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‘What Europe says matters’: the European Semester as a catalyst to overcome national social dialogue blockages?



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Lyuben Tomev, Nadeshda Daskalova, Lyuboslav Kostov and Martin Ivanov

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Executive summary

This OSE Research paper describes the most important developments in the way Bulgarian trade unions have been involved in the 'European' and 'national' cycles of the European Semester in the period 2014-2018. It explores the specificities of national trade unions' involvement, including access channels, strategies followed as well as the resources available and exchanged. It also qualifies trade union's influence on the national agenda setting as well as on the outputs and outcomes of the Semester. The paper includes an in-depth case study illustrating the link between the European Semester and national social dialogue. It concludes by proposing recommendations for improved trade union involvement.

The study uses qualitative research methods. In addition to a documentary analysis of existing national and European research as well as European, national and trade union documents produced in the context of the Semester, 15 semi-structured interviews were conducted with representatives of the Bulgarian social partners, national government and the European Commission (henceforth 'Commission'), all involved in the Semester process. The lack of national research on stakeholder involvement in the Semester since its launch in 2011 limits to some extent the possibility to outline its dynamics and the changing role played by trade unions at different stages of the process.

Bulgaria can be characterised as a country with a 'moderate' degree of EU pressure, low levels of trade union representativeness (in terms of membership), and which belongs to the Central-Eastern cluster of industrial relations' systems. The documentary analysis shows that in the period under review, the Country-specific Recommendations (CSRs) have decreased in number as well as in scope. However, the Commission points to a relatively low CSR implementation level.

The period 2014-2018 was marked by political instability and civic and trade union protests in Bulgaria. The frequent changes of governments and constant internal contradictions in the ruling coalitions created a difficult context for social dialogue. Although there is a well-established institutional framework, the social partners are only formally involved in the policy-making process and their views are often ignored. Tensions between the government and social partners due to the government's frequent unilateral decisions on issues related to labour and social policy as well as tensions among the social partners themselves, further aggravated the environment for social dialogue. This situation hinders the effective involvement of social partners in the national Semester cycle.

The desk research and analysis of interviews show that: a) Bulgarian trade union involvement in the European Semester has improved in the period under scrutiny, particularly at European level; b) the Bulgarian social partners' awareness of the main Semester documents and commitment to participate has increased, especially since 2015; c) trade unions consider many of the messages

and recommendations coming from the Semester in the field of labour market and social policy as largely relevant and corresponding to their priorities.

The Research paper identifies various co-existing venues and channels for formal and informal involvement of the social partners at national and European level, including: specific structures for formal consultation between social partners and the government on issues related to the Europe 2020 Strategy and the European Semester; the Economic and Social Council; national tripartite bodies, including the National Council for Tripartite Cooperation and a number of tripartite management bodies of important institutions; parliamentary debates and lobbying; written contributions and direct contact with the Commission. Written opinions, positions and analyses by the two trade union confederations are the most commonly used channels for direct involvement in the Semester at both national and European level.

While trade unions consider their involvement at national level as ineffective and formal, with only a limited impact on outcomes, direct communication at European level, including with the Commission and the European Trade Union Confederation (ETUC), is viewed as the most successful channel for involving national trade unions in the Semester process. Direct contacts with the Commission are highly valued and are seen as a channel through which trade unions can strengthen their position, overcome national 'blockages' in social dialogue and attract Commission attention to important national labour and social issues. The mutual exchange of resources is seen as beneficial by both the trade unions and the Commission. Since 2016 this involvement has improved with the appointment of ETUC 'Trade Union Semester Liaison Officers' (TUSLOs).

The establishment of national institutional fora and improved direct contact with the Commission has encouraged insider strategies targeting policy-makers. At the same time, the shortcomings of the institutionalised involvement at national level and the impression of imposed EU reforms in some areas have caused the unions to adopt outsider strategies, or a combination of both, to exert pressure on government. However, both the trade union confederations and the employer's organisations have faced difficulties in coordinating their Semester-related activities.

Despite the formal obstacles to their involvement at national level, Bulgarian trade unions created genuine leverage and channels of influence. They have the organisational, cognitive and human resources needed to participate in the European Semester and to impact to some extent the Semester documents, at least to 'fine-tune' messages in the Country Reports (CRs) and CSRs. This is also acknowledged by the Commission representatives.

In spite of the difficult context for national social dialogue, this Research paper presents some examples of successful social dialogue on issues stemming from the CSRs and the National Reform Programme (NRP). The in-depth case study on trade union involvement in establishing a

transparent mechanism for minimum wage setting, as addressed in consecutive Bulgarian CSRs, shows the potential of the social dialogue in reaching compromise and agreement on national priorities. The CSR indeed played the role of a catalyst in the processes that were already on the social dialogue agenda. A successful conclusion of the negotiations would further increase confidence in the benefits of addressing CSRs through social dialogue.

The paper concludes that Bulgarian trade union involvement in the European Semester has improved in the period under scrutiny, particularly at European level, due to a range of factors at national and European level that act as a catalyst to the processes. However, there is a need to further improve the institutional and organisational framework in order to enhance social partner involvement.

Thus, inter-organisational coordination between the national social partners, including between the two trade union confederations, should improve in order to motivate national governments to effectively involve the social partners in the Semester and provide for higher influence in decision-making. Equally important in this respect is capacity building, and increasing the resources and expertise of the social partners.

The European Semester and the European Pillar of Social Rights (EPSR) should be linked more closely and become a common 'European Economic and Social Semester' in the coming years. The EPSR is considered as an opportunity to push for a more social agenda of the Semester, an enhanced role of trade unions in the processes and a more structured and efficient national social dialogue. A further inclusion of EPSR Principles in the CSRs would substantially improve the link between the Semester and the national social dialogue.

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1. Introduction and setting the scene

This report examines the evolution and dynamics of Bulgarian trade unions' involvement in the 'European' and 'national' cycles of the European Semester. It aims at mapping the features of national trade union involvement, including access channels, strategies followed, resources available and influence on the agenda setting, outputs and outcomes of the Semester.

The policy initiative selected for an in-depth case study on social dialogue relates to implementation of the Country-specific Recommendation (CSR 2014) to establish a transparent mechanism for minimum wage setting in consultation with the social partners. This theme has been repeatedly raised in CSRs since 2014 and is addressed in the Bulgarian National Reform Programme (NRP).

The Working paper — which uses the notions provided in the INVOTUNES project's analytical framework (Sabato 2018a) — is structured as follows. Following the 'Introduction and setting the scene', Section 2 describes the access mechanisms and resources for Bulgarian trade unions' involvement in the Semester. Section 3 looks at the linkages between the Semester and national social dialogue, while Section 4 is concerned with trade unions' strategies for involvement. Section 5 then provides a qualitative assessment of the influence of Bulgarian trade unions in the Semester. Section 6 provides an in-depth case study explaining the role of social dialogue in the reaching of an agreement on a minimum wage setting mechanism, as requested in the CSRs addressed to Bulgaria. Conclusions and recommendations for improved trade union involvement in the Semester are provided in Section 7.

The report builds on documentary analysis of the existing national and European research, Semester-related European and national documents ⁽¹⁾, and trade union statements and opinions. Methodologies used to grasp trade union influence on the Semester process and outcomes also include attributed influence and triangulation of sources. Scholars in Bulgaria show little interest in social partners' involvement in the Semester. The few existing national analyses relate to the content of the NRP, Country Reports (CR) and CSRs, rather than to the stakeholders' involvement. In this respect in our analysis we draw mainly on the relevant comparative European research (Eurofound 2016, 2017, 2018; Vanhercke *et al.* 2015, Sabato *et al.* 2017).

1. National Reform Programmes; Convergence programmes, Country reports; Country-specific Recommendations; documents related to the Excessive Deficit Procedure and the Macroeconomic Imbalances Procedure, etc. covering mainly the period under review (i.e. the period between 2014 and 2018).

In addition to the documentary analysis, 15 semi-structured interviews were conducted with representatives of the social partners, national government and the Commission, all involved in the Semester process ⁽²⁾.

