



Republic of Bulgaria  
ECONOMIC  
AND SOCIAL COUNCIL

## **RESOLUTION**

**on**

**"COUNCIL RECOMMENDATION ON THE INTEGRATION  
OF THE LONG-TERM UNEMPLOYED IN THE LABOUR MARKET"**

(own-initiative resolution)

Sofia, 2016

The President Board decided to elaborate a resolution on the "Council Recommendation on the integration of long-term unemployed in the labour market".

ESC President - Prof. Lalko Dulevski submitted the draft resolution for discussion to the Plenary Session.

At its meeting held on 15 July 2016 the Plenary Session adopted the resolution.

1. ESC views unemployment as one of the most serious problems in the labour market and a serious challenge to economic growth, which is why it addresses this issue in a number of its acts<sup>1</sup>. ESC welcomes all efforts, at the national and at the European level, aimed at reducing long-term unemployed and the integration of unemployed people back into the labour market.
2. In this context, ESC welcomes the Council Recommendation that essentially sets out the "framework for action in support of the long-term unemployed" and suggests steps for "personalized support targeted at long-term unemployed to return to the labour market"<sup>2</sup>.
3. Meanwhile ESC agrees with the Commission (the European Commission) that the Recommendation cannot be a substitute for macroeconomic and individual policies aimed at creating jobs in the Member States, without which jobseekers cannot be reintegrated in the labour market.
4. ESC views the Council's Recommendation as part of the work on developing the European pillar of social rights, in connection with which the EU has already started active work on several priorities - "The Youth Employment Initiative" aimed at tackling youth unemployment, as well as "The European Accessibility Act" which facilitates access to basic goods and services for people with disabilities.
5. ESC also notes that there is currently no specific EU target relating to the reduction of the share or level of long-term unemployed. Nevertheless, ESC appreciates the Council's Recommendation as a step towards achieving the objectives of the Europe 2020 Strategy and reducing unemployment in general. In this context, ESC is of the opinion that the question to what extent a certain reduction in long-term unemployment will impact on

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<sup>1</sup> Opinion on "Priorities and Policies for the Absorption of EU funds in Bulgaria for the Period 2014-2020"; Opinion on "Active Ageing and Solidarity between Generations"; Opinion on the adopted by the Council of Ministers on 5 May 2008 "National Strategy of the Republic of Bulgaria on Migration and Integration 2008-2015 "; Resolution on "Actions in Support of Young People and Tackling Youth Unemployment in Bulgaria"; Resolution on "Communication from the Commission - Annual Growth Survey 2013"; Position on "The Labour Market in the Context of the Financial and Economic Crisis - Challenges and Possible Solutions"; Analysis on "The Challenges Facing Labour Markets - The Experience of Other EU Member States."

<sup>2</sup> Council Recommendation on the Integrating of the Long-Term Unemployed in the Labour Market {SWD (2015) 176 final}.

achieving the target of 75% employment - remains open, and stresses the need for preliminary assessments and impact analysis.

6. The financial and economic crisis during the period 2008-2009 had a very serious negative impact not only on the economy of Member States but also on their labour markets. As a result, in the European Union (EU) the overall number of people who have remained unemployed for more than a year has more than doubled since 2007.

- 6.1. Data show that as a result of emerging trends long-term unemployed account for almost half of all unemployed in the EU, which is a serious problem entailing economic and social consequences. A disturbing fact is also that on average in the EU one in every 20 economically active persons is long-term unemployed<sup>3</sup> with very little chance of finding a job at the moment.

- 6.2. Against the general negative trend of long-term unemployment in the EU ESC finds very serious differences according to this indicator among Member States. On the one hand, the best results are achieved in Sweden, Austria and Germany, while at the other end there are the countries with the highest percentage of long-term unemployment: Greece, Spain, Croatia, Slovakia, Portugal, Italy and others. In this respect, ESC is concerned about the large differences in long-term unemployment, such as the one between Austria and Greece which is approximately 11 times.

7. According to the data presented by the Commission, each year about 20% of the long-term unemployed join the category of the economically inactive population - because they are discouraged to look for employment.

- 7.1. ESC believes that this percentage is higher in countries with lesser degree of economic development and a higher share of long-term unemployed from all registered unemployed persons. It can therefore be argued that the real problems

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<sup>3</sup> Council Recommendation on Integrating the Long-Term Unemployed in the Labour Market{SWD(2015) 176 final}

with long-term unemployment in the countries with the highest official levels of this indicator are much larger, which increases further the objective differences between them and countries like Sweden, Austria, Germany and the like.

