted support to vulnerable groups as well as better availability and quality of integrated social and health services and housing.
- Adequacy and scope of the minimum income remain limited and there is no objective mechanism for their regular updating.

### Education
- The education system is being modernized at all levels, but significant challenges still exist.
- The persistently high levels of early school leaving and poor educational outcomes highlight the need for significant investment in education.
- Despite continuing efforts, higher education is not sufficiently tailored to the needs of the labour market.
- The level of participation in adult learning programmes is among the lowest in the EU.
- The Roma inclusion in education and the high impact of socio-economic status on educational outcomes remain problematic.

### Policy response
- Services will be provided to vulnerable groups such as long-term unemployed, economically inactive persons – “Post-employment consultation and mentoring”; “Family employment consultant”; “Mobile Labour Office” subject to pilot testing in 2018.
- Forthcoming implementation of the electronic labour exchange. Registered long-term unemployed will continue to be provided with an integrated service by 73 Centres for Employment and Social Assistance (CESA). A two-fold study of employers’ workforce needs will be carried out and the EA will cooperate with the Employment Committees of the Regional Administrations.

### Education
- In 2019, measures and activities for covering and inclusion of children and pupils at compulsory pre-school and school age has been continued, focusing on the following key points: inter-institutional cooperation, providing care to address the needs of every child and pupil with a view of overcoming possible learning difficulties and, last but not least, working with parents who prevent their children from attending kindergartens or schools, or are completely unaware of the benefits of the inclusion in the education system.
- Continuing the activities ensuring inclusive education for the most vulnerable groups, including Roma.
- The interaction between vocational schools and other stakeholders will continue to develop in 2019 in order to reduce early school leaving and to build an accessible vocational education and training system, adaptable to the labour market. In 2019, for the first time, state scholarships will be offered to students in dual classes, protected
Healthcare

- Many Bulgarians still face significant barriers hampering their access to healthcare.
- Public spending on healthcare remains very low, with formal and informal direct payments by patients covering almost half of healthcare spending – one of the highest shares in the EU.
- The long-term care strategy is underway, but the implementation of the Action Plan to the National Health Strategy has been significantly delayed.
- There is a shortage of nurses and general practitioners. The number of doctors is above the EU average, but at local level their distribution varies widely.
- Hospital services dominate the system of Bulgarian healthcare and the share of out-patient care costs is among the lowest in the EU.

Healthcare

- Periodically, the ordinances on determining the package of health activities and on the prophylactic examinations and dispensarisation guaranteed by the NHIF budget are updated, expanding the scope of medical, promotional and prophylactic activities.
- Exemption of certain categories of citizens from the user fee, which has a minimum amount (€ 1.5), guarantees the access of the most vulnerable groups of the population to health services within the compulsory health insurance.
- Outside the scope of health insurance, emergency medical care, long-term treatment of premature infants and children with disabilities, a rehabilitation programme for women with breast cancer, mental health, etc. have been provided. All women have been guaranteed access to medical care during pregnancy and childbirth. There is also a possibility for financial support for treatment abroad when the respective type of treatment cannot be provided in due time in Bulgaria.
- In order to reduce the direct payments made by the patients, in the 2019 National Framework Contract the scope of the medical activities, medicinal products and medical devices paid by the NHIF, has been extended. In December 2018, the amendments to the Law on Healthcare Establishments, related to the improvement of the control over the activities of the medical establishments and the extension of the powers of the control bodies, as well as the establishment of the Executive Agency for Medical Surveillance, were promulgated. Thus a new mechanism for controlling the management of healthcare establishments, which are obliged to apply standards for financial activity, has been set up.
- In the field of the pharmaceutical policy, by means of amendments to the Health Insurance Act, it is envisaged to regulate mechanisms ensuring the predictability and sustainability of the NHIF budget.
- A number of legislative amendments have been implemented in recent years in order to create attractive conditions for acquiring a specialty; a draft for amending the ordinance on acquiring a specialty has been published for public discussion. The amendments envisage subsidizing the training bases for clinical specialties, including General Medicine.

Policy response

- specialties and specialties with an expected shortage of specialists in the labour market.
- Continuing implementation of the policies for building a sustainable and effective relationship between higher education establishments and the labour market.
<table>
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<tr>
<th>Policy area</th>
<th>Measure title</th>
<th>Information on measures taken and planned</th>
<th>Upcoming stages in the implementation of the measure until its implementation deadline (after April 2019)</th>
<th>Expected effect, incl. budgetary</th>
<th>Output indicators: current and target value</th>
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<tbody>
<tr>
<td>1</td>
<td>Active measures in the labour market</td>
<td>Ensuring the employment of vulnerable groups in the labour market in less developed regions.</td>
<td>Regional employment programmes targeted at disadvantaged groups in the labour market.</td>
<td>Development, approval and implementation of 28 regional programmes.</td>
<td>December 2019</td>
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<tr>
<td>2</td>
<td>Operation “Work” – providing employment at the municipalities to unemployed and inactive persons from regions of high level of unemployment</td>
<td>March 2019</td>
<td>A procedure for the development of the Regional Employment Programmes has been started.</td>
<td>In a process of implementation of project activities.</td>
<td>2019</td>
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<tr>
<td>3</td>
<td>Activating economically inactive persons, incl. NEETs</td>
<td>Youth mediators</td>
<td>95 youth mediators have been employed at the municipalities.</td>
<td>Identifying, informing, consulting and activating NEETs</td>
<td>2020</td>
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<td>4</td>
<td>Operation “Ready to Work”</td>
<td>2015</td>
<td>Operation “Ready to Work” in progress. 10,296 in-active persons have been identified, out of which 8,886 persons have been activated.</td>
<td>Operation “Ready to Work” – continuation of the activities under the operation</td>
<td>2019</td>
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<td>5</td>
<td>Improving employability and adaptability of the workforce.</td>
<td>Implementation of projects of social partners and State enterprise “Bulgarian-German Vocational Training Centre”, included in the plan, funded by the SB, as well as adult training under Article 63 of the LEP.</td>
<td>A procedure organized and conducted jointly by the Labour Office Directorates and the social partners for the selection of unemployed persons for inclusion in training and employment; groups of trainees and teaching staff have been formed; training in key competences and/or training for acquiring professional qualification by the unemployed have started.</td>
<td>Realizing 7 projects of the social partners.</td>
<td>December 2019</td>
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<td>6</td>
<td>Operation “Skills” – programmed in line with lifelong learning priorities, providing employers with the ability to train both employed and newly recruited unemployed in their enterprises through professional qualification or workplace/job-specific work processes.</td>
<td>January 2018</td>
<td>A procedure under the Operation “Skills” has been opened for application. It is programmed in line with lifelong learning priorities, providing employers with the ability to train both employed and newly recruited unemployed in their enterprises through professional qualification or workplace/job-specific work processes.</td>
<td>In a process of applying and submitting projects.</td>
<td>2023</td>
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**Table 2.1-3: Measures addressing CSR 3, part of Annex 1**
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<tr>
<td>1</td>
<td>Operation &quot;Education of adults, who have passed literacy courses&quot;.</td>
<td>2017</td>
<td>In a process of implementation of project activities. 574 persons have been included in the training scheme.</td>
<td>Implementation of project activities</td>
<td>2019</td>
<td>BGN 1 million</td>
<td>Unemployed of low education level (lower than secondary – ISCED 3) – 500 who passed literacy courses have been included in the training.</td>
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<td>2</td>
<td>Guaranteeing social protection of vulnerable population groups</td>
<td>Providing social protection to the lowest income and high-risk groups of the population by providing social assistance.</td>
<td>By Decree of the Council of Ministers No 305 of 19.12.2017 the amount of the guaranteed minimum income increased to BGN 75 with effect from 01.01.2018. For the winter season 2018/2019, measures were undertaken to avoid retirees dropping from the programme due to the increase in pensions from 1 July 2018. A mechanism for automatic updating of the weighting in accordance with the provisions of Article 100(1) of the SIC. The amount of targeted heating aid is also increased, which is BGN 74.83 and fully compensates the increase in the price of electricity. With DCM No 833 of 22.11.2018 a financial support was given by allocating an additional lump sum of BGN 100 to individuals and families who have been granted allowance for heating, the heating season 2018/2019. During the winter season an increase of the total increase of the programme by BGN 40,400,000 is envisaged and in the forecast period it will be realized to the amount of BGN 121.2 million.</td>
<td>In 2019, social protection of the lowest income and high-risk groups of the population will continue to be guaranteed through the provision of social benefits.</td>
<td>permanent</td>
<td>1/ Amount of social benefits (monthly, one-off, targeted rent allowances, targeted diagnostics and treatment allowances, CMD 17, targeted heating allowances) for 2019 - BGN 163,752.0 million; 2/ Stimulating labour mobility and migration.</td>
<td>Providing social protection to the lowest income and high-risk groups of the population by improving the effectiveness of providing social benefits.</td>
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<td>3</td>
<td>Providing quality inclusive education to disadvantaged groups</td>
<td>Providing additional support for the personal development of children and pupils included in the mainstream system of preschool and school education.</td>
<td>Providing conditions and resources for additional support for personal development: - by pedagogical specialists from the RCSIE - by pedagogical specialists in kindergartens and schools. The aim is to achieve a gradual, smooth transition of the pedagogical specialists, providing additional support, from the RCSIE to kindergartens and schools.</td>
<td>In 2018, general and additional support has been provided for the personal development of children and pupils with special educational needs in place in the kindergartens and schools. The aim is to achieve a gradual, smooth transition of the pedagogical specialists, providing additional support, from the RCSIE to kindergartens and schools.</td>
<td>1. Collecting and summarizing information about: 1.1. The number of specialists (resource teachers, psychologists, speech therapists, hearing and speech rehabilitation staff, teachers of visually impaired children, etc.) appointed in the RCSIE and kindergartens and schools that support children and pupils with special educational needs; 1.2. The number of children and pupils for whom a supportive environment has been provided by specialists of RCSIE and by specialists in kindergartens and schools, etc.</td>
<td>2019</td>
<td>Ensured supportive environment by specialists assigned to RCSIE and in kindergartens and schools for the children and pupils with special educational needs included in the mainstream system of preschool and school education.</td>
<td>1/ Number of specialists; 2/ Number of children and pupils for whom a supportive environment is provided by specialists recruited in RCSIE and in kindergartens education.</td>
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<td>2. Analysis of additional support provided. Taking specific measures to make additional support more effective.</td>
<td>Taking specific measures to make additional support more effective.</td>
<td>Providing conditions for general and additional support for the personal development of children and pupils in kindergartens and schools, including through the appointment of psychologists and pedagogical advisors in schools with over 350 pupils.</td>
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<td>Ensuring conditions for inclusion of children and pupils seeking or having received international protection and of children and pupils from migrant families by learning the Bulgarian language.</td>
<td>Providing additional training in the Bulgarian language as a foreign language for persons seeking or having received international protection and migrants at compulsory pre-school and school age.</td>
<td>2019</td>
<td>In 2018, additional training in the Bulgarian language as a foreign language was provided to 12 children and 73 pupils seeking or having received international protection.</td>
<td>Collecting and summarizing information about additional training in the Bulgarian language as a foreign language with a view to recovering the funds from the budget of the Ministry of Education and Science.</td>
<td>Ensuring conditions for carrying out additional training in the Bulgarian language as a foreign language to children and pupils seeking or having received international protection, to migrants who have been admitted for the first year to an educational institution.</td>
<td>2019</td>
<td>Supportive environment for children and pupils seeking or having received international protection, and for migrants who have been provided.</td>
<td>Number of children and pupils seeking or having received international protection enrolled for the first year in an educational establishment for whom additional education in the Bulgarian language as a foreign language has been provided in 2019.</td>
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<tr>
<td>Training pedagogical specialists for teaching the Bulgarian language as a foreign language.</td>
<td>Training of teachers to acquire knowledge, skills and competencies for teaching the Bulgarian language as a foreign language to children and pupils seeking or having received international protection.</td>
<td>2019</td>
<td>Training of teachers to acquire knowledge, skills and competencies for teaching the Bulgarian language as a foreign language to children and pupils seeking or having received international protection.</td>
<td>Nominating teachers to be included in training for teaching the Bulgarian language as a foreign language or for working in a multicultural environment.</td>
<td>Training of pedagogical specialists to teach the Bulgarian language as a foreign language to children and pupils seeking or having received international protection. Funding of training is provided by the United Nations High Commissioner for Refugees.</td>
<td>2019</td>
<td>Number of trained pedagogical specialists for teaching the Bulgarian language as a foreign language to children and pupils seeking or having received international protection.</td>
<td>Number of children and pupils seeking or having received international protection.</td>
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Improving access to education and the quality of education of children and pupils from ethnic minorities


January 2019

Implementation of the Action Plan to the Strategy for Educational Integration of Children and Pupils from Ethnic Minorities (2015-2020). In 2018, 28,252 children, pupils and young people from marginalized communities (including Roma) participated in educational integration and reintegration measures supported by OPSESG.

Implementing the measures in the Action Plan to the Strategy for Educational Integration of Children and Pupils from Ethnic Minorities (2015-2020), for 2019, including the implementation of appropriate communication strategies to create a positive attitude towards education among children and parents from vulnerable ethnic communities. Conducting the Fourth National Conference on dissemination of good practices in the field of educational integration.

December 2019

Enhancing the covering of children and pupils from vulnerable ethnic communities by pre-school and school education.

Increased net enrollment rate of the population in pre-school and school education.

Increasing the capacity of pedagogical specialists to work in a multicultural environment

The aim of the operation is to enrich professional-pedagogical competencies of teachers, school principals and other pedagogical specialists to work in a multicultural environment, using various qualification forms.

2019

Enriching the competences of teachers, school principals and other pedagogical specialists to work in a multicultural environment by:
1. Updating the curricula and programmes of higher education establishments training pedagogical specialists for the purpose of effective working in a multicultural educational environment (only for higher education establishments).
2. Providing short-term trainings to teachers, pedagogical specialists and principals of schools and kindergartens to work in a multicultural educational environment, ending with the award of 1 to 3 qualification credits.
3. Supporting pedagogical specialists for participation in procedures for acquiring professional and qualification degrees for working in a multicultural environment, including preparatory courses for acquiring the fifth and fourth professional-qualification degree for working in a multicultural environment (only for the higher education establishments).