Political background

The period under scrutiny in this Research paper was characterised by political instability and civic and trade union protests in Bulgaria. Between 2013 and 2017, there were no less than three regular coalition governments and three caretaker governments. The early parliamentary elections in March 2017 resulted in a victory for the then ruling centre-right party Citizens for European Development of Bulgaria (CEDB). However, CEDB had to form an unprecedented coalition government with the United Patriots Bloc (UPB). The third government chaired by Boyko Borisov since 2009 could hardly be defined as centre-right, as the UPB unites three nationalist parties with very conflicting views on Bulgaria's foreign and domestic policy, including with regard to the European Union (EU). The political instability and constant internal contradictions in the coalition governments created a difficult context for social dialogue, which had to start again with each new government. Tensions between the government and social partners due to the former's frequent unilateral decisions on issues related to labour and social policy — and tensions between the social partners themselves — further aggravated the environment for social dialogue. In a context of crisis and austerity policies under the EU's new economic governance, there was a clear trend towards greater asymmetry between the economic and social dimensions of government policy.

Degree of EU pressure

Bulgaria is among the EU countries experiencing a *moderate degree of EU pressure* (Sabato 2018a). The documentary analysis shows that in the period under review, the CSRs have decreased in number as well as in scope – from six in 2014-2015 to three in 2018-2019– while the number of social CSRs has dropped from three to one from 2016 onward ⁽³⁾. The Commission points to a relatively low CSR implementation level. According to the 2018 Bulgarian Country report (CR), which includes a multi-annual assessment of CSR implementation since 2011, 74% of all the CSRs addressed to Bulgaria have seen at least 'some progress'. For 26% of these CSRs, 'limited' or 'no progress' was recorded (European Commission 2018).

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2. These include: trade union and employer Semester liaison officers, trade union leaders from the two national confederations, employers' representatives, government officials, the European Semester officer and a representative of the European Commission country desk for Bulgaria in the European Commission's Directorate-General for Employment, Social Affairs and Inclusion (DG EMPL). Reference is made to interviews cited in the text using a code, the key to which is provided in the list of interviewees (Annex 1).
 3. See Annex 2.

CSRs in the fields most relevant for the trade unions relate to: pension reform; extending the coverage and effectiveness of active labour market policies (ALMP) for disadvantaged groups; poverty reduction, adequate coverage of social assistance, including the minimum income scheme; health reform; reforms of vocational and higher education; and establishing a transparent mechanism for setting the minimum wage. CSRs related to macroeconomic and fiscal policy focus on fiscal adjustment, budgetary measures, public spending efficiency, public administration reform, corruption and the shadow economy ⁽⁴⁾. It is also worth mentioning that in the period 2015-2017 Bulgaria experienced excessive macroeconomic imbalances, which required decisive policy action and enhanced EU surveillance to ensure compliance with the Macroeconomic Imbalance Procedure (MIP).

Representativeness of national trade unions

In Bulgaria there are two large trade union confederations – the Confederation of Independent Trade Unions in Bulgaria (CITUB) and the Confederation of Labour Podkrepa (Podkrepa CL) ⁽⁵⁾ – and five employers' organisations, recognised as representative at national level ⁽⁶⁾. Both trade union confederations are affiliated to the International Trade Union Confederation (ITUC) and European Trade Union Confederation (ETUC).

Compared to other INVOTUNES countries ⁽⁷⁾, trade union density in Bulgaria (at around 15 %) ⁽⁸⁾ is one of the lowest. Despite the establishment of a number of new organisations in recent years, union density is still falling, though at a slower pace, compared to the levels at the beginning of post-communist transition in the 1990s. The number of union members fell from 364,091 in 2012 to 350,879 in 2016, with 271,312 members of CITUB and 79,567 members of Podkrepa CL.

Industrial relations system and the state of social dialogue

The creation of the industrial relations model in Bulgaria was part of the country's radical economic and social transformation in the early 1990s (Daskalova 2015). In comparative EU terms, Bulgaria belongs to the *Central Eastern cluster* of industrial relations' systems (Sabato 2018b).

At national level, social dialogue is conducted within the National Council for Tripartite Cooperation (NCTC) set up in 1993. The NCTC comprises, on a parity basis, representatives from the

4. See Annex 2.

5. During the transition they followed two distinct paths - a radical reform of the old trade unions - CITUB and establishment of a new organisation- Podkrepa CL

6. According to criteria set in the Labour Code.

7. The INVOTUNES covers eight countries: Belgium, Bulgaria, Finland, Germany, Hungary, Italy, Portugal and Sweden.

8. This figure relates only to confederations which are representative according to the 2016 census.

government, trade unions and employers' organisations which are recognised as representative (according to a census conducted every four years). The NCTC is a consultative body, which discusses amendments to social and labour legislation, as well as policies and documents related to labour and social issues. Some of the topics discussed in the NCTC lately are in response to the CSRs and NRP.

The economic crisis of the late 2000s and the implementation of the new EU economic governance altered national industrial relations in Bulgaria and exerted pressure upon both the processes and the outcomes of social dialogue and collective bargaining (Tomev 2014, 2015). According to the social partners interviewed, their proposals in the NCTC were often undermined or ignored by successive governments in the period under review. This is confirmed by a Eurofound report, which states that 'although the institutional framework for social dialogue in Bulgaria is accepted by the social partners and the involvement officially takes place, there are some concerns regarding the effectiveness of the consultation procedures' (Eurofound 2018: 27). The relationships between the peak social partner organisations, cooperative at the beginning of the crisis, have deteriorated since 2016, when the employers refused to negotiate a minimum social insurance income. Other main points of controversy were the minimum wage increase, the seniority bonus and the employers' attack on collective bargaining.

However, social dialogue has equally had some success on issues stemming from the CSRs, e.g. the adoption of the pension reform; legislation on education, including vocational education reform; extending the coverage and effectiveness of ALMP; and introducing measures to reduce the extent of the informal economy.

2. The involvement of national trade unions in the European Semester: access channels and resources exchanged

2.1 Access channels

The interviews suggest that access channels for trade union involvement in the Semester process at national and at EU level have evolved over the period 2014-2018. The study shows that all the mechanisms for involvement identified in the literature (Eurofound 2016, Sabato *et al.* 2017) are present and co-exist in Bulgaria: we discuss them in turn.

The **specific structures** for formal consultation at national level between the government and social partners on Semester issues are *Working Group 13 'Social policy and employment'* (WG13)⁽⁹⁾ and *Working Group 31 'Europe 2020'* (WG31), answerable to the Council for European Affairs.

9. Established in 2007 by Council of Ministers Decree No 85/2007.

WG13 (established in 2007) deals with the implementation of social aspects of Europe 2020, while WG31 (established in 2015) coordinates the entire Semester and draws up the NRP. WG31 has a rather narrow composition: it comprises 68 representatives of governmental institutions at expert level. The wider composition of WG31 also includes 15 representatives of the social partners and non-governmental organisations (NGOs) who have a consultative function. Initially only employers were represented in WG31, while trade unions joined them in 2017.

All the social partners interviewed are dissatisfied with their involvement in the national Semester cycle through WG13 and WG31. They share the view that their involvement appears to be merely formal, with a limited impact on outcomes. According to them, the shortcomings of the way these working groups operate include the electronic communication, short response time and lack of meaningful discussion. It is therefore impossible, so the social partners explain, to really get involved. In the words of one of the interviewees: *'Very often the opinions we have expressed are not taken into account. Ultimately, the status we have, also limits our ability to exert influence'* (Interview ESLO).

This view is confirmed by the documentary analysis (ESC 2016a, Eurofound 2018). The ETUC Trade Union Involvement Index (TU-I) for Bulgarian trade unions shows that 'While in 2016 consultations on the NRP did not take place at all, in 2017 involvement improved, but trade unions consider that the response time was insufficient, their proposals were mostly ignored and the quality of social dialogue should be improved' (ETUC 2018b).

