



MINISTRY OF LABOUR AND SOCIAL POLICY

NATIONAL EMPLOYMENT ACTION PLAN 2016

For more and better jobs

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INTRODUCTION

I.

LABOUR MARKET IN 2015 AND ESTIMATES FOR 2016

II.

NATIONAL EMPLOYMENT POLICY IN 2016

III.

ENHANCING THE MANAGEMENT OF EMPLOYMENT POLICIES

INTRODUCTION

The National Employment Action Plan for 2016 (NEAP) is one of the instruments which the state will be using to maintain stability in the labour market and to ensure qualification acquisition and upskilling for the labour force, as well as employment of the disadvantaged groups in the labour market. The aim is to support the acceleration and recovery of the economy, the growth of employment and the improvement of labour market operation. Steps have been taken to reduce unemployment, support business to encourage higher demand for labour force and channel the supply of labour force to the needs in the labour market. The activities set forth in the Plan help the implementation of the goals and commitments assumed by the state in compliance with the “Europe 2020” EU Strategy, the country-specific recommendations of the EU Council, the measures included in the National Reform Programme 2015, the Convergence Programme for the period 2015-2018, the tasks of the Updated Employment Strategy 2013-2020, the National Youth Guarantee Implementation Plan 2014-2020, the Lifelong Learning Programme Strategy, the National Development Programme of the Republic of Bulgaria 2020, etc.

The Plan has been drawn out by a cross-sectoral working group with the participation of a number of institutions, social partners, the non-governmental sector and the academia and includes the Framework of the main priorities and fields of work for 2016 as adopted by the National Council for Promotion of Employment. It has been coordinated with Working Group 13, the National Council for Promotion of Employment and the National Council for Tripartite Cooperation and has been adopted by a decision of the Council of Ministers.

The concept of the National Employment Action Plan 2016 has been defined in the following way: “An increase of employment at good quality workplaces in the real economy following an improvement of the knowledge and skills of job-seekers, including of the disadvantaged groups in the labour market with a priority given to the most poorly developed regions.”

The active policy in the labour market which accounts for a major part of NEAP helps boost the processes of acceleration and economic recovery as far as it can influence directly labour supply (in terms of quality and quantity) and ensure fast and high-quality transitions in the labour market.

The main priorities of the national employment policy in 2016, based on the estimated economic growth for 2016 or a higher growth as compared to the estimates set forth in the 2016 State Budget Act for a stable domestic environment and growth in domestic demand, include an improved access to the labour market, particularly for the disadvantaged groups by adjusting to their needs for services and training; support for the economic growth favourable for the employment, improvement of the business environment, compliance with the European Youth Guarantee, whereas all youth by the age of 25, who are not in education or employment for up to 4 months, shall be encompassed too. Some of the priorities include enhancing the efficiency and quality of services of the Employment Agency. In 2016, the active labour market policy will be targetting the following major target groups: unemployed youth under 29 years of age, with a subgroup under 25 years of age; youth not in education or employment (NEETs); unemployed persons over 50 years of age; long-term unemployed persons; unemployed with low or not demanded vocational qualification and lack of key competences, including unemployed of low educational degree (including of Roma origin); people with disabilities; inactive people, including discouraged people.

The Plan for 2016 has been brought in line with the amendments and supplements to the Employment Promotion Act adopted by the National Assembly in December 2015 and provides for

funding of the new measures for dual training, outsourcing of services for the unemployed, introduction of new schemes for block exemption for subsidies for the employment of persons from the disadvantaged groups and a new procedure for developing regional employment programmes.

The Plan is financed with the funds for active policy on the labour market allocated from the State Budget for 2016, as well as with funds from the European Structural and Investment Funds.

NEAP for 2016 includes information about:

- Programmes, measures and schemes under OP Human Resources Development (OP HRD) 2014-2020 for employment and training under the National Youth Guarantee Implementation Plan;
- Activities of other institutions that influence the economy and the labour market;
- Funds, financial sources, types of incentives and their amount – both for employers, as well as for participants in subsidized employment training and mobility promotion;
- Institutions responsible for the implementation of the plan and their partners.

The Plan for 2016 consists of three parts. Part One outlines the situation at the labour market in 2015 and the expectations for 2016. Part Two presents the national employment policy for 2016 and brief information about the European strategic documents on employment, including the European Youth Guarantee. This part also presents the goals, priorities and target groups of the policy and programmes, the measures and activities in three major fields:

- Promotion of economic growth in favour of employment;
- Regional development;
- Enhanced operation of the market labour.

Part Three covers the activities aiming to enhance the management of employment policies. The Plan also includes detailed annexes that help its implementation by the competent institutions and organizations. The first annex includes brief action fiches for all projects, programmes, measures and schemes under the operational programmes included in NEAP 2016, with a focus on objectives, main activities, target groups and institutions, organizations and partners responsible for their implementation. The second annex regulates the maximum amounts of funds under Art. 30a of the Employment Promotion Act (EPA) for the programmes, projects and measures for 2016. A separate annex (3), which plays the role of a reference index, defines the types of payments for each programme or measure included in the plan. The financial table for the allocation of funds from the budget of the Ministry of Labour and Social Policy (MLSP) for active policy in 2016 from the state budget refers to the funds under programmes, projects, measures and training for adults the results that have to be obtained in terms of number of people in employment and number of people in training (annex 4). Annex 5 includes a report on the implementation of NEAP 2015 for a period of nine months in the form of a financial table and due for implementation as of 31.12.2015. Annex 6 includes a summarized table with data about employment and unemployment in the 28 regions in the country.

I.

Labour market in 2015 and estimates for 2016

IN THIS PART:

- Macroeconomic environment, economic development in 2015 and estimates for the demand and supply of labour force in 2016
- Employment, unemployment and disadvantaged groups in the labour market in 2015 and expected changes in the availability of labour force in 2016, total and by regions

Macroeconomic environment, economic development in 2015 and estimates for the demand and supply of labour force in 2016

Macroeconomic development in 2015

For the nine months of 2015, the economic growth in the country stands at 3%¹ in real terms, backed mainly by the increased external demand compared to the preceding year. Export of goods and services has increased by 8.1%, whereas the increase of exports of goods has been the result mainly of the accelerated trade with EU Member States. The positive contribution to net exports accounts for 1.06 percentage points of GDP growth for the nine months of 2015, while the share of domestic demand stayed insignificant. The components of domestic demand indicated a more pronounced positive dynamics hardly during the third quarter, when the end consumption increased by 1.8% as a result mainly of household consumer expenditure, while investments in equity increased by 3.2% backed by the increase in capital expenditure of the government.

In terms of supply, the increased levels of economic activity in the country for the nine months of 2015 resulted from the increase in added value in industry and services, by 2.5 % and 1.4% respectively, in real terms on an annual basis. Much to the difference of the previous two years, in 2015 the dynamics of a newly established approach to agriculture would slow down significantly to a growth of 0.4% for the nine months on an annual basis and this has played the role of a limiting factor for the recovery of general employment rates in the country.

In light of the accelerated pace of economic activity for the nine months of 2015, the demand for labour went up and employment rates increased mainly in sectors with high growth of added value. The total increase of labour productivity reached 2,7%² for the nine months of 2015, with a rate of increase of 0.8% for the same period in 2014. The main contribution to positive growth came from industry, which marked some of the highest rates of added value increase (of 3.2%) and employment (of 2.4%), influenced by the growth in industrial production and good results in exports. The highest growth of labour productivity was reported in activities which previously accounted for a drop in employment, such as real estate property transactions and agriculture. In some services, labour productivity went down which accounted for a faster increase in employment rate as compared to the rates of increase as per the newly introduced approach: setting up and distributing information and creative products; telecommunications and financial and insurance activities. There has been a drop in labour productivity in the sector of building and construction as well, where the increase in the number of the employed has been realized in the conditions of reduced added value in real terms. As far as the income approach is concerned, during the nine months of 2015 the increase of added value in the economy resulted to a large extent from the increase of gross operating surplus. Compensation per employee increased by 1.2 % on an annual basis and the rate of growth remained lower than the increase of the labour productivity, as a result of which labour costs per unit of output went down both nominally (by 1,4%) and in real terms (by 2,5%).

In the activities with the highest labour demand for the nine months, the average salary had the highest pace of increase on an annual basis, such as creation and distribution of information and creative products; telecommunications (12,5%), vocational activities and research (12,5%),

¹ Data on Gross Domestic Product (GDP) and its components are presented based on the fixed prices for 2010, seasonally unadjusted data, where the rates of change are accounted for in comparison to the respective period of the preceding year.

² Calculated as GDP based on prices for 2010 per one employee.

processing industry (7,9%). The faster increase of salaries resulted from the private sector of the economy, where the average salary increased by 9.3% in nominal terms, while there was a slowdown in the annual nominal growth of up to 4% in the public sector. The limited growth in the public sector was due to the process of optimization of the funds for salaries for the public administration, which resulted in a slowdown of annual increase of salaries and a drop for the persons employed for the nine months of the year. The total increase of the average salary for the entire economy reached 7.9% for the nine months of 2015 and under the conditions of negative inflation the actual increase reached 9% .

The drop in consumer prices, measured by the Harmonized Index of Consumer Prices (HICP), slowed down to 0,3% on an annual basis in May, as compared to a drop of 2% in the end of 2014. The depreciation of the Euro to the USD, which started in the end of last year, has had a significant impact on the discussed developments. The negative contribution of energy products and the increase led to a slowdown of deflation. The negative inflation has started picking pace since June, mainly under the influence of the drop of international prices of petrol and the lower contribution of the depreciation of EUR to USD, hence in October the drop reached 1.2% on an annual basis.

The dynamic development of the exports since the start of 2015 has led to an improved trade balance, which resulted in the increase of the surplus in the current account of the payment balance in the period January-September on an annual basis up to 3.1% of GDP. The direct foreign investments in the country for the nine months of the year stood at EUR 996 million or 2.3% of GDP.

Estimates of economic development and labour market in 2015 and 2016

The expectations for the development of the Bulgarian economy by the end of 2015 and throughout 2016 have been formulated based on the estimates for a slowdown in the growth of global economy in 2015 due to the risks for the economies of developing countries and a gradual acceleration of global economic growth in mid-term perspective. Price indexes for all main groups of raw materials are expected to drop in 2015 and 2016 as a result of the increased supply and lower demand on a global scale. The economic growth in Bulgaria is expected to stand at 2% for the entire 2015³. Once after during the first half of the year the GDP growth was formed mainly by the net exports, domestic demand is expected to pick up pace during the second half of the year, while export is expected to slow down on an annual basis. Household consumption will be backed by the increase in available income and lower prices of energy goods, while investments are expected to be backed by the increase of public investments, related to the payments under the operational programmes, funded by the Structural Funds and the Cohesion Fund - 2007 – 2013.