8. In this regard, ESC questions the existence of some methodological problems in the actual reporting of long-term unemployment, which forms the basis for the analyses and findings, which in turn determine the key decisions and policies at the European and at the national level.
  - 8.1. According to the officially accepted methodologies for assessment, long-term unemployed persons are part of the economically active population so long as they actively seek work. At the same time, persons actively seeking employment can be more easily registered in the respective labour offices and thereby receive relevant services.
  - 8.2. However, ESC is convinced that there is another contingent of people who do not work and are not actively seeking work for a number of reasons, one of which is the lack of suitable jobs for them. From a methodological perspective, this contingent of the population falls within the reported long-term unemployed and belongs to the population outside the labour force (economically inactive population). Therefore, ESC believes that the formal methodological approach to identify and assess the long-term unemployed fails, to a certain extent, to account for the problem with the persistent inability of a number of people to begin active work and the measures and policies do not cover all needy persons.
9. ESC agrees that long-term unemployment is a problem not only for the individuals concerned, but it is a challenge to the growth of the Member States as it leads to a higher risk of social exclusion and poverty, as well as a significant increase in social spending and further pressure on public finances.
  - 9.1. Besides the direct social costs long-term unemployment leads to a number of other indirect costs to society. Unfortunately, the long-term unemployed usually have

more serious health problems and lack of health insurance, which results in additional costs each year to cover their needs for health care.

- 9.2. One part of this type of persons resort more often to illegal ways of earning, which in turn strains other financial systems associated with maintaining internal order and security, judiciary, etc.
10. ESC once again stresses that Europe is still paying the high price of the policy of austerity and prolonged economic crisis. And although since 2013 unemployment in EU has been decreasing, still more than 22 million people<sup>4</sup> remain unemployed, with an observed increasing trend among young people and long-term unemployed.
11. According to ESC, the groups at highest risk of becoming long-term unemployed include persons with low education or no education and qualifications; older persons due to outdated skills and knowledge; young persons without experience and practical skills; persons with disabilities and special needs; marginalized groups and, last but not least, persons living in rural, mountainous and hilly areas.
  - 11.1. ESC views youth unemployment as one of the biggest challenges facing Europe and as an indicator for the overall state of employment and the economy of the old continent. In this regard, increasing concern is associated with the fact that over 7.8 million young people<sup>5</sup> in the EU cannot find a job, while the share of long-term unemployed workers and involuntary part-time employment continues to be very high.
  - 11.2. ESC found that older people are also affected by long-term unemployment as they are sometimes discriminated against when looking for employment. Moreover, those of them who have lost their jobs due to the restructuring of a sector need to upgrade their skills and undergo additional training. Therefore, ESC emphasizes

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<sup>4</sup> According to Eurostat data.

<sup>5</sup> Eurostat data concerning the age group 15-29 for 2015, for the same year the number of young people in the age group 15-24 is 4.6 million.

that policies and measures for adults should provide training and lifelong learning, not only for employees but also for unemployed adults.

11.3. ESC draws attention to the link between existing gender differences and the risk of falling into long-term unemployment. In this regard, ESC notes that as a result of the economic crisis the likelihood of falling into long-term unemployment is higher in men than in women. This trend is observed in the EU as a whole. It is accompanied by a high share of boys among the early school leavers.

11.4. According to ESC, a part of the mothers who decide to care longer for their children at home for various reasons - lack of social services, lack of jobs, large families, etc. - form a particular group at risk of long-term unemployment and consequent social exclusion.

11.5. In earlier acts ESC recommended a number of measures for overcoming social isolation and creating opportunities for suitable work for persons with disability<sup>6</sup> and people with special needs. They are mostly long-term unemployed not because of unwillingness to work, but due to lack of adequate jobs for them or lack of awareness of existing opportunities.

12. In a series of its acts<sup>7</sup> ESC emphasizes the serious consequences, including also unemployment, resulting from early school leaving as one of the most serious problems for our country. The natural result of early school leaving is the actual forming in the future of a contingent of uneducated and largely illiterate people who cannot join the labour market and remain permanently inactive.

12.1. With particular concern ESC highlights the alarming trend in which much of the early school leavers come from families where the parents are too early school leavers or have never attended school.

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<sup>6</sup> ESC Opinion on "Employment of People with Disabilities", 3 December 2012.

<sup>7</sup> ESC Opinion on "Policies to Reduce Early School Leaving"; Resolution on "Draft National Reform Programme of the Republic of Bulgaria"; Resolution on "Demographic Challenges Facing Bulgaria within the Europe 2020 Strategy"; Resolution on "Draft National Strategy for Reducing the Share of Early School Leavers (2013-2020)"; Resolution on "Measures to Reduce the Share of Early School Leavers" and Analysis "Early School Leaving".