The Economic and Social Council of the Republic of Bulgaria (ESC) ⁽¹⁰⁾ is actively engaged with the European Semester, especially since 2014, and its involvement is categorised correctly by Sabato as *'medium to high'* (Sabato *et al.* 2017). The ESC has adopted a number of opinions on the AGS, NRP and CR; it has proposed measures and policies on issues raised in the CR and CSRs (ESC 2014, 2015a, 2015b, 2016a, 2016b, 2017). As one of our interviewees mentioned: *'We in the Ministry of Finance have analysed ESC opinions and reported on a serious set of proposed measures that were implemented by the government in 2011-2015'* (Interview GO1).

There are also access channels and opportunities stemming from the social dialogue system that are not directly related to the Semester, but in practice, many of the CSRs are addressed to **national tripartite bodies, including the National Council for Tripartite Cooperation (NCTC)** and a number of tripartite management bodies of important institutions ⁽¹¹⁾.

10. The Economic and Social Council (ESC), established in 2003, comprises, with parity arrangements, representatives of the social partners and the NGO sector.

11. National Social Security Institute (NSSI), National Agency for Vocational Education and Training (NAVET), National Health Insurance Fund (NHIF), Fund Working Conditions, National Council for Employment Promotion, Monitoring Committees of the Operational Programmes, etc.

The budget procedures, as well as discussions of draft legislative acts related to implementation of the CSRs in **parliamentary commissions**, also provide opportunities for trade union involvement and influence the decisions taken. Expertise and good arguments are important for meaningful trade union involvement, but so is **lobbying**, as a tool for attracting supporters from different political parties in the Parliament. Trade union influence, so far, however has been uneven. In some areas there are partial successes ⁽¹²⁾. In other areas, such as the tax reform, health care, poverty reduction and social inequalities, trade union involvement has not achieved the desired outcome.

Written opinions, positions and analyses by the two trade union confederations are the most commonly used mechanism for direct involvement in the Semester. This mechanism is important at both national and European level. Practice so far has revealed different approaches. In certain cases, the reactions of the two confederations have been mainly related to CSRs ⁽¹³⁾. Since 2014, CITUB and Podkrepa CL have been developing separate written positions and opinions on the main Semester documents (CITUB 2015, 2016a, 2016b, 2016c, 2017a, 2017b, 2017c, 2018a, 2018d, Confederation of Labour Podkrepa 2017a, 2017b) and have submitted them to the government, as well as to the ETUC and Commission. As the European Semester Officer (ESO) for Bulgaria pointed out:

'From the Commission point of view, what we receive from trade unions is a 'soft diplomacy', [in terms of] the information they present and its degree of influence on the analysis. From that point on, the recommendations are up to the Commission', (Interview ESO).

In the absence of sufficiently effective institutionalised communication at national level, this mechanism of trade union involvement at European level, through presenting written opinions and analyses, produces positive results and largely acts as a compensatory mechanism (Interview TUSLO1).

The interviews indeed suggest that **direct communication with the Commission** is currently considered the most successful mechanism for involving national trade unions in the Semester. DG EMPL's recent policy of openness (roughly the last two to three years) has been appreciated by all

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12. For example, the planned medium-term fiscal consolidation is more gradual than the government's initial intentions; the recommendation to improve the accessibility and adequacy of social transfers, albeit unsatisfactorily, has led to an increase in the 'guaranteed minimum income', under pressure from the trade unions.
 13. The risk, underlined by the Commission, of further growth in the Nominal Unit Labour Cost Index; the proposition that raising the minimum wage has a negative impact on employment of low-skilled and low-educated workforce; concern about possible adverse side effects of minimum social insurance income for certain labour market segments.

the social partners and the government. However, the representatives of Podkrepa CL explain that initially they were not involved in the meetings with the Commission, (Interviews TUSLO2, TU2).

The Commission Representation in Sofia is very active and according to interviews *'It is not just about keeping direct contacts with the ESO and the country desk but also about institutional support for the trade union involvement'* (Interview TUSLO1). There are regular meetings with the Commission country desk in DG EMPL, both in the context of 'fact-finding missions' as well as separate presentations and discussions on the AGS, CR and CSRs. Furthermore, information visits to the Commission in Brussels are organised for representatives of social partners and NGOs. Training seminars for TUSLOs are also organised with Commission support.

According to the interviewees, *'interactions with the Commission are very useful because the direct contact prepares the ground for clarifying positions, asking questions and offering alternative solutions'* (Interview TUSLO2). As a rule, alternative proposals are rarely taken up, but the benefit for Commission representatives is that they are given a realistic picture of public attitudes in the country and the different opinions of individual national actors. In view of the poor involvement of Bulgarian trade unions at national level, direct contacts at European level, including with the Commission and the ETUC, are seen as channels through which they can strengthen their position, overcome national 'blockages' in social dialogue and attract Commission attention to important labour and social issues. Each year, moreover, one interviewee explained that TUSLOs have to provide the ETUC with three proposals on points to be included in CSRs. In 2018, the ETUC has supported for the first time its national member organisations in putting forward proposals for country specific recommendations in the social field. For this first time, this exercise has involved 11 countries. Thus, the ETUC is committed to give voice to its members vis-à-vis the relevant European institutions involved in the Semester (ETUC 2018a).

The disadvantage of these meetings with the Commission, according to all the social partners interviewed as well as the Economic and Social Council (ESC 2016a), is that they include a wide range of NGOs, with differing and even divergent interests and views on issues important for the social partners. This would blur the issues and social partners report that there is not enough time for them to present their positions. The Commission Country desk representative seems to support this opinion:

'The usefulness of such [joint] meetings is more limited. The information that can be obtained during the bilateral meeting (i.e. separately with the trade unions and with the employers) is more concrete and useful, and then the Commission analyst can judge which statement has a greater weight. The Commission's preference is for such meetings to take place separately' (Interview EC-CoDESK).

Bulgarian trade unions are also involved in the Semester through active contacts with the **ETUC**. During the period 2016-2018, CITUB and Podkrepa CL have delivered separate annual contributions to the ETUC reports on national trade unions input, for the early stage consultation on the CRs (Bulgaria: CITUB input 2016, 2017, 2018, Bulgaria: Podkrepa CL input (2016, 2017)). Since 2016 this involvement has improved with the appointment of TUSLOs.

2.2 Availability and 'exchange' of key resources

Bulgaria (together with Belgium) is considered a country with high trade union **Semester resources** according to the ETUC self-assessment (Sabato 2018b). The Bulgarian experience shows that the **political resources** of the trade unions in relation to the Semester depend not only on the number of members but are also related to the use of different access channels and to their expertise.

With relatively low trade union density (about 15-20%), compared to other EU countries where it exceeds in some cases 70%, the government and employers' organisations nevertheless recognise the role of both trade union confederations as an important factor in social and political life. Their activity in relation to the Semester proves that they are aware of its importance. Despite the formal obstacles to their involvement at national level described above, they find possible leverage and mechanisms of influence. This fact is also acknowledged by the Commission representatives:

'I could not identify specific problems with the trade unions because their involvement, at least in Bulgaria, is quite active. I say this, comparing with the dialogue that is happening in other countries' (Interview ESO).

CITUB has a positive experience in accumulating **expertise and human capital**, largely in the *Institute for Social and Trade Union Research* (ISTUR). A team of experts in the areas relevant to the Semester themes was established, which prepares CITUB's positions on the AGS, CR, and CSRs.

Podkrepa CL also has an *Institute for Social, Economic and Trade Union Research* (ISETUR), and experts dealing with European issues, including the Semester. However, representatives of Podkrepa CL identify a lack of staff and insufficient resources to produce contributions on all Semester-related issues. According to one interviewee:

'The confederal budget does not provide funding for [activities] related to the Semester. The interest in sectoral, regional and national problems is particularly larger, because these problems are particularly large. The Semester is a mechanism that works well and it is not necessary expanding our participation and associated resources' (Interview TU2).

