

# Executive summary

## OECD-Bulgaria collaboration on the OECD Skills Strategy project

This OECD Skills Strategy (OSS) project provides Bulgaria with tailored findings and recommendations on its skills performance from an international perspective and supports Bulgaria's ongoing strategic planning activities. The OSS project was launched via a virtual Skills Strategy Seminar in February 2022 with senior representatives from the Ministry of Education and Science (MES), the Ministry of Labour and Social Policy (MLSP), the Ministry of Innovation and Growth (MIG), the Ministry of Economy and Industry (MEI), the Ministry of Finance, the Bulgarian Industrial Capital Association (BICA), the Bulgarian Industrial Association (BIA), the Union for Private Economic Enterprise, and the Education Bulgaria 2030 Association (non-governmental organisation).

During consultations in April and June 2022, the OECD engaged with nearly 40 organisations and over 80 individuals in workshops, expert meetings, regional discussions and bilateral meetings (see Annex A). This process provided invaluable input that shaped the findings and recommendations in this report.

## Key findings and opportunities for improving Bulgaria's skills performance

In Bulgaria, as in other OECD countries, megatrends such as demographic change, digitalisation, globalisation and climate change are transforming jobs and how society functions and people interact. There are many consequences of these megatrends in Bulgaria, including employers often struggling to find the skills they need, productivity becoming a more important driver of economic development and workers facing higher risks of job automation. In addition, the coronavirus (COVID-19) crisis accelerated the digitalisation of learning and work, disrupted several economic sectors and exacerbated inequalities in the country. Although the economic contraction of 2020 has been followed by strong growth since, unemployment rose more starkly, and the employment rate only reached its pre-pandemic levels by mid-2022. Moreover, low growth is projected for 2023 due to the deteriorating macroeconomic situation in Europe, high energy prices and rising interest rates.

These megatrends and challenges reinforce the need for Bulgaria to design forward-looking, dynamic skills policies. To thrive in the world of tomorrow, people will need a stronger and more comprehensive set of skills, underpinned by high-quality learning opportunities over the life course, and better opportunities to use skills in the labour market and workplaces.

Bulgaria has made significant efforts in this direction – the National Development Programme “Bulgaria 2030”, the Strategic Framework for the Development of Education, Training and Learning (2021-2030), the National Strategy for Employment (2021-2030) and other strategies have a strong focus on skills. In addition, Bulgaria has embarked on a range of skills policy reforms in recent years spanning early childhood education, school curricula, vocational education and training, and the labour market. Therefore, as Bulgaria moves towards developing a comprehensive Action Plan for skills policies, it has a unique opportunity to implement these and other critical reforms to positively influence the megatrends, tackle the challenges and seize the opportunities facing the country.

The OECD and the Government of Bulgaria have identified four priority areas for improving Bulgaria's skills performance. These priority areas are the focus of this report. The key findings and opportunities for improvement in each of the areas are summarised below and elaborated in subsequent chapters, which also have detailed policy recommendations.

### ***Priority 1: Improving youth skills (Chapter 2)***

Ensuring that young people develop the skills, knowledge, values and attitudes needed to thrive in an interconnected world is vital for the general well-being of Bulgaria. Bulgaria continues to struggle with low levels of performance in its student population. Furthermore, Bulgaria has not managed to reduce the large gaps in learning outcomes between different student populations over time. The success of vocational and higher education in meeting labour market demand is limited, with many graduates lacking strong transversal cognitive and practical skills to meet this demand.

The OECD has identified and made recommendations to help Bulgaria realise three main opportunities to improve youth skills:

- Opportunity 1: Ensuring that curriculum reform and assessment practices improve students' skills
- Opportunity 2: Developing a highly skilled teaching workforce
- Opportunity 3: Making vocational and higher education more responsive to labour market needs.

### ***Priority 2: Improving adult skills (Chapter 3)***

Across OECD countries, adults of all skill levels need to upskill and/or reskill during their careers. Strengthening adult skills can help Bulgaria to address skills shortages, bolster its ongoing economic recovery, prepare for shifting skills demands and improve labour productivity. However, participation in adult education and training in Bulgaria is the lowest in the European Union (EU). Many adults and employers lack motivation to engage in education and training or otherwise face time-related, financial and other barriers to doing so.

The OECD has identified and made recommendations to help Bulgaria realise three main opportunities to improve adult skills:

- Opportunity 1: Increasing motivation among adults and employers to participate in adult learning
- Opportunity 2: Making education and training more flexible and accessible for adults and employers
- Opportunity 3: Improving the quality and relevance of adult education and training for adults and employers.

### ***Priority 3: Using skills effectively in the labour market and at work (Chapter 4)***

The benefits of developing skills will be maximised only if policies also support people to supply their skills in the labour market and use them effectively at work. This entails using skills in various dimensions – activating the skills of Bulgaria's working-age population, utilising the skills of return migrants and skilled immigrants and utilising workers' skills effectively at work. Most of Bulgaria's unemployed or inactive adults are from vulnerable groups with relatively low participation in public employment services. High emigration and low return emigration, as well as low levels of skilled immigration of EU citizens and third-country nationals, have limited Bulgaria's ability to use people's skills and address skills shortages. In addition, many Bulgarian enterprises lack the capacity to implement high-performance workplace practices to support skills use, nor do they receive support for doing so.

The OECD has identified and made recommendations to help Bulgaria realise three main opportunities to improve using skills effectively:

- Opportunity 1: Activating the skills of vulnerable groups in the labour market
- Opportunity 2: Fostering return emigration and skilled immigration to Bulgaria
- Opportunity 3: Supporting enterprises to utilise workers' skills more effectively.

#### ***Priority 4: Improving the governance of the skills system (Chapter 5)***

Effective governance arrangements are essential to support Bulgaria's performance in developing and using people's skills. At the national level, there is a need to better co-ordinate different ministries and agencies, as existing arrangements such as the Council of Ministers and ad hoc bilateral arrangements are insufficient to ensure a whole-of-government approach to skills. Beyond government, the involvement of stakeholders in Bulgaria's skills system is growing but appears fragmented and limited in scope. Bulgaria lacks high-quality information on skills needs in the labour market and how well the government's various skills policies and programmes are working. Public expenditure on skills development and use is low by international standards, and funding sources are not highly diversified.

The OECD has identified and made recommendations to help Bulgaria realise three main opportunities to improve skills governance:

- Opportunity 1: Developing a whole-of-government and stakeholder-inclusive approach to skills policies
- Opportunity 2: Building and better utilising evidence in skills development and use
- Opportunity 3: Ensuring well-targeted and sustainable financing of skills policies.



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