

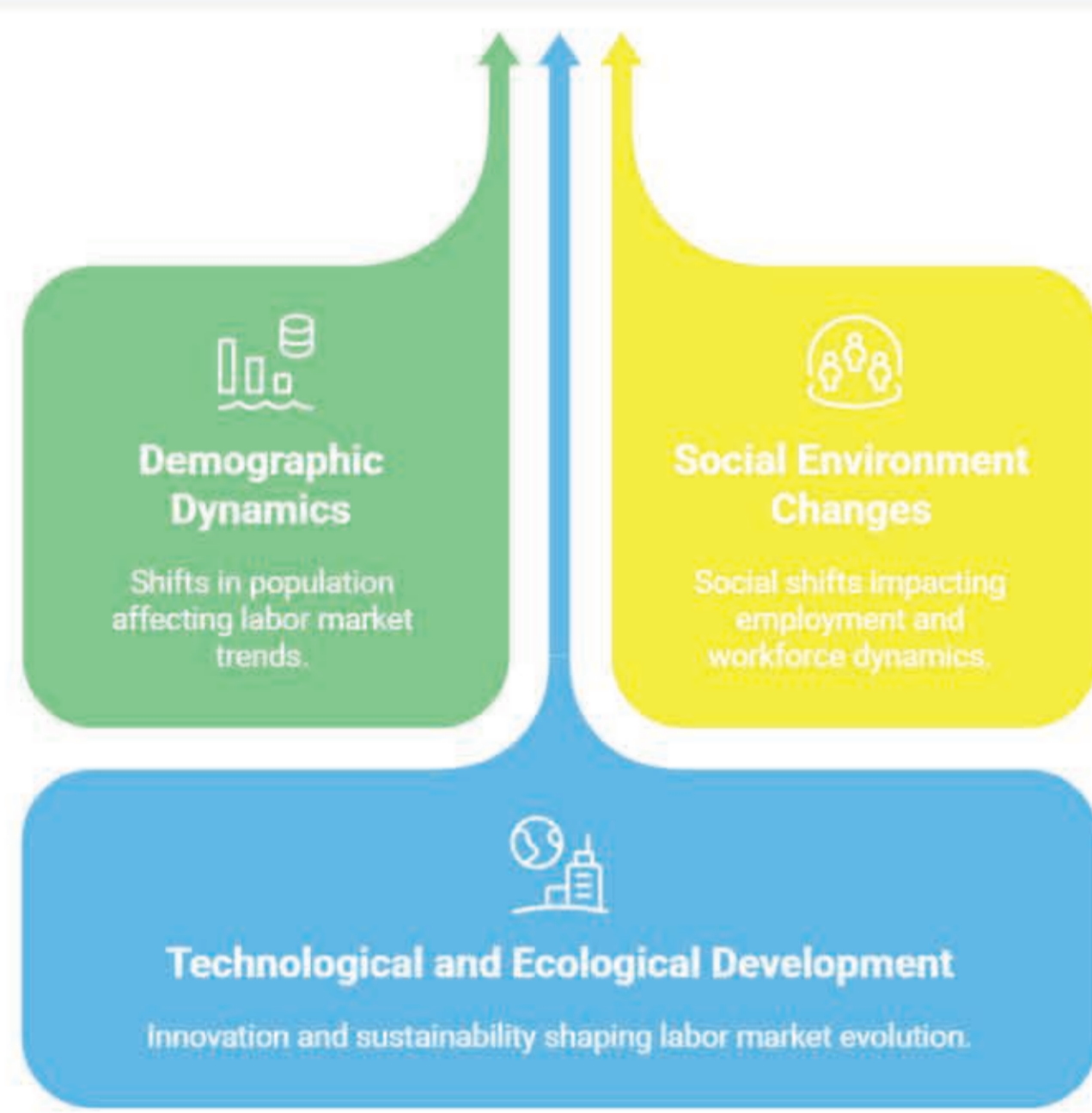
Challenges for Bulgaria's Human Capital in EU Convergence

PROJECT GUIDELINES

The project focuses on both theoretical and empirical research on the impact of demographic dynamics on the labor market and the assessment of effects on key macroeconomic indicators (labor demand, labor supply, labor productivity, economic growth, informal employment, unemployment rate, wage levels, etc.).

The application for Bulgaria, which is planned to be developed within the project, will enable the generation of medium-term and long-term projections for the labor market development under various demographic scenarios, to be implemented in an accessible software environment (MS Excel). The applied aspect of the project aims at transferring knowledge to public and private organizations in need of such projections.