Announcement of an OPSESG procedure. Increasing the capacity of pedagogical specialists to work in a multicultural environment.

2023

Number of pedagogical specialists

Number of pedagogical specialists

Integrated measures for improving the access to education under OP HRD and OP SESG

Establishing mechanisms and conditions for the active inclusion of vulnerable groups in the economic and social life of the country as a prerequisite for preventing the multiplication of the model of social exclusion and even greater social encapsulation.

2019

Implementing integrated measures for improving the access to education

Negotiating Component 1 projects and announcing Component 2 of the integrated procedure “Integrated Measures for Improving the Access to Education” under the OP HRD and OP SESG.

2023

Number of children, pupils and youths

Number of children, pupils and youths

Improving the effectiveness of the healthcare system

Implementing the 2020 National Health Strategy.

Implementing the Concept “Goals for Health 2020” and the Action Plan to the National Health Strategy 2020.

Implementing the Concept for the

2017

Extended scope of the health activities guaranteed by the NHIF budget through amendments to the Ordinance on Preventive Examinations and Dispensary Treatment and the Ordinance on the definition of the package of health activities guaranteed by the NHIF budget; the National Framework Agreement for 2019 of the

Extending the package of health activities guaranteed by the NHIF budget through the conclusion of a National Framework Contract for 2019.

2020

Improving and strengthening the health status, reducing health inequalities and providing a healthcare system having high

Achieving the five key objectives of the Strategic Framework (see National Health Strategy 2020).
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<td></td>
<td></td>
<td><strong>Development of Emergency Medical Aid in the Republic of Bulgaria.</strong></td>
<td></td>
<td>2018</td>
<td>Medical and Dental Association and the National Health Insurance Fund has been concluded. Updating of medical standards in connection with the amendments to the Law on Medical Establishments, all medical standards will be approved by an Ordinance of the Minister. Ensuring the application of the National Health Card. According to the Amendments to the Law on Medical Devices, interventional treatment of cerebrovascular diseases will be paid from the NHIF Budget. A National Framework Agreement for Medical Activities for 2019 has been concluded. A draft amendment to Ordinance No. 1 of 2015 on the acquirement of specialty in the healthcare system has been published for public discussion. A contract for the implementation of OP HRD project “Patronage care for elderly people and children with disabilities – component 1” has been signed. A contract for the implementation of a large investment project “Support for the development of the emergency medical aid system” was signed on 23.10.2018. Start of activities for the award of procedures under the LPP for the selection of contractors for project activities, which are planned to be implemented by outsourcing.</td>
<td>The Ordinance on the validation of medical standards has been promulgated. Conclusion of contracts between the medical facilities for in-patient health care and the NHIF on the basis of the National Health Card and the Ordinance on the Criteria and the Procedure for the Selection of medical facilities for in-patient health care. Ensuring the activities of the National Commission which examines applications for the start of new medical activities in existing medical facilities or for the opening of new medical facilities applying for funding from the National Health Insurance Fund.</td>
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<td></td>
<td><strong>Developing high-tech medical activities for interventional treatment of cerebrovascular diseases</strong></td>
<td></td>
<td>2019</td>
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<td>2019</td>
<td>OP RG 2014-2020 – BGN 163.5 million</td>
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<td><strong>Improving the training conditions in the General Medicine Specialty for the purpose of staffing of primary medical care in the medium and long term.</strong></td>
<td></td>
<td>2019</td>
<td></td>
<td>2019</td>
<td>OP HRD 2014-2020 – BGN 200,000</td>
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<td><strong>Implementing the commitments of the Ministry of Health under the Action Plan for the period 2018-2021 for the implementation of the National Long-Term Care Strategy.</strong></td>
<td></td>
<td>2019</td>
<td></td>
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<td></td>
<td><strong>National Programme for the Prevention of Chronic Non-Communicable Diseases 2014-2020</strong></td>
<td></td>
<td><strong>Improving the implementation of effective screening programmes for early detection and early intervention of socially significant oncological diseases.</strong></td>
<td>2015</td>
<td>Enlarged scope of screening activities and building resilience with regard to the prevention of oncological diseases included in the “Stop and Have a Check” project. For the screenings in 2018 of breast cancer, cervical cancer and colorectal cancer, a total of 30 contracts with in-patient and out-patient care providers were concluded. Implementing the planned project activities.</td>
<td>Implementing the planned project activities.</td>
<td>2020</td>
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<td>Improving the pricing mechanism of medicinal products and rationalization of medicinal use.</td>
<td>Introducing mechanisms to ensure financial stability.</td>
<td>2018</td>
<td>Amendments to the Health Insurance Act have been made through the NHIF Budget Act for 2019, in the part regulating the negotiation of concessions. It is provided by the ordinance under Article 45(9) of the HIA – Ordinance No. 10 of 24.03.2009 on the terms and the procedure for payment of medicinal products under Article 262(6), item 1 and item 2 of the Law on Medicinal Products in Human Medicine, on Medical Devices and Dietetic Foods for Special Medical Purposes, as well as on Medicinal Products for Health Activities under Article 82(2), item 3 of the Health Act (Ordinance No. 10 of 2009), to provide:</td>
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<td>Introducing clear rules for pharmaceutical market participants and good European practices.</td>
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<td>- A Mechanism for the regulation of the terms and conditions of payment for medicinal products for which the payment has been agreed upon between the NHIF and the respective Marketing Authorization Holders (MAHs)/their Authorized Representatives (ARs) after reporting on the therapy outcome.</td>
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<td>Introducing a mechanism for assessing health technologies in the administration of medicinal products.</td>
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<td>- Mechanisms ensuring the predictability and sustainability of the NHIF budget.</td>
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<td>Introducing effective drug treatment by creating conditions for generic substitution and/or prescription of medicinal products.</td>
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<td>- A mechanism to enable the MAH to provide the NHIF with a discount for partly reimbursed medicinal products, to be fully</td>
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- For breast cancer – 1299 examinations and 1245 mammograms;
- For cervical cancer – 1151 examinations and 1148 cervical smear tests;
- For colorectal cancer – 1134 examinations and studies for occult bleeding (797 women and 337 men).
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<td>eHealth</td>
<td>Building a National Health Information System</td>
<td>Improving quality and efficiency of healthcare by introducing a national health information system and providing patients with real access to information about their own health. Reducing the time for providing healthcare to patients and citizens, improving quality of administrative services in healthcare, and cutting financial costs. Achieving a significant change in the quality of healthcare through the use of new health technologies in eHealth.</td>
<td>March 2017</td>
<td>Currently, the project “Establishment of the National Health Information System (NHIS) - Stage 1 and Stage 2” funded by the Operational Program “Good Governance” is being implemented by the Ministry of Health. The project for establishment of the National Health Information System includes construction of 11 components that will integrate a comprehensive information system. Currently, 9 of the components of the National Health Information System are in process of procurement and final appointment of contractors will follow.</td>
<td>An Agreement for direct provision of a Grant, entitled “Priority projects in the implementation of the Roadmap for the implementation of the Strategy for Development of e-Governance in the Republic of Bulgaria for the period 2016 – 2020” under the OP GG focused on eHealth has been concluded.</td>
<td>December 2019</td>
<td>BGN 12 million Grant under the OP GG</td>
<td>The National Health Information System has been completed.</td>
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<p>| Reducing direct payments by patients | Improving the scope of healthcare activities paid by the NHIF budget for the purpose of transferring some of these activities to the out-patient care. Extending the scope of healthcare activities paid by the NHIF budget. Improving the mechanisms for the valuation of medical activities. Improving the control mechanisms for accounting and payment of activities through the NHIF budget. | Ordinance amending and supplementing Ordinance No. 3/2018 on determining the package of health activities guaranteed by the NHIF budget was adopted. The National Framework Contract for 2019 was concluded and the prices of medical activities in 17 clinical pathways were updated; two new clinical procedures were included. The National Framework Contract for 2019 has been concluded with updated prices of clinical pathways. Amendments to the Law on Medical Establishments (promulgated SG 102/11.12.2018), related to extending the powers and improving the control over the activities of the medical establishments by the newly established Executive Agency for Medicine. Extending the package of health activities, guaranteed by the NHIF budget, by concluding the National Framework Contract for 2020. Optimizing the NHIF activities. Adopting amendments to the secondary legislation in order to regulate the activities of the Executive Agency for Medical Audit and to improve the mechanisms for controlling the activities of the medical establishments. | 2017 | 2017 | 2017 | 2017 | 2020 | 2020 | 2020 | 1/ Updated regulatory acts; 2/ Number of CP with medical devices / medical activities included in the payment by the NHIF; 3/ Increased number of out-patient procedures; 4/ Reduced financial burden for patients when paying for medical activities and medical devices out- |</p>
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<td><strong>Address the shortage of health professionals</strong></td>
<td>Creating favourable opportunities for professional development of health professionals in the country</td>
<td>Creating favourable conditions for acquiring a specialty in the health care system and for improving the practical skills of health professionals.</td>
<td>Preparing proposal for increased admission of students into specialties with established shortage.</td>
<td>2017</td>
<td>Publishing for public discussion of a draft Ordinance amending and supplementing Ordinance No. 1 of 2015 on the acquirement of a specialty in the healthcare system, which aims both at eliminating the identified problems and gaps and implementing an effective mechanism for pursuing the state policy for providing the necessary specialists. Updating the curricula for acquiring a specialty in the healthcare system. Preparing a proposal to the Ministry of Education and Science for increasing the admission of students in the specialty of nurse.</td>
<td>The Ordinance amending and supplementing Ordinance No. 1 of 2015 on the acquirement of a specialty in the healthcare system has been promulgated.</td>
<td>2019</td>
<td>2019</td>
<td>1/ A draft Ordinance amending and supplementing Ordinance No. 1 has been elaborated in order to improve the conditions for acquiring a specialty in the healthcare system and 11 updated curricula for acquiring a specialty have been approved. 2/ Increased admission of students in specialties with established shortage.</td>
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<td><strong>Implementing Project BG05M9OP001-1.015-0001 °Specialization in Healthcare°. The aim of the project is to financially support the conduct and completion of the training for the acquirement of a specialty by physicians and dental practitioners.</strong></td>
<td>Implementing Project BG05M9OP001-1.015-0001 °Specialization in Healthcare°. The aim of the project is to financially support the conduct and completion of the training for the acquirement of a specialty by physicians and dental practitioners.</td>
<td>Implementing the planned project activities. Monthly fees for theoretical and practical training and scholarships of the participants are paid under the project. Up to now, 150 trainee specialist doctors have been funded. Employees – 93; Trainee specialist doctors – 150; Participants who have acquired qualifications (specialty) – 43.</td>
<td>November 2016</td>
<td>Supplementary Agreement No 1 of 23.11.2018 on the extension of the project target group and the financing of new groups of trainee specialist doctors and the extension of the period of its implementation until the end of 2020 has been signed. A new procedure for the selection of trainee specialist doctors to be financed under the project with a final deadline for application 30.11.2020 has been announced.</td>
<td>December 2020</td>
<td>OP HRD – BGN 5,406,628.40</td>
<td>Participants who have acquired qualifications (specialty) – 465</td>
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<td><strong>Implementing project BG05M9OP001-3.007-0001 °Improving the conditions for treatment of emergency°. The project will provide support to emergency medical aid staff in acquiring specific knowledge, skills and key competencies.</strong></td>
<td>Implementing project BG05M9OP001-3.007-0001 °Improving the conditions for treatment of emergency°. The project will provide support to emergency medical aid staff in acquiring specific knowledge, skills and key competencies.</td>
<td>To implement Action 3 under the project, an Analysis of the need for training the employees in the emergency medical system was prepared. To implement Action 4, the analysis of the training needs has been updated and methodologies and programmes for initial and recurrent training have been developed for all categories.</td>
<td>February 2017</td>
<td>Trainings have been scheduled to be conducted under the project – initial and periodic trainings for the staff of the Emergency Medical Aid Centres (EMAC) and the Emergency Medical Aid Branches (EMAB) and outreach teams as well as for the emergency wards staff. In order to evaluate the existing and acquired new knowledge</td>
<td>December 2020</td>
<td>BGN 7 million under the Operational Programme Human Resources Development 2014-2020</td>
<td>Number of employees who have acquired qualifications: 6892 Number of new and/or</td>
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2/ Increased admission of students in specialties with established shortage.

5/ Number of checks with established violations.

3/ The Ordinance amending and supplementing Ordinance No. 1 of 2015 on the acquirement of a specialty in the healthcare system has been promulgated.

4/ The extension of the period of its implementation until the end of 2020 has been signed.
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<td>Quality education for disadvantaged groups</td>
<td>Improving the facilities of educational institutions.</td>
<td>Under OPRG 2014-2020: Construction, reconstruction, repair, equipment and furnishing of educational institutions – nurseries and kindergartens, primary and secondary schools.</td>
<td>Improving access to quality inclusive pre-school and school education.</td>
<td>2014</td>
<td>Launched procedures for provision of grants under PA 1 Sustainable and Integrated Urban Development and PA 3 Regional Educational Infrastructure. Under PA 1, Investment priority “Educational Infrastructure”, 39 grant contracts worth BGN 373.9 million were concluded. Two grant contracts worth BGN 4.8 million were completed. Under PA 3, 45 grant contracts for renovation of vocational schools, sports schools and schools for culture and arts, worth BGN 175.9 million, were concluded, 3 of them worth BGN 3.3 million were completed.</td>
<td>Implementation of projects under PA 1 and PA 3 of OPRG 2014-2020.</td>
<td>2023</td>
<td>BGN 390 under OPRG 2014-2020.</td>
<td>Capacity of the supported childcare or educational infrastructure – target value – 180,447 persons (baseline value – 0), achieved up to date – 9600 persons.</td>
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<td>Improving the living conditions of vulnerable groups</td>
<td>Improving housing conditions for vulnerable groups and regional health infrastructure (Emergency Medical Aid System).</td>
<td>Under OPRG 2014-2020: Construction, reconstruction, renovation and expansion of social housing in order to prevent poverty and social exclusion. Construction, renovation, equipment and furnishing of health infrastructure of the emergency medical care system.</td>
<td>2015</td>
<td>Launched procedures for provision of grants under PA 1 Sustainable and Integrated Urban Development – for projects for construction/reconstruction of social housing for disadvantaged people, incl. for marginalized groups. 8 grant contracts for social housing worth BGN 25.2 million have been concluded. The project proposal under the granting procedure under PA 4 “Regional Health Infrastructure” under OPRG 2014-2020 with a specific Beneficiary the Ministry of Health has been approved by the EC.</td>
<td>Implementation of projects under OPRG 2014-2020 within PA 1 Sustainable and Integrated Urban Development – for projects for construction/reconstruction of social housing for disadvantaged people, incl. for marginalized groups. Implementation of a project to improve the emergency medical care system with the MH as a specific beneficiary.</td>
<td>2023</td>
<td>1/ For social housing: OPRG 2014-2020 – BGN 27 million 2/ For Emergency Medical Care: OPRG 2014-2020 – BGN 163.5 million</td>
<td>1/ Rehabilitation of housing in urban areas – target value 560 housing units 2/ Population with 30 minutes access to emergency medical care and treatment and observation for 24 hours – baseline value – 3,637, 539; target value</td>
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<td>– 7,045,677); 3/ Hospitalizations per annum – baseline 2,038,179, target value – 1,925,448. 4/ Population, covered by improved emergency medical care services (target value – 7,245,677 persons).</td>
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2.2. Policies to address investment shortage in key growth-enhancing economic fields and sectors

- **Policy summary**

This section contains a brief summary of the government’s investment strategy\(^4\) for addressing the investment shortage in key growth-enhancing economic areas and sectors (as identified in Annex D of the Country Report Bulgaria 2019).