In 2016, the growth of the Bulgarian economy is expected to rise up to 2.1%. The share of domestic demand is expected to go up as compared to 2015 mainly from consumption, backed by enhanced trust of households. Government consumption is also expected to rise, while its contribution to the increase of GDP will be limited, due to the need of consolidation and adherence to the framework of the Stability and Growth Pact. The rise in investments is expected to slow down in 2016 due to the need of technological time to launch the implementation of the programmes, funded by EU funds, within the new financial framework 2014 – 2020. The high reference basis of 2015 will result in a slowdown of the increase of goods exports in 2016, which as far as the raw materials for export-oriented sectors of the economy are concerned, will result in slowing down the growth and imports. Thus the share of the net exports will go down from 1.2 percentage points in 2015 to 0.9 percentage points in 2016.

³ Pursuant to the updated autumn macroeconomic estimate of MF at the end of October 2015.

During the first half of 2015, the increase of employment rates picked pace on an annual basis, yet it is expected to slow down in the second half of the year. These expectations find confirmation in the aggravated estimates from short-term business surveys about the mobility of employees in all surveyed sectors in the period from July to September. In the average for 2015, the number of the employed is expected to go up by 0.3%⁴, while the level of unemployment is expected to stand at 9.9%⁵.

The gradual recovery of domestic demand in 2016 is expected to back labour demand and the growth rate of employment will pick pace slightly to 0.4%. This will aid any further drop in the level of unemployment to 9.1%, which is expected to be more limited as compared to 2015, since the expected drop of labour force will be smaller, due to the adopted measures for increasing the age and years of service required for retirement. The latter are expected to have a strong impact on the economically active population in the medium term, due to the gradual increase over the years of the months of age and years of service, necessary for retirement.

The growth of income presented through the compensation of one employee is expected to reach 3% in 2015 and to accelerate to 3.6% in 2016, backed by the increased labour demand, the increase of the labour productivity and expected increase in consumer prices in the country.

During the last quarter of 2015 the drop in consumer prices is expected to slow down pace and in the end of the year HICP is expected to stand at 0.9%, while 2016 is expected to bring a positive change in consumer prices 0.5%.

In the period 2015-2016, the nominal growth of export of goods is expected to get ahead of that of import and this will restrict trade deficit up to 4.6% in 2015 and 3.9% in 2016. The positive effect will be partly offset by the dynamics of services and the secondary income. The surplus in the current account of the payment balance is expected to stand at 2.1% of GDP in 2015 and to shrink down to 1.8% of GDP in 2016.

The inflow of DFI into the country is expected to continue its recovery and reach 3.2% of GDP in 2016.

The risks for the macroeconomic forecast are to a large extent related to the international environment. The prospects for the development of global economy remain unfavourable, due to the possible further slowdown of the growth of developing economies and the stagnation of bigger developed economies, along with the risk of a continuous drop of international prices. What is more, the wave of refugees in Europe has created risks for the trade in the region due to the strict border control of some countries, while the provision of resources from the EU budget for the settlement of this crisis may restrict the funds for investments. The higher levels of insecurity in the region as a whole create risks for investment activities and for consumer confidence in the country.

⁴ Pursuant to the definition of the National accounts.

⁵ Pursuant to the definition of the Labour Force Survey (LFS).

Employment, unemployment and disadvantaged groups in the labour market in 2015 and expected changes in the availability of labour force in 2016, total and by regions

The improvements in the labour market continued in 2015 as well. Employment rates continued to be on the rise, while unemployment went down on an annual basis as per data of the Labour Force Survey held by NSI.

The upward trend in the economic activity rate monitored since 2012 continued in the period of the first to third quarter of 2015 as well. The indicator of the population aged 15-64 on average for the first, second and third quarter of 2015 stands at 69.4%, i.e. by 0.3 percentage points (p.p.) higher as compared to the same period of 2014. The economically active population aged 15-64 stands at 3 281.7 thousand during the considered period, which is a drop by 34.8 thousand. The decline in labour force is due mainly to the negative demographic tendencies.

The number of the employees aged 15-64 has been on the rise since 2014. On average for the first, second and third quarter of 2015, these stand at 2 964.8 thousand, more than 39.5 thousand as compared to the same period of last year. There has been an increase in the number of the employed in all age groups during the reported period, exclusive of employees aged 15-24. As compared to the period of the first-third quarter of 2014, the number of employees increased mainly in the age group 45-54 (by 18.6 thousand), in the age group 55-64 (by 15.9 thousand) and in the age group 25-34 (by 11.9 thousand).

The economic activities with the most significant contribution to the increase of employment as compared to the nine months of 2014 are as follows: "Creation and distribution of information and creative products, telecommunications", where the number of employees increased by 14.3 thousand; "Processing industry", where the number of employees increased by 12.3 thousand and "Professional activities and research", where the employees are more than 9.5 thousand.

A drop in the number of employees during the discussed period has been reported in the following economic activities: "Agriculture, forestry and fishing", "Mining industry", "Water supply, sewerage services, waste management and recovery", "Building and construction", "Administrative and support services", "Education" and "Humane health care and social work". A more significant drop in the number of employees has been reported in "Water supply, sewage, waste management and recovery"- by 5.5 thousand; "Building and construction"- by 3.3 thousand and "Administrative and support services"- by 3.2 thousand.

As far as the structure of the employed by status is concerned, there has been an increase in the number of self-employed and hired workers. The number of self-employed workers has increased by 1.1 thousand as compared to the period first to third quarter of 2014 and reached an average of 240.4 thousand for the nine month period of 2015. The total number of hired workers has increased due to the rise in the number of employees in the private sector. The number of hired workers at private enterprises has increased by 55.6 thousand to reach 1 953.6 thousand, while the number of those hired at public enterprises decreased by 8.9 thousand and in the period first-third quarter of 2015 stood at an average of 701 thousand.

The employment rate for the population aged 15-64 is 62.6%, which is a 1.7 p.p. increase as compared to the nine months of 2014. The employment rate for the age group 20-64 stands at 66.8%, or by 1.8 p.p. higher as compared to the period of first-third quarter of 2014. The employment rate for the population in the age group 55-64 stands at 52.1%, i.e. by 2.6 p.p. higher as compared to the nine months of 2014.

The differences in the number employees and the employment rate in separate statistical regions in the country are of a relatively constant nature. They have been influenced by demographic, economic and other factors. During the nine months of 2015, the number of employees in the age group 15-64 has increased as compared to the same period in 2014 in four of the six statistical regions. A drop in the number of the employed has been reported in the South Central and North Western Bulgaria, by 12.4 thousand and 0.3 thousand respectively. The employment rate of the population in the age group 15-64 is the highest in the South Western region (67.7%), followed by North Eastern (63.2%) and South Central (61.3%). Employment rates are the lowest in the North Western and North Central regions, 56.1% and 59.8% respectively.

The number of the unemployed has dropped by 74.7 thousand as compared to the nine months of 2014 and has reached an average of 319.8 thousand for the nine months of 2015. The unemployment rate is an average of 9.6%, by 2.1 p.p. less as compared to the nine months of 2014. Data of Eurostat on the level of unemployment in Bulgaria in September 2015 show that these approximate the average rates for EU-28 – it stands at 9.4% for Bulgaria as compared to 9.3% on average for EU-28. As compared to the nine months of 2014, the number of the unemployed has declined for all age groups. The decline is more significant for the age groups 25-34 (by 21.6 thousand) and 55 years and older (by 16.7 thousand).

Youth unemployment and long-term unemployment rates have continued to drop. In the period of the first-third quarter of 2015 as compared to the same period of the preceding year the number of the unemployed youth aged 15-24 has dropped by 8 thousand to 40.4 thousand, while the youth unemployment rate dropped by 2.4 p.p. to 21.4%. Eurostat data for September 2015 read that the unemployment rates for youth aged 15-24 in Bulgaria stands at 21.1% as compared to an average of 19.9% for EU-28. The number of youth aged 15-24, who are not in education or employment (NEETs), has been going down. Eurostat data for 2014 show it stood at 20.2%, less by 1.4 percentage points as compared to 2013. During the reported period, the number of the long-term unemployed has dropped by 37.2 thousand to 197.2 thousand, while the long-term unemployment rate has dropped by 1.1. p.p. to 5.9%.

The number of discouraged persons aged 15-64 for the nine months of 2015 stands at an average of 171.4 thousand. The decline in their number which started as a trend in 2012 continues. As compared to the nine months of 2014, the number of the discouraged persons aged 15-64 had dropped by 18.5 thousand.

In the period January-September 2015, data of the Employment Agency show that the number of the unemployed registered at labour offices and the rates of registered unemployment in the country has gone down as compared to the same period of 2014. The average monthly number of the unemployed registered at the labour offices stands at 333 766, less by 37 516 as compared to the nine months of 2014. The average monthly unemployment rate stands at 10.2% or by 1.1 p.p. less as compared to the nine months of 2014.

During the reported period, the average monthly number of the unemployed has dropped for all monitored disadvantaged groups in the labour market, exclusive of the long-term unemployed. The unemployed youth from both groups (up to 24 years of age and up to 29 years of age) have dropped down both as a number and as an average share of the total number of unemployed. During the nine months of 2015 as compared to the first half of 2014 the average monthly number of:

- The unemployed aged under 29 has dropped by 13 139 to 52 392 persons. Their average share of the total number of all unemployed registered at labour offices is 15.7%. The number of the unemployed youth by the age of 24 has dropped by 7 616 persons to 22 099 persons, while their relative share is 6.6%. A total of 9 025 young people up to 24

years of age or 47% of all unemployed youth up to 24 years of age registered at the labour offices for the month are registered at the labour offices for a 4-month period at the end of September 2015. In the end of September 2015, the number of the unemployed youth up to 24 years of age is the highest in the regions of Plovdiv (1 792 youth), Blagoevgrad (1 257 youth), town of Sofia (1 097 youth) and Sliven (1 084 youth), and stands lowest in the regions of Gabrovo (192 youth), Pernik (308 persons) and Kardzhali (315 youth).

- The rate of inactivity of youth aged 15-24, who are not in education or employment (NEETs), has dropped. Eurostat data shows that in 2004 it stood at 20.2%, less by 1.4 percentage points as compared to 2013.
- The number of the unemployed above 50 years of age has decreased by 9 230 to 131 806, which accounts to 39.5%.
- The number of the unemployed without qualification has dropped down by 19 200 to 187 008, which accounts for 56% of all unemployed.
- The number of the long-term unemployed has increased by 11 441 to a total of 147 947, which accounts for 44.3% of all unemployed.
- The number of the unemployed persons with disabilities has dropped down by 487 to a total of 17 022, which accounts for 5.1% of all unemployed.

At the end of September 2015, the rate of registered unemployment was still lower than the average for the country (9.2%) in 10 regions. It has been the lowest in the regions: Town of Sofia (2.8%), Varna (5.7%), Gabrovo (5.7%) and Burgas (6%), and highest in the regions of: Vidin (21.6%), Montana (18.7%), Vratsa (18.5%) and Smolyan (16.5%).