Trade unions also have **cognitive resources**. These are ensured by the research units and by maintaining a microeconomic and social data base used for the development of their statements. In 2014, ISTUR issued the Trade Union Guide *'The Europe 2020 Strategy and Bulgarian Priorities'*, in which the Semester was presented in detail (Daskalova and Tomev 2014). Semester-related information was also disseminated to affiliated unions and national institutions through the ISTUR *Social Europe electronic journal* ⁽¹⁴⁾. ETUC activities and the TUSLO network (information, seminars, training, etc.) also add to the union cognitive resources.

Bulgarian trade unions have **legal resources**, as labour and social legislation gives them the right to be consulted/involved in policy-making related to labour and social issues through social dialogue (MLSP 2018).

The lack of sufficient **financial resources**, for both confederations, is offset to a certain extent by the implementation of projects with national (under the National Employment Action Plans - NAPs) and European funding (under EU Operational Programmes).

In organisational terms, the capacity of both confederations is concentrated at confederal level: this is largely seen as a disadvantage and a reason why the Semester does not effectively reach the local organisations. Information on the Semester and related statements and analyses are presented to the Coordinating Council of CITUB and the Confederal Council of Podkrepa CL. For three years now, the ETUC has also carried out much better, more effective and focused coordination of the Semester-related actions of its national affiliates (Interviews TUSLO1, TUSLO2).

The interviews demonstrate that the resources in which European and national policy-makers are most interested are the trade unions' information and expertise. The government representatives mostly need well-grounded proposals for concrete measures (Interview GO1), while the Commission representatives need and value information, surveys and analyses of the situation in the country.

14. Available at: <https://www.knsb-bg.org/index.php/spisanie-socialna-evropa>

3. Linkages between the European Semester and national social dialogue

3.1 Correspondence between the themes of the Semester and national social dialogue

The government and social partner representatives interviewed generally agree that the themes in the CRs and CSRs largely correspond to the national political agenda and are important for social dialogue. However, while employers focus mainly on improvement of the business environment and competitiveness, trade unions emphasise social issues.

The findings of the document analysis and interviews reveal that the government and social partners are aware of the Semester process and its main documents. They believe that many of the messages coming from the Semester are largely relevant and correspond to national priorities. As TUSLO1 explained:

'The importance of the European Semester for national policy stems from the fact that it is the EU instrument for coordinating policies in order to achieve the European and national Europe 2020 goals[...]the positive Semester messages have always been our argument in the debates, legislative procedures and, in general, in social dialogue'.

According to TUSLO2, *'CSRs in the areas that we are interested in are more of a moral weight. Social partners refer to them in their appeals and opinions to the authorities to reinforce their own thesis. In Bulgaria it is very important what 'Europe' says, at least for politicians'.*

The 2018 AGS highlights the new importance attached to the EPSR as an important milestone in the Semester framework. The EPSR objectives largely match the themes discussed in national social dialogue. According to the trade unionists interviewed, inclusion of these themes in the CSRs would significantly improve the link between the Semester and national social dialogue.

3.2 Usages of the European Semester in national social dialogue

Improving the linkage between the European Semester messages in the CRs and CSRs and national social dialogue is an important step on the road to a constructive tripartite dialogue: this is the suggestion shared in most of the interviews conducted. According to one trade union leader: *'In shaping our positions in the bodies of social and civic dialogue, we consider the messages and priorities of the European Semester'* (Interview TU2). Another trade union leader goes even further and specifies:

'Our organisation regularly uses the Semester messages in the social dialogue. There are two reasons. First of all, this is a way to show the authorities that CITUB adheres to the macroeconomic framework set by the Commission, but at the same time CITUB is also striving for catching-up wage convergence, improving labour market, reducing poverty, etc. Secondly, taking into account the Semester messages, something that the state also does when drafting its forecasts and the state budget, we offer an alternative reading of the draft budget. This is very valuable, because very often, within the same parameters, we express a more social view of the economy and propose a redistribution mechanism that would improve a number of social indicators on which our country is at the EU bottom' (Interview TU1).

Unfortunately, there are not many positive examples of the link between Semester messages and national social dialogue. As one of our interviewees states:

'As a whole, tripartite social dialogue at national level in the last years has continued to be ineffective and fragmented. To a great extent, the government has used social dialogue primarily for European legitimisation of its policy' (Interview TUSD1).

This does not mean that CSRs do not appear in national debates. Thus, a 2014 CSR recommended Bulgaria to 'Take steps to reduce sustainability risks and improve the adequacy of the pension system by limiting access to early retirement through equalising the statutory retirement age of men and women [...]'⁽¹⁵⁾. This CSR was preceded by three similar recommendations (CSR 2011, 2012 and 2013) and was originally addressed to the social partners, for joint implementation.

As everywhere in Europe, the pension reform imposed by the EU met with trade union protests. In late 2011, the government refused to negotiate the pension reform within the NCTC and proposed legislative changes for increasing the retirement age by one year as of January 2012, instead of from 2021, in violation of the tripartite National Agreement on Pension Reform (2010). The government justified its decision by referring to the EU's CSRs. CITUB and Podkrepa CL decided to withdraw from the NCTC and to organise national protests (including a 35,000-strong demonstration held by the two confederations), which forced the government to start negotiations in the framework of the social dialogue. An Advisory Council on Optimisation of the Social Security System was established, in which social partner experts were included. During the discussions in the Advisory Council, trade unions proposed a Package of measures for the long-term development of the pension system⁽¹⁶⁾, the majority of which were accepted. Ultimately in 2015,

15. See Annex 2.

16. Including measures for more effective collection and financial stabilisation of the social security system, e.g. criminalization of wrong declaration of contributions, proposals for specific regulatory changes and a more gradual increase in the statutory retirement age and contribution periods.

after mutual concessions and compromises made by the government and social partners, a consensual pension reform with a more phased retirement age increase was adopted.

4. Trade unions' strategies for involvement

4.1 Strategies for involvement

Bulgarian trade unions **mainly use insider strategies** to become involved in the Semester process: they essentially establish contacts and interact with national and European administrations (government, ministries, etc.), both at political and expert levels. The Semester also allows for involvement of Bulgarian trade unions at a supranational level, through the ETUC and direct communications with the Commission. They can, through their representatives (TUSLOs) take part in the process of shaping EU common policy. As one interviewee pointed out:

'Trade unions seek involvement as they expect opportunities for real influence on important decisions and on policies that directly or indirectly impact employment and living standards to achieve the right balance between labour and capital. Their contribution could be the criticism of insufficiently justified Commission positions in Country Reports and CSRs, as well as formulation of problems which were omitted deliberately or not by the Commission, i.e. to require external pressure for solving important internal issues' (Interview TUSLO1).

At **national level**, the insider strategies of the trade unions are more effective on labour and social issues. Trade unions propose measures and policies to the government, in support of the implementation of CSRs, and also help to implement these.

Trade unions also use **outsider strategies**, including media events, to present their positions, as well as campaigns and protest actions. In the case of the pension reform, the trade unions combined both types of strategies and this contributed to the consensual adoption of the pension reform described above.

4.2 Mechanisms for 'internal' coordination

CITUB's internal coordination is structured around ISTUR. At confederal level, this is the main unit that deals with the Semester and regularly supplies the Confederation with relevant materials. At sectoral level, the confederation relies on information on sectoral policies from the federations, including reporting on their involvement in the Semester through ETUC sectoral organisations. All information is analysed in ISTUR, which finally presents the analyses to the leadership (Interview TU1).

According to the leader of the other confederation:

'We do not have a special group or a written procedure [for internal coordination]. The process includes confederal leadership, experts, and is supported, if necessary, by branch and regional structures' (Interview TU2).

Interviewees from both confederations recognise that the internal coordination has improved with the appointment of *Trade Union Semester Liaison Officers* (TUSLOs) in 2016. The TUSLO has the task of coordinating the trade unions' involvement at three levels: inside the trade union confederation; at national level with other Semester actors; and at supranational level with European trade unions and institutions.