The impact of EU funded investments as complementing national interventions will be sought in five main areas, aligned with the policy objectives for the next programming period and the strategic documents of Bulgaria. The first area underlines the significance of science and innovations for enhancing the competitiveness of the Bulgarian economy and its restructuring into a knowledge-based economy, promoting smart growth. Within this area efforts will be made to increase the level of research institutions and modernize the R&D equipment, to encourage smart specialization, etc. Innovations in enterprises with a clear contribution to economic growth, oriented towards greater resource efficiency, addressing the still high-carbon economy will be supported.

The second main area addresses the quality of the labour force and under conditions of negative demographic trends the focus will be on interventions, ensuring preconditions for maximum and high-quality employment. Support will be provided for implementing reforms in education and training, providing the educational system with sufficient human and material resources to offer quality up-to-date education, adapting the higher education and vocational training systems to labour market needs and efficient offering of opportunities for lifelong learning (LLL).

The third area covers measures for improving the connectivity and digitalization of the economy as prerequisites for enhancing competitiveness. Measures aimed at improving the institutional and business environment, the digitalization of the economy, improving connectivity and encouraging the digital transformation of the economic activity under an accelerated set-up of the electronic data management will be supported. The focus will also be on the construction of a modern broadband infrastructure. As regards the improvement of transport connectivity and accessibility, measures will still be implemented to ensure adequate transport (road, rail, water) infrastructure, foster multimodal transport, modernize sections from the core TEN-T network, deploy smart transport systems and modern information systems for traffic control and management.

Another area for EU funded investments will be to complement national efforts at better labour market prospects and active inclusion of vulnerable groups in employment and social inclusion by enhancing their employability, improving competences, encouraging their socio-economic integration, improving their access to quality social services and preventing severe material deprivation and poor housing conditions.

To harness local potential, the so called “place-based approach” will be adopted, which has at its core the territorial unit with its specific assets and needs. The primary objective of this priority is to exploit and capitalize local assets and opportunities when addressing specific local needs. In this context, support will be provided for the preservation and development of public touristic assets and related touristic services; preservation, development and promotion of the cultural heritage (with a focus on sites of national and global significance, that have the highest potential to generate growth), establishment of key registers and digitalization of cultural values, including for management of cultural heritage. Measures will be continued, aimed at conserving and developing natural heritage, preserving and maintaining the rich biological and landscape diversity of the country and its regions, while valorizing their economic potential in an as environmentally-friendly way as possible.

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\(^4\) The survey of the EU fund interventions for the programming period 2021-2027 is based on an Analysis of the socio-economic development of Bulgaria in the period 2007-2017 for setting national priorities for the period 2021-2027, approved by the Council of Ministers on April 10, 2019.
In the field of environment, the focus of the environmental policy will continue to be the construction and/or rehabilitation of technical infrastructure, the enhancement of water efficiency through reconstruction and modernization of amortised water pipelines, the improvement of waste water management, while intensifying the processes of transformation from a linear to a circular economy, measures towards a sustainable transport and reduction of fine-particle air pollution. Measures will also be supported in the field of disaster risk management.

2.3 Policies to improve the business environment and implement reforms in the public administration

2.3.1 Business environment

- Policy summary

Efforts, aimed at reducing barriers to investments in the country continue. A procedure has been launched for analyzing measures, that have been put in place in ten main areas of concern, hindering investment growth, which entails consultations with departments responsible for the implementation of the respective measures, as well as the preparation of recommendations for their efficient implementation. At the same time, new measures are being designed for improving the business conditions.

With a view to improving the business environment a “Regulatory compliance assistance tool for SMEs” is being developed with the support of the Structural Reform Support Service (SRSS). A survey among SME has been conducted under the project in order to identify the most complicated and burdensome regulations. Over 120 regulatory regimes have been identified and structured in accordance with the life-cycle phase of the enterprises.

In 2019, with the support of the SRSS a project for National strategy for promotion of small and medium-sized enterprises for the period 2021-2027 will be implemented.

Policy efforts in the area of public procurement are aimed at raising the efficiency and legality of the award and implementation of public procurement contracts, including by means of enhancing transparency. The work on the setup of electronic awarding of contracts by means of a single national electronic web-based platform for public procurement continues. A number of actions have been taken to strengthen the administrative capacity and professionalism in the sector.

The implementation of the Single Model for request, payment and provision of electronic administrative services, will contribute to reducing the administrative burden on the citizens and business and will create conditions for delivering accessible comprehensive administrative services through advanced technological means. Along with the upgrade of the developed prototype of the e-Form system all the necessary horizontal systems of electronic government will be provided to implement the Single Model.

The development of conditions for inter-register exchange of reference and supporting information has continued, with the number of the included registers, as well as the administrations and organisations, entering the respective data, rising. Removing certification services and transforming them into internal administrative electronic services and applying the proprio motu principle are in process of implementation, as well as the measures for transformation of the administrative service model.

The current implementation of funding measures for infrastructure investments with the aim of improving the connectivity and accessibility of agglomerations, developing basic infrastructure geared towards the business, improving the urban environment and the touristic competitiveness contributes to the overall improvement of the environment favourable to the development of the business and the promotion of economic activity in the country’s regions.
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<tr>
<td><strong>Public procurement</strong></td>
<td><strong>Public procurement</strong></td>
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<tr>
<td>- The EC recognizes the implementation of a significant part of the measures, included in the National strategy for development of the public procurement sector for the period 2014-2020, and draws attention to the need for permanent monitoring, control and assessment, given the still limited practical benefits from the reforms.</td>
<td>- Measures from the National strategy for the public procurement sector, adopted in 2014 have been nearly fully implemented. The implementation of ongoing activities, which are periodically carried out, continues. Actions, related to the adoption of e-procurement are also in progress.</td>
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<tr>
<td>- The considerable efforts made to strengthen the ex-ante control, the measures in place to prevent abuse of the right to appeal, as well as the progress in central-level aggregation of purchases have been taken into account.</td>
<td>- An Agreement for Consultancy Services has been signed between PPA and IBRD in connection with the assessment of the national public procurement system, including the evaluation of the efficiency of measures that were taken during the implementation of the 2014 strategy. Activities under the agreement foresee a final report by IBRD, which will contain an independent, external evaluation of the current state of the public procurement system.</td>
</tr>
<tr>
<td>- The lack of adequate upturn has been established as regards centralized procurement in the health sector, as well as the significant failure to exploit the potential of the Central Authority for purchases of municipalities and the possibility for joint procurement, especially at local level.</td>
<td>- To optimize the control, exercised by the PPA, amendments have been made to the LPP. Changes have also been made to some of the value thresholds, related to the relevance of public procurements rules and procedures (incl. as regards the publication of notices in the Official Journal of the European Union). The goal is to enhance efficiency by removing unnecessary administrative burden and accelerating the public procurement process by means of a significantly lower value as compared to the minimum value thresholds, established in the EU.</td>
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<tr>
<td>- Concerns have been expressed, regarding the administrative capacity in the sector, the delay in the effective use of the electronic platform, as well as the problem with ensuring the necessary technical capacity.</td>
<td>- In 2019 trainings will be provided for green public procurement, as well as trainings in connection with the use of a single national electronic web-based platform after November 2019: CAIS “E-procurement”</td>
</tr>
<tr>
<td>- Frequent regulatory changes, the decision to raise the value thresholds, priority application of the lowest-price criterion, the share of procedures with only one submitted bid and the share of negotiated procedures without a prior contract notice.</td>
<td><strong>Fight against money laundering</strong></td>
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<td><strong>Fight against money laundering</strong></td>
<td><strong>Fight against money laundering</strong></td>
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<tr>
<td>- The European Commission recognizes the actions undertaken to ensure the early transposition of Directive (EU) 2018/843 of the European Parliament and of the Council, as well as actions undertaken to address potential gaps in the transposition of Directive (EU) 2015/849 of the European Parliament and of the Council, but recognizes the fact that the national risk assessments as regards money laundering and terrorism financing has not been completed yet, while the same is a cornerstone of developing adequate national policies for combating money laundering and the financing of terrorism.</td>
<td>- The preparation of a national risk assessment (NRA) as regards money laundering and terrorism financing has been assigned to an inter-agency working group, co-chaired by the SANS and the MoI. The first draft of the report on the national risk assessment has been finalized and the main issues from the report have been discussed within focus groups. Reports from the focus group meetings have been prepared and additional information is being gathered, the comments of the experts from the Council of Europe on the first draft NRA report are being reviewed and the intensive work on finalizing the second and final NRA report continues.</td>
</tr>
<tr>
<td>Policy area</td>
<td>Measure title</td>
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<tr>
<td>1</td>
<td>Business environment</td>
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<td>Business environment</td>
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<tr>
<td>3</td>
<td>Public procurement</td>
</tr>
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</table>