The demand for labour force via the labour offices has picked up pace in the nine months of 2015 as compared to the same period of the preceding year. A total of 146 643 jobs have been registered by the real sector at the labour offices, which is by 10 840 more as compared to the nine months of 2014. Private employers have registered 90 031 jobs – by 3 350 more as compared to the nine months of 2014.

The recovery of the labour market which started in 2014 continued through the nine-month period of 2015 as well. Employment rates are still on the rise, while unemployment rates are dropping down. There is a drop in the number of the unemployed from the main disadvantaged groups in the labour market registered at the labour offices, exclusive of the long-term unemployed registered at the labour offices.

In the period May-June 2015, the Employment Agency held a second representative national survey among employers across the country. The results of the survey show positive results about the plans of employers to open new jobs in the next 12 months. Although the share of the enterprises planning to open new jobs is hardly 13.5%, the total number of “future” jobs stands at 143 765 (which are not only newly opened).

According to the survey, some of the most sought after professions by degree of education for the next 12 months will be:

- For the persons with higher education: specialists in information and communication technologies, business and administrative specialists (financial, administrative specialists, sales specialists), specialists in natural and technical sciences (mathematicians, specialists in physical and chemical sciences, etc.), teachers, etc.;
- For the persons with secondary education: sellers, staff providing personal services (cooks, waiters and bartenders, hairstylist, beauticians), workers engaged in the production of foods, clothing, products of wood and related products, operators of

stationery machinery and equipment, drivers of motor vehicles and operators of mobile equipment;

- For the persons with primary or lower education: workers in the agriculture, forestry and fishing; workers in mining and processing industry, building and construction, workers engaged in the production of foods, clothing, products of wood and related products.

The survey shows that 10.3% of the employers plan to organize training for their employees in the next 12 months. The most popular trainings for acquiring professional qualification will be for the following professions: operations accountant, security guard, assistant-counselor, waiter-bartender and employee for catering and entertainment facilities. In the field of key competences, most popular will be the trainings in social and civil competences, digital competences and the trainings in initiative and entrepreneurship. As far as corporate trainings are concerned, the majority of planned trainings will be organized in the field of new technologies, equipment and product modernization of the companies, trainings for customer service, as well as introductory trainings as per the scope of activity and organization of the company.

In conclusion, it could be noted that the recovery of the labour market that started in 2014 has continued throughout the nine months of 2015. Employment rate continues to go up, while unemployment goes down. The number of the unemployed registered at the labour offices in the main disadvantaged groups on the labour market has been decreasing, exclusive of the number of the long-term unemployed registered at the labour offices.

II.

NATIONAL EMPLOYMENT POLICY IN 2016

IN THIS PART:

- European and national strategic documents and national employment policy
- Priorities and fields in the National Employment Policy for 2016
- Fostering of economic growth favourable for employment, improvement of business environment, development of key economic sectors and their impact on employment
- Regional development
- Improving labour market functioning

European and national strategic documents and national employment policy

In March 2015, the European Commission adopted a new package of Integrated Guidelines for Implementing the Europe 2020 Strategy. The new Guidelines take into account the new approach for development of the economic policy based on investments, structural reforms and fiscal discipline. The integrated guidelines, which the EU Member States shall follow in order to attain the objectives of Europe 2020 Strategy, group together the Guidelines for the Employment Policies of the EU Member States and the Common Guidelines for the Economic Policies of the EU Member States. At the start of October 2015, the Employment, Social Policy, Health and Consumer Affairs Council adopted a Decision of the EU Council on the guidelines for the employment policies of Member States. The guidelines on employment and the social sector are:

- Guideline 5: Boosting demand for labour by creating jobs, shifting tax burden from labour to other sources of taxation;
- Guideline 6: Enhancing labour supply, skills and competences by addressing structural weaknesses in the systems of education and training aiming to achieve quality results in the learning process and combat youth and long-term unemployment
- Guideline 7: Enhancing the functioning of labour markets with a focus on the reduction of the segmentation of the labour market, improvement of the efficiency, scope of active measures on the labour market and their correlation to the passive measures, promoting mobility on the labour market;
- Guideline 8: Fostering social inclusion, combating poverty and promoting equal opportunities with a focus on modernization of social-security systems for the provision of adequate protection.

The guidelines for the employment policies outline common priorities for the national policies for promoting employment, such as development of qualified and adaptable workforce, adaptable labour markets that respond fast to economic changes, adequate social protection to meet the needs of people. The goal is to boost employment and reduce unemployment and poverty. Actions and measures to implement the guidelines for the employment policies have been included in the National Programme on Reforms in the National Employment Action Plan for 2016 and the National European Youth Guarantee Implementation Plan 2014 - 2020.

The implementation of the European Youth Guarantee will continue in 2016 by carrying out the activities set forth in the National Plan for its implementation. The implementation of the existing and new programmes, projects and measures, funded by the State Budget and under OP HRD 2014-2020, will enable more youth to be included in trainings and employment. In 2016, efforts will be targeted at the implementation of the requirements of the European Guarantee under which all youth up to 25 years of age, who have not been in education or employment for a period of up to 4 months, shall receive a proposal for a better job, continuing education, apprenticeship or internship. In order to ease the transition for youth not in education or employment towards education or employment, all available instruments of the active policy shall be put to effect on the labour market.

On 17 September 2015, EC published a Proposal for a Council Recommendation on the integration of the long-term unemployed into the labour market. By taking into account the need to adopt integrated action to reduce long-term unemployment the Member States, Bulgaria included, have backed the Proposal for Recommendation. The work on the Proposal for a

Recommendation is expected to come to a close by December 2015. The Proposal for a Recommendation envisages:

- Incentives for the long-term unemployed with public employment services.
- Provision of an in-depth individual assessment of the needs and employment opportunities for all long-term unemployed after no more than 18 months of unemployment.
- Proposed job integration agreements to all long-term unemployed registered at public employment offices, who fall outside the scope of the Youth Guarantee after no more than 18 months of unemployment. Depending on the individual needs of the person the agreement may include diverse measures provided by various institutions or organizations (employment services, education and training, social services, health care).

In order to ensure consistency and continuity of support for the long-term unemployed, the Recommendation envisages that the long-term unemployed shall be receiving the necessary services at the so-called “single point of contact”. At the single point of contact, the long-term unemployed will be receiving consultations and easy access to employment services, social services and assistance. In order to provide employment for the long-term unemployed at the primary labour market, the Recommendation envisages also the establishment of partnerships between public institutions and employers, as well as an increase in the scope of services and the provided earmarked financial incentives. The measures in the Recommendation may be implemented with the support of the European Social Fund.

The work on the texts of the Recommendation still continues within the frames of various groups and committees with the Employment Social Policy, Health and Consumer Affairs Council. The final text of the Recommendation is expected to provide for greater flexibility to the Member States for the implementation of the key elements of the Recommendation. The aim is to focus on providing access for the long-term unemployed to employment in the real economy.

The measures for the implementation of the specific recommendations of the EU Council play a key role in addressing the challenges at the national and European level. Policies and actual measures, which aim to help the implementation of the 2015 recommendations on employment have been included in the National Employment Action Plan for 2016. The Council Recommendation adopted on 14.07.2015 about the National Reforms Programme of the Republic of Bulgaria for 2015 and including the opinion of the Council on the Convergence Programme of the Republic of Bulgaria for 2015 indicates that Bulgaria shall undertake the following actions to address the sector of the labour market in the period 2015 – 2016:

Guideline 3. “Working out an integrated approach for the marginalized groups in the labour market, more specifically the older workers and the youth not in education or employment. After consultations with the social partners and in compliance with the national practices for establishing a transparent mechanism for determining the minimum salary and minimum social security contributions in view of their impact on poverty among the employees, creating new jobs and competitiveness.”

Various activities will be implemented in compliance with the Recommendation, funded under OP HRD 2014-2020, targeted at the improvement of existing services for job-seekers and employers. The aim is to have the services provided by the Employment Agency contribute for fostering the activation and inclusion in long-term employment of the vulnerable groups in the labour market, such as: youth, the low qualified, the long-term unemployed and elderly. What is more, it is also envisaged that complex services will be provided to vulnerable groups by joint teams of the Employment Agency and the Agency for Social Assistance within the frames of the

employment service and social assistance centers. Based on the developed methodology on integrated provision of employment and social assistance services, the employment and social assistance centers will be providing integrated services to the unemployed and people receiving social benefits.

Steps have been taken to speed up the work for drafting a mechanism for determining the minimum salary and the minimum social security contributions. The Ministry of Labour and Social Policy has been working jointly with the International Labour Organization (ILO) for the development and implementation of a mechanism for determining the minimum salary.

A number of strategic and operational documents were adopted in 2015 at the European and national level which outline new objectives for the development of the systems of education and training and regulate the terms and conditions for implementing new initiatives for training. They will have direct impact on the national system of education and training in the coming years, including on the education for adults.

In 2009, within the Framework for Cooperation Education and Training 2020, the European countries joined hands around four common goals and a set of indicators to be achieved in education and training by 2020. Despite the activities taken and the progress made, the high unemployment rates and social exclusion continued to account for serious challenges at the European labour markets. This requires further effort to develop and adjust the European education and training systems. As a result, the European Commission has suggested six new priority areas for the development of education and training systems in the period 2016-2020. The new highlights focused on the acquisition of:

- High level of qualifications and competences, which are relevant and have the necessary quality for employment, innovation, active citizenship;
- Inclusive education, equality, anti-discrimination, civil competences;
- Open and innovative education and training including digital innovations;
- Strong support for teachers and trainers;
- Transparency and recognition of the skills and qualifications;
- Sustainable investments, efficiency and effectiveness of the systems of education and training.

The new priority areas have been included in the joint report on the implementation of Education and Training 2020 in 2015, which is about to be adopted by the Council for Education in November 2015.

The first Action Plan for the Implementation of the Strategy for Development of Vocational Training and Education in the Republic of Bulgaria 2015-2020 had been adopted in 2015. The Plan covers a period of three years - 2015-2017 and highlights major activities in the field of school professional education and training and vocational education of persons above 16 years of age in the labour market. Some of the more significant activities involve the pilot testing and practical application of the vocational education and training by work (dual education); expanding the network and enhancing the capacity of the training institutions for development of the activities for validation of knowledge, skills and competences, acquired by informal and non-formal learning; development and application of a model for the introduction of a credit system in vocational education and training (VET); increasing the participation of adults in lifelong learning activities, including through training as part of the active policy in the labour market; activation of the participation of social partners in VET.

The preparation of a three-year project (2016-2018) for the implementation of the National Development Programme: Bulgaria 2020 is currently underway. The plan envisages in 2016 activities

related to the promotion of lifelong learning; enhancing the quality of the sector of education for adults; developing new state educational standards by professions for the acquisition of a degree of professional qualification with units of learning outcomes; developing new module plans and curricula for implementing the state educational requirements, units of learning outcomes, including the updating of curricula in higher education in compliance with the requirements of the labour market; further development of the activities related to producing estimates on the development of labour market; provision of more opportunities for vocational education and training and acquisition of key competences by the employment and unemployed, including on-the-job trainings, more opportunities for internships for students and pupils in actual working environment, etc.