However, inter-organisational coordination between the two union confederations at national level on the Semester is not effective. According to the interviewees, there are no common purposeful actions for involvement (TUSLO1, TUSLO2, TU1, and TU2). The reasons for this are: a) the need for the written positions to be discussed and adopted by the relevant bodies in the trade union confederations, a process that is difficult to coordinate given the diversity of interests of the affiliated federations ⁽¹⁷⁾; and b) differences and nuances in their positions. However, when they follow outsider strategies, their activity is usually coordinated (e.g. against the pension reform). Aside from the Semester, however, when it comes to solving specific problems through social dialogue, the positions of the two trade unions are usually coordinated at expert level or in the Joint Consultative Council and are presented as a common platform.

The process of coordination with the employers' organisations is even more complicated. This is due to their opposing views on certain topics related to incomes and social security, e.g. the minimum wage, minimum social insurance income, seniority bonuses (related to length of service), liberalisation of the labour code, etc.

Nevertheless, both the trade union and employer representatives interviewed recognise that in some cases they overcome disagreements and adopt common statements, for example on the prospects for the development of industry, energy, education, health care, some social security issues, active labour market policy and the informal economy. In other cases, they reach consensual opinions and resolutions on national priorities and specific policies within the Economic and Social Council. As the ESLO said: *'We very often express similar views at conferences and in working groups in Brussels. This coordination could be greater—on issues of common interest, we can obviously reinforce our interaction. In this way, the final impact will bring higher value added'*.

17. Both confederations are structured around the sector/branch principle.

4.3 Determinants of the strategies

One of the main factors shaping the strategies for involvement in the Semester process is the new Commission approach to boosting social dialogue and social partner involvement in different milestones of the Semester process. Initially, given the lack of governance procedures, institutional settings and power asymmetries in decision-making, the trade unions in Bulgaria sought access and involvement in the Semester mostly '*on their own initiative*' by writing statements and analyses. However, as the Semester has become more influential, especially since 2015, their involvement was institutionalised at national level and direct interaction with the Commission has improved. The establishment of institutional settings and improved direct contact with the Commission has encouraged insider strategies. At the same time, the shortcomings of the institutionalised involvement, described by interviewees, have caused the unions to adopt outsider strategies to exert pressure. Decisions on the use of insider or outsider strategies, or the combination of both, and their effectiveness depend on the extent to which these strategies allow trade unions to achieve their goals.

Another key factor is the availability of resources and the ability to generate common resources. Although the social partners and other civil society structures develop and present their own positions, their impact often remains fragmented and the added value does not reflect the efforts made (NASO 2014). Thus, improved vertical (organisational) and horizontal (interorganisational) coordination is an important factor determining strategy choice.

In 2014, CITUB, together with Podkrepa CL and 17 NGOs, formed a 'National Semester Alliance' as part of the 'EU Alliance: For a Democratic, Social and Sustainable European Semester' with the objective of reinforcing capacity building as well as proactive and coordinated engagement of trade unions and civil society organisations to improve their involvement and impact on the Semester process (NASO 2014). The trade unions are happy with this cooperation, particularly since cooperation with many of these NGOs has been already taking place in the Economic and Social Council.

The successful adoption of the pension reform discussed above is a good example of how trade unions use different strategies tailored to the goals pursued, the stage of the policy making process, human and organisational resources and the existing social dialogue framework.

5. Influence of national trade unions in the European Semester

5.1 Influence on agenda-setting

At **European level**, the Bulgarian trade unions have no experience of direct influence on the Semester's 'agenda setting' and it would seem hard to achieve, considering the differences in institutional levels and hierarchical structure. However, in the last two years, the contribution of CITUB and Podkrepa CL to the general ETUC's Semester policy has been important, given their indirect involvement.

The new ETUC role within the Semester includes coordination of national positions and development of a common trade union impact platform. During the process of drafting the common document on the *European Trade Union Vision on Development Priorities* (ETUC 2017), a meeting of the national TUSLOs was held to present the national trade union contribution. The ETUC practice of 2017 had good results, with seemingly enhanced the social commitments in the 2018 AGS ⁽¹⁸⁾. The key success factor seems to be the ETUCs strength as an actor in European Social Dialogue and the Commission approach to linking the Semester to the EPSR.

At national level, opportunities are opening up to influence the NRP and CP priorities, but in practice, according to the interviewees, these opportunities have not yet been fully taken up, due to the social partners' consultative status in WG31 and, to a large extent, the fact that involvement is purely formal.

5.2 Influence on the outputs of the process

Both employers' organisations and trade unions acknowledge that they are looking for their own channels and mechanisms to influence the CSRs. As one of our interviewees stated:

'While we in Podkrepa CL did not manage to get in touch with Commission representatives and provide them with the real data on minimum social insurance income, employers succeeded to insert a recommendation to remove it' (Interview TUSLO2).

The employers' representative interviewed does not deny their possible impact on the CR and CSR.

'As trade unions have had an impact on some issues over the years, the employers also have had an impact on other issues. As an example, we can give the particular texts that were included in the CSR regarding the minimum wage and minimum social insurance income. However, I cannot say how and to what extent the Commission was influenced by our concrete response to a particular problem' (Interview ESLO).

18. Such a preparatory meeting has also been held in 2018 aiming at preparing the 2019 Semester cycle.

The trade union representatives interviewed consider their attempts to influence the 'output' of the process as a 'partial success'. A few examples from their statements related to CRs and CSRs illustrate this point. Firstly, there is the Commission's assumption that there is a danger of over-growth of the Nominal Unit Labour Cost Index. CITUB arguments against this assumption were presented in a statement by the CITUB's President, at the EU's Employment Committee (EMCO) meeting (19).

Secondly, CITUB has argued quite convincingly against the Commission's attempt to launch the idea that a minimum wage increase would have a negative effect on employment of low-qualified workers. An analysis of the 12-year time series (2000-2012) conducted by CITUB experts indeed demonstrated that the minimum wage increase did not have the anticipated negative effect. Thirdly, the Commission, in a number of consecutive CRs since 2014, expressed its concerns with some adverse side-effects of the minimum social insurance income for certain labour market segments. CITUB and Podkrepa CL (20) presented analyses, estimates and statistical data to the Commission Representation, showing the flaws in the CSR that recommended modification or annulment of the minimum social insurance income (Interviews TUSLO1, TUSLO2).

The result of these examples is that the Commission no longer uses these arguments in the CRs and CSRs, or at least they have been substantially altered and are no longer so categorical. As one of the interviewees argued:

'With concrete arguments in its analyses, CITUB has helped to overcome a number of groundless Commission propositions, probably suggested by employers and NGOs' neo-liberal experts, and these no longer are mentioned in CRs and CSRs' (Interview TUSLO1).

While it is difficult to establish a direct causal link, it is likely that the Commission took account of some of the trade union arguments. According to the DG EMPL country desk: *'One of the CSRs was to establish a mechanism for the minimum social insurance income setting. As a result of the position of the government, trade unions and employers, the Commission withdrew this CSR. I think this is a good example on how our cooperation has led to change'* (Interview EC-CoDesk). In interviews, cited by Sabato *et al.* 2017, Commission representatives also acknowledged that 'Input

19. According to CITUB, the indicator used is statistically unsatisfactory, as it compares the nominal increase in workers' compensation with the real change in labour productivity. Also the risk of the opposite trend is not taken into account - when the gross operating surplus has a predominant increase. Furthermore, a serious disadvantage of such an approach is that, looking back at a three-year period, the indicator can hardly act as an early warning indicator of the emergence of macroeconomic imbalances.

20. Confederation of Labour Podkrepa 2017b.

from Bulgarian trade unions was deemed very interesting by the Commission and some arguments were taken on board in order to 'fine-tune' messages in the CR'.

Key factors for trade union success in these cases are: the specific nature of the problems, the opportunity to table trade union concerns in direct interaction with the Commission team working on the documents for Bulgaria and, last but not least, the good trade union arguments and expertise.

According to one of our interviewees, the direct contacts with the Commission are of mutual benefit: *'These and our other successes should not be disregarded because they have triggered a more realistic assessment by the Commission. This is evident both from the latest CRs and CSRs and from the changed approach — increased number of information meetings [with the Commission representation] and more active social partner involvement in the processes'* (Interview TUSLO1).