1. Reducing the administrative burden on SME through a better understanding of regulatory requirements; 2. Number of identified services; 3. Number of described simplified rules.
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</thead>
<tbody>
<tr>
<td><strong>Public procurement</strong></td>
<td>Setup of e-procurement.</td>
<td>Developing, implementing and maintaining a single national electronic web-based platform CAIS “Electronic public procurement; supply and installed hardware and communication equipment and basic system software (incl. Customer service centre); training system administrators (10 persons), employees of PPA (70 persons) and end users (300 persons).</td>
<td>January 2018</td>
<td>The development and deployment of the platform is to be implemented in two stages. In November 2018 the developed software from stage 1 was submitted under an agreement about implementing the main functionalities of the system. The beneficiary has submitted objections and comments on the developed modules.</td>
<td>The objections and notes on the part of the beneficiary are being redressed by the contractor.</td>
<td>November 2018 (for the modules, included in Stage 1); December 2020 (for the modules, included in Stage 2); December 2020 (for conducting trainings)</td>
<td>6 999 982.00 BGN, granted as GFA under OPGG</td>
<td>1/ Number of conducted trainings; 2/ Number of trained persons 3/ Set up and functioning electronic web-based platform: CAIS “Electronic public procurement” 4/ Enhancing transparency, efficiency and control over expenditure on public procurement.</td>
</tr>
<tr>
<td><strong>Business environment</strong></td>
<td>Upgrade of a developed prototype to a fully functioning system for e-form management</td>
<td>Development of a fully functioning system for management of electronic forms (e-form) to automate the process of requesting, paying and providing EAS and implementing the Single Model</td>
<td>2019</td>
<td>Technical specifications and public procurement documentation are prepared by employees of SEGA, in compliance with the provisions of Art. 58a of the EGA and the sample terms of reference, contained in the Ordinance on the general requirements for the informations systems, registers and electronic administrative services.</td>
<td>The functionalities of the system based on the developed prototype will be further developed as a minimum in the following areas: - Creating, editing and storing electronic forms with the possibility for subsequent visualization; - Selection of electronic service, depending on the identification means used; - Visualisation and filling up of the electronic form, by means of which the selected service is requested; - Exercising formal control over the entered information; - Automatic filling in of already available information (registered in the user’s profile), including from external registers and databases; - Adding additionally required documents by selecting and filling them in or as scanned documents; - Electronic signing of documents, including the additionally required, when this is required by the procedure of using the service; - Confirmation by the applicant; - Delivering the package of documents in the profile of the service provider along</td>
<td>2021</td>
<td>1) Enhanced degree of automation of the process of requesting, paying and delivering EAS, facilitated process of requesting, paying and delivering EAS to the citizens and business; developed electronic forms for providing EAS through the Single Model 2) BGN 204 000 GFA under OPGG</td>
<td>Number of developed information systems - 1</td>
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<tr>
<td>Business environment</td>
<td>Upgrade of the environment for inter-register exchange of reference and supporting information (Regix)</td>
<td>Expanding the scope of Regix, creation and update of references, adapters, joining of new registers and upgrading the environment with new functionalities</td>
<td>2019</td>
<td>On 11.02.2019 a tendering procedure was announced for public service contract with subject: “Expanding the scope of the environment for inter-register exchange of reference and supporting information, creation and update of references, adapters, joining of new registers and upgrading the environment (Regix) with new functionalities”. Deadline for application is 13.03.2019.</td>
<td>As part of the measure the following will be carried out:</td>
<td>2021</td>
<td>1) Supported public service administrations and organisations for introducing comprehensive administrative service and reducing the administrative burden on the citizens and the business and transforming the model of administrative service 2) BGN 972 000 GFA under OP GG</td>
<td></td>
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<tr>
<td>Business environment</td>
<td>Enhancing competitiveness in the tourist sector</td>
<td>Improving the conditions for economic activities by development of cultural and historic attractions of national and global significance, incl. development of tourist and technical infrastructure within an integrated touristic product.</td>
<td>2017</td>
<td>A mechanism was set up for providing support under OPRG, Priority Axis 6 “Regional tourism”. Criteria for selection of operations have been improved by the Monitoring Committee of OPRG 2014–2020. A financial agreement was signed for the implementation of financial instruments worth BGN 98.5 million. Guidelines were published for applications under procedure “Development of tourist attractions” with total amount of GFA of BGN 98.5 and deadline for applications – 31.12.2021. One project proposal submitted, which is being assessed.</td>
<td>Project proposals under the procedure are expected to be submitted and assessed, contracts are to be signed and the implementation of projects under OPRG 2014–2020, Priority Axis 6 “Regional tourism” aiming at increasing the supply of cultural goods of national and global significance is expected to start.</td>
<td>2023</td>
<td>OPRG 2014–2020 – 197 million BGN</td>
<td></td>
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<tr>
<td>Business environment</td>
<td>Development of basic business</td>
<td>Improving conditions for economic activity</td>
<td>2015</td>
<td>Open procedures for provision of GFA under Priority Axis 1 “Sustainable and integrated urban area of rehabilitation”</td>
<td>Implementation of projects under Priority Axis 1 “Sustainable and Integrated Urban Environment”</td>
<td>2023</td>
<td>OPRG 2014–2020 – BGN</td>
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<tbody>
<tr>
<td>Business environment</td>
<td>Improving the quality of the urban environment for sustainable business development.</td>
<td>Improving the quality of the urban environment by construction and regeneration of urban environment components.</td>
<td>2015</td>
<td>Published procedures for provision of GFA under Priority Axis 1 “Sustainable and integrated urban development” of OPRG 2014-2020. A total of 41 grant contracts are concluded with a total value of the grants amounting to BGN 362.3 million.</td>
<td>Implementation of projects by ARI for construction, reconstruction and regeneration of urban environment components.</td>
<td>2023</td>
<td>OPRG 2014-2020 – BGN 304.5 million</td>
<td>Open space, created or rehabilitated in urban areas – target value 3 184 724 sq.m., achieved so far – 545 278 sq.m.</td>
<td></td>
</tr>
<tr>
<td>Business environment</td>
<td>Improving accessiblity and connectivity.</td>
<td>Construction, reconstruction and rehabilitation of first-class, second-class and third-class roads</td>
<td>2015</td>
<td>Published procedure for provision of GFA under priority axis 7 “Regional road infrastructure” of OPRG 2014-2020. Under implementation are 25 projects with a total value of the GFA amounting to BGN 355.7 million. Submitted and approved after evaluation are 4 project proposals. Grant contracts are to be concluded.</td>
<td>Implementation of projects by ARI for construction, reconstruction and rehabilitation of first-class, second-class and third-class roads under priority axis 7 “Regional road infrastructure” of OPRG 2014-2020.</td>
<td>2023</td>
<td>Under OPRG 2014-2020 – BGN 380 million</td>
<td>Total length of reconstructed or upgraded roads – 665 km.</td>
<td></td>
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<tr>
<td>Business environment</td>
<td>Development of GIS-based electronic platform EIT.</td>
<td>Development of GIS-based electronic platform EIT, which will ensure access to information about existing physical infrastructure, suitable for the deployment of electronic communication networks and the compliance with the requirements of the Law on Electronic Communication Networks and Physical Infrastructure as regards measures to reduce the costs of deploying high-speed electronic communications networks.</td>
<td>2017</td>
<td>Signed agreement with OPBG, agreement with a contractor for development of the GIS platform. The first activity under the agreement has been completed.</td>
<td>Examining the current state of the existing and planned physical infrastructure; Determining reference layers and their related meta data and attributes; Development of GIS for network infrastructure; Integration with other systems; Development and deployment of software platform for data processing and graphic representation pursuant to Commission Directive 2014/61/EU; Deployment of GIS-based online electronic administrative services for EIT activities; Creation of public online registers; Trainings of stakeholders in work with the GIS-based information system EIT.</td>
<td>2019</td>
<td>BGN 2 million under OPRG. Optimising operational processes and enhancing transparency in the work of the administration.</td>
<td>A platform built.</td>
<td></td>
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<tr>
<td>Business environment</td>
<td>Strategic document, containing measures for development of fast and ultra-fast connectivity and development of 5G networks.</td>
<td>Adoption of measures for ensuring access for the citizens and the business to networks with very high capacity. 5G networks are expected to be substantially faster than the 4G ones – from the current several dozen megabytes to (potentially) 1000 megabytes per second or substantially faster than the average statistical cable Internet connections.</td>
<td>2018</td>
<td>Work began on the update of the National Broadband Infrastructure Plan for next generation access. In January 2019 a concept was designed for development of fast and ultra-fast connectivity and construction of 5G mobile networks. A database was created with general information about the provision of high-speed Internet in the Republic of Bulgaria, available at: <a href="https://www.nttc.government.bg/category/46/obhta-infomacija-za-predlaganeto-na-visokoskorosten-internet-v-republika-bulgariya">https://www.nttc.government.bg/category/46/obhta-infomacija-za-predlaganeto-na-visokoskorosten-internet-v-republika-bulgariya</a>.</td>
<td>Update of the National Broadband Infrastructure Plan for next generation access. In the course of the update, a monitoring will be carried out on the planned investments with the aim of ensuring that the Union citizens have access to networks with very high capacity. Visualisation of the available information. Establishing a practice for extensive consultations as regards public investment.</td>
<td>2019</td>
<td>Within established expenditure ceilings</td>
<td>Prepared strategic document.</td>
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2.3.2 Public administration

- **Policy summary**

In today’s world, the state is faced with several main tasks – to provide high-quality services with fewer resources, to adapt its work to a new type of society – based on information and communication technologies, to improve the business environment and to ensure better conditions for the citizens and the business, supporting their development. Good governance leads to mutual respect and higher commitment of the society and for this reason it is crucial to restore the citizens’ trust in the administration.

In light of this, Bulgaria needs an increase in the productive capacity of its institutions, optimal institutional infrastructure and more efficient use of the limited resources, in order to ensure high-quality public services. To this aim it is necessary to make the transition towards a creative and responsible administration, which places at the heart of its work the citizens with their needs and interests and acts as a guardian of the law and the democratic legitimacy. Administration should be able already at an early stage to analyse and define emerging problems in society, to assess their impact, to offer policies and measures for their solution and to implement them successfully.

<table>
<thead>
<tr>
<th>Findings from the 2019 National Report on Bulgaria</th>
<th>Policy response</th>
</tr>
</thead>
<tbody>
<tr>
<td>- The reform in the public administration remains slow and leads to insufficient improvements.</td>
<td>- To improve the implementation of horizontal and sectorial policies, a project is under implementation on “Creation of single rules for conducting functional analyses under horizontal and sectorial policies”. It will help administrations improve the allocation of responsibilities and functions between individual structures and their units.</td>
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<tr>
<td>- The progress in the provision of public services is insufficient. The provision of digital public services to enterprises has improved significantly, the report notes.</td>
<td>- A project is under implementation for the enhancement of quality of administrative services, as well as for the establishment of sustainable practice for surveying and measuring the satisfaction of the users of administrative services. In addition, a postgraduate certification programme is being developed in strategic planning, targeted at employees in public administration.</td>
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<td>- There is a lack of tangible progress in human resources management, based on feedback. The EC notes that the administrative capacity continues to hinder the implementation of EU-financed projects.</td>
<td>- Work is being performed towards the introduction of a centralized selection of civil servants and officials, who will be appointed to management positions for the first time.</td>
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<tr>
<td>Policy area</td>
<td>Measure title</td>
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<tr>
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<tr>
<td>Public administration</td>
<td><strong>Improving the quality of policies and regulations by preparing ex ante and ex post impact assessments</strong></td>
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<tr>
<td>Public administration</td>
<td><strong>Enhancing the quality of administrative services</strong></td>
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<tr>
<td><strong>Public administration</strong></td>
<td>Improving the system for feedback by the users.</td>
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<tr>
<td><strong>Public administration</strong></td>
<td>Carrying out functional analyses of horizontal and sectorial policies</td>
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<tr>
<td><strong>Public administration</strong></td>
<td>Improving the capacity for strategic planning</td>
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<td><strong>Public administration</strong></td>
<td>Improving the selection of public administration employees</td>
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| istration portal and an information system for applying. |
| Carrying out the first centralized selection in public administration. |
| istration | Current value: 0% |
| Target value: 100% |
3 Progress on the national targets under the Europe 2020 Strategy

Progress on the implementation of the national targets under the Europe 2020 Strategy

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<tbody>
<tr>
<td>Employment of the population aged 20-64</td>
<td>63.5%</td>
<td>65.1%</td>
<td>67.1%</td>
<td>67.7%</td>
<td>71.3%</td>
<td>72.4%</td>
<td>76%</td>
</tr>
<tr>
<td>Employment of the population aged 55-64</td>
<td>47.4%</td>
<td>50.0%</td>
<td>53.0%</td>
<td>54.5%</td>
<td>58.2%</td>
<td>60.7%</td>
<td>53%</td>
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<tr>
<td>Reducing unemployment rates among youth (aged 15-29)</td>
<td>21.8%</td>
<td>17.7%</td>
<td>14.4%</td>
<td>12.2%</td>
<td>9.9%</td>
<td>8.3%</td>
<td>7%</td>
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<tr>
<td>Investments in R&amp;D as % of GDP</td>
<td>0.64%</td>
<td>0.79%</td>
<td>0.96%</td>
<td>0.78%</td>
<td>0.75%</td>
<td></td>
<td>1.5%</td>
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<tr>
<td>Share of energy from renewable sources in gross final energy consumption</td>
<td>19.0%</td>
<td>18.0%</td>
<td>18.2%</td>
<td>18.8%</td>
<td></td>
<td></td>
<td>16%</td>
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<tr>
<td>Increasing energy efficiency</td>
<td>16.3%</td>
<td>17.2%</td>
<td>17.9%</td>
<td>17.6%</td>
<td></td>
<td></td>
<td>25%</td>
</tr>
<tr>
<td>Share of energy from renewable sources in gross final energy consumption in transport</td>
<td>6.0%</td>
<td>5.8%</td>
<td>6.5%</td>
<td>7.3%</td>
<td></td>
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<td>10%</td>
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<tr>
<td>Avoiding increasing greenhouse gas (GHG) levels beyond the EU ETS by more than 20% by 2020 compared to 2005</td>
<td>-4.3%</td>
<td>-3.6%</td>
<td>-1.2%</td>
<td>-0.9%</td>
<td>-0.5% (p)</td>
<td></td>
<td>20%</td>
</tr>
<tr>
<td>Share of early school leavers</td>
<td>12.5%</td>
<td>12.9%</td>
<td>13.4%</td>
<td>13.8%</td>
<td>12.7%</td>
<td>12.7%</td>
<td>11%</td>
</tr>
<tr>
<td>Share of 30-34 year olds with completed tertiary education</td>
<td>29.4%</td>
<td>30.9(b)%</td>
<td>32.1%</td>
<td>33.8%</td>
<td>32.8%</td>
<td>33.7%</td>
<td>36%</td>
</tr>
<tr>
<td>Reducing the number of people living in poverty by 260,000 by 2020</td>
<td>1 527 534</td>
<td>1 578 254</td>
<td>1 585 808</td>
<td>1 638 680</td>
<td>1 665 255</td>
<td></td>
<td>-260 000</td>
</tr>
</tbody>
</table>

Note: (b) – break in time series

Sources: EUROSTAT and NSI

3.1 National target for employment

- Policy measures

According to the NEAP, in 2019 it is planned to provide employment for about 16.5 thousand unemployed and training for about 11.5 thousand unemployed. The unemployed from the most disadvantaged groups will be involved in training in professions which are in demand on the labour market for faster job creation and sustainable employment. In 2019, the implementation of a National framework agreement for comprehensive support will be launched and Agreements for integration into employment will continue to be concluded with long-term unemployed.

The actions of the National Youth Guarantee Implementation Plan will be implemented to accelerate the reduction of unemployment among young people, especially young people who are not in education, training or employment. To improve the matching between demand and supply of skills and
increase the employability of jobseekers, training will continue to be provided on request by specific employers.

With the financial resources provided under OPHRD in 2019, it is envisaged that 24 thousand unemployed and inactive persons, of whom 16 thousand young people and 8 thousand long-term unemployed, will be included in training and employment and 1500 inactive young people will be activated. Approximately 45 thousand employed people are expected to improve their qualification, and to undergo specific training for specific workplace.

The implementation of the incentive measure for “green jobs”, laid down in the LEP continues. This instrument of active labour market policy achieves a twofold effect – on the one hand, it supports the creation of environmentally friendly jobs and on the other hand – it provides employment to people, who have been jobless for more than 6 months. Additional significant opportunities for generating green employment will be provided by investments in activities contributing to sustainable water and waste management, flood risk prevention, biodiversity and ecosystems assessment and conservation and energy efficiency.