The 2016 Action Plan for the Strategy for Development of Higher Education in the Republic of Bulgaria outlines measures for the use of estimates about the demand and supply of labour force in Bulgaria in determining the needs by experts in higher education and planning of the admission at higher education schools; improvement of the accreditation model and rating system at higher education schools in order to give an objective assessment of the quality of education and the realization of the graduates; building a working and efficient mechanism for evaluation of the professional realization of graduating students; increase opportunities for holding internships and practices for students during the education; establishing of a general information network for career centers, graduate associations, alumni centers, as well as an increase of their capacity, etc.

An Ordinance regulating the terms and conditions for holding on-the-job training (dual training) has been put to effect since the start of September 2015. The on-the-job training (dual training) will be applied for two groups of persons – students, who have turned 16, in the XI and XII grade, and persons who have turned 16, who are in the labour market. The on-the-job training for the students will be related to the acquisition of professional qualification and acquisition of the general educational minimum for secondary education, while for the persons in the labour market – by the acquisition of professional qualification. The on-the-job training will be implemented in partnership between the training institution (vocational school, vocational high school, vocational college or a center for professional education) and one or several employers. The training will include on-the-job training in actual working environment under the guidance of a supervisor appointed by the employer and training at a training institution. The on-the-job training will be implemented by virtue of an employment contract providing for on-the-job training (Art. 230 of the Labour Cod) between the trainee and the employer. The duration of the on-the-job training may be from 1 to 3 years depending on the level of professional qualification, which is to be acquired.

An Ordinance ensuring the Quality of Vocational Education and Training was adopted in September 2015. The Ordinance regulates the development of internal systems ensuring the quality of vocational education and training at institutions for VEE and criteria and instruments for self-assessment of institutions. Criteria have been set in three fields: access to professional education and training; acquisition of professional qualification; realization of persons who have acquired professional qualification, whereas each criterion has qualitative and quantitative indicators.

A Decree regulating the Terms and Procedure for the Provision of Vouchers for Training has been adopted further to the new programme period of Operational Programme “Human Resources Development” (OP HRD) in order to further expand the good practices for training by vouchers from the preceding programme period. Vouchers for training will be presented once again to employed and unemployed persons under schemes for direct provision of grants under OP HRD. A new aspect for the entire programme period 2014-2020 is that the same person shall have the right to receive only one voucher for training for the acquisition of vocational qualification and only one voucher for training for the acquisition of key competence as an employee, and only one voucher for training

for the acquisition of vocational qualification, and only one voucher for training for the acquisition of key competence as an unemployed person. An opportunity has been envisaged for co-financing of the amount of the voucher by those employed, whereas the terms and procedure shall be set forth in the criteria for the choice of operations. Training providers shall have the obligation to enter in the Information system of NAVET updated data about the bases in theory and practice, which will hold forthcoming trainings, as well as the teaching staff at the moment of submitting of an application to the Employment Agency for inclusion in the list of training providers as well as any ensuing change

Priorities and fields in the National Employment Policy for 2016

The National Employment Plan for 2016 is one of the instruments which the state uses to maintain stability in the labour market and ensure the upskilling of labor force. The aim is to speed up the economic recovery, the growth of employment and improvement of the labour market operation. At the same time the Plan includes reserves for urgent measures for negative outcomes. It aids the implementation of goals and commitments taken by the state in compliance with the Europe 2020 EU Strategy and the measures included in the National Reforms Programme for 2015, the Convergence Programme of the Republic of Bulgaria for 2015-2018, the tasks of the Updated Employment Strategy 2013– 2020, the National Youth Guarantee Implementation Plan 2014 – 2020, the Lifelong Learning Strategy, the National Development Programme 2020 of the Republic of Bulgaria, etc.

Major problems and challenges in the labor market in 2016:

- Slow increase in the number of newly opened jobs.
- Limited demand for labor force in poorly developed regions.
- Despite a number of positive changes, the number of the unemployed in total for the country and for certain regions has remained high, as well as for certain groups of unemployed – youth, long-term unemployed, unemployed over 50 years of age, unemployed of Roma origin without qualification and with low education, whereas for these disadvantaged groups the options for going out of the “poverty trap” and to break free from the dependency on the welfare system are limited.
- Despite the decline in number, the economically inactive persons, including discouraged persons, has kept high rates.
- There is a slow stabilization on the labour market in some European countries, where many Bulgarians work – including Greece, Spain, etc., yet at the same time the refugee crisis will open the labour markets of most EU Member States for the additional inflow of job-seekers, which will tighten competition.
- A huge number of violations of labour legislation, including payment of salaries and due social insurance for part of the working hours and unpaid overtime work, delay of payment of remunerations, etc.

“Bottlenecks” at the labour market:

- “Divergence” between the demanded and supplied skills of the labour force. Lack of qualified labour force by professions and branches, where knowledge and skills can be acquired over a longer period of time.
- Increase in unemployment rates during the winter months due to the seasonal nature of the economic activities, such as construction, agriculture, tourism, etc.
- Aggravation of poverty in smaller areas and rural regions, which are characterized by poor economic activity, low labour mobility and lack of motivation for work due to low wages.
- Low economic activity among persons of poor health condition, where quite often the conditions and working environment offered by employers do not meet their health status.
- Low income, which affects also the restrictions on flexible forms of employment, including part-time employment and employment for a certain period of time, especially when the working place is in a location different from the residence of the unemployed person and thus brings big costs for transport.

- High unemployment rates among the persons with low level of education and without qualification, since the jobs of low-qualified workers are held by persons with higher degree of education and qualification.

The concept of the National Employment Action Plan 2016 has been defined, as follows: “Increasing the employment and quality jobs in real economy after enhancing the knowledge and skills of job-seekers, including among the disadvantaged groups in the labour market, in the most poorly developed regions as a priority.”

The active policy in the labour market may influence directly the supply of labour (in terms of quality and quantity) and ensure fast and high-quality transitions between the various stages in the labour market. The assistance for the unemployed while seeking jobs, the provision of training and subsidized employment for the most vulnerable groups of the unemployed ensures the social inclusion of these groups, earned income and insurance rights, tax and insurance revenues for the state. Funding some part of the staff costs of the companies, especially the small and medium-size enterprises, is in practice a form of support and encouragement for them to create jobs. Support will be granted also for investments in regions with high unemployment rates.

The employment of disadvantaged groups is a factor which helps some of them escape the poverty trap and implement some of the tasks in the social economy.

The risk of further deterioration of the international economic environment as a result of regional conflicts and migration flows from some countries to other and in view of the internal environment following crises and natural disasters cannot be forecast, yet has to be included in the plan and in a more pessimistic scenario. In this scenario, in the case of long-term unemployment of large groups of the population of certain regions and large-scale layoffs, it is necessary to provide subsidized employment under programmes, where the employment will be targeted at other aims as well, such as, for example, fostering security, environmental protection, green jobs, etc. In emergency situations and natural disasters, it is necessary to ensure temporary employment in the regions which do not experience difficulties.

The main priorities of the national employment policy for 2016 in light of the estimated economic growth for 2016 or a higher growth rate, stable environment and increase in domestic demand, shall include:

1. Providing better access to the labour market, particularly for the disadvantaged groups, by way of services adjusted to their needs and aimed at activation, information, pro-active motivation, counseling and guidance, as well as raising the level of skills and competences by trainings to upskill their competitiveness on the labour market, compliant with the needs of the employers.

2. Support for the economic growth to the benefit of employment, improvement of the business environment, support for higher employment rates and the use of the potentials of major economic sectors. Additionally, it is necessary to curb unfair competition of enterprises promoting unregulated employment and unregistered payment and aid the employment in small and medium-size enterprises. Regionalization needs a boost.

3. Implementation of the European Youth Guarantee. Better inclusion of target groups and a boost of the effect of programmes, projects and measures of active policy in the labour market based on the results of conducted evaluations.

4. Enhanced efficiency and quality of services of the Employment Agency, better interaction with private employment agencies and the enterprises providing temporary employment. Joint operation of the territorial division of EA and the Social Assistance Directorates for a more efficient and integrated implementation of measures intended to help the most vulnerable groups.

5. Development of interdepartmental interaction and social partnership

In the event of sudden deterioration of the economic situation and lower than expected GDP rates as a result of unforeseen external circumstances, such as natural disasters, financial imbalances, etc., it is necessary to consider another priority as well:

6. An increase of subsidized employment in regions of deteriorating economic conditions, provision of re-qualification and intermediary services for a faster transition to new employment for the dismissed staff from bankrupt enterprises.

In 2016, the active policy on the labour market will be targeted at the following main target groups:

- Unemployed youth up to 29 years of age with a subgroup up to 25 years of age, youth not in education or employment (NEETs);
- Unemployed above 50 years of age;
- Long-term unemployed, including of Roma origin;
- Unemployed with low or undemanded professional qualification on the labour market and lack of key competences, including the unemployed with low education (including of Roma origin);
- Persons with disabilities.
- Persons, who have been excluded from the labour force, although willing to work, including discouraged persons.

Active policy covers other groups as well (pursuant to the implemented programmes, schemes and measures of the Employment Promotion Act): unemployed with disabilities; long-term unemployed; persons of low qualification; unemployed entitled to social assistance; start-up entrepreneurs; employed persons in need of training; unemployed single parents (adopters) and/or mothers (adopting mothers) with children under 5 years of age; persons who served their sentences; persons who have received a refugee or humanitarian status; inactive persons, who wish to work. Each group will be approached differentially in view of the subgroups in it. The persons in these groups will be enrolled in trainings, programmes and measures under NEAP 2016 after the development of individual plans, in which the steps will be determined, based on the profile of the person and his/her chances to land a job.

The result from the evaluation of the net effect of the active policy on the labour market has been taken into account in the formulation of the priorities and target groups for 2016. The net effect by age groups indicates that the highest net effect is reported for the youth up to 29 years of age - 16.3%. Relatively high is the net effect for persons above 50 years of age as well – 13.6%. The evaluation based on the level of acquired education by the unemployed shows that the net effect is the highest for the persons with primary or lower education – 14.6%, followed by the persons with higher education – 12.1%. The net effect for persons with disabilities, who have participated in employment programmes, is twice as high (34.3%) as compared to the other persons (13.1%).

The National Employment Action Plan 2016 will be including activities in the following primary areas:

1. Promotion of economic growth, which is favourable for employment, improvement of business environment, development of the main economic sectors and their impact on employment.

2. Development of regions.

3. Improvement of labour market operation by:

- Improving the services for activation of the unemployed, fast adaptation to new jobs and reduction of long-term unemployment; activation of inactive, including discouraged persons;
 - Implementing of the European Youth Guarantee;
 - Providing investments in the quality of labour force by way of trainings based on the results of short-term and medium-term estimates and research of the needs of employers;
 - Providing of employment for the disadvantaged groups in the labour market by way of programmes, projects and measures under the Employment Promotion Act;
 - Improving social security and social inclusion; income policy and passive policy;
 - Fostering the free movement of workers within the frames of the EU.
4. Enhancing the management of employment policies:
- Increasing the capacity of the Employment Agency and its cooperation with private employment agencies;
 - Developing the scope and efficiency of the control of the General Labour Inspectorate;
 - Improving social dialogue.

