

## NATIONAL TRILATERAL AGREEMENT

### **THE GOVERNMENT OF THE REPUBLIC OF BULGARIA AND THE SOCIAL PARTNERS, THE NATIONAL REPRESENTATIVE ORGANIZATIONS OF WORKERS AND EMPLOYEES,**

guided by their responsibility of the upholder of the constitutional right of association and the will to develop national social dialogue and collective bargaining, as well as by the need to accelerate the processes of improving the economic environment and living standards of the population;

being aware of the current challenges facing Bulgaria as part of the EU to build-up a modern competitive economy and overcome social and regional imbalances;

and being completely conscious of the need for effective use of the mechanisms of the European Semester and its close commitment to the principles of the European Pillar of Social Rights, incl. through the active involvement of the social partners

**concluded this 2-year tripartite agreement focusing on the first 6 months about:**

#### **I. Business environment and economy**

1. Making Bulgaria's accession to the OECD, the Schengen area and ERM II a national priority.
2. Implementation of common coordinated policies and measures of the state and social partners for combating the grey economy and undeclared work, corruption, monopolization, and cartelization.
3. Reducing the number of administrative structures and continuing the administrative reform.
4. Development and implementation of measures to encourage investment in less developed and lagging regions.
5. Implementation of a new industrial policy - Industry 2030, based on the priority development of industries for which our country has competitive advantages and of high added value productions, based on technological innovations. Adoption of the National Strategy for Bulgaria's Involvement in the Fourth Industrial Revolution Industry 4.0.
6. Accelerated construction of e-government, in compliance with the Updated Strategy for Development of E-Government in the Republic of Bulgaria (2019-2023) adopted by the Council of Ministers.

7. Continuation of the efforts to limit the administrative regulation and administrative control over the economic activity up to socially justified limits, in accordance with the law. Extending the scope of tacit consent.
8. Take measures aimed at supporting and facilitating the activities of small and medium-sized enterprises in accordance with the European principle “Think Small First” and the “Small Business Act”.
9. Facilitating the procedures for connection of the enterprises to network structures (water supply, electricity, gas, etc.).

## **II. Energetics**

1. Adoption of a balanced national energy strategy until 2030 with a view to 2050, based on a realistic assessment of the national priorities and promoting the implementation of innovative technologies in energy production, storage, and supply.
2. Carrying out negotiations to settle the relations under the long-term contracts for purchase of electricity between NEK EAD and “AES-3C Maritza East 1” EOOD and NEK EAD “ContourGlobal Maritza East 3”, in compliance with the EU rules on State aid. Elaborating a National Program for the operation of the Maritza-East complex, based on a realistic assessment of the current condition of the complex, the available coal stock and the technical characteristics of the power plants, as well as taking actions to include Bulgaria in the platform “Coal Regions in transition”, without making a commitment to close power plants and/or reduce production facilities.
3. Increasing the capacity of the state administration (EWRC) to investigate and punish market abuse and market concentration.
4. Adoption of legislative changes to ensure gradual elimination of regulated prices for household and non-household consumers connected to low voltage networks for a period of 3 to 5 years, starting from 01.07.2020, and implementation of measures for the protection of vulnerable customers.
5. Encouraging the construction of new production facilities in the field of electricity generation on a commercial basis.
6. Encouraging the efforts for full liberalization of the electricity market in Bulgaria with the purpose to optimize the price of electricity and achieve fair prices for both electricity exports and the domestic market, respectively, and increase the competitiveness of the Bulgarian economy.
7. Elaboration and notification to the EC of a mechanism and conducting tenders for capacities.
8. Measures to improve and stabilize the financial and economic condition of state-owned enterprises in the energy sector, as well as increasing the efficiency of the sector. Discussion with the EWRC of concrete actions to establish the amount of the tariff deficit accumulated in the past at NEK and preparation of a plan for its compensation, based on the recommendations provided by the World Bank.

9. Ensuring connectivity (market integration) of the Day Ahead market with the purpose to achieve optimal price balance of electricity prices.