In the field of vocational education and training, in 2019 policies will continue to be applied, aimed at achieving a closer link between vocational education and training and the labour market and the successful employment of graduates and people with professional education. In this connection, in 2019 efforts will be put into developing a dual training system and regulating the plan – enrolment in compliance with business needs. Developing/updating curricula, programmes, national examination programmes and school supplies in cooperation/consultation with the business remains a priority for 2019.
<table>
<thead>
<tr>
<th>Policy area</th>
<th>Measure title</th>
<th>Information on measures taken and planned</th>
<th>Expected effect, incl. budgetary</th>
<th>Output indicators: current and target value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment</td>
<td>Facilitating the professional transitions of unemployed and employed persons and providing active support for the employment of unemployed people.</td>
<td>Providing mediator services to find a job. Preparing an individual action plan for each unemployed person with specific actions for inclusion in training and/or employment under programmes and measures, as well as in employment on a non-subsidized vacancy.</td>
<td>December 2019</td>
<td>BGN 26 million</td>
</tr>
<tr>
<td>Active labour market policy</td>
<td>Execution of NAPE 2018.</td>
<td>Programmes and measures to promote job creation for disadvantaged groups in the labour market.</td>
<td>December 2019</td>
<td>BGN 73 million</td>
</tr>
<tr>
<td>Measures for implementation of the National Implementation Plan for the European Youth Guarantee and the measures</td>
<td>Implementing the “Career Start” Programme, measures pursuant to LEP targeted at youth aged up to 29 years incl. Art. 36 (1), Art. 36 (2), Art. 36a, Art. 41, Art. 41a for providing employment to youth under/up to 29 years.</td>
<td>Continuation of implementation of project activities relating to operations.</td>
<td>2023</td>
<td>BGN 5.2 million</td>
</tr>
<tr>
<td>“Youth employment” operation</td>
<td>Since the start of the project implementation, 12,886 persons have been included in training and 4,885 persons in internships, or a total of 17,771. Some 9,803 persons have successfully completed training and remained in employment with the same employer, while 3,875 persons have successfully completed their internship and remained in employment with the same employer.</td>
<td>“Youth employment” Operation – actions, relating to the operation continued to be implemented.</td>
<td>2020</td>
<td>BGN 82 million</td>
</tr>
</tbody>
</table>
**“Training and employment for young people” operation**

<table>
<thead>
<tr>
<th>Year</th>
<th>Description</th>
<th>2015</th>
<th>2023</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Since the start of the scheme implementation, employment was provided to 23,100 persons, of whom – 385 permanently disabled persons under Component II of the project. Of these 21,363 persons were included in direct employment, while 1,737 persons were included in employment after a completed training.</td>
<td>The implementation of project activities, relating to the operations continues.</td>
<td>BGN 123,854,936</td>
<td>Unemployed participants aged between 15 and 29 – 24,700.</td>
</tr>
</tbody>
</table>

**Integration of long-term unemployed and economically inactive people into employment - OPHRD**

<table>
<thead>
<tr>
<th>Year</th>
<th>Description</th>
<th>2015</th>
<th>2023</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Implementation of project activities is in progress. Under the two components a total of 14,367 persons were included in employment, of whom 13,271 in direct employment and 1,096 in employment after a completed training.</td>
<td>The implementation of project activities is in progress.</td>
<td>BGN 151 million Component 1 BGN 81 million Component 2 BGN 70 million</td>
<td>Inactive and unemployed people aged over 29 – 7,400.</td>
</tr>
</tbody>
</table>

**Improving access to the labour market for people with disabilities**

<table>
<thead>
<tr>
<th>Year</th>
<th>Description</th>
<th>2016</th>
<th>2019</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>65 agreements were concluded with a total value of BGN 15,547,118,41. The total number of included inactive and unemployed persons amounts to 4,626.</td>
<td>The implementation of project activities continues.</td>
<td>BGN 22.7 million</td>
<td>Inactive or unemployed participants – 1,120; Persons with disabilities aged over 18 – 1,120</td>
</tr>
</tbody>
</table>

**“Development of social entrepreneurship” operation**

<table>
<thead>
<tr>
<th>Year</th>
<th>Description</th>
<th>2017</th>
<th>2019</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>243 agreements were concluded with a total value of BGN 51,180,791,53.</td>
<td>The implementation of project activities continues.</td>
<td>BGN 51.2 million</td>
<td>Number of cooperative enterprises and social economy enterprises, which have received assistance – 230; Inactive or unemployed participants – 1,640.</td>
</tr>
</tbody>
</table>

**Operation “Support for people with disabilities”**

<table>
<thead>
<tr>
<th>Year</th>
<th>Description</th>
<th>2017</th>
<th>2023</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Within Component 1, 5 agreements were concluded with a total value of BGN 7 million. Within Component II, which will build on component 1, 10 new Day Care Centres for 840 persons with disabilities over 18 years are expected to be included in the</td>
<td>Implementation of project activities is in progress.</td>
<td>BGN 15,9 million</td>
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<tr>
<td></td>
<td>persons with disabilities and their families, including persons with multiple disabilities are foreseen.</td>
<td>“Equal opportunities” operation</td>
<td>2017</td>
<td>13 agreements with a total value of BGN 4 699 954,89 were concluded.</td>
</tr>
<tr>
<td></td>
<td>Operation „Social enterprises for persons with mental disorders and intellectual disabilities“</td>
<td>To be announced in 2019.</td>
<td>To be announced in 2019.</td>
<td>我失败了…</td>
</tr>
</tbody>
</table>

### Promoting investment creating jobs in high-tech sectors and in areas of high unemployment
- Providing high-quality/good education and training
  - Financial incentives to create jobs in enterprises in high added value sectors.
  - Issuance of certificates for investment class and priority project under the LIP.
  - Providing funds for implementation of incentive measures under the LIP, incl. for partial reimbursement of the employer’s social security costs for newly created jobs.

**January 2018**

- In the period 01.01.2018 – 31.12.2018, 28 certificates were issued under the LIP (24 projects for class A, 2 projects for class B and 2 priority projects) providing for the opening of 2439 new jobs, of which 1968 in high tech productions and services.
- Investments in certified projects amount to 816.4 million, of which BGN 482.3 million in high-tech manufacturing and services.
- Certified projects for the period include 17 projects in high-tech manufacturing/services. Out of all projects, 16 projects are outside the capital city, including in 5 municipalities with above-average unemployment rates.

- In the period 1 January 2019 - 31 December 2020, 46 LIP projects are planned to be certified at a total of BGN 876 million, providing for the creation of 1,610 new jobs.
- During the period 2019-2020, incentives are planned to provide 27 of the certified projects with a total investment volume of BGN 418 million, providing for the creation of 945 new jobs.

**January 2019**

- 1/ Growth of investment and employment in high-tech sectors and in areas of high unemployment; 2/ Proceeds in the budget in the form of taxes and social security and health contributions.
- 1/ Employment rate in high added value sectors (change) – 5.4% growth in 2016 as compared to 2015; 2/ Share of newly created jobs in high added value sectors (as a % of all newly created jobs under certified LIP projects) – 77.2%

**January 2015**

- Adopted LAS of LVET

- Development of a dual training system

- Providing good-quality VET, oriented towards the needs of the economy

- 1. Adoption of a national programme for mentor training
- 2. Launching an operation to support the dual educational system in first-level secondary education and pupil practices.

- 1. Adopted national programme increased number of pupils/learner in dual form
- 2. Extended scope and support for the dual training system
- 2. Number of classes and number of schools, offering
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<th>6</th>
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<th>10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regulating the admission plan, depending on the business needs for specialists with professional qualifications</td>
<td>January 2019</td>
<td>Surveys and analyses of the business needs for specialists with professional qualifications have been carried out</td>
<td>Implementing the state admission plan for 2019-2020.</td>
<td>September 2019</td>
<td>1. Adjusting the admission in profiles and professions towards STEM profiles and tech- and IT professions</td>
<td>1. Increased admission share in profiles and professions towards STEM profiles and tech- and IT professions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Raising the funding for vocational education and training</td>
<td>January 2019</td>
<td>Applying the provisions of CMD 111, CMD 352 and Decree, amending and supplementing Decree No 328 of the CM from 2017 on the conditions and order of receiving grants by learners, who have completed their elementary education.</td>
<td>1. Additional funding for classes with protected profiles and profiles, for which there is an expected labour market shortage.</td>
<td>September 2019</td>
<td>1. Increasing the number of pupils in protected profiles and profiles, for which there is an expected shortage of specialists on the labour market.</td>
<td>1. Number of pupils, who are being trained in protected profiles and profiles, for which there is an expected shortage of</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
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</tbody>
</table>
| Raising the funding for vocational education and training | Septem-ber 2019 | Launching the operation “Vocational educa-
tion for successful employment on the labour market” | Activities are envisaged for adjusting the
vocational education and training to the
specificities and needs of the labour market
in 6 planning regions of 2-level. | December 2019 | Improving the link business – vocational education and training
and education-
pupils-parents
Project under OPSESG – BGN 7.2 million | Number of founded educational-training
companies; Number of updated curricula and study
programmes in vocational education with the
participation of employers
Number of persons, who have validated
their knowledge, skills and com-
tences |
| Developing/updating curricula, study programme, national examination programmes and school aids in cooperation with the business | January 2019 | Establishment of working formats | Developing and establishing school docu-
mentation, examination programmes and
school aids | December 2019 | Improving the link business – education and training | Number of developed programmes |
3.2 National target for R&D

- Policy measures

The implementation of measures to improve the pro-innovative infrastructure and to foster innovations in enterprises with funding under OPIC 2014-2020 continues. At the end of 2018, financial assistance to the amount of BGN 213.126 million was provided to 381 enterprises for the development and deployment of innovations. In 2019, procedures will be announced under OPIC, aimed at developing innovative infrastructure and improving the science-business link, as well as procedures, aimed at fostering innovations in enterprises. The total budget of the planned measures amounts to BGN 508.86 million.

In 2019, measures will be implemented from the Operational plan\(^5\) for implementing the first stage of the National strategy for the development of scientific research in the Republic of Bulgaria 2017-2030 and a Roadmap for integration in the European Research Area and expanding international research cooperation.

The creation of Centres of Excellence (CE) and Centres of Competence (CC) continues and a procedure is to be launched, aimed at achieving a synergy with the European Programme for Research and Innovation- Horizon 2020.

Forthcoming is the reporting of the first stage of targeted funding for the projects from the National roadmap for research infrastructure and support for the second stage of implementation. Simultaneously, an international assessment of the roadmap is being prepared, as well as the inclusion of the CE and CC established, with a view to achieving stability of investments and complementarity between the measures.

In 2019, the implementation of the approved eleven National scientific programmes for tackling social challenges for the period 2018-2022 continues.

Specific actions have been taken to enhance the capacity of scientific organisations and higher education institutions. A plan is being developed for the creation of a national portal and open science repository and a communication strategy for promoting results of scientific research, as well as a national plan for a science, open to the society and economy.

The structure and organization of fundamental and applied research in the country are to be modernised.

---

\(^5\) CoM Decision No 640 from 5 September 2018
<table>
<thead>
<tr>
<th>Policy area</th>
<th>Measure title</th>
<th>Information on measures taken and planned</th>
<th>Expected effect, incl. budgetary</th>
<th>Output indicators: current and target value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Brief description of the measure</td>
<td>Start date</td>
<td>Current state (as of April 2019)</td>
</tr>
<tr>
<td>Innovative infrastructure</td>
<td>Development of innovative infrastructure</td>
<td>Support for creation/development of regional innovative centres. Creation and development of technological park “Sofia Tech Park”.</td>
<td>2014</td>
<td>Implementation of phase II of the project for the construction of Sofia Tech Park with a value of BGN 12.3 million.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Promoting innovations in enterprises.</td>
<td>2012</td>
<td>Under procedure “Improving the production capacity of SME” 713 contracts have been completed successfully with grant aid in the amount of BGN 376.27 million, while 1 contract is still under implementation. Under the procedure “Support for the implementation of innovations in enterprises”, 118 contracts with grant aid worth BGN 87.33 million have been successfully completed and 32 contracts with a total value of grant aid in the amount of BGN 30.86 million are under implementation. Under the procedure “Managing Capacity Development and Growth of SMEs” 55 contracts with a total value of the GFA in the amount of BGN 15.71 million are in process of implementation, while 175 contracts with grant aid worth BGN 42.90 million have been completed successfully. Under the procedure “Support for the development of innovations from start-ups”, 70 contracts with a total value of the grant aid in the amount of BGN 26.27 million are in process of implementation, while 12 contracts with grant aid in the amount of BGN 4.60 million have been successfully completed. Under procedure “Cluster Development in Bulgaria” 28 contracts worth BGN 17.307 million were concluded. Under procedure “Development of product and production innovations, 143 contracts with grant aid worth BGN 64.067 million were concluded.</td>
</tr>
<tr>
<td>Support for Innovation Strategy</td>
<td>Implementation of the ISSS Action plan</td>
<td>2014</td>
<td>12 regional events in the country and 4</td>
<td>Implementation of the ISSS Action plan</td>
</tr>
<tr>
<td>1</td>
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</tr>
<tr>
<td><strong>innovation and implementation activities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>EcoSPIRE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Improving the research infrastructure</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Funding of applied research</strong></td>
<td>NIF funding of industrial research and pre-market survey of companies</td>
<td>2005</td>
<td>Implementation of contracts under approved projects under the eighth and ninth competition sessions.</td>
<td></td>
</tr>
<tr>
<td><strong>Enhancing the capacity of scientific organizations and the transfer of knowledge to the economy and society.</strong></td>
<td>Implementation of the National Road Map for Scientific Infrastructure and complementing new scientific complex-es of regional and European importance.</td>
<td>August 2018</td>
<td>The National Strategy for the Development of Scientific Research in the Republic of Bulgaria 2017 - 2030 was adopted by a decision of the 44th National Assembly of 07.06.2017. A revised National Roadmap for Scientific Infrastructure was adopted by CoM Decision No. 354/29.06.2017. Decree No 87/23.05.2018.</td>
<td></td>
</tr>
<tr>
<td><strong>Developing a network of centres of excellence and centres of competence and development of excellent and market-oriented scientific research</strong></td>
<td>A project under the OPSESG with the following objectives is in process of implementation: Creation and development of centres of excellence; Support for Bulgarian scientific organisations with approved projects under the Horizon 2020 Programme – WIDESPREAD-Teaming, phase 2</td>
<td>2018</td>
<td>1. Implementation of 4 projects under procedure BG05M2OP001-1.001 “Establishment and development of centres of excellence” 2. Implementation of 8 projects under procedure BG05M2OP001-1.002 “Establishment and development of centres of competence” 3. Announcement of procedure Supplementary support for Bulgarian scientific organisations with approved projects under Horizon 2020 approved criteria by the MC worth BGN 60 million under OPSESG 4. Budget of approved projects and with administrative agreements– BGN 158 107 822.84. Implementation of activities under concluded administrative agreements 2. Budget of the approved and with administrative agreements projects – BGN 168 668 025.09 Implementation of activities under administrative agreements 3. Negotiating two projects under the procedure</td>
<td></td>
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<tr>
<td>supported innovative companies.</td>
<td>Implementation of the strategic objective of ISSS – that Bulgaria should join the group of “moderate innovators” by 2020.</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

**Notes:**
- The research activities are focused on enhancing the capacity of scientific organizations, improving the research infrastructure, and developing a network of centres of excellence and centres of competence.
- Implementation of thematic meetings in Sofia were conducted to present the strategy’s progress and set up a discussion with stakeholders (business, local authorities, science representatives) about updates and changes in the sub-areas, laid down in the four priority thematic areas of ISSS.
- The implementation of a project of the joint research centre (JRC) was launched – RIS 3 in the lagging regions. The project aims to provide technical assistance to 9 EU regions/countries for the implementation of their strategies for smart specialization (S3), incl. Bulgaria.
- A preparation of interim assessment of ISSS has begun.
- For 2019 r. – BGN 5 million
- Investments in R&D as % of GDP (change) an increase of 0.01% per annum of public spending on R&D.

