



Industrial relations and social dialogue
**Bulgaria: Working life in the
COVID-19 pandemic 2021**

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Introduction

In 2021, Bulgaria faced the third and fourth COVID-19 waves since the beginning of the pandemic. The third wave ended in April 2021. The fourth wave started in September 2021 and slowly merged with the current, fifth wave in January 2022.

In terms of health measures during 2021, these were continuously introduced and cancelled roughly following the undulations of the COVID-19 waves. In contrast to the beginning of the pandemic, no hard lockdowns were imposed in 2021. As in 2020, ordinances by the health minister were the preferred decision-making instrument to introduce health measures (coronavirus.bg, 2022). Some of them were promulgated hastily and created confusion in different sectors of the economy. As a reaction, the tourism sector was among the most vocal. Representatives of the sector protested in Sofia and boycotted the more stringent phases of the COVID-19 restrictions throughout the year.

The health measures that (on-and-off) dominated 2021 were various. The most notable one was the introduction of the so called 'green certificate' (a paper-based and digital health pass) for those citizens who are vaccinated, have recently recovered from the illness, or have a recent negative result from a PCR test (AP News, 2021). Compared to the health passes active in other EU Member States, in Bulgaria the green certificates are extended to people who have COVID-19 antibodies without a confirmed test and those who have a recent negative antigen test result.

Other measures included e-learning in classes and schools where many children were infected; introducing border restrictions based on health status; restricting social events such as team buildings, congresses and conferences, organised travels, and the like; introducing curfews for some age groups and businesses; and cancelling planned medical interventions in hospitals.

At the end of the year, the severity of the health measures started to be determined through a colour-based scheme reflecting the severity of each wave in the Bulgarian provinces. The introduction of many of the health measures was delegated to regional governors following the general guidance offered in the health minister's ordinances.

In Bulgaria, the vaccination rate remains the lowest in Europe. During the last week of 2021, 33% of adults in the country had a complete primary course compared to 79.9% in the EU/EEA on average. At the same time, booster shots were administered to 6.7% of the adult population (European Centre for Disease Prevention and Control, 2021).

Due to the pandemic and the unstable year in political terms, the Organisation for Economic Co-operation and Development (OECD) recalculated Bulgaria's growth projection and reduced it to 3.2% at the end of 2021 (SeeNews, 2021). At the time of drafting this report, data on Bulgaria's GDP during 2021 was not yet available. In December 2021, the year-on-year inflation rate in Bulgaria was considerable reaching 7.8% according to the Consumer Price Index (6.6% according to the Harmonized Indices of Consumer Prices) (NSI, 2022). In the third quarter of the year, the employment rate (20-64 years) was 74.5% (NSI, 2021), while the unemployment rate was at 4.6% (NSI, 2021).

Political context

2021 was a very challenging year in political terms for Bulgaria. Following protests that started in the middle of 2020, the Bulgarian government, which had been in power for the past 12 years, resigned in early 2021. The ruling party in said government won the elections that followed shortly after but could not form a regular government. A caretaker government was constituted to organise new elections. The party that won these elections could not form a government because it was not able to create a stable coalition. A second caretaker government was constituted in the last quarter of the year. The third parliamentary elections in 2021 in combination with regular presidential elections were held on 14 November. As of mid-December, Bulgaria has a regular government formed by a four-partite coalition.

These political developments impacted the response to the COVID-19 pandemic insofar as they were partially the reason why the health policy in the country was rather faint. The political context influencing the COVID-19 situation in the country was most obvious in the lack of unambiguous political positions approving vaccinations as the right way to tackle the pandemic, despite the numerous pleas by most of the medical community in the country.

Governments and social partners response to cushion the effects

Following the pandemic onset since March 2020 the government has introduced various measures to cushion its effects. Many of these were improved within 2020 and continued in 2021, with those considered successful being extended several times.

Tackling the effects

The government approved additional expenditures in the amount of BGN 4.2 million as financial support of individual freelance performers in the field of music.ⁱ

Additional BGN 52 million have been allocated to support families with children under 14 years of age. This support aims at compensating parents who had to take care of their children while schools, nurseries and kindergartens were closed.ⁱⁱ

State aid was provided to tour operators using charter flights for tourism purposes. The application process started in July 2021 and was set to continue until 30 November 2021 but had to be cancelled in September 2021 due to changes to eligibility of applicants.ⁱⁱⁱ

In May 2020 the government approved a grant programme for micro and small enterprises with a total budget of BGN 173 million (€86 million). It was extended in the autumn of 2020 with additional funding of BGN 52 million (€26 million) under the anti-crisis measures implemented by the Ministry of Economy.^{iv}

