

Bulgaria

The interplay of supply- and demand-side instruments in financing CVT/ adult learning (in particular job-related)

In Bulgaria, public funding for adult education is focussed on providing formal educational opportunities for adults, thereby applying a supply-side funding approach. Vocational education and training centres and the community centres play an important role in the provision of adult learning in Bulgaria, also based on supply-side funding formulas. The European Structural Funds, the ESF in particular, have expanded funding available for adult learning, with a range of demand-side instruments dependent on European Union funding.

Demand-side instruments in financing CVT/ adult learning (in particular job-related)

- **Key institutions involved and funding sources**

Key actors include the Ministry of Labour and Social Affairs, the Ministry of Education and Science, which are both responsible for adult education in Bulgaria. With regard to the actual implementation, the Employment Agency (EA) is an executive agency under the Minister of Labour and Social Policy, responsible for the implementation of instruments.

- **Instruments targeting individuals**

Demand-side instruments for individuals include training vouchers (#30) that provide up to 100% co-funding and are targeted specifically at vulnerable groups. Furthermore, individuals are entitled to a paid study leave (#32) for a maximum of 30 days for attending formal education programmes, in particular for preparing and sitting exams.

- **Instruments targeting companies**

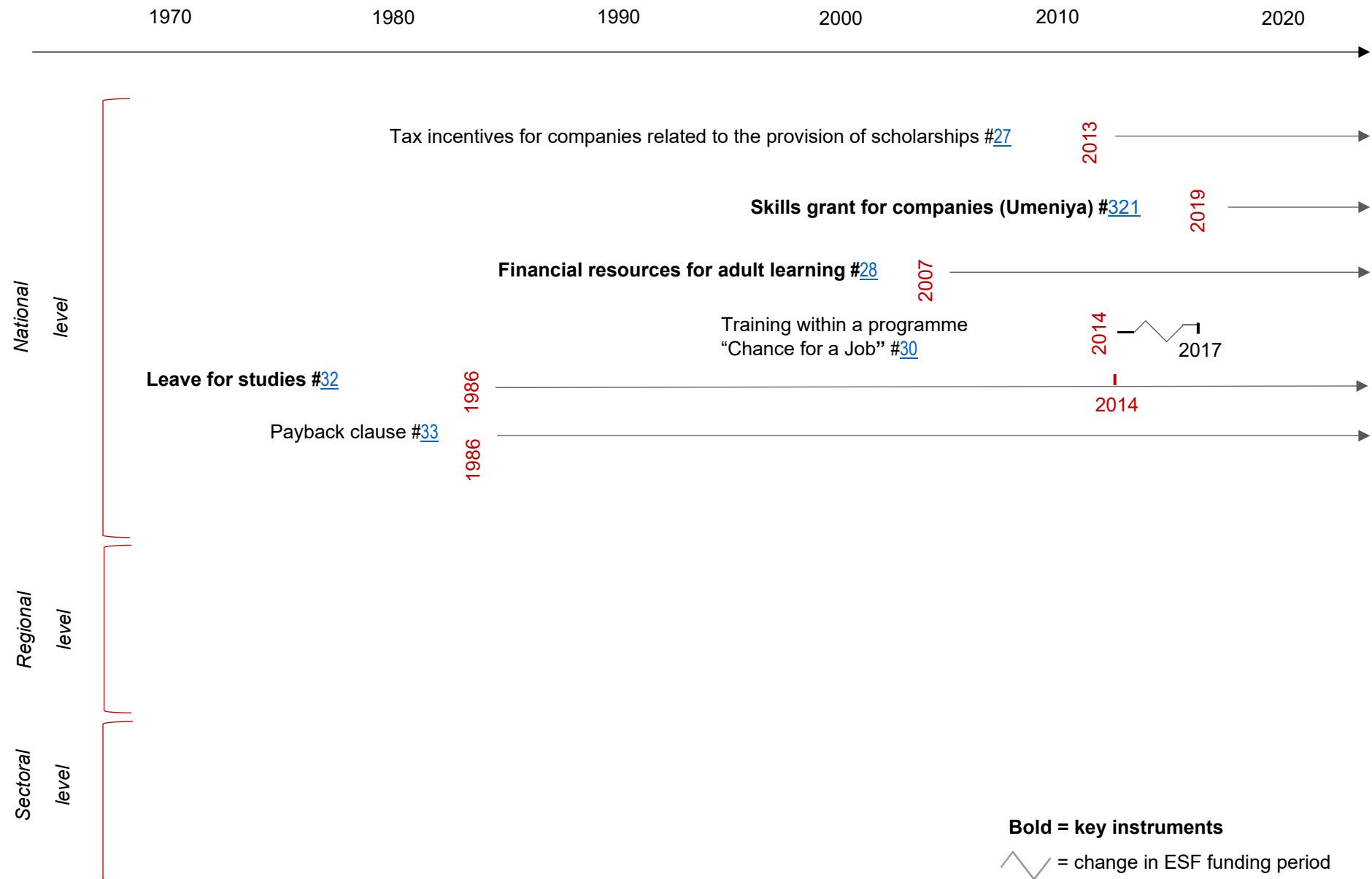
Employers receive state-funded contributions to their training costs for particular types of training activities and groups of employees (#28). Preferential treatment is given to SMEs, as the co-funding share for smaller companies is 90% of the eligible costs. The eligible education and training activities include courses preparing for vocational qualifications and courses delivering key competences. More recently, in 2019, a skills grant for companies (#321) was introduced, supporting employers in delivering particular educational activities, including workplace-based learning, support for acquiring qualifications (up to ISECD11 3 level) and for acquiring key competences. Employers and employees can agree on a payback clause (#33). A tax incentive is provided to companies providing scholarship to pupils (#27).