**Additional Notes:**
- The National Strategy focuses on enhancing the capacity of scientific organizations, improving the research infrastructure, and developing a network of centres of excellence and centres of competence.
- Thematic meetings were held in Sofia to discuss the progress of the strategy and updates and changes in the sub-areas.
- A joint research centre (JRC) was launched for RIS 3 in the lagging regions.
- Implementation of administrative agreements for approved projects.
- The National Strategy was approved by the 44th National Assembly of Bulgaria.
- Decree No 87/23.05.2018.

**Key Figures:**
- Number of supported scientific infrastructures: 1.001
- Number of participating in pan-European infrastructures: 1.002
- For 2019, BGN 5 million funding was allocated for various research activities.
- Investments in R&D showed an increase of 0.01% per annum.
<table>
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<tr>
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</thead>
<tbody>
<tr>
<td><strong>Development of the human potential for scientific research, promotion of scientific and entrepreneurship education and interdisciplinary skills</strong></td>
<td>Enhancing the capacity of scientific organisations and higher education institutions in relation to the development of the human research potential</td>
</tr>
<tr>
<td>Implementation of the national programme “Young scholars and post-doctoral graduates”</td>
<td>Implementation of National Programme “Petar Beron and US”</td>
</tr>
<tr>
<td>Implementation of National Programme VIHREN</td>
<td>2019</td>
</tr>
<tr>
<td>CoM Decision 577/17.08.2018</td>
<td></td>
</tr>
<tr>
<td>CoM Decision 658/14.09.2018</td>
<td>Implementation of competitive procedures in higher education institutions and scientific organisations to employ young scholars and post-doctoral graduates with competitive remuneration.</td>
</tr>
<tr>
<td>Implementation of competitive procedures of the SRF to finance the programmes “Petar Beron and US” and VIHREN</td>
<td>December 2020</td>
</tr>
<tr>
<td>Reproduction of the human potential in science and acquisition of new skills 2019 – BGN 7.5 million</td>
<td>Number of newly appointed young scholars and post-graduate scholars</td>
</tr>
<tr>
<td>Number of projects in process of implementation</td>
<td></td>
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</tbody>
</table>

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<tbody>
<tr>
<td><strong>Science for the benefit of society and economy</strong></td>
<td>Tackling important social challenges by consolidating the scientific capacity and the concentration of resources</td>
</tr>
<tr>
<td>Implementation of national scientific programmes (NSP)</td>
<td>2019</td>
</tr>
<tr>
<td>MoC Decision 577/17.08.2018</td>
<td></td>
</tr>
<tr>
<td>MoC Decision 658/14.09.2018</td>
<td>Implementation of the first stage of NSP in areas such as low-carbon energy, healthy food and bio technologies, electronic health care, cultural-historic heritage, environment and other.</td>
</tr>
<tr>
<td>December 2022</td>
<td>2019 – BGN 16.9 million</td>
</tr>
<tr>
<td>Number of newly accomplished scientific tasks</td>
<td></td>
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<tbody>
<tr>
<td><strong>Communication strategy and a national plan for science, open to society and the economy</strong></td>
<td>Promoting scientific achievements by means of: A plan for the construction of a national portal and open science repository is being developed.</td>
</tr>
<tr>
<td>2019</td>
<td>In process of development</td>
</tr>
<tr>
<td>Implementation of communication activities Setting up a national open science portal</td>
<td>December 2021</td>
</tr>
<tr>
<td>Increased popularity of scientific activities; BGN 1.57 million</td>
<td>Number of events; Number of open-access articles</td>
</tr>
</tbody>
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<tbody>
<tr>
<td><strong>Development of the national potential for research</strong></td>
<td>Restructuring the funding model for fundamental and applied research, incl. the establishment of a new Agency for encouraging scientific research</td>
</tr>
<tr>
<td>2019</td>
<td>Prepared concept for amendments to LPSR</td>
</tr>
<tr>
<td>Approval of concept; preparation of LAS of LPSR</td>
<td>June 2020</td>
</tr>
<tr>
<td>Improving the model of management, funding, New structure, established by law</td>
<td></td>
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</tr>
<tr>
<td>establishing a sustainable link between the science and business as a basis for developing a knowledge-based economy</td>
<td>fundamental and applied research</td>
</tr>
<tr>
<td>assessment and reporting of the results achieved</td>
<td></td>
</tr>
</tbody>
</table>
3.3 National targets under the „Climate-energy“ package

3.3.1 National Target: a 16% share of RS energy in the gross end-use consumption of energy by 2020

The national target for a 16% share of RS energy in the gross end-use consumption of energy by 2020 has been accomplished. In the end of 2019, the Fifth National Report on Bulgaria’s progress in the promotion and use of energy from renewable sources for the period 2017-2018 will be drawn up.

With regard to the target for reaching a 10% share of RS energy in gross end-use consumption of energy in transport, implementing the requirements of Directive 2015/1513/EC amending Directive 98/70/EC relating to the quality of petrol and diesel fuels and amending Directive 2009/28/EC on the promotion of the use of energy from renewable sources, a Law amending and supplementing the Law on Energy from Renewable Sources has been developed and adopted.

Implementing the requirements of Directive 2015/1513/EC, Bulgaria has designated and submitted to the EC a national target for the consumption of new generation biofuels at the rate of 0.05 pp. energy content of the mandatory share of energy from renewable sources (1,648 toe) in all modes of transport which is to be achieved by 2020.

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

Energy efficiency is of high priority for the national policy. The main directions in which savings potential is sought are mainly related to the final energy consumption in the industry, transport, households and services. Improving energy efficiency in transformation processes, in transmission and distribution of energy, as well as in increasing the share of energy produced in a highly efficient combined manner, will contribute to the efficient use of energy in the country.

An opportunity is introduced to implement the national cumulative target through alternative measures. When the individual energy savings targets are met, there is an opportunity for the liable persons to offer energy efficient services at competitive prices through providers of energy efficient services and/or through contributions to the Energy Efficiency and Renewable Energy Fund or to other financial intermediaries. Agreements with providers of energy efficient services or other liable or non liable parties for the transfer of energy savings may also be concluded through the transfer of energy savings certificates.

Another measure to increase EE is to carry out mandatory audits of all public service buildings in operation and buildings with a total floor area over 250 m2, as well as of industrial systems with an annual energy consumption of more than 3,000 MWh, all large enterprises and all outdoor lightening systems, located in municipalities with population over 20,000 people are also subject to energy auditing at least once every four years.

Support for increasing energy efficiency in enterprises is also provided under Operational Programme “Innovation and Competitiveness”, and by the end of 2018 support was provided to 516 enterprises.

Investments in measures for improving energy efficiency in the housing sector continue, as well as investments in administrative buildings of the state and municipal administration, financed under OPRG 2014-2020. Interventions under this priority axis contribute to meeting the energy policy targets of the Republic of Bulgaria.

By supporting investments in measures for development of an integrated public transport with ERDF funds, better air quality in the cities and higher energy efficiency in the transport sector is to be achieved as part of the common energy efficiency policy.
3.3.3. National Target: Preventing the increase in the levels of greenhouse gases (GHG) outside the EU ETS by more than 20% by 2020 compared to 2005

In order to reduce greenhouse gas emissions outside the European Union Emissions Trading System (EU ETS), the country’s policies are geared to effective waste management, improving energy efficiency in industry, introducing new technologies, improving the energy performance of buildings, improving transport infrastructure and promoting sustainable urban mobility, reducing soil emissions of land for agricultural use and organic fermentation in livestock breeding and afforestation.

The Climate Investment Programme of the National Trust EcoFund is also being implemented. The Programme finances projects to improve the energy efficiency of state and municipal buildings, with funds being secured by auctioning greenhouse gas emission allowances under the EU's Greenhouse gas emissions trading scheme. These also include pilot projects, based on innovative business models and new investment decisions, and which aim at:

- Reducing the negative consequences from the lack of financial resources in energy efficiency in the public sector by multiplying the available resources, attracting corporate capital or borrowed funds;
- Improving the quality of applied energy-efficiency measures, including their complementation by new measures, by taking into account the specificities of each building during its whole life cycle through the application of a comprehensive model.
<table>
<thead>
<tr>
<th>Policy area</th>
<th>Measure title</th>
<th>Information on measures taken and planned</th>
<th>Upcoming stages in the implementation of the measure until its implementation deadline (after April 2019)</th>
<th>Expected effect, incl. budgetary</th>
<th>Output indicators: current and target value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Auditing and certification of public service buildings with a total floor area of over 250 m2.</td>
<td>The measure envisages performing energy audits and certification of all public service buildings in operation with a total area exceeding 250 m2.</td>
<td>2016 429 buildings have been audited</td>
<td>Performing energy audits and certification of all public service buildings in operation with a total floor area exceeding 250 m2.</td>
<td>2020 Improving EE Audited and certified public service buildings with a total floor area exceeding 250 m2.</td>
</tr>
<tr>
<td>3</td>
<td>Improving EE of enterprises through ESIF.</td>
<td>Providing support to investment in energy saving technologies and energy production from RS and construction works of production facilities.</td>
<td>2012 317 contracts are in process of implementation under the procedure “Energy Efficiency for SMEs”, with grant aid of BGN 221.18 million, while 170 contracts with grant aid of BGN 108.14 million have been successfully finalized. 68 contracts are in process of implementation under the procedure “Improving energy efficiency in large enterprises”, with grant aid of BGN 122.606 million.</td>
<td>Implementation of concluded contracts.</td>
<td>2023 For the period 2014-2020, under OPIC GFA of BGN 466 million will be provided. Energy intensity of the economy (change) – reference value – 0.470 (2012) tonnes of oil equivalent per EUR 1,000 GDP (2005 = 100) and 0.446 (2014), target value (2023) – 0.423. 2016 - 0.423.</td>
</tr>
<tr>
<td>4</td>
<td>Measures increasing energy efficiency and reducing harmful emissions into the atmosphere.</td>
<td>Integrated Urban Transport: Building Transport Infrastructure. Delivery of rolling stock. Developing new route lines. Promoting alternative forms of transport. Implementing EE measures in the building stock - residential buildings, administrative buildings of the state and municipal administration and student dormitories.</td>
<td>2015 Open procedures for provision of GFA under PA 1 “Sustainable and Integrated Urban Development” – for projects for integrated urban transport and for implementation of EE measures in residential and administrative buildings and in student dormitories. Under PA 1, 11 grant contracts were concluded for improving the urban transport systems totalling BGN 239.1 million.</td>
<td>Implementation of projects under the OPRG 2014-2020 within PA 1 “Sustainable and Integrated Urban Development” – for integrated urban transport and EE measures in a building stock. Contracts under the second procedure under PA 2 are to be signed. Implementation of projects under the OPRG 2014-2020 within PA 2 “Support for energy efficiency in support centres in the peripheral regions” – for projects for implement-</td>
<td>2023 OPRG 2014-2020 - BGN 279.8 million for urban transport; OPRG 2014-2020 – BGN 661 million for EE in a building stock. 1/ Reduction of the quantity of fine particles in cities (reference value 1.79 μg/m3, target value 1.57 μg/m3; 2/ Urban transport: estimated annual...</td>
</tr>
</tbody>
</table>
Reducing greenhouse gas emissions

Effective implementation of European policy on climate change.

Conducting of and participation in negotiations at European level concerning the functioning of the European Union Emissions Trading Scheme EU ETS.

Ensure the implementation of the requirements of the newly adopted EU legislation in the field of biofuels (Directive 2015/652 and Directive 2015/1513).

Investment in actions for reducing greenhouse gas emissions in non – EU ETS sectors.

2013

During the Bulgarian Presidency (BP) of the Council of the EU successful negotiations were conducted with the EP on the legislative proposal for a Regulation on setting emission performance standards for new cars and new light-duty vehicles. Under the BP the Regulation was finally adopted by the Council of the EU.

A preliminary agreement was reached between the EP and the Council of the EU on the first revised text of the Regulation on setting emission performance standards for new cars and new light-duty vehicles, prepared during the Bulgarian Presidency.

Under the BP, the Commission also presented its proposal for a Regulation on setting CO2 emission performance standards for new heavy duty vehicles.

Ensuring the transposition and implementation of the requirements of the new European legislation in the field of biofuels (Directive 2015/652 and Directive 2015/1513) – adoption of: Ordinance on the Sustainability of Biofuels with Indirect Land Use Change, by the CoM; Methodology for Determining GHG Emissions for Biofuels Life Cycle, taking into account Indirect Land Use Changes, by MEW.

Implementation of pilot projects under CIP through the use of innovative business models and new investment decisions.

Implementation of the Climate Micro Projects Programme (CMPP) of NTEF – the programme finances small projects (worth up to BGN 50 thousand), contributing to climate change mitigation and adaptation.

2020

Participation of Bulgaria in the negotiation process at European level on the adoption of the following legislative proposals:


- Ensuring the transposition and implementation of the requirements of the new European legislation in the field of biofuels (Directive 2015/652 and Directive 2015/1513).

- Determining GHG Emissions for Biofuels Life Cycle, taking into account Indirect Land Use Changes, by MEW.

- Implementation of pilot projects under CIP through the use of innovative business models and new investment decisions.

- Implementation of the Climate Micro Projects Programme (CMPP) of NTEF – the programme finances small projects (worth up to BGN 50 thousand), contributing to climate change mitigation and adaptation.

- 1/ CIP and CMPP projects implemented;
- 2/ Adopted legislative acts and methodological documents in the field of biofuels for the purpose of their promotion.

- Under PA 1, 33 grant contracts for EE in residential and administrative buildings totalling BGN 61.3 million are concluded, while at present one contract has been finalized worth BGN 516 765.85.