At national level, there are no examples of trade union impact on the NRP, CP or CSR Implementation Plan. Over the years, the social partners have made proposals on these documents, but they were not taken up by the government.

5.3 Influence on the outcomes of the process

According to all those interviewed, the trade union impact on the 'outcomes' occurs through proposals made in social dialogue, for specific legislation and labour market and social policies. As a result of these, the government decided to start a phased minimum wage increase and to allocate additional funds to education and health care. It is important to note that most of these decisions are a result of consistent pressure from both trade union confederations, and relate to the CRs and CSRs.

As one of the government officials said: *'Trade unions use the CSRs to solve specific problems and request specific measures within the national social dialogue[...]. Considering the link between the Semester and social dialogue, we have to praise the trade unions — the European Semester is monitored by the government and the trade unions alike. They are sometimes even more active, for example on ALMP, minimum wage mechanism. Most suggestions, including for legislative changes, came from the unions. The pension reform 2014-2015 was adopted also with active trade union involvement'* (Interview GOSD2).

The pro-active role of trade unions on issues related to the Semester is also recognised by the employers interviewed: *'I think trade unions have resources and a mechanism to influence the outcomes and sometimes it seems that this mechanism is more successful than ours. They are very active in all issues related to employment and social security [...]. Sometimes they work well*

ahead of us and influence the successful outcome. In general, it is impossible to succeed in the field of labour without good cooperation with trade unions’ (Interview EmpSD).

6. The involvement of Bulgarian trade unions in the establishment of a transparent mechanism for minimum wage setting: cases study

6.1 Description

In the CSRs for 2014, 2015, 2016 and 2017 ⁽²¹⁾ the Commission warned that the Bulgarian minimum wage is set without a clear and transparent mechanism. In the last CR the Commission argued that *‘the lack of such a mechanism may put at risk the achievement of a proper balance between the objectives of supporting employment and competitiveness, while safeguarding labour income’* (European Commission 2018). The Commission recommended that the mechanism for minimum wage setting be developed in consultation with the social partners.

All interviewed consider this CSR as highly relevant to the national situation and policy priorities. Bulgaria has a nation-wide statutory minimum wage set by the government in ‘consultation’ with the social partners ⁽²²⁾. This legislative norm, providing for a unilateral government decision without meaningful negotiations with social partners, has been attacked over the last decade by both trade unions and employers, albeit from different perspectives and with different arguments. Trade unions complained when the minimum wage was frozen for nearly three years between 2009 and 2011. However, since then the government has undertaken successive steps to ensure marked minimum wage annual increases planned up to 2020, which faced fierce opposition from employers.

6.2 Messages and recommendations from the European Semester and degree of EU pressure

Over the entire period under scrutiny there was strong EU pressure: the CSR on the minimum wage was repeated from 2014 up to 2017 due to lack of any progress. Only in 2018 was it shifted to the recitals.

The marked increase in the minimum wage in recent years ⁽²³⁾ caused the Commission to warn that *‘Although in nominal terms the Bulgarian minimum wage is the lowest in the EU ⁽²⁴⁾, it has*

21. See Annex 2.

22. According to the Labour Code (Article 244), the Council of Ministers sets the minimum wage for the country, after mandatory consultations with organisations representing employees and employers in the NCTC.

23. From BGN 460 (EUR 235) in 2011 to BGN 510 (EUR 261) as of 1 January 2018, and is set to rise to BGN 610 (EUR 312) by 2020.

increased substantially since 2011 and the government plans further significant increases. Such sharp discretionary shifts in the government's wage-setting policy could be distortive for the labour market'. According to the Commission, 'there are no clear guidelines for minimum wage setting in Bulgaria and there is lack of transparency and effective consultation with social partners' (European Commission 2015).

All those interviewed consider that the CSR is correctly addressed to the national social dialogue, as income policy is at its heart. According to the ESO, *'There is a link between the European semester and the national social dialogue. I think the CSR reinforces this dialogue and it becomes more active. As far as progress is made in the dialogue on setting the mechanism, it is precisely due to the CSR. [The CSR] provokes concrete actions (establishing a working group, for example), which is the right approach and I hope it will happen in all other aspects of the Semester'* (Interview ESOSD).

However, the government, trade union and employers' responses and use of the CSR messages differ a great deal. The government was committed to implementing the reform recommended by the Commission and included it in the NRP. Employers supported the Commission views that the minimum wage is growing too fast and that it is a danger for employment and competitiveness. They tried to show, including to the Commission, the damage to the economy caused by the rapid minimum wage increase. The trade unions reacted against these CSR messages, and at meetings with the ESO and Commission country desk presented analyses demonstrating that minimum wage increases did not have the negative effects anticipated by the Commission and the employers' organisations.

6.3 Key steps in the social dialogue process

The establishment of a transparent mechanism for minimum wage setting (using precise and clear criteria and indicators) has long been on the social dialogue agenda. As pointed out by one of those interviewed, the importance of the CSR was *'that it played a role of a catalyst of the processes that were already on the social partners' agenda'* (Interview TUSLO1).

In response to the 2016 CSR — *'In consultation with social partners establish guidelines and criteria for minimum wage setting'*— the Bulgarian NRP included measures for its implementation and an expert working group was set up, consisting of representatives of Ministry of Labour and Social policy (MLSP), the two trade union confederations and five employers' organisations. CITUB and Podkrepa CL proposed a *Conceptual model for setting the minimum wage* (2016), in which the level of the minimum wage amount is negotiated by the social partners. However, no significant

24. EUR 261 by January 2018, EUROSTAT data. Over 13% of the labour force, some 400 thousand people, earned the minimum wage at the beginning of 2017 (CR 2018).

progress was achieved in 2016 due to the diverging positions of employers and trade unions, and the inability to reach a compromise settlement.

The main points of disagreement are the lower and (especially) the upper threshold of the minimum wage. While trade unions propose an upper threshold of 50% (CITUB) or 60% (Podkrepa) of the average wage, the employers insisted on an upper threshold of 43-45%.

The deadlock of the autonomous negotiations in 2017 meant that the negotiations shifted from the working group to political level — with the participation of the Minister of Labour and the leaders of the social partner organisations. The Minister of Labour initiated consultations on the social partners' readiness to sign a tripartite *Framework Agreement on the procedure for negotiation and fixing of the amount of the minimum wage for the country*. It provides for a bilateral negotiation procedure; if social partners fail to reach a joint decision, the Minister of Labour committed himself to propose a draft Decree for the Council of Ministers.

The proposed procedure and scenarios were discussed at expert level in July 2017, when it became clear that it would be difficult to coordinate the still divergent views. Employers insisted on an upper threshold of no more than 43% of the average wage.

Substantial differences between the social partners also existed on issues such as relevant criteria for minimum wage setting and the weight to be given to these, minimum social security thresholds, and the so-called 'seniority bonus'. While trade unions insisted on giving a leading role to the social indicators, the employers attached greater importance to economic indicators. Thus, the signing of a Framework Agreement at this stage was impossible despite the common will expressed to move forward.

To break the deadlock in negotiations, the social partners decided to base the future mechanism on *ILO Convention 131 on minimum wage fixing*. Convention 131 defines the criteria for minimum wage setting, guaranteeing balance and predictability of its evolution. Under the Convention, the minimum wage setting is based on a number of important social and economic criteria such as inflation, labour productivity, employment and gross domestic product dynamics. The required transparent mechanism for determining the minimum wage will therefore be established. In January 2018, Bulgaria ratified Convention 131, which was assessed by the Commission '*as a positive step towards achieving a consensus of the social partners on the development of a mechanism for minimum wage setting*' (Country report 2018).

According to one of the trade union representatives interviewed, '*the CSR on minimum wage accelerated the ILO Convention 131 ratification, which was supported by both employers and trade unions as they are striving to be part of the process of discussion and minimum wage setting, and*

not only to consult (accept or reject) the government decisions, i.e. the Recommendation supports the move from consultations to autonomous negotiations' (Interview TUSD1).