### **III. European Green Deal**

1. The realization of the high ambitions of the EC with regard to the climate, formulated in the European Green Deal, to the extent requested, at the declared speed and the insufficient compensatory mechanisms threatens to jeopardise the competitiveness of the European Union as a whole and of Bulgaria, and not only in the EU, but also at a local level - on the Balkans. The transition to a low-carbon economy should be fair, smooth, and tailored to the specificities of each Member State.
2. Finding a balance between the need for energy security, accelerated economic development, social justice and environmental protection, incl. in compliance with the National Strategy provided, under point 1 of section II.
3. In compliance with point 2, preparation of a plan for sustainable operation of the coal power plants for the next 5 years and performing an analysis of the possibilities for smooth energy transformation in the long term.
4. Declaring the national position when discussing the Climate Act and its related EC initiatives, including the need for derogations for our coal-fired power stations after 2025 regarding the restrictions on the use of eligible state aid.
5. Examining the possibilities for construction of steam-gas power plants and of an industrial system for energy storage, including on the basis of public-private partnership at the complex “Maritsa East”, including in the framework of the analysis under point 3.
6. Maintaining the red line of Bulgaria in relation to raising the targets for reducing greenhouse gas emissions above the already adopted 40% by 2030 compared to the levels for 1990 to the 50% set out in the EC Communication, and striving to achieve 55%.
7. Active involvement of the Republic of Bulgaria in the process of identification of the regions at NUTS 3 level, falling within the scope of the Draft Regulation on the Just Transition Fund, with the purpose to expand the territorial scope of the regions that are eligible according to the EC.
8. Elaboration of Territorial Plans for Just Transition of the regions according to the future Regulation on the Just Transition Fund.
9. Targeted allocation of funds from the Just Transition Fund for socio-economic development in compliance with point 8 of the territorial plans elaborated.
10. Economic diversification of the regions under point 7, including development of industrial zones.
11. Planning of packages of social measures to ensure a smooth and just transition.
12. Establishing an advisory board with broad participation.

13. Declaring a national position when discussing the Climate Act and its related EC initiatives, including not to redirect funds from national revenues from the sale of CO2 emissions to cover budget deficits in the EU.

#### **IV. Demography, education, labour market, and labour migration**

1. Development of a package of measures against the demographic crisis, including but not limited to
  - 1.1. Development of a national program for resettlement in Bulgaria of third-country nationals of Bulgarian origin. Relieving the regulatory framework with the purpose to facilitate access to Bulgaria and the Bulgarian labour market for foreign workers and professionals of Bulgarian origin. Outsourcing their registration to a bipartite body specifically set up by the social partners that have signed this agreement for the purpose of awareness, prevention of discrimination and exploitation, as well as protection of their rights.
  - 1.2. Changing the financing of higher education to encourage realization in the country (loans for fees and scholarships to be borne by the budget in case of commitment to work for graduates during a certain period in Bulgaria).
  - 1.3. Construction of creches, kindergartens, and kid's corners, including by public-private partnership.
  - 1.4. Introduction of compulsory pre-school education for children aged 4 years.
  - 1.5. Development of a national housing policy program including:
    - energy efficiency of residential buildings;
    - creating opportunities for accommodation of specialists important for the economic development of the region;
    - solving the problem of illegal residential buildings.
  - 1.6. Ensuring the opportunity for foreign citizens who have acquired their higher education in Bulgaria to gain access to the labour market in Bulgaria.
  - 1.7. Providing the opportunity for persons of Bulgarian origin to acquire the status of settlement after 3 years of legal residence in the country (18 months of which shall be valid).
  - 1.8. Ensuring access to education and the labour market for persons, one of whose parents has Bulgarian citizenship.
  - 1.9. Other measures with a demographic focus and impact.
2. Adoption of measures, incl. by amendments to the Higher Education Act and the Vocational Education and Training Act, ensuring closer connection of education, vocational training, and qualification with the needs of the economy and the public sector, aimed at:

- building up and maintaining a forecasting system (in the short/medium/long term) on the societal needs for certain professions, skills, competencies, incl. in viable and key industries for the economy;
  - changes in the structure and governance of the public higher education, creation of a mechanism guaranteeing compliance between the planned admission at the vocational high schools and the higher schools with the public needs;
  - in financing of public procurement in the field of higher education, prioritization of technical specialties and bachelor's and master's programs for fundamental natural sciences that are crucial for the development of economy;
  - expanding the opportunities for inclusion of practicing specialists at all levels of education and training;
  - accelerating the reforms in the education system with a focus on vocational education and STEM skills (science, technology, engineering, and mathematics) and expanding the education in mathematics, finance, and entrepreneurship.
3. Improving the digital skills of Bulgarian citizens with shared responsibility by supporting the implementation of state policies in the systems of high and higher education and the system of training and retraining of human resources in the country. Support through the operation for “Development of digital skills for the nationally representative social partners under the HRD OP, which should highlight their role in the field of improving the knowledge, skills and labour productivity of the workforce, as a first step towards more coordinated actions for the elaboration of a National Strategy for Basic Digital Training, for which Bulgaria should apply to the European Commission for funding.
  4. Providing lifelong learning and continuing vocational training through building tripartite sectoral funds for training and retraining, introduction of individual training accounts, providing opportunities for internships and apprenticeships with employers in a real production environment.
  5. Program for inclusion of the persons permanently isolated from the educational process and/or the labour market by compulsory education through work, etc., including coercive measures, as well as incentives
  6. Bringing the legal regulations on overtime and the summarized calculation of working time in the Labour Code and the Civil Servants Act in compliance with the ILO Convention No. 1 on Working Time and Directive 2003/88/EC concerning certain aspects of the organisation of working time. Implementation of an objective system for additional payment for each hour of night work as a function of the basic wage of the worker/employee.
  7. Resumption of negotiations on the development and adoption of a transparent mechanism for strengthening the contractual principle in determining the minimum