- 12.2. According to ESC, a substantial reduction in the share of early school leavers and their reintegration in the educational and professional system is one of the most effective measures to reduce long-term unemployment over a longer period.
- 12.3. At the same time, ESC notes that this and many other issues relating to overall policy on prevention of long-term unemployment are not considered in the Council Recommendation.
- 12.4. ESC alerts about another very serious challenge facing the education system not only in Bulgaria but throughout the EU related to the share of young people who fall within the so-called "educational poverty". In this regard, the data included in the Overview of Education and Training<sup>8</sup> 2015 show that among 15-year-olds with low socioeconomic status the likelihood never to acquire basic skills, such as literacy and numeracy, it is five times greater among their peers coming from more affluent backgrounds.
- 12.5. ESC expresses its concern that long-term unemployment in several Member States is already hereditary, different generations in one family are not working and rely on social benefits, income from other sources, in-kind support, etc.
13. ESC has repeatedly stressed in its acts that the informal economy and undeclared work are a typical environment for people who are long-term unemployed or experiencing the so-called "poverty trap" and who find temporary but precarious possibility to earn their livelihood and to provide for their families<sup>9</sup>. In this regard, ESC is convinced that the measures restricting the share of the informal economy can be seen in the context of overall efforts to reduce long-term unemployment.
14. Overall, ESC believes it is necessary, based on a thorough analysis of key profiles and features of long-term unemployed in the country, to define much more specifically and clearly the main risk groups and causes of falling into long-term unemployment. Such

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<sup>8</sup> [http://ec.europa.eu/education/tools/et-monitor\\_bg.htm](http://ec.europa.eu/education/tools/et-monitor_bg.htm)

<sup>9</sup> ESC Opinion on "Reduction and prevention of the informal economy in Bulgaria as an Opportunity to Encourage Growth and Employment", 29 April 2015.

an analysis and its corresponding conclusions and assessments should become an objective basis for the formation and implementation of policies and measures limiting long-term unemployment with a particular focus on the respective target groups, as well as expected results.

15. According to ESC, the implementation of the Council Recommendation requires more specific assessments of the necessary institutional and organizational changes as well as very likely additional funds for its implementation in Bulgaria. At the same time, ESC calls for more flexibility and autonomy of the individual Member States in the implementation of this Recommendation, taking into account specific national circumstances and capabilities.

- 15.1. For example, in connection with the proposed definition of a "single point of contact" with the long-term unemployed ESC emphasizes that in the field of information, consultation, mediation and social services in the country are working two institutions - the National Employment Agency and the Agency for Social Assistance and regardless of the current good cooperation between them, the implementation of the recommendation will most likely require additional legal and institutional changes.

- 15.2. ESC agrees to "individual support" of long-term unemployed, which could be achieved through modernization offered by the Employment Agency services. At the same time, ESC underlines the diversity of the characteristics of these individuals and the need for sufficient capacity as mediators to work with this particular group and resources for such personalization.

- 15.3. ESC notes that under Bulgarian law, "long-term unemployed" are those who have maintained continuous registration at labour offices for at least 12 months. Therefore, a continuously unemployed person who is registered in the labour office as seeking employment will have the status of a newly registered unemployed person instead of a long-term unemployed person.

- 15.4. ESC notes that long-term unemployed persons, under Bulgarian legislation, do not currently receive any unemployment benefits and the only possible assistance for them is in the form of social benefits.
16. ESC welcomes the Council's idea to develop proposals for supporting the long-term unemployed by analogy with the "Youth Guarantee" to be included in the European Employment Strategy. At the same time, it should be borne in mind that such an objective will face significant challenges related to the presence of structural defects, resulting in a shortage of jobs and the workforce with appropriate qualifications.
- 16.1. According to ESC, serious interventions are necessary to reduce disincentives for employment, increase incentives for businesses to hire long-term unemployed, changes in the system of vocational education and training, etc. All these measures and actions require the necessary time, changes, resources and objectively can hardly expect more significant results in the short term without really quick, effective and efficient action by Member States.
- 16.2. ESC supports the Council's proposal that the "Agreement on labour integration"<sup>10</sup> should include a provision creating obligations for the registered long-term unemployed person "to accept proposals for suitable employment and to attend and participate in measures for education, training, retraining or employment", stressing that such a provision exists at the moment in Bulgarian legislation (Art. 20, para. 4, item 4 of the Employment Promotion Act).
17. In this context, ESC highlighted the actions of the Bulgarian government set out in the National Employment Action Plan for 2016 which envision that under Operational Programme "Human Resources Development" 2014-2020 financing will be made available for various services for job seekers and employers. It also envisions that within the centres for employment and social assistance, joint teams of both involved agencies will provide comprehensive services to the most vulnerable groups.