- Under PA 2 “Support for energy efficiency in support centres in the peripheral regions” 63 grant contracts for EE in residential buildings are concluded totalling BGN 93.7 million and 107 grant contracts for EE in public buildings totalling BGN 78.3 million.

A total of 32 grant contracts have been finalized, worth BGN 22.6 million.

- Under PA 2 “Support for energy efficiency in support centres in the peripheral regions” 32 project proposals for EE in residential and administrative buildings with total GFA amount of BGN 32.9 million have been approved.

- A total of 32 project proposals for EE in residential and administrative buildings with total amount of BGN 32.9 million have been approved.

- With the auctioning proceeds within the EU ETS, the Climate Investment Programme of the National Trust Eco Fund has been funded and the following results are achieved:

- Energy efficiency measures were implemented in 91 sites including 33 schools, 17 nurseries and kindergartens, 13

- saved greenhouse gas emissions as a result of CIP and CMPP projects.

- Decrease of GHG – target value of 13,927.73 tonnes of CO2 eq.;

- Number of households with improved energy consumption classification - 12,901; number achieved so far - 6177

- Decrease of annual primary consumption of public buildings – 140,645,420 kWh/year, achieved so far - 12 983 067 kWh/year.
administrative buildings, 8 community centers, 6 public buildings and facilities, 5 universities, 6 health services, 2 street lightening and 1 municipal hospital. The total value of the projects is BGN 36.828 million, with greenhouse gas savings of 687 483 tCO2eq.

A total of 22 electric and 4 hybrid vehicles have been purchased, as well as 1 electric vehicle of L7e category with additional implements, which prevent green-house gas emissions of 2 911 tCO2eq.
3.4 National target for education

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

Infrastructural measures and delivery of equipment and furniture for educational establishments (nurseries and kindergartens, elementary and secondary schools) are being implemented, as described in the measures under CSR 3. One of the main objectives is to improve access to pre-school education and facilitate the transition to a full-day educational system in schools.

In 2019, the implementation of the Action Plan for the period 2018-2020 for implementation of the Strategy for reducing the share of early school leavers (2013–2020) continues. It includes measures for coordination of the efforts of the institutions, in accordance with the specifics of the environment in the compulsory preschool and school age in the educational system school, settlement and municipality. The plan places a particular focus on the introduction of compulsory pre-school education for 4-year old children, implementation of social measures for ensuring access to education for children and pupils from socially disadvantaged families, improving work with parents and other.

A significant measure towards this target is the implementation of the Mechanism for joint work of the institutions for coverage and inclusion of children and pupils at compulsory pre-school and school age in the educational system. Support for activities under the Mechanism through a National Programme for developing education “Together for each child” for 2018 is envisaged to continue through the National Programme for developing education for 2019.

In 2019, the implementation of the projects under operations of OP SESG such as “Active inclusion in the pre-school education system” and “Support for success” is scheduled to begin.

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6 CMD No 100 from 8 June 2018
<table>
<thead>
<tr>
<th>Policy area</th>
<th>Measure title</th>
<th>Information on measures taken and planned</th>
<th>Output indicators: current and target value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Policies to reduce the share of early school leavers of 11% by 2020.</td>
<td>Implementation of the National Programme “Together for every child” for 2018, approved by Decision No 271 from 20 April 2018 of the Council of Ministers.</td>
<td>2020</td>
</tr>
<tr>
<td>2</td>
<td>Creating conditions for integration and inclusion of children and pupils in pre-school and school education and prevention of early dropping out of school</td>
<td>Launching the implementation of the project “Active inclusion in the pre-school education system”</td>
<td>2019</td>
</tr>
<tr>
<td>4</td>
<td>Implementation of policies and measures under the 2018-2020 Plan for the implementation of the Strategy for reducing the share of early school leavers (2013-2020).</td>
<td>The 2018-2020 Plan for the implementation of the Strategy for reducing the share of early school leavers (2013-2020) is being implemented.</td>
<td>2018</td>
</tr>
<tr>
<td>5</td>
<td>Creating conditions for integration and inclusion of children and pupils in pre-school and school education and prevention of early dropping out of school</td>
<td>Creating conditions for integration and inclusion of children and pupils in pre-school and school education and prevention of early dropping out of school</td>
<td>2018</td>
</tr>
<tr>
<td>6</td>
<td>Creating conditions for integration and inclusion of children and pupils in pre-school and school education and prevention of early dropping out of school</td>
<td>Launching the implementation of the project “Active inclusion in the pre-school education system”</td>
<td>2019</td>
</tr>
<tr>
<td>7</td>
<td>Creating conditions for integration and inclusion of children and pupils in pre-school and school education and prevention of early dropping out of school</td>
<td>Creating conditions for integration and inclusion of children and pupils in pre-school and school education and prevention of early dropping out of school</td>
<td>2018</td>
</tr>
<tr>
<td>8</td>
<td>Creating conditions for integration and inclusion of children and pupils in pre-school and school education and prevention of early dropping out of school</td>
<td>Creating conditions for integration and inclusion of children and pupils in pre-school and school education and prevention of early dropping out of school</td>
<td>2018</td>
</tr>
<tr>
<td>9</td>
<td>Creating conditions for integration and inclusion of children and pupils in pre-school and school education and prevention of early dropping out of school</td>
<td>Creating conditions for integration and inclusion of children and pupils in pre-school and school education and prevention of early dropping out of school</td>
<td>2018</td>
</tr>
<tr>
<td>10</td>
<td>Creating conditions for integration and inclusion of children and pupils in pre-school and school education and prevention of early dropping out of school</td>
<td>Creating conditions for integration and inclusion of children and pupils in pre-school and school education and prevention of early dropping out of school</td>
<td>2018</td>
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<tr>
<td>Date</td>
<td>Starting the implementation of operation “Support for success”</td>
<td>2019</td>
<td>The submitted project proposal in December 2018 is under assessment and the conclusion of an administrative agreement with the specific beneficiary MES is forthcoming.</td>
</tr>
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</tbody>
</table>
3.4.2 National Target: 36% share of the people aged 30-34 with higher education by 2020

In 2019, measures, implementing the Higher Education Development Strategy of the Republic of Bulgaria for the period 2014–2020 continue to be implemented.

By applying CMD No 15 from 25.01.2019 conditions are created for establishing a sustainable and efficient link between the higher education institutions and the labour market, and achieving a dynamic correlation between the supply and demand for specialists with a higher education qualification, as well as for improving the differentiated funding mechanism. On this basis a draft CoM Decision is being prepared to validate the number of students and PhD students admitted to higher education institutions and scientific organizations during the academic year 2018-2019 and activities are being implemented, supported under OP SESG to maintain and improve the Rating System of Higher Education Institutions in the Republic of Bulgaria.

With the amendments to the Rules of Procedure for applying the Act on the Development of the Academic Staff in the Republic of Bulgaria\(^7\) conditions are created for improving the procedures for career development of the academic staff, as well as for enhancing the quality of higher education and of scientific research.

To optimize and improve the accreditation processes and improve the management of higher education institutions in 2019 the preparation of a draft proposal, amending the Higher Education Act is foreseen.

The policies in 2019 will be upgraded by the start of a procedure under OP NESG “Modernisation of higher education and improving its link to labour market needs”.

The implementation of measures for modernizing the infrastructure of higher education will create preconditions for a modern education, tailored to labour market needs. Modernised infrastructure will increase the overall attractiveness of higher education and subsequently raise the share of people with higher education. The support to the higher education development policy is of national significance and the implemented infrastructural investments will have an impact on the whole socio-economic development of the country.

\(^7\) CMD No 26 from 13.02.2019
<table>
<thead>
<tr>
<th>Policy area</th>
<th>Measure Title</th>
<th>Brief description of the measure</th>
<th>Start date</th>
<th>Current state (as of April 2019)</th>
<th>Upcoming stages in the implementation of the measure until its implementation deadline (after April 2019)</th>
<th>End date</th>
<th>Expected effect, incl. budgetary</th>
<th>Output indicators: current and target value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Improving the facilities of higher education institutions</td>
<td>Construction, reconstruction, repair, equipment and furnishing of higher education institutions.</td>
<td>2015</td>
<td>Under OPRG 2014-2020: Construction, reconstruction, repair, equipment and furnishing of higher education institutions.</td>
<td>Implementation of projects under PA 3 “Regional Educational Infrastructure” OPRG 2014-2020, with higher education institutions as beneficiaries.</td>
<td>2023</td>
<td>BGN 41 million under OPRG 2014-2020.</td>
<td>1/ Capacity of supported child-care or educational infrastructure – persons;</td>
</tr>
<tr>
<td>2</td>
<td>Establishing a sustainable and efficient link between higher education institutions and the labour market</td>
<td>Ensuring conditions for enhancing the quality of higher education and the efficiency of public spending on the higher education system. Raising the funds for financing higher education and science and the efficiency of their use through an improved financing model</td>
<td>January 2019</td>
<td>The changes implemented by CMD No 15 from 25.01.2019 on amending and supplementing the regulations of the Council of Ministers created regulatory conditions for: Improving the mechanism for differentiated funding, depending on the comprehensive assessment of the quality of education and its compatibility with labour market needs; improving the methodology for admission of students in vocational profiles in connection with the dynamic changes on the labour market; Enhancing the efficiency of differentiated maintenance targets for the training of one student in vocational profiles. Fair grants for students, admitted pursuant to Decree No 103 of the CoM from 31.05.1993 for carrying out educational activities among Bulgarians abroad</td>
<td>Implementation of CMD No 15 from 25.01.2019 for amending and supplementing legislative acts of the Council of Ministers</td>
<td>December 2019</td>
<td>Improved mechanism for differentiated financing; improved methodology for admission of students in vocational profiles in connection with the dynamic changes on the labour market; Enhanced efficiency of differentiated maintenance targets for the training of one student in vocational profiles. Fair grants for students, admitted pursuant to CMD No 103</td>
<td>Optimised financing model for state higher education institutions; Optimised admission of students in vocational profiles in connection with the dynamic changes on the labour market; Optimised financing model for state higher education institutions; Number of students admitted pursuant to CoD No 103 and who have received grants</td>
</tr>
<tr>
<td>3</td>
<td>Modernising higher education and improving its link with labour market demands</td>
<td>“Improving the higher education system in accordance with labour market demands”</td>
<td>2019</td>
<td>The operation is included in the indicative annual programme of OP SESG for 2019.</td>
<td>- Using HE Innovate as a tool for self-assessment and promotion of changes and innovations in higher education institutions. - Enhancing the quality of management and teaching by using digital skills and technolo-</td>
<td>2023</td>
<td>Improving the quality of higher education</td>
<td>Number of students</td>
</tr>
<tr>
<td>1</td>
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<tr>
<td>Ensuring the existence of a link between state-funded training of students and PhD students and the priorities of the country’s socio-economic development</td>
<td>An envisaged project by a MoC Decision aims at validating the number of students and PhD students admitted to higher education institutions and scientific organizations during the school year 2019/2020.</td>
<td>January 2019</td>
<td>Prepared project of CoM Decision</td>
<td>Adopted CoM Decision</td>
<td>May 2019</td>
<td>Ensured link between state-funded training of students and PhD students and the priorities of the country’s socio-economic development</td>
<td>Number of students and PhD students, who are in training in priority economic areas</td>
<td></td>
</tr>
<tr>
<td>Providing an information database for indicators for drawing up a comprehensive assessment of the quality of higher education</td>
<td>The upgrade of the rating system of higher education institutions is implemented under a OP SESG project “Maintenance and Upgrade of the Rating System of Higher Education Institutions – phase 1”</td>
<td>June 2016</td>
<td>Implementation of the project proposal.</td>
<td>Implementation of the project proposal.</td>
<td>December 2019</td>
<td>Creating conditions for carrying out a comprehensive assessment of the quality of higher education based on funds from the ESF with a value of BGN 3 million (85%) and national co-funding</td>
<td>1 upgrade of the Rating system</td>
<td></td>
</tr>
</tbody>
</table>

- Enhancing qualification, continuing training and career development of the employed in the field of science;
- participation of students in additional training and mobility;
- Improving conditions for the upgrade and acquisition of new personal and professional knowledge and skills, incl. through the development of partner networks;
- Development of the career orientation system for students in higher education.

- Enhancing the qualifications of R&D personnel;
- improving the prospects for successful employment of university graduates on the labour market;
- improving the practical skills of the students for work in a real working environment direct provision of GFA under OPESG with a value of BGN 40 million
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<th>10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Modernisation of higher education and improving its link to labour market needs</td>
<td>Student practice 2</td>
<td>2019</td>
<td>The operation is foreseen to be included in the update of IAWP of OPSESG for 2019.</td>
<td>- Providing additional practical training to students in real working environment; - Improving the students’ practical skills to achieve a dynamic correlation between demand and supply of specialists with higher education qualification; - Strengthening the relations between higher education institutions and employers and enhancing the efficiency of partnerships between the two sides; - Providing additional opportunities to higher education graduates for better employment on the labour market. - Higher status of the teaching profession; higher motivation for professional career for prospective students in this profession. - Improved training of pedagogical specialists: higher admission and graduation criteria, updated programmes and better results from the external evaluation of their alumni.</td>
<td>2023</td>
<td>Number of students, included in student practice</td>
<td>Share of students, who have successfully completed practical training in real working environment</td>
<td>(15%).</td>
<td></td>
</tr>
</tbody>
</table>
3.5 National target to reduce the number of people living in poverty by 260,000 by 2020

- Policy measures

The fulfilment of social inclusion objectives is closely linked to the implementation of employment policies and access to education policies, which address CSR 3. Key accents include: improving regulations in the field of social services, continuation and finalization of the childcare deinstitutionalization process; launching the process of deinstitutionalization of care for the elderly and people with disabilities; enhancing the quality of services; ensuring financial stability of the social services system; expanding the network of social services in the community and in the home environment for the elderly and people with disabilities.

To reform and modernize the social services sector, the NA adopted a Law on Social Services (LSS)\(^8\). LSS is intended to improve the mechanisms for planning, control and monitoring of services, as well as to enhance their quality, efficiency and sustainability.