Table 1. Overview of demand-side financing instruments in Bulgaria by 2020

Level of implementation	Importance of the level of implementation	Overall importance of the instrument	Demand-side instruments targeting individuals		Demand-side instruments targeting companies	
National level	High	Key instruments	Training leave	Leave for studies #32	Grants for companies	Financial resources for adult learning #28 Procedure "Umeniya" (Skills) by Human Resources Operational Programme 2014 – 2020 #321
			Grants for individuals	Training within the programme 'Chance for a Job' #30	Tax incentives for companies	Tax incentives related to the provision of scholarships #27
		Further instruments			Payback clause	Payback clause #33
Regional level	Moderate	Key instruments				
		Further instruments				
Sectoral level	Moderate	Key instruments				
		Further instruments				

- Evolution of demand-side instruments over time

Figure 1. Overview on the evolution of demand-side instruments in Bulgaria until 2020



Source: Cedefop, based on the 2020 data collection

- **Statistics on volumes of funding and beneficiaries**

Table 2 Statistical data on volumes of funding and beneficiaries

ID	Name of the instrument	Year of reference	Volume of funding (EUR)	Year of reference	Beneficiaries (individuals)	Year of reference	Beneficiaries (companies)
<u>27</u>	Tax incentives related to the provision of scholarships	Not available	Not available	-	-	Not available	Not available
<u>28</u>	Financial resources for adult learning	2015	71 794 000	2015	11 793	2015	11 793
<u>321</u>	Procedure "Umeniya" (Skills) by Human Resources Operational Programme 2014 - 2020	2019	14 316 000	2019	18 000	2019	204
<u>30</u>	Training within the programme 'Chance for a Job'	2017	1 088 000	2017	1 590	-	-
<u>32</u>	Leave for studies	Not available	Not available	Not available	Not available	-	-