Part of the equity increase of the state-owned Bulgarian Development Bank, amounting to BGN 500 million (€250 million) was used as portfolio guarantees to commercial banks. They were then able to grant loans for working capital to the most affected businesses in the crisis: companies in the trade, services, including transport, tourism, hospitality, restaurant, logistics and export companies. The measure has been extended twice in 2021.^v The other part of the equity increase, amounting to BGN 200 million (approximately €100 million) was used as portfolio guarantees to commercial banks to be used for granting interest-free loans to individuals. The measure targets the provision of short-term financing to employed or self-employed individuals in sectors that suffer economic losses due to the pandemic. The measure aims to prevent social hardship and back up household (e.g., food, childcare, electricity) and other necessary expenses. The measure was adapted and extended several times in 2021.^{vi}

By far, the most popular measure to tackle the effects has been the 60/40 and its relevant variants 80/20 and 50/50. The measure aims at preventing dismissals by covering part of wages and social and health insurance contributions of companies, whose activities have been prohibited by restrictive measures related to COVID-19 and companies, whose turnover has decreased by define percentage compared to the same period in 2019. The measure was introduced in March 2020 and, following several adaptations and extensions, is expected to run so far until end of February 2022.^{vii}

Post pandemic recovery

The government introduced a new recovery program “Fund of Funds”. The purpose of the program is to give businesses, in particular SMEs, access to loans to help with the resumption of activities

after the gradual abolition of COVID-19 protection measures. This will provide businesses with access to finance to meet current liquidity needs, for new investments, transformation, and growth.^{viii}

The government, through the Employment Agency, cover the monthly salary, including respective social and health insurance contributions up to BGN 630 (approximately €322) for employers hiring unemployed for internship or apprenticeship. The duration of the employment provided, hence the subsidy, vary from 3 to 12 months. Application had to be filed within a very short time frame of 7 days.^{ix}

Social partners' involvement

According to the Confederation of Independent Trade Unions in Bulgaria (CITUB) they were involved in the consultations regarding pandemic measures at national level. The long-awaited government reaction to the crisis was insufficient, but the new government was only formed in mid-December 2021. This was after three consecutive parliamentary election rounds – one regular in April and two extraordinary in July and October – since the regular elections did not end in forming a governing coalition. The caretaker governments in 2021, who were in effect in May-August and September-December 2021, did not carry out the vaccination campaign satisfactorily. The 'green certificates' were introduced without any information and sufficient notice, which lead to resistance. This is because both caretaker governments worked mostly on organising the following parliamentary and presidential elections. Trade unions were involved in consultations in 2020 when the regular government was in power. At that time, an emergency situation was introduced in the period March-May 2020 and extraordinary measures in the period October-December, which were later on extended until April 2021. Consultations were fruitful, but the responsibility of implementing the measures is not of trade unions. The trade unions supported the government's COVID-19 restrictions, as well as employers regarding all restrictive and hygienic measures in the enterprises. The trade unions support the vaccination campaigns, as well as the measures related to employee compensation for unpaid leave or reduced working hours in 2020 and the beginning of 2021.

According to a recent interview with CITUB, their social dialogue priorities are related to overcoming the economic and social crises, in particular:

- lack of adequate measures (which existed in 2020) to compensate employees that either are on unpaid leave, or are working with reduced working hours
- electricity price problems causing financial difficulties and even enterprises stopping work
- rising inflation since the last quarter of 2021
- changes in the amount of pensions
- the new government budget whose adoption was delayed until March
- the application of the 'green deal' and the ways in which dismissed employees of enterprises closed based on the green deal are going to be compensated

In a recent interview, the Confederation of Labour (CL) Podkrepa confirmed almost all company level trade union organisations participated in negotiating the measures. The trade unions have requested from the National Staff in charge of tackling the pandemic to carry out regular consultations with them but unfortunately, they have not. The feeling of vaccines being mandatory

caused the most reactions of some trade union members. No trade union structures have officially declared sensitivity or irreconcilability with the measures. Trade unions made suggestions of some successful models, for example in healthcare and education, but the success is ultimately measured by losing as few lives as possible.

According to a recent interview with the Bulgarian Industrial Capital Association (BICA) the employers participate at all social dialogue levels, including in bodies like the National council of migration. They also participate in consultative bodies like the National economic council. Formally the employers have a lot of impact channels, but in practice it all depends on the willingness of the executive and legislative power to listen to employers' arguments. The government reacted, but the first '60/40' measure was inefficient. It took a while to improve it. The employers were included in the design and application by carrying out consultations. The criticism and proposals of employers though were only considered with a significant delay. The government lost valuable time and this allowed the pandemic to have bigger impact on the economy.