As a result of the implementation of all actions, programmes, projects and measures planned in the National Employment Action Plan 2016 and in the event of favourable development of the economic situation, there are expectations of:

- Employment rate for the age group (15 - 64) – 63.5%;
- Employment rate for the age group (20 - 64) – 67.5%;
- Employment age for the elderly (55-64) –53.5% ;
- Unemployment rate (based on LFS survey data) shall not exceed 9.5%;
- Unemployment rate for the age group (15 - 24) – shall not exceed 20.5%;
- Provision of employment with funds from the state budget for more than 21 000 unemployed and training for ca. 11 000 unemployed.

Fostering of economic growth favourable for employment, improvement of business environment, development of key economic sectors and their impact on employment

The development of main economic sectors in 2016 will have a favourable effect on employment. In the context of the objectives set in the field of economic policy aiming for a change in the structure of the economy by fostering the establishment and development of sustainable enterprises in high-tech industries in 2016 by virtue of the specialized legislation on investment promotion, incentives will continue to be provided for investments creating jobs in industries and services with high value added. This process will be taking place by issuing certificates for investment class and priority investment projects allowing the use of administrative and financial promotional measures under the Investment Promotion Act (IPA). Priority will be given to the promotion of investments in high-tech industries and services and in municipalities with high unemployment rates, which will be using lower thresholds for certification and measure application. To this end the financial measures encouraging staff training and partly the reimbursement of the costs for social security and health insurance for new jobs will continue to be put to effect. A total 11 projects have been planned to be certified under IPA with investments at a total amount of BGN 270 million, which will open 540 new jobs. Measures of financial incentives have been planned to be provided to 7 projects with investments at a total amount of BGN 100 million, which envisage the opening of 270 new jobs.

The main programme document at a national level which outlines the aid for the Bulgarian business by the European Structural and Investment Funds in the period 2014-2020 – Operational Programme “Innovations and Competitiveness” 2014-2020 (OPIC), is due to encourage a dynamic and competitive economy by way of a growth of innovations, entrepreneurship, capacity for development of small and medium-size enterprises (SME), energy and resource efficiency of enterprises. The implementation of the Operational Programme will have a favourable effect on the establishment of high-quality and sustainable jobs, as well as on increasing the entrepreneurship of the population. Additionally, one of the leading principles in the choice of operations within the frames of the separate investment priorities of OPIC is the principle of equal opportunities – the promotion of equal opportunities for everyone, including access for people of disabilities based on the principle of non-discrimination. The total budget of OPIC up to 2020 stands at the amount of EUR 1,27 billion where the funding from the European Regional Development Fund (ERDF) stands at about EUR 1,079 billion (85% of the budget), while the national co-financing equals EUR 191 million (15% of the budget).

The following procedures are due to be announced in 2016, pursuant to the Indicative Annual Work Programme:

- “Development of Product and Industrial Innovations” under Priority Axis 1 “Technological Development and Innovations”. The main goal of the procedure is to expand the share of enterprises which develop and distribute innovations, as well as to enhance the innovation capacity of enterprises.
- “Sofia Tech Park” under Priority Axis 1 “Technological Development and Innovations”. A direct grant award procedure whose primary objective is the development of pro-innovative infrastructure and a science and technology park.
- “Cluster Development in Bulgaria” under Priority Axis 2 “Entrepreneurship and Capacity for Growth.” The main objective of the procedure is the provision of support for the

establishment and development of clusters in Bulgaria as a factor, which will boost the competitiveness of Bulgarian enterprises.

- “Building SME management capacity” under Priority Axis 2 „Entrepreneurship and Capacity for Growth.” The aim of the provided grants is to develop and enhance SME management capacity in Bulgaria and encouraging the use of information and communication technologies and services.
- Institutional beneficiaries – Priority Axis 1. The planned procedure for institutional beneficiaries is expected to start in March, whereas for 2016 the appointed institutional beneficiaries will be: the Bulgarian Small and Medium Enterprises Promotion Agency (BSMEPA) – EUR 5 million for activities related to the support of entrepreneurship and the promotion of internationalization of Bulgarian enterprises; the Bulgarian Investment Agency (BIA) – EUR 5 million for activities related to attracting foreign investments to target sectors and countries, including the implementation of pro-active investment marketing; the Ministry of Tourism – EUR 5 million for building up SME capacity in tourism; and the Commission for Consumer Protection (CCP) - EUR 3 million for activities aimed at building up the efficiency and effectiveness of the services offered by CCP to Bulgarian enterprise.
- “Promotion of energy efficiency in large enterprises” under Priority Axis 3 “Energy and Resource Efficiency”. The main goal of the procedure is to reduce energy intensity by supporting the large enterprises in Bulgaria in implementing projects on energy efficiency.
- Phase 2 of project “Building of an Intersystem Gas Connection Bulgaria-Serbia” under Priority Axis 4 “Removing Bottlenecks in Security of Gas Supplies.” The grant award procedure aims to improve the connection of the neighbouring gas transmission systems.

The transition to a green, low-carbon economy with efficient use of resources plays an important role in attaining a sustainable and inclusive growth⁶. This transition affects a wide scope of sectors in the economy and is related to creating additional employment, the opening of new jobs, a change in the existing workplaces. There is a great potential in the creation of workplaces in the field of energy efficiency, waste and waters management, environment-friendly infrastructure development, etc. Investments in energy efficiency, as well as the resources invested in activities such as prevention of waste generation, their reusing, have a positive effect on the labour market.

The European structural and investment funds are sources of investments contributing to the opening of new jobs during the transition to a green economy. The European Social Fund through measures targeted at facilitating the transition to employment and enhancing the level of knowledge and competence has also helped the economic transformation. In the course of change towards an economy based on efficient use of resources, the state plays an important role as a guarantor of a consistent and integrated approach in support of the change and creates opportunities to estimate and acquire new skills for the new jobs.

A total of 12 procedures at the total amount of BGN 504 million will be launched in 2016, within the frames of Operational Programme “Environment 2014-2020” under the administration of the Ministry of Environment and Waters (MEW). The implementation of the planned activities will open opportunities to generate employment. The planned financing will be targeted at projects contributing to the sustainable management of the water sector and environment-friendly waste management. The measures in the “Biodiversity” sector will aid the implementation of the National Priority Action Framework for Natura 2000, more specifically improvement of the conservation of

⁶ The transition from a linear economy based on a “take, make, waste” model to a circular economy , where materials are reduced, re-used and recycled, is a process which will change the labour market and the specifics of workplaces.

species and habitats in the protected areas of the network. The measures under the new priority axis “Prevention and Management of Flood and Landslide Risks” will contribute to increasing the level of protection of the population in the event of such natural disasters. As far as the improvement of the quality of atmospheric air is concerned, municipalities will be able to implement projects addressing the problem of excess levels of dust and nitrogen oxide the main sources for which are household heating and transport.

There are employment opportunities for a highly qualified expert and research staff in the field of water and biodiversity protection also under Programmes BG 02 “Integrated of Marine and Inland Water Management” and BG 03 “Biodiversity and Ecosystems” under the Financial Mechanism of EEA 2009 – 2014. A total of 38 contracts for a total amount of BGN 27,857 have been concluded under both programmes at present. The total number of the employed is 250 with an upward tendency. Beneficiaries of the contracts are central and local administrations, think-tanks and civil organizations. Yet another prerequisite for ensuring employment are the contracts signed in 2015 for funding two project proposals under the Bulgarian-Swiss Cooperation Programme. The project “Environmentally sound disposal of obsolete pesticides and other crop protection products” provides for collection, re-packaging and export for disposal of obsolete pesticides, as well as cleaning and re-cultivation of high-risk contaminated ground. The measures to be implemented under the project are due to involve the municipalities with the biggest number of risk warehouses in the country and will have a positive effect on agriculture locally. The implementation of the project “Research and Development of Pilot Models for Environmentally Sound Collection and Temporary Storage of Hazardous Waste from Households” will build up the capacity of 22 municipalities for the implementation of their statutory obligations for collection and disposal of hazardous household waste. The two projects stand at a total amount of BGN 51,630 million.

Funding from the Bulgarian Enterprise for Management of Environmental Protection Activities (EMEPA) with MEW helps implement ecology-targeted projects and activities in compliance with national and municipal strategies and programmes in the sector of environment protection. The priority areas eligible for funding as set in a Decision of the Management Board are, as follows: water management, waste management, limiting the loss of biological diversity and conservation of natural ecosystems.

The support for transition towards a more environment friendly economy will continue throughout 2016 by implementing the incentive measure for “green jobs” regulated under the Employment Promotion Act. The instruments of active policy on the labour market will be supporting, on the one hand, the opening of high-quality and sustainable jobs contributing to environmental protection and, on the other, will be providing employment to persons, who have been unemployed for more than 6 months.

The development of the Energy sector will be playing a strategic role for Bulgaria’s development in 2016. This defines the impact of the sector on the employment in the country. Amendments to the Energy Act and the Energy from Renewable Sources Act are expected to be adopted in 2016.

Another priority is the liberalization of the energy market for the regulation of prices in the sector totally from the market. There will be a change also in the role of the Energy and Water Regulatory Commission (EWRC), whereas the Commission will undertake to determine the price of transmission, access and “Public service obligation”, yet the price of the electrical energy will be the price determined by the market, which determines the supply and demand. The building of the intersystem connection between Bulgaria and its neighbouring countries by building the interconnectors – Greece-Bulgaria, Bulgaria-Turkey, Bulgaria-Serbia and Bulgaria-Romania will also create new workplaces. Thus, for instance, grants have been allocated at the amount of EUR 8

million for the building of an intersystem gas connection Bulgaria-Romani and the term for completing the building has been extended to 31 December 2016 by a decision of the European Commission. The interconnectors Greece-Bulgaria, Bulgaria-Greece, Bulgaria-Serbia and the project for the modernization and rehabilitation of the national gas transmission network have been declared key projects by the European Commission.

Creating employment in the rural regions in 2016 by way of investments in agriculture and non-agricultural activities, aiming at economic recovery on the territory of rural regions and improving the standard of life is one of the problems ahead of the Rural Development Programme for the period 2014-2020 (RDP). In order to ensure secure income and long-term employment the focus has been put on the creation of jobs in all investment projects of RDP 2014 – 2020. As a priority, funding will go to investments in the North Western Region of planning – the poorest region in Bulgaria and Europe. One of the major objectives of the Programme “Social and economic development of rural regions to ensure new jobs, reduce poverty, social inclusion and provide for a better standard of living” is to account for interventions in three priority areas, more precisely: facilitating diversification of economy and creating new jobs; enhancing of territorial competitiveness of rural territories by improving the standard of living, business conditions, including by utilizing the social and economic potential of rural areas by encouraging local development headed by the communities following the LEADER approach; provision of equal access for all households and businesses in the rural region to a broadband network. The interventions will contribute to the development of the economic potential, preservation of economic potential and social inclusion of the unemployed from the vulnerable groups, including the Roma, by contributing in this way to the economic recovery and curbing the process of depopulation and social exclusion.