The trade unions proposed that the negotiations on minimum social insurance income should be replaced with negotiations on a minimum wage for economic activities and by professional-qualification group of workers. According to trade unions this proposal could act as a catalyst for reaching a compromise settlement on the minimum wage. According to the proposal, after the negotiations on the minimum wage at the national level (to be stipulated in Council of Ministers Decree), sectoral/branch social partners should start negotiations on setting minimum wages for various economic activities.

It seems that after four years of pressure from the Commission, the disagreements between social partners will be overcome and the Framework agreement will be signed. As one of our interviewees puts it: *'I believe that, after the ratification [of the ILO 131], the Bulgarian Government will work together with the social partners to develop such a mechanism to meet the requirements of the Convention. My personal opinion is that the ratification has greatly influenced the Commission decision to shift this requirement from the text of the CSR to the Recitals, because it believes that we are highly committed to establish a mechanism after the ratification'* (Interview GOSD2).

6.4 Added value, shortcomings and limitations of the interaction between the European Semester and national social dialogue

The social dialogue value added with regard to this particular case study can be assessed in different ways:

- ✓ The Commission attention is focused on an important issue that matches the country's priorities.
- ✓ Ratification of ILO Convention 131 is undoubtedly a good outcome for this initiative. It is a reliable prerequisite for speeding up negotiations and achieving a mutual compromise.
- ✓ Agreement may also be reached on negotiation of a minimum wage for branches and sectors that can successfully replace minimum social insurance income.
- ✓ The social partners' commitment and responsibility are significant. The work continues and the positions are getting closer.
- ✓ A successful conclusion of the negotiations would increase confidence about the benefits of addressing CSRs through national social dialogue.

The main disadvantage in resolving such cases is the long time span needed to achieve the desired result. It is difficult to overcome the principal contradiction between the trade unions' wish to ensure, through the minimum wage mechanism, a regular and substantial increase of the wage,

and the desire of the employers to restrict, and even under certain circumstances to freeze, its growth.

What are the **expectations** of the main actors in terms of 'breaking the deadlock'? **The unions** are divided in their expectations. The CITUB representative is more optimistic, considering that the prospects are good (Interview TUSD1), while the representative of Podkrepa CL is more pessimistic: *'No quick solution is emerging, unless measures are taken at European level on wage convergence'*(Interview TUSD2).

Employers expect an improved dialogue, which is essential for reaching a consensual solution: *'With good partnership we will find the right way to define [the minimum wage mechanism], as this is important. I think that a wider consensus is needed because 'inflexibility' of the one or the other party to negotiations does not lead to a solution'*(Interview EmpSD).

In its role of mediator, the **Government** is more likely to show optimism: *'The current state of negotiations is more successful than in previous years [...] the ratification of Convention 131 is a prerequisite for a successful way out'* (Interview GOSD1).

The in-depth case study gives grounds to conclude that in recent years the European Semester has managed, at least in this case, to adequately address certain social issues and bring them to national social dialogue.

7. Conclusions and policy recommendations

7.1 Conclusions

Bulgarian trade union involvement in the European Semester has improved in the period under scrutiny, particularly at European level. This is due to a range of factors at national and European level that act as a catalyst to the processes. On the one hand, the Commission and the ETUC have a proactive attitude that encourages national trade unions to seek opportunities for involvement; on the other hand, trade unions are becoming aware of its importance and therefore have an additional argument for elaborating positions, opinions and analyses.

Information and consultation are the main types of union involvement at different key stages of the Semester process. However, despite the institutionalisation of trade union involvement at national level, through specific structures for formal consultation, involvement is problematic and influence on decision making is limited. There are still many shortcomings hindering involvement and limiting union influence over the content of the NRP, including: formality of consultations, lack

of feedback, short response time, poor coordination, capacity and resources of some of the social partner organisations, which may affect their participation in the Semester.

Trade unions attach great importance to the drafting of analyses, written positions and opinions on specific topics addressed in the CR, NRP, and CSRs. However, the lack of coordination between the two confederations, which would enable them to present a common position, is a serious flaw.

The findings of the document analysis and the interviews demonstrate the importance of social dialogue for implementing the CSRs and the NRP. The good examples presented of solutions found over the past few years in response to CR and CSRs through social dialogue show that such an approach has great potential.

At European level, direct communication with the European Commission is considered a successful mechanism for involvement.

A strategically important role is currently played by the ETUC in the overall coordination of the Semester and in support of the national affiliates' awareness rising and capacity building activities. The interaction of Bulgarian trade unions with the ETUC and the appointment of the TUSLO are highly appreciated both at national and European level. This is definitely a good opportunity to refine not only the mechanisms of influence but also their targeting, and to indirectly impact the European Semester agenda and priorities.

Despite their low membership levels, trade unions in Bulgaria seem to have achieved some success to influence input to and output from the Semester process. A relatively high potential and level of resources enable them to develop successful strategies for involvement reflecting the specific situation.

7.2 Policy recommendations for good-quality and meaningful involvement

On the basis of the document analysis and targeted interviews, we recommend the following:

To the government

1. To further improve the institutional and organisational framework for social partner involvement in WG31. At national level this is the main formal access channels for trade union involvement in the Semester. Amendments to Decree 85 / 2007 should therefore be made, to ensure that the social partners' opinions and proposals are taken into account, especially their common positions.

2. In order to improve coordination and functioning, trade unions should have more representatives in the WG13 working on different areas —income policy, social inclusion, legislation—aiming to facilitate direct contact between the MLSP and the experts on a specific dossier or CSR.
3. Public forums of social partners and government representatives should be organised, to present the trade union demands and receive clear answers from the government. Greater awareness and better feedback will improve efficiency, while the political processes imposed by the Semester will be reflected internally by necessary, timely and consensual political actions.
4. Once a year (for example, at the end of the Semester cycle: September/October), the government should briefly assess the social partners' involvement and inform them of which of their proposals have been taken into account in the NRP and which new measures and initiatives are proposed for the upcoming new Semester. There should be feedback on each written document (opinion/position) from the trade unions.

To the European institutions

5. The European Semester and the EPSR should be linked even further, and become a common 'European Economic and Social Semester' in the coming years, by improving the procedures and amending the relevant documents as follows:
 - The Autumn Semester Package (including the Joint Employment Report) should include an assessment of the adequacy and implementation of the National EPSR Plans to be drawn up by Member States. On this basis, in February-March of the following year, reports should be drawn up for 'states at risk', on social imbalances in relation to the 20 EPSR Principles;
 - In addition to the NRPs and the CPs, there should be a special section on the implementation and updating of the National EPSR Plan;
 - CSRs must also include recommendations related to implementation of the EPSR.

Such an approach would significantly improve the linkage of macroeconomic and social policies and their coordination at European and national level.

6. The meetings of Commission representatives with the Bulgarian social partners should be organised separately — trade unions on the one hand, employers on the other — with a view to avoiding pointless disputes during the meetings and to improving the usefulness of the information received. In this regard, the level of social partners' financial and human resources must be maintained and improved, in order to raise awareness and knowledge of the Semester processes and strategic documents, and to facilitate access to information.

To the social partners

7. There should be better inter organisational coordination and interaction between the national social partners, including between the two trade union confederations. In this way, they could exert greater pressure on national governments to effectively involve the social partners in the Semester.
8. There should be a closer link between the Semester and national social dialogue. To this end, CSRs should be thoroughly analysed by national social partners and evaluated, so they can be addressed to the institutions of social dialogue. But to do so, social dialogue, which is currently in crisis, needs to be substantially improved by overcoming the enduring antagonism, opposition and low levels of trust between social partners in the negotiations at various levels.
9. Capacity-building and training seminars should be organised at national (by the social partners) and at EU level (by ETUC and BUSINESSEUROPE) to improve social partner involvement in the European semester.