According to a recent interview with the Bulgarian Chamber of Commerce and Industry (BCCI) the employers' associations participated in bilateral meetings with ministries, trade unions, regional branch organisations. They were also active participants in the National Council of Tripartite Cooperation (NCTC) and published official statements on the most pressing issues to inform the responsible institutions and media. Employers' associations made proposals at all forums they participated at. The reaction of the social partners to mitigate the impact of the crisis was timely and proactive, with empathy to the business. The government reaction was slow, untimely, and insufficient. The opinion of employers' association was not taken into account to the desired level and left several issues unresolved. Many amendments were necessary for the measures 60/40 and 80/20 to become acceptable and working.

ⁱ Eurofound (2020), [COVID-19 Assisting artists and freelancers](#), case BG-2020-11/501 (measures in Bulgaria), COVID-19 EU PolicyWatch, Dublin.

ⁱⁱ Eurofound (2020), [COVID-19 Assistance for parents taking unpaid leave due to a state of emergency](#), case BG-2020-11/499 (measures in Bulgaria), COVID-19 EU PolicyWatch, Dublin.

ⁱⁱⁱ Eurofound (2020), [COVID-19 Subsidies available to tour operators for charter flights](#), case BG-2020-23/1179 (measures in Bulgaria), COVID-19 EU PolicyWatch, Dublin.

^{iv} Eurofound (2020), [COVID-19 Grant support for micro and small enterprises](#), case BG-2020-20/1006 (measures in Bulgaria), COVID-19 EU PolicyWatch, Dublin.

^v Eurofound (2020), [COVID-19 Credit guarantees to commercial banks by Bulgarian Development Bank \(BDB\)](#), case BG-2020-11/497 (measures in Bulgaria), COVID-19 EU PolicyWatch, Dublin.

^{vi} Eurofound (2020), [COVID-19 Interest-free credit guarantee programme for individuals](#), case BG-2020-16/498 (measures in Bulgaria), COVID-19 EU PolicyWatch, Dublin.

^{vii} Eurofound (2020), [COVID-19 Income support for workers](#), case BG-2020-11/494 (measures in Bulgaria), COVID-19 EU PolicyWatch, Dublin.

^{viii} Eurofound (2021), [COVID-19 "Fund of Funds": access to loans for recovery](#), case BG-2021-23/1928 (measures in Bulgaria), COVID-19 EU PolicyWatch, Dublin.

^{ix} Eurofound (2021), [COVID-19 Assistance in hiring the unemployed](#), case BG-2021-13/1823 (measures in Bulgaria), COVID-19 EU PolicyWatch, Dublin.

Adapting to the pandemic and the return to work: Policies and debates

New occupational health and safety rules

Several new occupational health and safety rules were introduced in the early stages of the pandemic and remained in place throughout 2021 with only small variations.

All employers must ensure a safe and healthy working environment for their employees, including through regular and extraordinary trainings. In principle, all employees are subject to an extraordinary training on COVID-19 occupational health and safety parameters. However, since the COVID-19 training is conducted only once per employee, only those employees returning from prolonged absence (e.g., returning from parental leave) and new employees in the company were covered by it in 2021.

The health minister's ordinances are the most widely used policymaking tool to manage the pandemic. Under the ordinances effective in 2021 and still in place at the time of drafting the report, employers are obliged to ensure proper ventilation and disinfection of working spaces (through a specific algorithm by the minister of health) (Ministry of Health, 2021). Additionally, the ordinances provide for ensuring physical distance of at least 1.5 metres between employees at the workplace. If such distance cannot be ensured, then the use of facemasks is obligatory. Employers are obliged to provide their employees with facemasks and other personal protective equipment depending on the specificity of their job (e.g., helmet or gloves). They are also obliged to ensure there are proper conditions for maintaining good hygiene at the workplace (with water, soap, and disinfectant). Employers are encouraged to arrange telework for their employees whenever possible. They also have the right to not allow a symptomatic employee to go to work. Symptoms acknowledged as risky are increased body temperature, cough, difficulty breathing, loss of sense of smell, and disturbance in or loss of sense of taste.

The introduction of new measures in 2021 was partly consulted with the trade unions and employers' organisations. These are mostly framed in the Action on employment national plan (Council of Ministers, 2021). With respect to specific discussions, only one of the trade unions reports having participated in discussions regarding testing at the workplace and vaccination.

Potentially due to the tense political context in 2021 and COVID-19 scepticism in a significant part of the Bulgarian society, the government has not been particularly active in developing policies targeted at vaccinations or testing at the workplace. Throughout 2021 and until the present day, vaccination is a voluntary act for each Bulgarian citizen on one hand because of the nation's scepticism with respect to COVID-19 vaccines, but more importantly because of the ethical price of mandatory vaccination that is considered unacceptable in Bulgarian society, including the country's academic and professional community. Mandatory vaccination is not entertained as a viable and acceptable possibility by either employers' organisations, or trade unions.