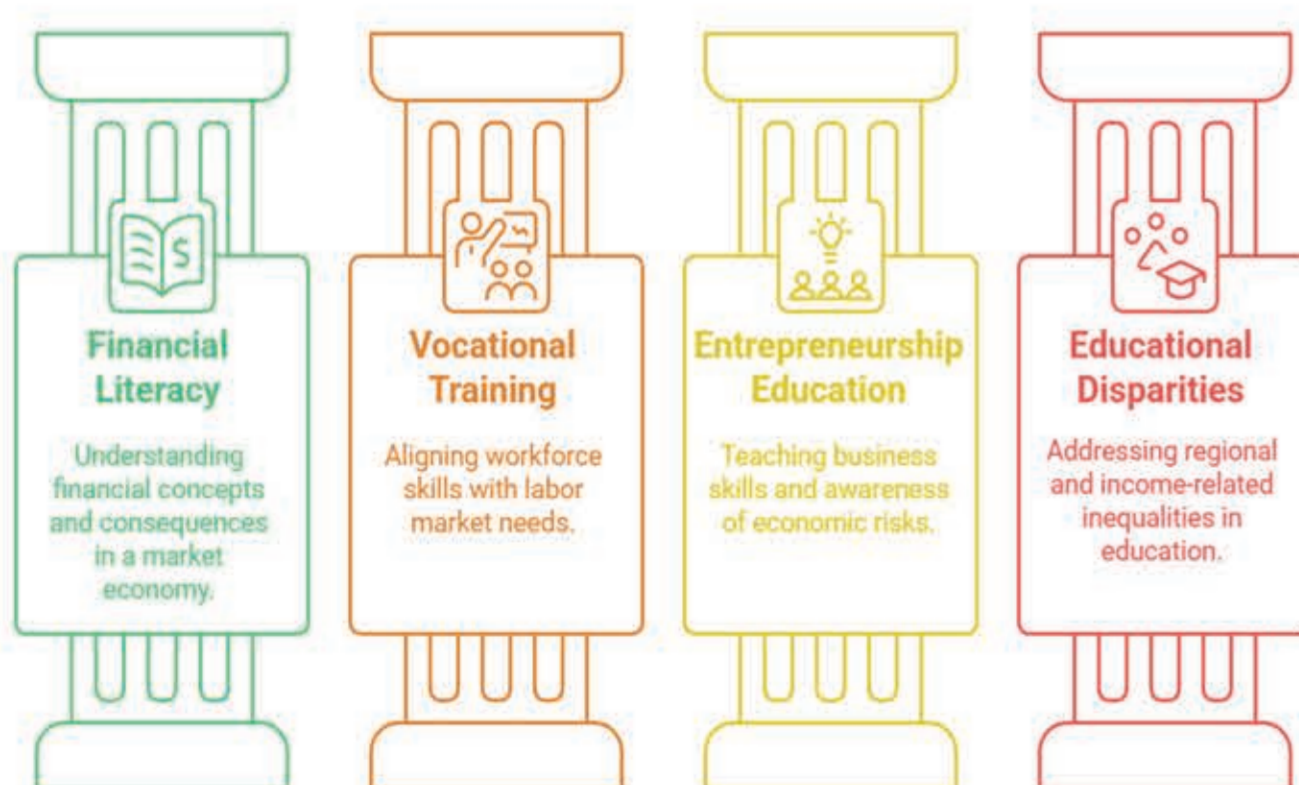
The transformational processes in Bulgaria's labour market, within the context of EU convergence, occur through various socio-economic channels. Three main factors can be identified: demographic dynamics, changes in the social environment, and technological and ecological development.



INTRODUCTION

This paper explores key issues regarding human capital in Bulgaria, focusing on labor mobility within the EU and the current working conditions that impact human capital loss. We take a closer look into the economic convergence of Bulgaria towards the EU, focusing on GDP growth and education trends that impact economic performance.