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Annex 1

LIST OF INTERVIEWEES

Interview №	Organisation	Date	Mode	Code
1	Trade unions' Semester liaison officer, CITUB	15 May 2018	face to face	TUSLO 1
2	Trade unions' Semester liaison officer, Podkrepa CL	20 June 2018	face to face	TUSLO 2
3	National trade unionist - confederal level, CITUB	23 May 2018	face to face	TU 1
4	National trade unionist - confederal level, Podkrepa CL	20 June 2018	face to face	TU 2
5	Employers' Semester Liaison officer	15 June 2018	face to face	ESLO
6	National government representative, dealing with the European Semester, Ministry of Finance (MoF)	12 June 2018	face to face	GO1
7	National government representative, dealing with the European Semester, Ministry of Labour and Social policy (MLSP)	14 June 2018	face to face	GO2
8	Commission's European Semester Officer	18 June 2018	face to face	ESO
9	Representative of the European Commission 'country desks' dealing with Bulgaria	18 June 2018	face to face	EC-CoDESK
	Interviews for the in-depth case study			
10	Representative Trade union confederation (social dialogue), CITUB	23 May 2018	face to face	TUSD 1
11	Commission's European Semester Officer	18 June 2018	face to face	ESOSD
12	Employers' representative (social dialogue)	25 June 2018	face to face	EmpSD
13	Government representative (social dialogue), MLSP	14 June 2018	face to face	GOSD 1
14	Government representative (social dialogue), MLSP	14 June 2018	face to face	GOSD 2
15	Representative Trade union confederation (social dialogue), Podkrepa CL	20 June 2018	face to face	TUSD 2

Note: The transcribed interviews (in Bulgarian) and the contact details of persons interviewed are available in ISTUR.

Annex 2

COUNTRY-SPECIFIC RECOMMENDATIONS TO BULGARIA (2014-2018)

2014-2015	CSRs
1	Reinforce the budgetary measures for 2014 in the light of the emerging gap relative to the Stability and Growth Pact requirements. In 2015, strengthen the budgetary strategy. Implement a comprehensive tax strategy to strengthen tax collection, tackle the shadow economy.
2	Adopt a long-term strategy for the pension system, proceeding with the planned annual increase in the statutory retirement age and setting out a mechanism to link the statutory retirement age to life expectancy phasing out early retirement options and equalising the statutory retirement age for men and women. Tighten eligibility criteria and procedures for the allocation of invalidity pensions. Ensure efficient provision of healthcare including by improving transparency in hospital financing, optimising the hospital network and developing out-patient care.
3	Improve the efficiency of the Employment Agency by developing a performance monitoring system and better targeting the most vulnerable, such as low-skilled and elderly workers, the long-term unemployed and Roma. Extend the coverage and effectiveness of active labour market policies to match the profiles of job-seekers, and reach out to non-registered young people who are neither in employment, education or training, in line with the objectives of a youth guarantee. Review of minimum thresholds for social security contributions so as to make sure that the system does not price the low-skilled out of the labour market. Establish, in consultation with social partners, transparent guidelines for the adjustment of the statutory minimum wages taking into account the impact on employment and competitiveness. In order to alleviate poverty, further improve the accessibility and effectiveness of social services and transfers for children and older people.
4	Adopt the School Education Act and pursue the reforms of vocational and higher education in order to increase the level and relevance of skills acquired at all levels, while fostering partnerships between educational institutions and business with a view to better aligning outcomes to labour market needs. Strengthen the quality of vocational education and training institutions and improve access to life-long learning. Step up efforts to improve access to quality inclusive pre-school and school education of disadvantaged children, in particular Roma.
5	Continue to improve the business environment, in particular for SMEs, by cutting red tape, promoting e-government, streamlining insolvency procedures and implementing the legislation on late payments. Improve the public procurement system by enhancing administrative capacity, strengthening the ex-ante checks performed by the Public Procurement Agency and taking concrete steps for the implementation of e-procurement. Enhance the quality and independence of the judiciary and step up the fight against corruption.
6	Scale up the reform of the energy sector in order to increase competition, market efficiency and transparency, and energy efficiency, in particular by removing market barriers, reducing the weight of the regulated segment, stepping up efforts for the creation of a transparent wholesale market for electricity and gas, phasing out quotas, and strengthening the independence and administrative capacity of the energy regulator. Accelerate interconnector projects with neighbouring Member States and candidate countries and enhance the capacity to cope with disruptions.

2015-2016	
1	Avoid a structural deterioration in public finances in 2015 and achieve an adjustment of 0.5 % of GDP in 2016. Take decisive measures to improve tax collection and address the shadow economy, based on a comprehensive risk analysis and evaluation of past measures. Improve the cost-effectiveness of the health care system, in particular, by reviewing the pricing of health care and strengthening outpatient and primary care.
2	By December 2015, complete a system-wide independent asset-quality review and a bottom-up stress test of the banking sector, in close cooperation with European bodies. Perform a portfolio screening for the pension fund and insurance sectors. Review and fortify banking and non-banking financial sector supervision, including by strengthening the bank-resolution and deposit-guarantee frameworks. Improve corporate governance in financial intermediaries, including by tackling concentration risk and related-party exposures.
3	Develop an integrated approach for groups at the margin of the labour market, in particular older workers and young people not in employment, education or training. In consultation with the social partners and in accordance with national practices, establish a transparent mechanism for setting the minimum wage and minimum social security contributions in the light of their impact on in-work poverty, job creation and competitiveness.
4	Adopt the reform of the School Education Act, and increase the participation in education of disadvantaged children, in particular Roma, by improving access to good-quality early schooling.
5	With a view to improving the investment climate, prepare a comprehensive reform of the insolvency framework drawing on international best practice and expertise, in particular to improve mechanism for pre-insolvency and out-of-court restructuring.
2016-2017	
1	Achieve an annual fiscal adjustment of 0,5 % of GDP towards the medium-term budgetary objective in 2016 and in 2017. Further improve tax collection and take measures to reduce the extent of the informal economy, including undeclared work.
2	By the end of 2016, finalise the asset quality review and stress test of the banks. By the end of 2016, complete the balance-sheet review and stress test of the insurance companies and the review of private pension funds' assets. Take, as necessary, follow-up actions in all three sectors and continue to improve banking and non-banking supervision.
3	Reinforce and integrate social assistance, including relevant social services, and active labour market policies, in particular for the long-term unemployed and young people not in employment, education or training. Increase the provision of quality education for disadvantaged groups, including Roma. Improve the efficiency of the health system by improving access and funding, and health outcomes. In consultation with social partners establish guidelines and criteria for setting the minimum wage. Increase the coverage and adequacy of the minimum income scheme.
4	Reform the insolvency framework to accelerate recovery and resolution procedures and improve their effectiveness and transparency. Increase the capacity of the courts regarding insolvency procedures. Strengthen the capacity of the Public Procurement Agency and contracting authorities and improve the design and control of public tendering procedures, in particular by fully implementing the National Strategy for the development of the Public Procurement Sector (2014-2020). Speed up the introduction of e-procurement.

2017-2018	
1	Further improve tax collection and tax compliance, including through a comprehensive set of measures beyond 2017. Step up enforcement of measures to reduce the extent of the informal economy, in particular undeclared work.
2	Take follow-up measures on the financial sector reviews, in particular concerning reinsurance contracts, group-level oversight, hard-to-value assets and related-party exposures. Improve banking and non-banking supervision through the implementation of comprehensive action plans, in close cooperation with European bodies. Facilitate the reduction of still high corporate non-performing loans, by drawing on a comprehensive set of tools, including by accelerating the reform of the insolvency framework and by promoting a functioning secondary market for non-performing loans.
3	Improve the targeting of active labour market policies and the integration between employment and social services for disadvantaged groups. Increase the provision of quality mainstream education, in particular for Roma. Increase health insurance coverage, reduce out-of-pocket payments and address shortages of healthcare professionals. In consultation with social partners, establish a transparent mechanism for setting the minimum wage. Improve the coverage and adequacy of the minimum income.
4	Ensure efficient implementation of the 2014-2020 National Public Procurement Strategy.
2018-2019	
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.
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.
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.

Source: Authors' compilation based on: European Commission. European Semester: Country Specific Recommendation / Commission Recommendation, 2014, 2015, 2016, 2017, 2018.