Both big trade unions in Bulgaria share the opinion that, while it should remain a voluntary act, vaccination is advisable for workers in the health sector and restaurants. In some sectors, there are incentives in favour of vaccinations. For example, an annex to the collective bargaining agreement in

the education sector stipulates that employees in the sector receive additional two working days paid leave, which are to be used immediately after the first and/or second vaccine dose.

Testing at the workplace, however, has been an easier puzzle to solve. Already in 2020, the Bulgarian Commission for Personal Data Protection (CPDP) went forward with a statement that testing at the workplace is not mandatory, but is acceptable as long as a balancing test is preformed and it shows the public interest (i.e., the health of the workplace community) outweighs the interests and rights of the individual personal data subjects being tested (CPDP, 2020). In this case, mass testing at the workplace is acceptable only when the employer is not the one conducting the tests, meaning the employer can only organise the testing process (economy.bg, 2020). This is because health data is a special category of personal data and is subject to special protection under the General Data Protection Regulation and national legislation stemming from it. The widespread practice is for employers to pay the testing for their employees, as this is part of the employers' obligations to ensure a healthy and safe working environment for their staff. The collective bargaining agreement in the health sector from the end of 2020 explicitly stipulates that if testing is introduced at the workplace, all related expenses are to be covered by the employer (Art. 40, p. 7). Mandatory testing was also introduced for persons visiting or working in the Ministry of Education who do not have a green certificate (Ministry of Education, 2021).

An interesting practice during the calmer pandemic months in 2021 was that, depending on their employer's policy, it was possible for waiters not to wear facemasks while at work if they were vaccinated. This practice was aborted shortly after it became clear that vaccinated individuals could transmit the virus, even if in a more limited manner compared to the unvaccinated.

Since the measures against COVID-19 have been quite liberal in Bulgaria, there is a lack of judicial practice related to vaccination and testing at the workplace.

New working arrangement policies

Even though there has been some effort by the public administration to analyse the penetration of new forms of employment in the country and, consequently, to assess the need of updating the legal framework accordingly, little has been done in this regard (Ministry of Labour and Social Policy, 2021a).

The most significant changes made took place in 2020 during the state of emergency in the first months of the virus' spread. The changes were related mostly to working hours and the possibility for employers to decide whether to switch their employees to telework unilaterally. The provision of equipment and proper working conditions (including occupational safety and health) for teleworkers did not change, as it was an employer obligation long before the pandemic set out in the Labour Code (Art. 107i).

In the observed period, no specific legislation has been developed on the right to disconnect or on ensuring work-life balance. However, the two biggest trade unions in Bulgaria share the view that such legislation needs to be introduced, while one of the employers' organisations considers this inevitable. It should cover not only the right to disconnect, but also other aspects of remote work that are currently unclear (e.g., ensuring proper rest, access to trade unions, personal data protection, supporting mental health).

Other challenges envisioned by trade unions in relation to the existing new working arrangements are the opportunity employers have to overburden teleworkers and, thus, harm their work-life balance. Additionally, it is challenging that employers are not able to determine the fitness of their employees to perform their work on daily basis.

The common solution to these obstacles that trade unions and part of the employers' organisations see is updating and refining the existing legislative framework. Interestingly, one of the employers' organisations is of the opinion that the Bulgarian legislative framework is already sophisticated. Other opportunities to overcome these challenges are devising best practice compendiums or ethics codes, as well as reconsidering the culture of work in general.

The working arrangements in Bulgaria during 2021 were no novelty in terms of telework, as it was introduced by a large proportion of the employers already in 2020 during the state of emergency in the country caused by COVID-19. There is a lack of nationally representative surveys on working arrangements caused by the pandemic. However, there are a couple of surveys that offer some insights. According to the observations made by a human resources company (ManpowerGroup, 2021), companies' thinking was shifting towards adopting the practice to offer more telework opportunities to their employees, even after the end of the emergency epidemic situation.¹

According to another survey conducted by the Bulgarian Industrial Association and reported in mid-2021 (Bulgarian Industrial Association, 2021), all employers practice telework. Only 17% of respondents indicate that less than 25% of their employees are offered telework, while 37% of employers say their employees telework at least 90% of the time. This survey offers some insight on the challenges faced by employers, the main one being the stringent regulation of telework in Bulgarian legislation in place. In this regard, 2022 will be even more challenging as at the end of 2021, beginning of 2022 the General Labour Inspectorate launched a campaign on making more checks in the home offices of employees (Bulgarian National Radio, 2022).

Labour shortages

Labour shortages in Bulgaria are significant in the economy overall and particularly pressing in some sectors.