Diversification of the economy and the opening of jobs in the rural regions will take place by encouraging investment in the establishment and development of low diversification in non-agricultural business. The data about enterprises and employment in rural areas indicate that the economy of the rural regions offers low diversity. The development of sectors adding value to manufactured primary products or making use of other local resources is still poor. The programme will aid the investments in the development of non-agricultural activities, with a priority on those making good use of the resources of rural regions or the opportunities related to the development of new technologies. The number of jobs is expected to increase as a result of projects implemented in the sector of tourism. In agriculture, new jobs will be encouraged primarily in the field of biological agriculture. Public projects will also be considered to a large extent an instrument aimed to increase employment. Further to the Partnership Agreement priority will be given to investments in the Northwestern region.

The Programme aims to support 1 600 projects for the development of non-agricultural sectors in the economy, which will result in the opening of 4 300 new jobs in the period 2014-2020. The programme contributes much to the inclusive growth objective set in Europe 2020 Strategy and gives priority to creating and keeping the jobs for part of the measures. In addition, the Programme will be encouraging the development of labour-intensive sectors in the agriculture and the viability of small farms, which are family business and the only employment for many farm owners and their families.

The enhancing of territorial competitiveness of rural territories by improving the standard of living and the conditions for making business will be pursued by two groups of interventions:

- The first group of interventions addresses the needs for improving social, technical and tourist infrastructure by aiding the investments aiming to improve the standard of living and the access to services for 1 995 thousand residents in the rural regions, in compliance

with the priorities of national sectoral strategies and the needs defined in the municipal and local development strategies.

- The second group of interventions aims at the development and good use of social and economic potential of rural regions by encouraging community-led local development (CLLD) under the LEADER approach. Through the operation of the National Rural Network, the Programme aims to activate local communities, overcome social exclusion of vulnerable groups and build the capacity for sustainable development of the entire territory of rural regions. If there is minimum available capacity, local initiatives will be directly supported for capacity-building and preparation of local development strategies. The programme will be funding the implementation of local development strategies which have reached a sufficient stage of development and clear-cut added value to the development of territories, aiming to support 60 local initiative groups (LIG) and including 48% of the population of rural regions as per the national definition. LIGs can be enabled to address adequately the most important problems of the territory by planning the implementation of a multi-fund financing for the integration and support of the interventions of regional and social policy and of the policies for the development of rural regions, maritime affairs and fisheries. Provisions have been made to open 600 jobs by the end of 2023 under the projects supported under the LEADER approach. An invitation will be extended in 2016 for a selection of LIGs and CLLD strategies (the first strategies will be approved within two years after the validation of the Partnership Agreement). Additional strategies on community-led local development will be approved of no later than 31 December 2017.

The provision of equal access for all households and businesses in the rural regions to broadband network in compliance with the goals set in the sector of digital technologies in Europe and the national strategies for its implementation, will be put to effect by fostering the building of infrastructure for broadband access of next generation only in areas to which there is no investment interest due to market defects. This will contribute to building additional capacity and speed of connection, better quality of services and improved user access to online resources.

More than BGN 20 billion have been planned to be invested in the building and construction sector in the next 7 years , whereas half of these are due to come from European funds, while the rest – from the state and municipalities. At present, more than 80% of the investments in the public infrastructure come from European funds. In this connection, it is important to ensure funding from public-private partnerships as well. MRDPW has provided for BGN 12 billion by 2022. The total budget of Operational Programme “Regions in Growth” 2014-2020, administered and coordinated by MRDPW, stands at approximately BGN 3 billion. A total of BGN 380 million will be invested under Priority Axis 7 “Regional road infrastructure” of Operational Programme “Regions in Growth” 2014-2020 in construction, reconstruction and rehabilitation of first-class, second-class (outside the Trans-European transport network) and third-class roads. Priority has been given to 5-6 projects, among which the completion of Lot 3 of Highway “Struma”, further construction of Highway “Hemus”, as well as the building of the sections Sofia-Kalotina, Sofia-Vidin, Ruse-Veliko Turnovo and the tunnel under Mount Shipka. During the programme period 2014-2020, Bulgaria will take part in a total of twelve programmes on European territorial cooperation, where the total budget of all programmes stands at EUR 1 274,4 million, of which the budget for the five programmes on trans-border cooperation with the neighbouring Serbia, Turkey, Macedonia, Greece and Romania stands at EUR 471,4 million. The estimates show that the implementation of projects within the

frames of these programmes will result in the opening of new jobs while the implementation of the programmes will have a positive effect on employment in 2016.

The National Programme for Energy Efficiency of Residential Buildings 2015-2016 envisages the conclusion of contracts in the end of 2015 for more than 2000 buildings on condition that for each building there is a different contractor, which aims to encourage the small and medium companies and the employment in them. A record number of projects are expected to be implemented in 2016 under the energy efficiency programme. There are a lot of buildings that can be renovated, where the average amount for the renovation of a large panel building is significant – BGN 500 thousand. In this connection, the implementation of the National Energy Efficiency Programme for 2016 will have a favourable impact on the labour market.

Operational Programme “Regions in Growth” 2014-2020 (OPRG 2014-2020) is also expected to have a favourable impact on employment where almost 55% of the funding comes under Priority Axis 1 “Sustainable and Integrated Urban Development” with a budget of approximately BGN 1,5 billion. The main objective of the Priority Axis is to ensure the implementation of projects within the frames of integrated plans for urban reconstruction and development (IPURD) on the territory of 39 municipalities in towns of the 1st to 3rd hierarchical level pursuant to the National Concept for Spatial Development 2013-2025 (NCPD 2013-2025). The investments under the Priority Axis are related to the renovation of the municipal educational and cultural infrastructure; modernization of the social infrastructure, as well as the building of modern social housing for marginalized groups, including the Roma; energy efficiency measures and renovation of administrative buildings of the state and municipal administration, residential buildings and student dorms to state universities; improvement of urban environment; areas with potential for economic development; development of an environmentally friendly and sustainable urban transport system. All activities referred to hereinabove imply great opportunities for the construction sector. The implementation of the Energy Efficiency in Peripheral Regions procedure is due to be launched in 2016 under Priority Axis 2 “Support for Energy Efficiency in Support Centers in Peripheral Regions” of OPRG 2014-2020, with the primary goal to increase energy efficiency of public infrastructure and the housing sector in the 28 small towns of the 4th hierarchical level pursuant to the National Concept for Spatial Development (NCSD) 2013-2025. The investments under Priority Axis 2 include introduction of measures for energy efficiency and renovation of residential buildings and administrative buildings of the state and municipal administration, as well as public municipal buildings as part of educational and cultural infrastructure. The implementation of the procedure on “Culture and Sports at School” will be launched in 2016 under Priority Axis 3 “Regional Educational Infrastructure” of OPRG 2014-2020 with the primary goal to create conditions for modern educational services in the field of culture, arts and sports by improving the educational infrastructure at arts and culture schools and sports schools of national and regional significance.

Measures will be launched for the improvement of the regional social infrastructure for deinstitutionalization of social services for children and adults under Priority Axis 5 “Social Infrastructure” of OPRG 2014-2020. The goal of the priority axis is to ensure the successful continuation of the process of deinstitutionalization of social services for children and adults by replacing the care at an institution with care in a family or in an environment close to family environment based on the successful experience in integrated interventions under OP “Regional Development” 2007-2013 and OP “Human Resources Development.

The implementation of priority axes under OPRG 2014-2020 will help meet the high public expectations for a change aiming expedient measures to ensure growth and employment, implementation of the necessary sectoral reforms and, in the long run, improvement of the standard of living in the regions across the country.

Transport and information technologies are the major factors in economic development, which influence directly and indirectly the labour market as well. The expansion of access to data distribution networks and the use of modern technologies related to information technologies create prerequisites not only for the development of ICT sector, but for the development and innovations in the other economic sectors, and in addition – this contributes to reducing regional disparities. In response to the goals set in the Strategy “Europe 2020” and “Digital Agenda for Europe”, as well as in compliance with the national priorities in the field of ICT the sector will continue its growth, both in terms of scope (coverage), as well as direction of development and introduction of modern and efficient services and applications, which meet the economic and social needs and requirements. The National Broadband Infrastructure Plan for Next Generation Access envisages the promotion of social cohesion by granting access to online services to the people living in sparsely populated and remote regions. The ICT sector development policy is horizontal and in this sense influences all other sectors, hence in the course of its implementation it is necessary to take into account the double role of ICT – as a horizontal factor for the development and growth of the other sectors and at the same time for the development of the sector itself.

The transport sector is a key sector in Bulgaria’s economy both due to its connecting role in reference to the other economic sectors, as well as due to its contribution to the gross added value and employment. The provision of an efficient and sustainable transport and accessible and high-quality transport infrastructure make for an important condition for sustainable economic growth. In this connection, through the implementation of a policy targeted at the development of transport infrastructure, the influence on the labour market will continue in terms of providing employment for persons professionally engaged in the field of transport and construction. The implementation of large-scale infrastructure projects related to maintenance, development and modernization of transport infrastructure, requiring major investments over a long period of time, further result in the opening of new jobs as well.

Trade is a major factor for the development of Bulgarian economy and has a huge impact on employment. Data of NSI show favourable changes in the general indicator of business climate, and although a decline has been reported in in June and July, it still kept positive levels as compared to January 2015. In August the total business climate indicator went up by 1.3 points as compared to the preceding month, which is due to the improved position of business leaders in industry and retail trade. The complex indicator “business climate in retail trade” increased by 3 points in August 2015 as compared to the preceding month due to more optimistic assessments of the retail traders about the current business position of enterprises. Their positions moved slightly into a positive direction with regards the volume of sales for the past three months, while their estimates for the next three months remain favorable. As for the continuing improvement in the estimates of households about the economic situation, their financial position and unemployment rates, respectively the consumer confidence indicator, NSI data from a consumer survey show that there are grounds to expect that consumption levels will continue to recover in the following months.

In the period 2015-2016, the nominal increase in exports of goods is expected to surpass that of import, which will limit trade deficit to 4.6% in 2015 and 3.9% in 2016. The positive effect could be partly compensated by the dynamics of services and secondary income. The surplus in the balance of services in regard to GDP will go down in 2015 as a result of faster nominal increase of imports and will keep the same level in 2016. The positive balance of secondary income will be lower due to finalization of payments of EU funds under the operational programmes of the previous programme period (2007-2013) and the need of technological time for starting projects and payments for the new programme period. As a result of the described developments, the surplus in the current account of the payment balance is expected to stand at 2.1% of GDP in 2015

and to shrink to 1.8% of GDP in 2016. The inflow of DFI in the country is expected to continue its recovery and reach 3.2% of GDP in 2016.