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<sup>10</sup> Council recommendation on the integration of long-term unemployed in the labour market {SWD (2015) 176 final}

- 17.1. ESC expresses its support for the Programme for training and employment of long-term unemployed launched in May 2006 by the Employment Agency, which gives priority to regions with unemployment higher than the national average level.
- 17.2. ESC notes with satisfaction that in the projects of the social partners the long-term unemployed are identified as a target group and provided with training in key competences, professional qualifications and employment for the duration of projects and after their completion.
18. ESC believes that the way in which programmes and resources for long-term unemployed will be targeted to the needs of employers and their intentions to provide sustainable jobs will be critical to the success of the Council Recommendation. In this regard, ESC agrees with the assessment that in some cases programmes for long-term unemployed are not targeted on such objectives, and employers are not sufficiently involved in the activities organised by the employment agencies.
- 18.1. ESC welcomes the proposal for closer ties with employers, such as "financial incentives to be directed to support schemes for integration into the labour market, such as subsidies for employment and reducing social security contributions in order to increase the chances of finding work for registered long-term unemployed"<sup>11</sup>.
- 18.2. ESC recommends exploring the experience of other Member States in terms of incentives for hiring long-term unemployed, in order to assess the possibility of implementing best practices in Bulgaria.
- 18.3. At the same time, ESC proposes the approach to allocating resources and determining the range of subsidized jobs to be well considered and reasoned so as to avoid inappropriate spending of public funds for jobs that will be created due to

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<sup>11</sup> Council recommendation on the integration of long-term unemployed in the labour market {SWD (2015) 176 final}

economic need, or to use funds from programmes with the aim of replacing some existing workers with others - from the contingent of long-term registered persons.

18.4. Based on the many programmes, measures and projects of the social partners, ESC is convinced that the training of long-term unemployed by working in a particular job is the fastest and most effective way to restore work habits and acquire new skills and qualifications.

18.5. In this regard, ESC is convinced that both the experience already gained in the country and the active involvement of the social partners provide sufficient guarantee for organizing and conducting a targeted and effective policy for activating the interest and involving employers in the reintegration of long-term unemployed in the labour market.

19. ESC believes that an important element of policy to tackle long-term unemployment should be to create programmes for the "maintenance of skills" in case of temporary loss of employment, as well as training programmes and retraining in line with the demands and estimates of employers and the skills needed for finding realisation on the labour market. At the same time, ESC shares the European Commission's call that all these programmes should be adopted in close cooperation with the social partners by encouraging employers to seize the opportunities provided by corporate social responsibility.

19.1. ESC hopes that the initiative to tackle long-term unemployment will give the necessary impetus to the process of cooperation between Member States in the field of education and training<sup>12</sup> including the validation of informal and non-formal education<sup>13</sup>.

19.2. ESC calls for broader dissemination of information about the rights and obligations of participants in the labour market and those who are temporarily

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<sup>12</sup> The strategic framework for European cooperation in education and training ("ET2020").

<sup>13</sup> Council Recommendation of December 20, 2012 on the validation of informal and non-formal education.

outside it, the opportunities for job search, as well as the negative consequences for personal and public life of long-term unemployment and labour inactivity.

- 19.3. Given the difficulties in forecasting and planning labour needs, ESC emphasizes the need to strengthen further the expertise of both the state administration and the social partners, using all opportunities to pool their efforts.
20. ESC recalls that the European structural and investment funds are the main source of European funding to achieve the objectives of the Recommendation of the Council, which is limited in time for individual projects or programmes. Therefore, ESC joins the European Parliament in calling on the European Commission to promote faster access to financing from EU funds and to "mobilize additional resources when possible"<sup>14</sup> following the good practice of the "European Youth Guarantee".
21. However, as these funds are only part of the total cost of (re)integration of long-term unemployed in the labour market, local, regional and national authorities should shoulder their responsibilities by providing the necessary resources in the long term. Therefore, ESC calls for a differentiated approach in the preparation of national measures that take into account economic and demographic differences at the level of municipalities, rural and urban areas, as well as updating the regional/local development programmes<sup>15</sup>.
22. In conclusion, ESC joins the EP's position that "to effectively enforce the recommendation, the close cooperation between the Commission and the Member States and at the national level - between (sectoral) social partners, civil society organizations representing the unemployed, local and regional authorities, public and private employment services, institutions providing social and health services, and local and regional institutions for education and training - is of paramount importance, as well as

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<sup>14</sup> European Parliament resolution of 29 October 2015 on a Council recommendation on the integration of long-term unemployed in the labour market (2015/2820 (RSP)).

<sup>15</sup> ESC Opinion on "Opportunities for Development of the Regions Using the Instrument" Community-Led Local Development" 2014 on

the active involvement of employers in order to better understand the requirements and needs of enterprises"<sup>16</sup>.

**(signed)**

**Professor Lalko Dulevski, Ph.D**

**PRESIDENT OF THE ECONOMIC AND SOCIAL COUNCIL**

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<sup>16</sup> European Parliament resolution of 29 October 2015 on a Council recommendation on the integration of long-term unemployed in the labour market (2015/2820 (RSP)).