The governmental framework for reducing labour shortages is based on projections delivered in the Employment Strategy of the Republic of Bulgaria (2021-2030) (Ministry of Labour and Social Policy, 2021). According to these projections, the most significant labour shortage is observed among the people with secondary, including professional, education. In the document, this deficit in 2021 is roughly 177,000 workers. The most significant shortages of workers with secondary education are projected in the tourism sector, manufacturing, education, administrative and support activities, social services and culture, sports, and leisure sectors.

This projection is confirmed by the employers participating in a survey conducted twice a year by the Bulgarian Employment Agency. In the survey's first edition for 2021 (Employment Agency, 2021a), the participating 58,222 employers believed that almost 140,000 workers would be needed throughout the year.

¹ The emergency epidemic situation has been in place since May 2020 and is going to continue at least until 31 March 2022.

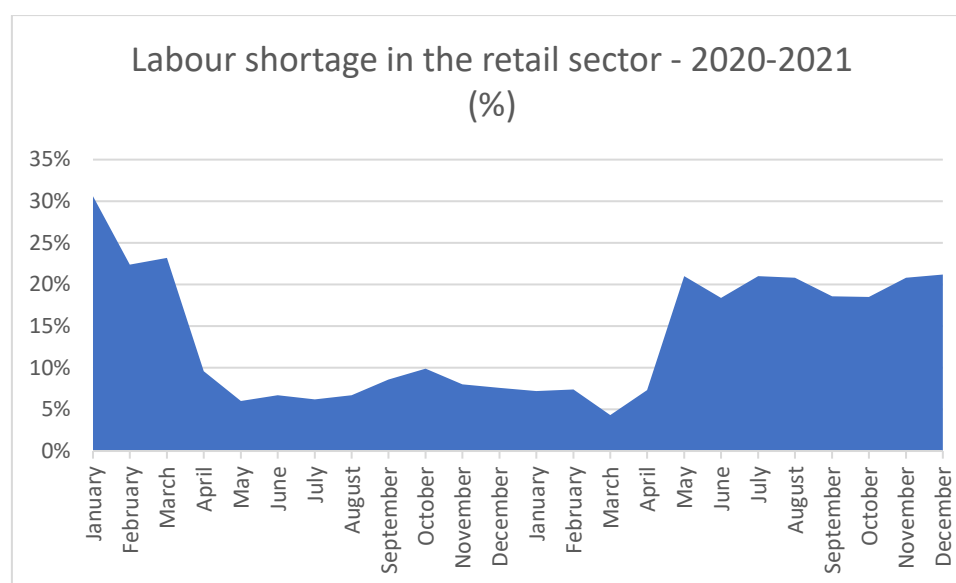
Among the main indicators for the successful implementation of the Employment Strategy is the indicator ‘Labour shortage in the manufacturing industry’ provided by the National Statistical Institute. This indicator is part of a set of indicators calculated by the National Statistical Institute including labour shortage in manufacturing, construction, retail, and in services. All indicators are measured as a percentage of surveyed companies.

Data on reported labour shortages in 2020 and 2021 reveals interesting results. In the manufacturing sector, there was a drop in the labour shortage immediately after the start of the state of emergency in 2020 (from 34% down to 17%), but since May 2020 the reported shortage has been going up steadily and 27% of enterprises reported experiencing it in December 2021.

The construction sector faces the most considerable labour shortage. In the months right before the pandemic outbreak 50% of surveyed enterprises reported a shortage. The pandemic has not affected this number too much, with results varying anywhere between 33% and 45% between April 2020 and December 2021.

The largest drop in labour shortages is observed in the retail sector (Figure 1). Throughout the first year after the start of the pandemic (April 2020 – April 2021) only between 5% and 10% of enterprises reported shortages in the monthly survey (compared to 27% on average in the pre-pandemic months of 2020). Since April 2021, there has been a steep increase in the shortage, with current levels floating around 20%.

Figure 1: Labour shortage in the retail sector - 2020-2021 (%)



Source: National Statistical Institute

The change in reported labour shortages in services is similar to retail. A steep decline is observed in the first months of the pandemic, with 6% of companies on average reporting shortages between May 2020 and April 2021. However, a new rise was observed in the last quarter of 2021 when the reported shortage reached 18%.

There are also ad hoc surveys among employers on labour shortages. Overall, according to the Bulgarian Industrial Capital Association, an employers’ organisation, there is considerable shortage in the medium and highly qualified labour force (pariteni.bg, 2022).

According to a survey by the Bulgarian Confederation on Employment (a local NGO), the sectors that intended to expand their recruitment in 2021, which inevitably deepened the labour shortage, are IT, manufacturing, and outsourcing (Bulgarian Confederation on Employment, 2021). According to a representative of an NGO attracting Bulgarian talent living and working abroad to come back to the country, the IT, financial and manufacturing sectors feel this shortage the sharpest (pariteni.bg, 2022).