wage for the country, in consonance with ILO Convention No. 131 and its upgrading by a procedure for subsequent negotiation of wages by economic activities. Starting of bipartite negotiations on the minimum wages in 2020 and their implementation in 2021. Cancelling the minimum insurable earnings by economic activities and groups of professions. Establishment of a working mechanism preventing the refusal of negotiations of any of their participants.

8. Annual bipartite negotiation of a recommended index for real wage growth in the private sector and possibility for difference on the recommended index by sectors, industries and branches, in depending on their economic situation and at the insistence of the branch organisations of the social partners.
9. Ensuring the annual growth of wages in the budget sectors, incl. by optimizing the central budget-funded ministries and over-employed administrative structures, with the purpose to free up human resources for the economy. Negotiating minimum levels of increase and differentiation of the wages after employee attestation. (At the regional level - through the municipal councils for tripartite cooperation, including the provision of information and involvement of the social partners in the discussion on the issues of wages paid from the municipal budgets).
10. Ratification of ILO Convention No. 154 on Promoting Collective Bargaining and initiation of the ratification process of Convention No. 151 concerning Protection of the Right to Organise and Procedures for Determining Conditions of Employment in the Public Service.
11. Expansion of the functions of the Employment Agency with the purpose to mediate the import of workers and specialists from third countries to meet the needs of the Bulgarian economy. Bringing the Bulgarian legislation and administrative procedures for labour immigration in compliance with the good European practices. Development of a program for the import of highly qualified and deficit specialists by a package of measures.

## **V. Social protection policies**

1. Establishing a working group with the involvement of the social partners to develop a draft First National Plan for the implementation of the European Pillar of Social Rights by measures and policies that address the areas of “monitoring” and “critical situation” in the table of leading social indicators in the EC Report on our country.
2. Introduction of a general approach to increase the basic parameters for the revenues and expenditures of the State Social Security, according to the Government's forecasts for inflation growth and the average insurable earnings in the State Social Security System

for the relevant budget year, by the method of the so-called “Swiss rule” (50 percent of the estimated value of these two indicators). Its application should be as follows:

- for the minimum monthly amount of the insurable earnings for self-insured persons, agricultural producers, and tobacco producers - after reaching the level of the minimum wage for the country;
  - for the maximum monthly amount of the insurable earnings for 2022.
3. Development of a normative regulation for the provision of home services (social and household services for a limited number of users) and its implementation in 2022 as a pilot project. Depending on the results of the pilot project, transition to permanent validity of the regulatory decisions. The social benefits should be linked to learning and/or employment policy, incl. in the private sector, in a legally established procedure.
4. Starting a comprehensive reform of social assistance to ensure long-term sustainability and efficiency of the system, based on adequate resource security with the purpose to achieve the most efficient spending of public funds to protect vulnerable social groups, to improve their well-being in the context of the European priorities.

**THE GOVERNMENT AND THE SOCIAL PARTNERS ARE TARGETING, BY IMPLEMENTING THE ABOVE MEASURES AND POLICIES, TO ENSURE THE ACHIEVEMENT OF THE FOLLOWING MEDIUM-TERM GOALS BY YEAR 2022:**

- **LABOUR PRODUCTIVITY IN PURCHASING POWER STANDARD - 60% OF THE ONE IN EU**
- **GDP PER CAPITA IN PURCHASING POWER STANDARD = 60% OF THE ONE IN EU**
- **COMPENSATION PER 1 PERSON EMPLOYED IN PURCHASING POWER STANDARD = 60% OF THE ONE IN EU**
- **SOCIAL PROTECTION EXPENDITURE – 20 % OF THE GDP**

**The Parties to this Agreement have agreed that three successive action plans shall be developed for its implementation, specifying the relevant activities, and making an ongoing evaluation of its implementation.**

/...../

**Boyko Borisov**

/...../

**Plamen Dimitrov**

/...../

**Vasil Velev**

**Prime Minister of the  
Republic of Bulgaria**

**CITUB President**

**Chairman of the BD of BICA**

/...../

**Dimitar Manolov  
President of  
KT „Podkrepa“**

/...../

**Radosvet Radev  
Chairman of the BD of BEC**

/...../

**Tsvetan Simeonov  
BCCI President**

/...../

**Kiril Domuschiev  
CEIBG President**

/...../

**Galabin Galabov  
Chairman of the BD of UPEE**