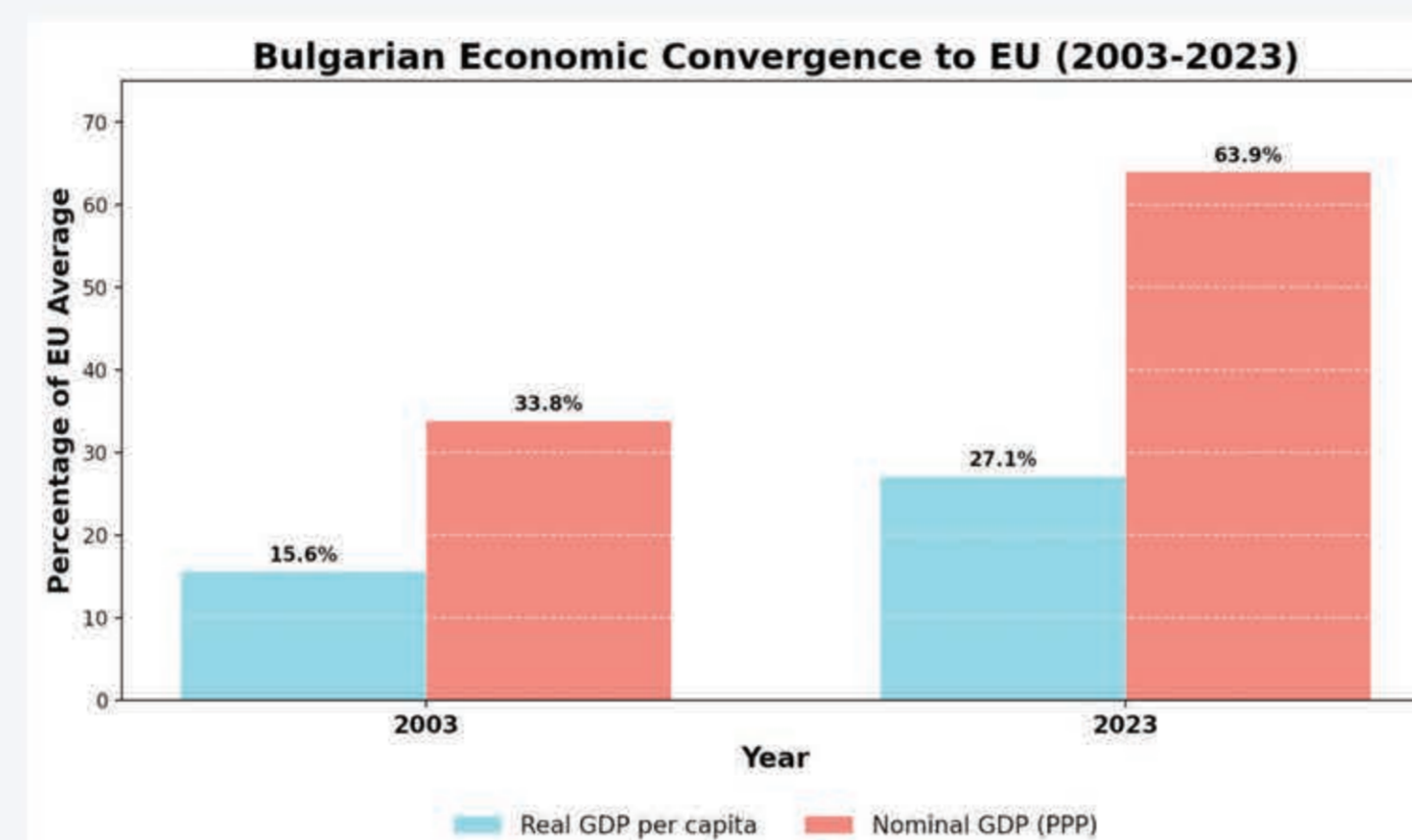
Addressing Educational Inequities and Skill Mismatches in Bulgaria