There are several main reasons for labour shortages in Bulgaria. On one hand, employees consider wages throughout the country to be insufficient. As a result, there is a serious trend in emigration in the past 10 years at the least, which is among the main reasons for the population of Bulgaria to have shrunk by 1 million people since the last census conducted in 2011 (compared to preliminary data from the census conducted in 2021) (NSI, 2022a; NSI, 2011). On the other hand, a major reason for labour shortages is the ageing population in Bulgaria – there are more people retiring than entering the labour market. A third reason is the choice of part of the labour force to work for some time and then take advantage of unemployment benefits for as long as they can (pariteni.bg, 2022). To that employers' organisations also add the lack of proper link between employers and educational institutions.

According to the trade unions, besides all other sectors where shortages are observed, the sector with the most pressing labour shortage is health (especially in terms of nurses and support personnel, but also medical doctors). In their opinion, the structural reason for the shortages is low wages – an issue that is exacerbated by the higher health-related risks during the pandemic. According to two of the employers' organisations, there is a significant shortage in the engineering professions as well.

According to trade unions, there are initiatives (tripartite projects between the Ministry of Labour and Social Policy and social partners) for qualification and requalification, for example in the area of digital competences of workers that aim to tackle labour shortages. In the past, such attempts were made by some employers through attracting foreigners to come to the country. The current trend in talent recruitment and management is to attract under qualified staff and train them within the company. According to CITUB, there are memoranda with few measures to tackle labour shortages in some sectors like the light industry, mechanical engineering, and the chemical industry.

There are no budgeted state measures specifically targeting labour shortages. However, in 2021 there was an increase in the active labour market policy budget, which reached BGN 83 million (an increase of BGN 10 million compared to the previous year). A common downside of all active measures on the labour market, however, is that funds are mostly aimed at directly creating jobs for the unemployed, instead of enabling job seekers to up-skill and re-skill through training activities (investor.bg, 2021).

In June 2020, the government, and the nationally represented social partners (2 trade unions and 5 employer organisations) signed a National Tripartite Agreement on the most pressing issues in the economy (BCCI, 2020). In it, among others, there are commitments to ensure better access to the Bulgarian labour market for foreign citizens who graduate from Bulgarian universities and/or are of Bulgarian descent. It is difficult to assess the impact of these commitments as 2021 was a very dynamic year in political terms.

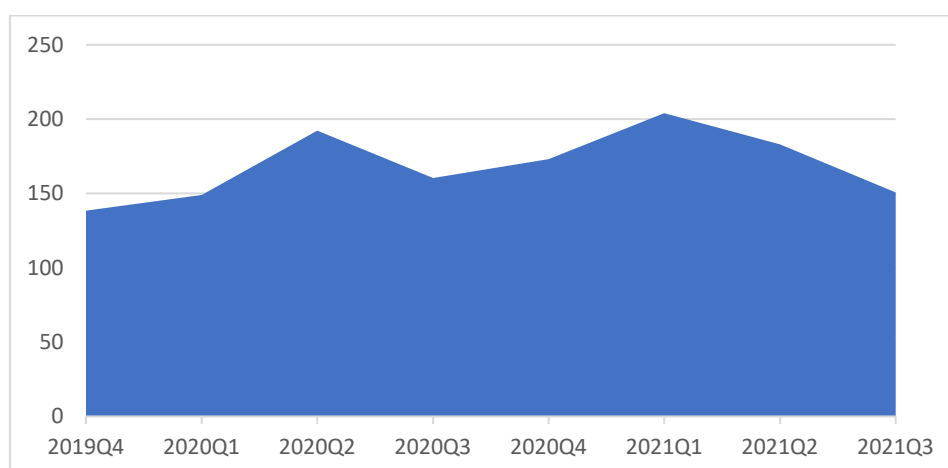
Wages and wage-setting

Wages and wage-setting have been affected by the pandemic mostly at the micro level (individual businesses). Social dialogue did not produce significant results in terms of wage-setting. No changes have been made to minimum wages that are directly related to the pandemic.

The pandemic outbreak triggered a lockdown of the economy in the first half of 2020. To compensate for the drop in revenue of the businesses and, thus, to alleviate the pressure on paying wages, the state introduced the 60/40 measure (Council of Ministers, 2020). During the state of emergency through this measure the state conditionally compensated 60% of wages and the related social security and tax contributions of employers. This measure was kept active after the end of the state of emergency in 2020 and throughout 2021. It will remain in place in 2022 as well.