Tourism is one of the sectors which creates the biggest number of jobs⁷ directly or indirectly in trade, transport, communications, services, etc. One major challenge is the adequate development of the staff employed in the field of tourism and tourist service products. The low payment in the sector, the high turnover rate, the lack of investments in the education of the staff have resulted in low qualification and motivation of the staff and deteriorating quality of service. Additionally, there are other problems such as insufficient/inefficient advertising of the country, poorly developed transport infrastructure, poor maintenance of tourist sites, lack of proper organization, low hygiene, low quality of tourist services, of provided services, etc.

To this end, the Strategy for Sustainable Development of Tourism in Bulgaria for the period 2014-2030 has been drafted and is due to be implemented in 2016. The implementation of the activities under the Strategy will contribute to a large extent to create new work places, sustainability of employment and enhanced qualification of the employees in the sector pursuant to the needs and requirements of the employers. Funds will be provided under OP “Innovations and Competitiveness” for activities related to the establishment and operation of organizations managing tourist regions, as regulated in the Tourism Act, as well as activities targeted at capacity building of enterprises for an easier access and presence on the national and international markets.

The implementation of the National Programme “Clio” funded by the MLSP budget with funds for active policy in the labour market will continue in 2016 as well. The main goal of the programme is to ensure training, subsequent employment and social integration for the employed by opening jobs in activities such as conservation, maintenance, restoration and popularization of sites that are immovable cultural heritage. Target groups under the Programme are unemployed registered at employment offices, long-term unemployed with a priority for the unemployed above 50 years of age and unemployed youth up to 29 years of age with low education and without qualification. Except for reducing unemployment and increasing employability of the unemployed, NP “Clio” has had a positive effect also on the development of cultural tourism at municipalities by providing opportunities for subsidiary employment in activities such as tourist guide services, tourist animation, restoration and general maintenance of immovable cultural heritage sites, which, in turn, leads to an improvement of living environment at municipalities and increasing their tourist attractiveness.

Priority Axis 6 “Regional Tourism” of OPRG 2014-2020 with a budget of BGN 100,8 million aims to support activities for conservation, promotion and development of cultural heritage of national and international significance. Some of the possible eligible activities include conservation, restoration, renovation, protection, exhibition, socialization, equipment of cultural heritage sites, including of religious sites of a national and international significance, as well as development of tourist infrastructure and small-scale technical infrastructure, that are necessary during the visits of the sites. Eligible for financing are all sites of cultural legacy of national and international importance, included in the National Immovable Cultural Heritage Register of the National Institute of Immovable Cultural Heritage and world cultural heritage sites under the protection of UNESCO.

The investments in the quality of labour force have a direct impact on customer satisfaction from tourist services, respectively on the increase of tourist flow and improvement of the image of

⁷ As per data of NSI for the period January-August 2015, there is a 1.1% drop in the number of foreign tourists who have visited Bulgaria as compared to the same period of 2014, while the revenues from international tourism for the period January-July 2015 stood at EUR 1 536.48 million, which is 5.7% less as compared to the same period of 2014.

Bulgaria as a tourist destination. Under OP Human Resources Development the employers in the sector may apply for funding of activities such as professional counseling and advice, motivation, training for acquiring and upskilling of qualification and trainings for acquiring key competences by unemployed and employed persons, employment, apprenticeship and internship for the unemployed. Incentives will be granted to encourage mobility of job-seekers, to foster start-ups and development of private business and entrepreneurship. The Rural Regions Development Programme 2014-2020 through Measure M06 — Farm and Business Development will be encouraging the launching and development of non-agricultural activities in rural regions, including the building and renovation of tourist sites and development of tourist services. All sub-measures have direct contribution to creating or maintaining employment in the rural regions and in this way help reduce the depopulation of rural regions. In order to ensure maximum effect on employment under sub-measures M6.1, M6.2 and M6.4, priority will be given to the projects that create jobs. Sub-measure 7.5 will aid activities for the establishment, repair, refurbishing of tourist information centers, visitor centers, art and craft enters, sightseeing places and infrastructure, as well as priority will be given to funding projects that create jobs in compliance with the eligible activities. The territorial cooperation programmes 2014-2020 will also give opportunities for funding projects in the field of tourism and will have a positive impact on the increase of employment in the regions.

The health services sector stands out for its high employment potential. The European Vacancy Monitor reports an increasing demand for labourforce in the health care sector. Employment in the health sector in the EU has increased by almost 2% on an annual basis in the period between 2008 and 2012. In 2012, almost 1 million persons were employed in the health care sector. In 2014, based on data of NSI, the employees engaged in the Human Health and Social Work economic activity stand at 163,3 thousand or 5,5% of all employees in Bulgaria.

In an active dialogue with the professional organizations and social partners the Ministry of Health (MH) seeks efficient mechanisms for improving salaries and working conditions for the employees in the health care system and for ensuring additional incentives for keeping them at the country. A successful step to keeping young physicians and the other medical specialists in the country, which would have its effect continued in the next years as well, is the new Ordinance on acquiring a specialization in the health care system, adopted in 2015, targeted at the solution of problems related to the training for the acquisition of a specialization in the health care system, including a high level of dissatisfaction among the specialist physicians from the terms and procedure of the trainings. It helped create attractive conditions for specialization and opportunities for career growth for medical specialists in the Republic of Bulgaria. Since the entry into force of Ordinance No. 1 in the end of January 2015 up till this moment the specialists under the Ordinance were 968 – of them 660 have been newly registered young physicians, while 308 have been transferred from the cancelled Ordinance No. 34 of 29.12.2006 on the acquisition of specialization in the health care system. Up till this date, the accredited hospitals across the country have announced 855 vacant positions for specialists in clinical majors by virtue of Ordinance No. 1, while universities have announced 176 vacancies in non-clinical specialties. The new ordinance introduced additional incentives for the completion of the education of specialists in deficit specialties, such as Anesthesiology and intensive care, General and criminal pathology, Pediatrics, Emergency care, Infectious diseases and Neonatology. Further conditions have been created for training for the acquisition of a specialty in General Medicine for specialties such as dental medicine, in compliance with the specifics of the organization of first aid and dental care in the country, as well as more accessible conditions for education for foreigners from countries outside the EU. The status of a clinical pharmacist has been introduced at medical establishments for hospital care, who is to coordinate the activities related to safe and rational drug use. The changes in the Medical

Establishments Act of September 2015 are also intended to help retain young physicians in the country and regulate the status of specializing physicians by creating legal options for the specializing physicians to take equal part in the diagnostic and treatment process, including with a contract with the National Health Insurance Fund.

At present, the Ministry of Health is in a process of developing a new project under OP “Human Resources Development” to upgrade the successfully completed in 2015 project on “New Opportunities for Physicians in Bulgaria”, which provided funding for theoretical and practical training of specializing physicians. The aim of the new project has been to create conditions and motivation for building the professional capacity of hired specialists, as well as overcome the problems with the work force in the health care sector, related mainly to the lack of sufficient staff. The implementation of the project will enable young Bulgarian physicians to acquire the specialty they want by providing the payment of tuition, scholarships, medical literature and medical work clothing.

In order to overcome the staff deficit and in compliance with the Concept for the Development of Emergency Medical Care in the Republic of Bulgaria 2014-2020, adopted in November 2014, the budget of the Ministry of Health since the start of 2015 has ensured additional funds for increasing the salaries of the employees at Emergency Medical Care Centers whereas the funds have been allocated based on a methodology allowing to overcome the accumulated imbalances in the remunerations of those working at the 28 Emergency Medical Care Centers in the country. As a result of the adopted measures, for the first time in 2015 there has been a positive tendency for overcoming the staff deficit, whereas the physicians who started work at the emergency medical care centers are 45% more than those, who have left the system, whereas the increased number of employees who started work at Emergency Care Centers has helped setting up full teams in all regional towns. An additional increase of salaries has been envisaged in 2016, which is due to continue over several stages in the years to come. What is more, there are now conditions and motivation to build professional capacity of continuing education of the employees in the system of emergency care. The performance of the specific activities in the action plan within the terms set therein for the implementation of the Concept will have an impact on the quality of labour force in the health care sector in the years to come.

The changes in the Health Care Act of September 2015 regulate the integrated health and social services. The changes adopted in the Health Establishments Act and the Health Care Act in September 2015 are meant to regulate integrated health and social services which could be provided in the future by the municipalities, by the health establishments and by the persons under Art. 18, para. 2 of the Social Assistance Act. A new type of health establishment has been defined – a center for the provision of complex services to children with disabilities and chronic diseases – which can provide also social services by virtue of the Social Assistance Act. Any further activities aimed to develop these services have the potential to open new jobs adequate for medical specialists and specialists in the field of social services, which will be in charge of providing health care, medical supervision and social work, including in a home environment, in support of children, pregnant women, people with disabilities and chronic diseases, elderly people, who need help to carry out their everyday activities.

Investments in health are investments in efficient and sustainable workforce⁸. These investments have a positive impact on the employability and are a factor which may influence the

⁸ Data of the Ministry of Health show that Bulgaria suffers more and more losses due to poor health. In 2013, the mortality rate among able-bodied population (20-65 years of age) accounts for 18 828 deaths, including: 9 952 - from diseases of the blood circulation system; 6 482 – from oncological diseases; 941 from respiratory diseases; 1 453 from digestive disorders. In 2013, every employee accounts for a total of BGN 5 199 of the current amount of GDP of the

economic growth. The measures for improving the health status of the population have been contributing to keeping people active and in good health for a longer period of time.

Services account for a major sector in the national economy⁹ and their relative share is still on the rise. Of the three major economic sectors, the services sector holds the biggest relative share of more than 50%, followed by industry with about 30-40 %, while the agrarian sector holds the smallest share – about 7-12 %. All activities in the services sector are characterized by a positive contribution to the changes in the total employment, exclusive of the activity “Professional activities and research; administrative and support activities”¹⁰. The national representative survey among employers across the country in the period May-June 2015 held as part of Project “Building a System to Estimate the Needs of Labour Force with Specific Characteristics” under OP HRD shows positive trends for the opening of jobs in the services sector for the next 12 months. The biggest share of work places, which are expected to open, are those in “Trade, Motor Vehicle Repair”- 14.3% and “Hotel and Restaurant Management”- 13.4%.

Further investments will be encouraged by virtue of the Investment Promotion Act in the sector of services, including: in high-technology and knowledge-based services, outsourcing sector activities, storehouse and storage of goods, services for hotels, both by class of investments, as well as in terms of priority projects. The employment created as part of the projects is considered an additional second criterion for certification, which allows for a promotional decrease of the threshold of investment in fixed assets. The provision of funds for staff training and partial reimbursement of the costs for social security and health insurance for the created new jobs will continue so as to encourage the opening of new highly-productive jobs.