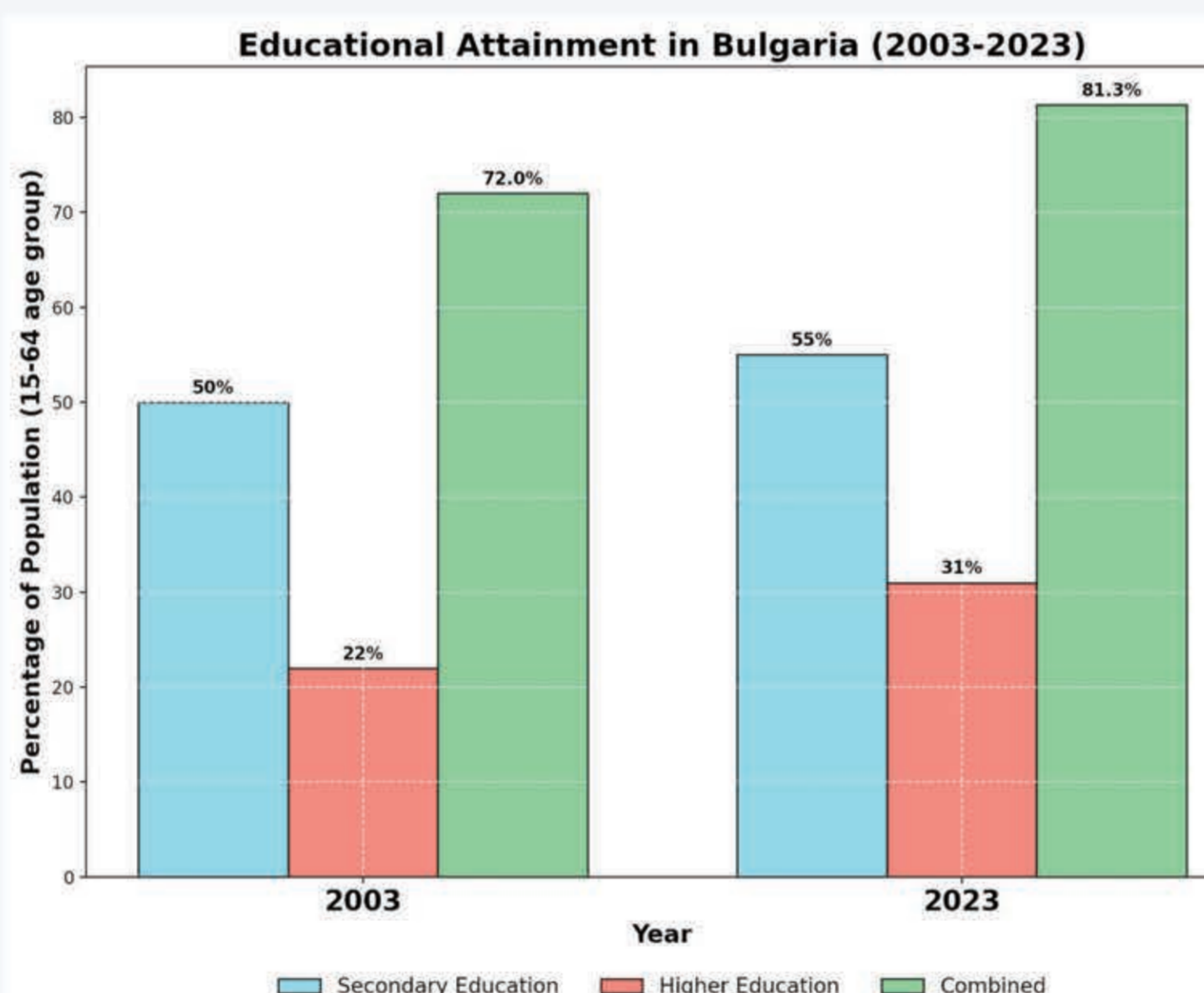
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RESULTS

Between 2003 and 2023, Bulgaria's real GDP per capita increased from 15.6% to 27.1% compared to the EU average. This growth reflects significant economic reforms and integration into European markets, with notable accelerations before 2008 and after 2018. Key factors influencing GDP growth include foreign investments and improved labor market participation.