The reform in childcare continues by implementing the measures set out in the updated Action Plan for the implementation of the National Strategy “Vision for Deinstitutionalization of Children in the Republic of Bulgaria”. The number of children in specialized institutions is reported to have decreased by over 90% - from 7,587 children in 2010 to 633 in the end of 2018. A significant part of the institutions (over 78%) have been closed down. Serious investment has been made to strengthen the system capacity. The quality of life of children, who were removed from the institutions, improved. The placement of children in Homes for children deprived of parental care and children aged under 3 without disabilities in Homes for medical and social care for children has been suspended.

In November 2018, the Map of services for support in the community and in home environment and the Map of residential services under the updated Action Plan for the implementation of the National Strategy for Long-Term Care were updated. Following the update of the maps, a total of 112 new services will be created for 5,454 consumers. In addition, funding will be provided for the repair, reconstruction, furnishing and equipment, necessary to expand the activities of 35 already existing and functioning services: Public Support Centres, Day Care Centres for Support to Children with disabilities and their families and Centres for social rehabilitation and integration of children.

In regard to the care for the elderly and people with disabilities, the measures set out in the Action Plan 2018-2021 for the implementation of the National Strategy for Long-Term Care are being implemented. The Plan initiates the first stage of the process of deinstitutionalisation of the care for elderly people and people with disabilities. This process is to be completed by 2034. In February 2018, the Map of services for support in the community and the Map of residential services were approved, identifying municipalities, in which the new services will be created with project funding under OPRG and OPHRD.

An essential dimension of the policy of poverty reduction and promotion of social inclusion is to ensure effective support to families with children. In 2018, amendments to the LFAC\(^9\) were made, which, effective from 1 January 2019 introduce a new type of monthly allowance for children with one deceased parent without entitlement to a pension, which is to be provided without an income test.

In implementation of the social inclusion policy, an Action Plan for the period 2019-2020\(^10\) has been adopted and a Report on the Implementation of the 2017-2018 Action Plan. The major focus of the Plan is on measures in the field of employment and education. Other essential activities include: promoting the active inclusion of the most distanced from the labour market groups, raising the levels of the average and minimum wages, ensuring access to quality health care, creating conditions and guarantees for equality and a full participation of people with disabilities in all spheres of social life and ensuring their socio-economic protection and other.

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8 Promulgated, SG, 24/2019
9 Promulgated, SG, 88/2018
10 CoM Decision No 29 from 24.01.2019
In compliance with the measures, set out in CSR 3, support to construction of social housing for vulnerable population groups will continue with the aim of securing shelter and access to quality living environment at affordable prices and to that end the infrastructural measures under OPRG will be combined with soft measures under OPHRD for active inclusion in the labour market, education and health care of target group representatives.
<table>
<thead>
<tr>
<th>Policy area</th>
<th>Measure title</th>
<th>Information on measures taken and planned</th>
<th>Upcoming stages in the implementation of the measure until its implementation deadline (after April 2019)</th>
<th>Expected effect, incl. budgetary</th>
<th>Output indicators: current and target value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Supporting families with children.</td>
<td>Providing Family Allowances for Children under the LFAC. Providing allowances</td>
<td>On-going Payment of family allowances for children. As of 31.12.2018, family allowances for children under the LFAC were paid at the amount of BGN 541 168 840.</td>
<td>In 2019, allowances totaling BGN 550 683 000 will be paid.</td>
<td>On-going Share of children at risk of poverty before and after social transfers (41.8% and 29.2%, respectively) - a decrease of 2.7 percentage points in 2017.</td>
</tr>
<tr>
<td>2</td>
<td>Providing access to social services in the community and continuing the deinstitutionalization process.</td>
<td>Creating new community-based social services for children and families, elderly and people with disabilities and removing the institutional model of care.</td>
<td>2016 Implementation of the updated Action Plan for the implementation of the National Strategy &quot;Vision for de-institutionalization of children in the Republic of Bulgaria&quot;</td>
<td>Continuation and finalization of the process of deinstitutionalization of childcare</td>
<td>2025 OPHRD – BGN 194.2 million OPRG – BGN 57 million</td>
</tr>
<tr>
<td>3</td>
<td>Reducing poverty and promoting social inclusion.</td>
<td>Integrated services for early childhood development. Providing support for continuing funding of services for early childhood development created under the Social Inclusion Project within Operation “Services for Early Childhood Development” OPHRD 2014-2020.</td>
<td>2015 65 contracts at the total amount of BGN 37 548 454,14 have been concluded.</td>
<td>The implementation of project activities continues.</td>
<td>2019 OPHRD – BGN 1.7 million</td>
</tr>
<tr>
<td>4</td>
<td>Reducing poverty and promoting social inclusion.</td>
<td>Providing access to social services in the community and continuing the deinstitutionalization process. 1. Operation &quot; Foster care 2015&quot; 2. Operation &quot; Enhancing the capacity of employees in the field of child protection, social services and social assistance&quot;</td>
<td>2015 1. Under the &quot; Foster care &quot; operation, 4,547 children were accommodated and raised in 2,458 foster families in partner municipalities. 2. In process of implementation.</td>
<td>1. Continuation of the implementation of the project activities. 2. Continuation of the implementation of the project activities.</td>
<td>2020 BGN 136. 4 million 2019 BGN 28 million</td>
</tr>
</tbody>
</table>

**Table 3.5: Measures addressing the NT to reduce the number of people living in poverty by 260,000 by 2020, part of Annex 1**
<table>
<thead>
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</tr>
</thead>
<tbody>
<tr>
<td>3.</td>
<td>Operation “Find me”.</td>
<td></td>
<td>3. 32 GAS were signed at a value of BGN 3 912 209.42.</td>
<td>4. In process of implementation.</td>
<td>5. In process of implementation.</td>
<td>6. The Agency for Social Assistance is a specific beneficiary under the operation. The implementation of the procedure will launch the preparation of the pilot removal of the elderly and people with disabilities from specialized institutions, based on an assessment of their needs. The operation implements the measures, set out in the Action Plan 2018-2021 for the Implementation of the National Strategy for Long-Term Care. Deadline for submitting project proposals – 14.03.2019.</td>
<td>2020</td>
<td>BGN 4 million</td>
<td>of social service providers - 150;</td>
<td>2/ Number of employees who have acquired a qualification upon leaving an operation - 7300.</td>
</tr>
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<td>4.</td>
<td>Operation “Continuing support for deinstitutionalization of children and youth”.</td>
<td></td>
<td>3. 32 GAS were signed at a value of BGN 3 912 209.42.</td>
<td>4. In process of implementation.</td>
<td>5. In process of implementation.</td>
<td>6. The Agency for Social Assistance is a specific beneficiary under the operation. The implementation of the procedure will launch the preparation of the pilot removal of the elderly and people with disabilities from specialized institutions, based on an assessment of their needs. The operation implements the measures, set out in the Action Plan 2018-2021 for the Implementation of the National Strategy for Long-Term Care. Deadline for submitting project proposals – 14.03.2019.</td>
<td>2018</td>
<td>BGN 4 million</td>
<td>of social service providers - 150;</td>
<td>2/ Number of employees who have acquired a qualification upon leaving an operation - 7300.</td>
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<td>5.</td>
<td>Operation “Continuing support for deinstitutionalization of children and young people - STAGE 2 – provision of social and integrated health and social services for children and families”</td>
<td></td>
<td>6. To be announced in 2019. The procedure is aimed at preparing the removal of people with disabilities and the elderly from specialized institutions, prevention of their institutionalization, drawing up an assessment of their needs, performing actions to enhance the system capacity and implementing a communication strategy.</td>
<td>7. To be announced in 2019.</td>
<td></td>
<td>7. To be announced in 2019.</td>
<td>2019</td>
<td>BGN 4 million</td>
<td>of social service providers for social inclusion – 25;</td>
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<td>6.</td>
<td>Operation “New long-term care for elderly and for people with disabilities”</td>
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<td></td>
<td>2019</td>
<td>BGN 4 million</td>
<td>of social service providers for social inclusion – 25;</td>
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<td>8.</td>
<td>Operation “Patronage care the elderly and people with disabilities” – Component I and Component II</td>
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<td></td>
<td>2019</td>
<td>BGN 4 million</td>
<td>of social service providers for social inclusion – 25;</td>
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<td>9.</td>
<td>Operation “Professional integration of youth from residential services”</td>
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<td></td>
<td></td>
<td></td>
<td>2019</td>
<td>BGN 4 million</td>
<td>of social service providers for social inclusion – 25;</td>
<td></td>
</tr>
</tbody>
</table>

3/ Number of service providers covered by deinstitutionalization interventions /incl. children and young people accommodated in community-based residential services/ – 600;

4/ Children and young people accommodated in institutions covered by interventions for deinstitutionalization – 1,630;

5/ Children and young people accommodated in institutions covered by interventions for deinstitutionalization – 1,470.

6/ Persons aged over 18 – 700

7/ Persons aged over 18 – 1260

8/ Persons aged over 18 – 17,000; Number of
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<th>1</th>
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<tr>
<td>Reducing poverty and promoting social inclusion</td>
<td>Providing access to community based social services and continuing the deinstitutionalization process.</td>
<td>Developing new community based social services for children and families, elderly people and people with disabilities, and elimination of the institutional model of care. Under OPRG 2014-2020: infrastructure projects supporting deinstitutionalization of social care for children and adults.</td>
<td>2017</td>
<td>Under OPRG 2014-2020, Priority Axis 5 “Regional Social Infrastructure”. Procedure “Support for deinstitutionalization of childcare”: 53 grant contracts of BGN 45 million have been concluded. One contract worth BGN 46,000 has been finalized. A procedure for the provision of a grant financial assistance for deinstitutionalisation of care for elderly people and people with disabilities has been announced and 1 project proposal is under assessment. 22 grant contracts with the value of the GFA totaling BGN 30.7 million have been concluded.</td>
<td>Implementation of projects under the procedure “Support for deinstitutionalization of childcare” under PA 5 of OPRG 2014-2020. Under the Procedure for deinstitutionalisation of care for elderly people and people with disabilities the grant contracts have been concluded and their implementation has started.</td>
<td>2023</td>
<td>OPRG 2014-2020 – BGN 99 million</td>
<td>Number of supported facilities of social infrastructure in the process of deinstitutionalization – target value – 138 projects.</td>
<td></td>
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<tr>
<td>Reducing poverty and promoting social inclusion</td>
<td>Modernization of social infrastructure objects.</td>
<td>Under OPRG 2014-2020: con-struction, reconstruction, equipment and furnishing of objects of social, cultural and sports infrastructure.</td>
<td>2015</td>
<td>Under Priority Axis 1 “Sustainable and Integrated Urban Development” 6 grant contracts have been signed to support social infrastructure objects at a total value of BGN 7.6 million.</td>
<td>Project implementation under Priority Axis 1 “Sustainable and Integrated Urban Development” of OPRG 2014-2020 to renovate social, cultural and sport infrastructure objects.</td>
<td>2023</td>
<td>OPRG 2014-2020 – BGN 246 million</td>
<td>Population covered by improved social services – target value 364,383 persons; Public or commercial buildings built or renovated in urban areas – target value 94,911 m².</td>
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</table>
4 USING EU FUNDS

The Programmes, co-financed by the European Structural and Investment Funds 2014-2020 as well as the financial mechanisms under the bilateral cooperation with the EFTA countries – the Financial Mechanism of the European Economic Area and the Norwegian Financial Mechanism 2014-2021 (FM of the EEA NFM 2014-2021) contribute to achieving the priorities of the Europe 2020 Strategy.

As of 31.12.2018, total commitments amount to BGN 15.31 billion, which is 64.38% of the total budget of the programmes, co-financed under the ESIF. In 2018, 246 procedures were announced for applying, with a value of over BGN 4 billion.

In accordance with the approved Indicative Annual Work Programmes under the programmes in 2019, 53 procedures will be announced with a total value of BGN 889 million. The planned procedures are related to:

- Support to Bulgarian scientific organisations;
- Improving the higher education system in accordance with labour market requirements, adapting secondary vocational training and higher education systems to labour market needs, quality assurance system in vocational education and training, establishing and developing the dual training system;
- Enhancing the capacity of pedagogical specialists to work in a multi-cultural environment;
- Stimulating the implementation of innovations; development of regional innovative centres; upgrade and development of the science and technology park “Sofia Tech Park”; innovations, related to the conservation of marine biological resources;
- Support for deinstitutionalisation of social services for the elderly and people with disabilities; professional integration of youth from residential care; support for the social inclusion of people with disabilities and other vulnerable groups;
- Effectiveness of the judicial control and unification of court practices and sustainable increase in the quality of activities, performed by the National Institute of Justice and enhancing the competence of the judiciary and the judicial staff through effective training; specialized trainings for specialized territorial administration; developing the capacity for implementing and applying the Common Assessment Framework (CAF) in administrations;
- Investments in infrastructure in rural areas: studies and investments, related to maintenance, recovery of the cultural and natural heritage of villages;
- Vocational training and acquisition of skills in the field of forestry and agriculture, as well as support for the market realization of production;
- Conservation of marine environment, and in particular biological diversity and marine protected areas; productive investments in aquaculture; support for the development and management of eco-system services and assessment of the state of green infrastructure elements under Natura 2000;
- Implementation of pilot projects in the field of waste management.

In addition, under the Operational programme for food and/or basic material assistance”, funded by the Fund for European Aid to the Most Deprived Persons for 2019, BGN 35.8 million is envisaged.

In accordance with the signed Memorandums of Understanding, a grant of BGN 411 million (EUR 210 million) is envisaged for Bulgaria from the EEA FM and the NFM for the programming period 2014-2021. The projects, which will be implemented under 9 approved programmes for Bulgaria aim at improving the economic and social cohesion and developing the bilateral cooperation with the donor countries. In
2019 it is envisaged to launch projects and procedures aimed at local development, poverty reduction and increased inclusion of vulnerable groups, improving energy efficiency in buildings and for the industry, using the potential of hydropower and thermal energy, environmental protection, waste management and climate change, promoting business innovation, promoting cultural entrepreneurship and improving access to culture, justice and home affairs, as well as improving the infrastructure in prisons and enhancing the capacity of the Bulgarian judicial system, enhancing the capacity of state institutions in the field of asylum and migration and for combating organized and economic crime and corruption.