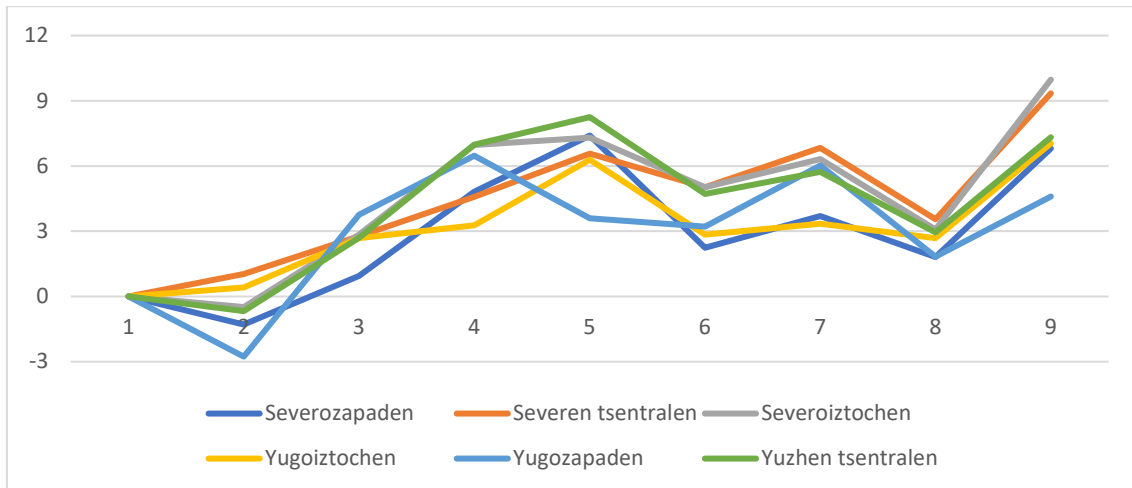
Despite the availability of this general measure and similar ones targeted at the businesses most impacted by the partial lockdowns and other restrictive measures in 2021 (e.g., the Save Me Plus measure), there was a sharp increase in unemployment during the second quarter of 2020 (Figure 2). The unemployment rate ameliorated in the following months but increased sharply again in the third quarter of 2021. According to the Infostat Bulgarian statistical database during this peak period, the number of unemployed in Bulgaria reached 204,000 people (NSI, 2021a). In the third quarter of the year, however, the numbers seemed to have almost returned to pre-pandemic levels.

Figure 2: Unemployed persons – 2019 Q4 to 2021 Q3 (in thousands)



Source: National Statistical Institute

Given the significant labour shortages in different sectors, as described in the sections above, the pandemic seems to have not sparked negative changes in wage setting so far. The year 2021 saw an increase in average wages throughout the country. Even though the data released by the National Statistical Institute covers only the first three quarters of 2021 at the time of writing, there is an observed trend of increase in average gross wages in all six NUTS 2 regions in Bulgaria. Average gross wages in September 2021 were between 4.59% (in the Yugozapaden region) and 9.97% (in the Severoiztochen region) higher compared to January 2021 (Figure 3).

Figure 3: Increase in gross wages - Bulgaria NUTS2 regions

Source: National Statistical Institute

Some positive changes were brought about in the health sector, especially for those medical specialists who opt to work with COVID-19 patients. They receive bonuses with their wages because of the increased risk environment in which they work – a policy introduced by the government in 2020. There is no evidence that collective bargaining agreements in any sector concluded in 2021 provide for wage-setting mechanisms specific to COVID-19 or pandemics overall.

Impacts on the social dialogue and collective bargaining

According to CITUB, unfortunately, the most significant political news were not directly related to the industrial relations and working conditions. There was a debate on some aspect of the social policy, such as updating and indexing pensions, electricity prices and options to aid the employers. There was a national protest in October 2021 owing to the government idleness on the issue with rising electricity prices, jointly organised by employers and trade unions. Some of the discussed topics directly concerning the trade unions were and still are requests to increase the wages in some budget financed sectors, e.g., healthcare (not only related to COVID-19), internal security and public order.

Currently the debates revolve around the draft government budget for 2022 and the funds allocated for various sectors, including culture, fire safety, the judicial system. There are issues with municipal budgets due to the delay in adopting the government budget. This has an impact on the financing of organisations that are funded by municipal budgets, such as healthcare, social services, education, culture, and public order.

There have been no significant novelties in the social dialogue and collective bargaining in 2021. The new government expressed their willingness to maintain the dialogue, including on matters concerning the draft government budget for 2022.

Unfortunately, the political situation is generally volatile, as is the ruling coalition consisting of 4 parties that are far too different – left, centre-right and two populist movements with no clear position. Although there have been no significant developments regarding the social dialogue, there are difficulties in organising forums. These are mostly organized online and in some sectors, such as transport and tourism, the dialogue, especially the tripartite cooperation, was put to a halt.