Source: Cedefop, 2020 data collection

Table 3. Short description of the financing instruments

ID	Name	Level of implementation	Importance of the instrument	Short description
(1) Training funds				
No training fund established.				
(2) Tax incentives for companies				
27	Tax incentives related to the provision of scholarships	National	Further instrument	Companies are entitled to a tax deduction if they provide a scholarship to a pupil in secondary education or a student in higher education for a minimum of 1 year and a maximum of 2 years in an educational institution in EU28 or in a country of the European Economic Area. The scholarship holder is a pupil in the last two classes of acquiring secondary education or a student in the last two years of acquiring a bachelor or master degree and is under 25 years of age. The amount deducted from the tax base is equal to the scholarship paid (as long as the amount is not higher than 10% of the taxable profits). The incentives are constructed in line with comparable incentives regarding donations of companies. The company and the scholarship holder have to sign a contract regulating the conditions upon which the scholarship is provided. According to the law, the occupation of the scholarship holder has to be relevant to the activities of the company. Furthermore, upon completion of the study programme, the company is obliged to hire the pupil/student for a period longer or equal to the total number of months for which the scholarship is provided. The tax incentive consists of allowing the deduction of costs that would not be treated as corporate costs otherwise. The scheme can be used once in each calendar year.
(3) Tax incentives for individuals				
No tax incentive for individuals established.				
(4) Grants for companies				
28	Financial resources for adult learning	National	Key instrument	All companies can apply for this grant. The eligible education and training activities include training for the attainment of vocational qualifications and training for the attainment and development of key competences. The grant is co-financed through the ESF. Co-funding is 70% for small, 60% for medium-sized, and 50% for large enterprises of the eligible costs. Eligible costs include fees and other costs related to education and training travel costs; accommodation costs). A maximum of support available for a single company is defined. Preferential treatment is given to SMEs. The grant can be re-used after a break of a particular period. De-Minimis rules apply.
321	Procedure "Umeniya" (Skills) by Human Resources Operational Programme 2014 - 2020	National	Key instrument	The Umeniia (Skills) procedure is dedicated to employers and aims to improve the skills of the workforce, promoting professional and career development. Eligible are employers who want to improve the qualifications of their employees. If the company is not operating in a priority sphere of the economy, at least 50% of the employees included in the education for higher qualification or key competencies must have at least ISCED4 educational level and be above 54 years old. Small and micro-enterprises are preferentially treated receiving 70% co-funding of the total eligible project costs.
(5) Grants for individuals				
30	Training within the programme 'Chance for a Job'	National	Further instrument	Specific vulnerable groups - young people from 15 to 29 years old, people without education, qualification, and work experience, and unemployed persons aged over 50 - can apply for the grant. For the first group, the eligible education and training activities include training for acquiring a professional qualification in the field of landscaping and nursing. For the second group, training in teamwork, as well as training for acquiring a professional qualification in the profession as a nursing attendant, are eligible. Eligible costs include tuition fees/ fees for participation (external providers), costs for training materials (e.g. books), fees, and other costs related to education and training (e.g. work clothes, resources needed at the workplace). The public co-funding is fixed with an absolute amount of money and may cover up to 100% of the education and training costs. National budget covers the costs for training, Confederation of Independent Trade Unions in Bulgaria (CITUB) covers expenses for work clothes, means of labour, etc.

(6) Loans

No loan incentive is established.

(7) Training leaves

<u>32</u>	Leave for studies	National	Key instrument	Employees attending specific educational programmes, preparing for a final exam, or for a school requiring an entrance examination are entitled to a study leave (paid or unpaid). Secondary and high school programmes, extramural or part-time doctoral programmes; evening classes are considered eligible types of training. No preferential treatment is applied. The General Labour Inspectorate manages the employee's rights, including the right to study leave. According to the law, study leave (paid or unpaid) should be used at a time determined by the employee depending on the organisation of the instruction process after giving the employer written notification at least 7 days in advance. Study leave is granted with the consent of the employer.
---------------------------	-------------------	----------	----------------	---

(8) Payback clauses

<u>33</u>	Payback clause	National	Further instrument	Employers and employees can agree on a payback clause. In compensation for employer-provided/financed training, employees commit themselves to stay in the company for an agreed period or (partially) pay back the costs of training. According to the Labour Code, this period differs according to the type of the training contract: contract for acquiring qualification: 6 years, apprenticeship contract: 3 years; contract for higher qualification training and retraining: 5 years. Payback clauses are possible for any type of education.
---------------------------	----------------	----------	--------------------	---