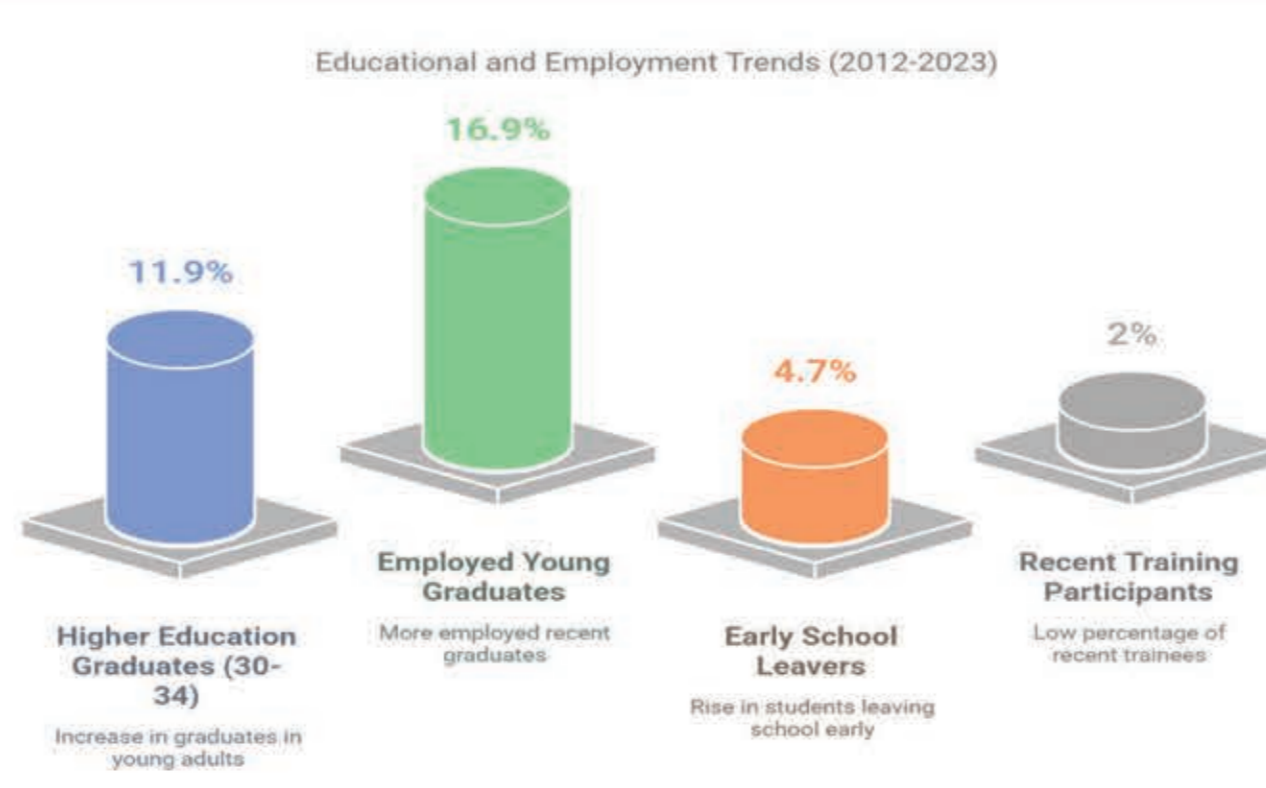
The narrowing of income disparities in Bulgaria has been uneven, with a quicker pace observed until 2008 and a resurgence post-2018. Educational attainment plays a critical role in this dynamic, as higher education levels correlate with improved income. Despite progress, significant gaps remain, indicating the need for targeted economic and social policies.



Education has a significant impact on Bulgaria's economic convergence with the EU. The increase in the share of the population with higher education, rising from 25% to 34% over the last two decades, corresponds with the steady growth in real GDP per capita. This correlation highlights how a better-educated workforce enhances productivity and economic performance, closing the gap with EU averages. Furthermore, countries with high educational attainment levels often experience lower unemployment rates and higher earnings, emphasizing the need for continued investment in education to maintain economic growth.

The net enrollment rate for the 19-23 age group has significantly increased by 14.8 percentage points, reflecting a growing recognition of the importance of higher education for career opportunities. The upward trend in enrollment is crucial for enhancing the workforce's skills and adaptability in a rapidly changing economy. By 2023, 81.3% of the population aged 15-64 have completed secondary or higher education, demonstrating a committed transition towards education that aligns with labor market demands.

Despite improvements in education, the share of early school leavers in Bulgaria has risen by 4.7 percentage points between 2015 and 2022. This trend poses a significant challenge to achieving full economic convergence. Addressing the issue of early school leaving requires targeted interventions to improve the attractiveness of education and provide support for at-risk students. Reducing this rate is essential for enhancing overall educational attainment and ensuring a more skilled workforce in the future.



To foster economic growth and enhance educational outcomes, the Bulgarian government must implement policies that support higher educational standards and reduce early drop-out rates. Strategies should focus on incentivizing schools to improve the learning environment, enhancing teacher training, and increasing funding for innovative programs in STEM fields. Encouraging partnerships with international universities can also improve educational quality and increase student engagement. Continuous assessment of educational policies will help align them with labour market needs and facilitate sustainable economic growth.

HUMAN CAPITAL IN BULGARIA – MAIN CHALLENGES



CONCLUSION

In summary, the educational system in Bulgaria faces significant challenges primarily due to the outflow of human capital and the need for reform towards sustainability. Addressing labor mobility and improving working conditions are critical to retaining skilled professionals. Concurrently, the shift towards a green curriculum is essential for preparing future generations for sustainable development. Only through a comprehensive approach that links education with socio-economic conditions can Bulgaria effectively enhance its human capital and adapt to the demands of the labor market and global challenges.

The analysis of Bulgaria's economic convergence highlights the critical role of education in driving economic growth. While significant progress has been made in GDP per capita and educational attainment, challenges remain. Addressing early school leaving and improving the overall quality of education are essential steps to ensure a skilled workforce capable of meeting future economic demands. Continued investment and strategic policy implementation are vital for sustaining positive trends and achieving higher standards of living for the Bulgarian population.