In 2020 new forms of bilateral dialogue emerged – discussions and agreements/memoranda on specific issues, including the pandemic, digitalization, and employee qualification, the ‘green deal’ and its consequences, and others.

There are no major changes in the sectoral level collective bargaining. There are some difficulties in negotiations in some companies due to change of owners, such as transport, as well as in some industrial enterprises, due to the various crises – electricity prices, the pandemic, reduced volume of orders, and others.

According to CL Podkrepa, the most significant novelty is the ‘green deal’, which needs a revision, but there are no indications that this will happen. It is a concern of trade unions that the closure of Maritsa-Iztok mines in compliance with the ‘green deal’ would have a devastating impact on around 16 thousand workers directly involved in the production and more than 120 thousand workers along the supply chain. It may also present a danger to the power supply in Bulgaria, especially in the winter when wind and solar energy are almost missing. The trade unions are not against the ‘green deal’ but consider the timeline 2030 as too ambitious and not sufficient to develop and implement fair transition strategies (24chasa.bg, 2020).

The situation in 2021 with several election rounds and in-between caretaker governments made the social dialogue and collective bargaining marginal matters.

According to BICA there were no novelties, except for the aggravating confrontation between the employers and trade unions. In their opinion the vocabulary of the social partners' leaders, and of the trade union leaders and their advisers and experts, certainly shows an outright radicalisation. On the other hand, the demands of the trade unions show an outright voluntarism.

Labour disputes in the context of the pandemic

The trend in 2021 remained the same as during the prior 3 years (2018-2020) with no strikes reported to the National Institute for Conciliation and Arbitration (NICA) database. There have been no significant CLDs reported by the media throughout 2021.

The year was marked mostly by protests of companies in the hospitality sector, related to temporary lockdowns or work with limited (50%) capacity.

Collective labour disputes data of NICA covers the period by 2020 with no data reported for 2021 yet. In 2020 three CLDs have been reported, covering in total 1,674 employees.

Commentary and outlook

Developments in 2021 in Bulgaria were dominated mainly by the ongoing pandemic and efforts to step-up the uptake of vaccines, and triple parliamentary elections, coupled towards the end of the year with presidential elections.

The measures to tackle the effects of the pandemic could be viewed as partially successful, because of the insufficient uptake of vaccines due to the lack of a targeted information campaign and a high death rate from COVID-19 compared to the morbidity rate. By the end of 2021 about 30% of the population was fully vaccinated, which is by far the lowest in Europe (with an average around 75%). For this reason, several partial lockdowns were imposed, mostly of public places for entertainment and sports, as well as schools and shopping centres. The hospitality sector, which has been suffering the most from partial lockdowns, became very proactive and organised several protests and even a boycott of the latest imposed lockdown of entertainment establishments. Still, they were also the first to arrange for staff to be vaccinated and provided with green certificates, to save their businesses.

There have been no lockdowns of businesses but they were encouraged to rotate their staff 50%/50% in the peaks of the COVID-19 waves, disinfect more frequently and keep 1.5 metres distance in the office spaces. Where distance could not be retained workers were supposed to wear masks.

Most economic, employment and health measures that were introduced in 2020 continued in 2021, albeit amended or supplemented. The measures providing income support for workers were quite successful, even though not fully supported by employers.

Trade unions see no significant novelties in the social dialogue and collective bargaining in 2021, confirming they were consulted about the health, economic and social measures planned by the governments. According to them, the tripartite dialogue was hindered, because of the need to organise remote, as opposed to face-to-face forums.

The labour shortage was one of the issues that were almost forgotten amidst the pandemic, where efforts were made to save the current employment, rather than to implement measures to tackle this fundamental labour market problem. Labour shortages of semi-skilled labour are evidenced in the tourism sector, manufacturing, education, administrative and support activities, social services, and culture, sports, and leisure sectors. The construction sector also experiences labour shortages, as are the IT, financial and manufacturing sectors, in particular for engineering jobs. With the pressure exerted by the pandemic, the sector with the most pressing labour shortage is healthcare.

There is a feeling that after the constitution of the new government there were a lot of activities, but they were aimed at ‘putting off fires”, like the much-delayed 2022 government budget and tackling the escalating energy prices.

So far there is no clear agenda and a roadmap to recovery, since the recovery plan is looking at its third amendment. This fact has been the reason for public criticism of the government, since it seems Bulgaria will be the last to be supported by the so-long awaited recovery funds. The pre-election programme of the current government had priorities like zero corruption, accelerated economic growth and social justice. The first steps to this end so far involved an ongoing restructuring of ministries and other public institutions, including layoffs of civil servants and other

public administration staff in retirement age, replacing top-level management of state-owned enterprises, and initiating public prosecution for cases of financial fraud and money laundering.

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