The support for employment in small and medium businesses in 2016 will be provided in various directions, including under Operational Programme “Innovations and Competitiveness” 2014-2020 (OPIC) via development of innovations, entrepreneurship, growth of capacity of small and medium-size enterprises (SME), energy and resource efficiency of businesses. The interventions planned to this end are compliant with the priorities of the project on Innovation Strategy for Smart Specialization and the National Strategy for SME Promotion. The following procedures have been planned to be announced in support of SME within the frames of OPIC in 2016: “Development of product and production innovations” – aimed to increase the share of enterprises that develop and promote innovations, as well as building up the innovation capacity of enterprises, with a budget of EU 35 million; “Cluster Development in Bulgaria”- for creating and developing of clusters in Bulgaria as a factor for improving competitiveness of Bulgarian enterprises, with a budget of EUR 20 million; “Development of SME Management Capacity”- for development and building of the management capacity of SME and promotion of the use of information and communication technologies and services ,with a budget of EUR 30 million.

The establishment and development of small enterprises and the opening of new jobs will be supported also through the measures under the Employment Promotion Act. Employers of

country. The loss of profit for GDP for 2013 as a result of the deaths of these persons can be estimated to stand at BGN 97 886 772.

⁹ The services sector is of exceptional significance for the European market and accounts for 60% and 70% of the aggregate economic activity in the EU, hence provides employment on a par with the total number of jobs in the EU.

¹⁰ Data of NSI for the period September 2014-September 2015 on “Trade, vehicle and motorcycle repair” reports a growth of 0.98% or 3795 people, “Hotel and restaurant management” has gone down by 2.09% or 2521 people. The growth is fastest for “Creating and distributing information and creative products; telecommunications”- 9,1% or 6360 persons.

microenterprises continue to receive incentives to open jobs, based on the subsidies for the first 5 open obs. In 2016, the employment will be subsidized for a term of 9 months under the measure. The implementation of the measures encouraging the unemployed to start a business on their own or jointly with other persons for the production of goods and/or services will continue through 2016 as well.

Restriction on unregulated employment and undeclared payments of workers

Undeclared work¹¹ has been one of the most important and socially significant aspects of informal economy. Undeclared work leads to a drop in tax revenues, it is not beneficial for workers and restricts their rights, including the right to collective bargaining, social protection and safe working conditions, it favours companies that violate labour and insurance legislation and deprives the state budgets from due taxes and social securities. The restrictions on and prevention of informal economy and the transformation of undeclared work into a legal job play a significant role in achieving a sustainable and inclusive growth and implementation of the objectives of the Europe 2020 Strategy. The implementation of expedient policy in this field with the participation of all stakeholders contributes to the increase of the employment rate and economic activity, reduces segmentation, increases flexibility and security of the labour market, increases the quality of work places, sustainable development of the social systems, creating an environment which is stimulating for the development of legal business and competition. There are recommendations for the application of measures aiming to curb undeclared work, the Annual Growth Survey for 2015 and specific recommendations to the Member States.

In order to achieve an overall progress in the prevention and restriction of informal economy, in October 2015 the Council of Ministers adopted the Single National Strategy for Increasing the Collectability of Taxes, which aims to combat shadow economy and reduce compliance costs for the period 2015-2017.¹² The strategy includes measures aiming to guarantee compliance with the legislation, protection of the fiscal stability of the country and equality and competitiveness for all economic players. The main objectives include: expansion of the share of electronic services, restriction of licensing and registration regimes, simplification of the administrative procedure, prevention of tax evasion, social security contributions and fees by exercising a more efficient control, provision of incentives and sanctions to encourage compliance with legislation, wider use of the systems for electronic and card payments, increased clearance rate of crimes and offences and increasing the efficiency of penalties. The Strategy envisages media campaigns targeted at raising civil awareness of people, reducing public tolerance to shadow economy, promoting the rights and obligations of the citizens and the business and improving the trust in public administration and conducted policies. Regular monitoring reports have been introduced to assess the efficiency of adopted measures. A highlight in the Strategy is the improvement of interdepartmental cooperation and coordination and the efficient exchange of information, both at a national level and with the EU Member States and third countries.

The Strategy Implementation Plan envisages the adoption of measures in 2016 for limiting undeclared work in the following major fields:

- Raising clearance rate of crimes and offences by increasing the regulatory functions of the General Labour Inspectorate, the Employment Agency and the National Social Security

¹¹ Undeclared work is defined as any activity performed in return for consideration, which is legal in its nature, yet it has not been declared to the public authorities; this definition takes into account the differences in legal environments of the Member States.

¹² Decision No. 806 of the Council of Ministers 15.10.2015

- Institute, further improvement of their operation and their organizational structures in order to perfect the quality of control over all forms of employment and self-employment;
- Improving the control exercised by EA GLI on employment, working hours, leaves, remuneration, working and reporting overtime by:
 - Performing inspections of small and medium enterprises aiming to counteract and prevent shadow economy in all its dimensions and guarantee salary payment up to due amount, “shining light” on the employees working in the shadow economy and the payment of social and health insurance on the remunerations, paid at an amount lower than their actually payable amount;
 - Performing joint inspections and exchange of information based on an instruction for interaction between the National Revenue Agency and the Executive Agency “General Labour Inspectorate” in order to achieve higher efficiency in the fight against undeclared work and curb shadow economy;
 - Implementing activities by EA GLI in connection with Art. 114a of the Labour Code in economic activity “Crops” targeted at “shining light” on the work of some of those employed in agriculture, performing mainly non-qualified work; advance payment to NRA of social security contributions to the Fund “Retirement”, “Labour accident and occupational disease”, health insurance and Additional Obligatory Retirement Insurance” at a Universal Retirement Fund of the employees;
 - Enhancing the control over the employment of foreign citizens, including of illegally staying foreigners and admission of dispatched workers and employees from EU Member States and third countries aiming to limit the number of cases of “black labour market” for foreigners or admitting dispatched foreigners in violation of the administrative procedures;
 - Increasing control over lawful intermediary work for recruiting staff and the operation of businesses providing temporary jobs aiming to curb and prevent intermediation without a registration at the Employment Agency and operation as a business providing temporary jobs without a registration at the Employment Agency.

Further application of successful policies and measures will be pursued to prevent undeclared work, including mandatory registration of employment contracts and agreement of the minimal insurance income with the active participation of social partners.

The National Center for Restriction and Prevention of Informal Economy (<http://www.ikonomikanasvetlo.bg>), established by the Bulgarian Industrial Capital Association (BICA) under the Restriction and Prevention of Informal Economy Project, will continue its operation in 2016 as well.

The National Center “Business to the Rules” has been engaged in systematic strategic activities at a national level aiming to produce an estimate and ensure prevention of informal economy by involving consultations at a sectoral and regional level, attendance trainings for employers and employees/workers, as well as remote trainings for the stakeholders (employers and employees). A project is due to be launched in 2016 funded by OP HRD for the provision of employment vouchers, which is due to contribute much to restricting undeclared work in the services sector. The implementation in practice of one-day employment contracts under Art. 114a of the Labour Code will be improved for short-term seasonal agricultural work. The implementation of this type of contracts is expected to foster the restrictions for undeclared work in agriculture and raise the motivation for work of the persons who are furthest away from the labour market.

Regional development

Overcoming regional disparities requires the mobilization of significant institutional and organizational resources for the optimization of housing policy, town development plans and infrastructure. Regional development will be supported by various activities under Operational Programme “Regions in Growth” 2014-2020, as well as by a total of 12 programmes of the European Union on territorial cooperation, reaching over to various components (cross-border, transnational and interregional cooperation). All these programmes are complementary to the national programmes. More specifically, in the Cross-border Cooperation Programmes under the Instrument for Pre-Accession Assistance, which the Republic of Bulgaria will be managing throughout the programme period 2014-2020¹³, special focus is put on the specifics of bilateral and multilateral cooperation. The aim is to increase the tourist appeal of cross-border regions and enhance the tourist sector by a better use of the natural, cultural and historical heritage and the infrastructure related to it and, what is more, indirectly, the results from the implementation of projects under the programmes may help encourage economic growth favourable for employment.

The regions with highest unemployment rates as well as high-tech industries and services may receive investments by virtue of the specialized legislation aiming to encourage investments by lower thresholds for certification and application of incentive measures for the opening of highly productive jobs.

Municipalities are encouraged to adopt regulations to foster investments of municipal significance (for investments under BGN 2 million aimed to open jobs) and provide incentive measures to local and foreign investors, such as individual administrative service with shorter deadlines provided by the municipality and acquisition of the right to ownership or use of real estate property that is owned by the municipality without a tender or competitive procedure.

In order to continue the support for investments in the sector of services (more precisely in the outsourcing sector), characterized by a lower amount of investments in assets and the creation of significant employment, as well as for investments in the industrial sector, creating highly productive new jobs, it is necessary to continue with the provision of funds for the training of the staff and partial reimbursement of the costs for social security and health insurance for the newly opened jobs under the project. The application of the measures will be targeted at encouraging new investments in the regions with high unemployment rates in order to overcome this negative trend.

The development of regions will be supported also through the Rural Regions Development Programme. As per the national definition, “rural regions” are those municipalities where there is no town or village with a population above 30 000 people. Pursuant to this definition, a total of 232 municipalities of a total of 265 municipalities in Bulgaria have been classified as rural regions. The rural areas in the country encompassed by the Rural Development Programme will be implementing for the programme period 2014-2020 Measure 7 “Basic services and renovation of villages in rural areas” and sub-measures 6.2. “Business start-up for non-agricultural activities in rural areas” and 6.4. “Investment support for non-agricultural activities”. The other measures under RDP will be implemented on the territory of the entire country, including in the rural areas as well.

Regional development is supported also through the implementation of regional employment programmes. In 2016, pursuant to the changes in the Employment Promotion Act of 2015, a new approach will be applied to the development, validation and financing of regional

¹³ Cross-border Cooperation Programmes INTERRET- IPA Bulgaria-Serbia 2014-2020, Programme INTERREG-IPA Bulgaria-Turkey 2014-2020, Cross-border Cooperation Programme INTERREG-IPA Bulgaria-Macedonia 2014-2020

employment and training programmes. The funds earmarked to finance regional employment and training programmes for each area, as well as the types of payments, shall be determined annually by NEAP. The Employment Commissions shall approve of only one regional programme for the area, based on the suggestions put forward by the regional and municipal administrations. The administrations will be able to draft their suggestions jointly with the social partners and other legal entities. While approving of the funding activities, the Employment Commissions are to take into account regional priorities and needs on the labour market, in compliance with the adopted regional development strategies, regional and municipal development plans.

In order to raise employment rates and attract investments to the lagging regions in the country, a Targeted Investment Programme is currently developed to support the Northwestern Bulgaria, the Rhodopes, Strandzha Mountain, underdeveloped mountainous, semi-mountainous and lagging border region. The expedient intervention of the state will help overcome a number of key problems such as negative demographic processes, strong internal and external migration processes, lack of jobs and low income, restricted access and poor quality of offered public services. The programme is focused on the development of 148 municipalities, which occupy 53.7% of the territory of the country and 29.2% of its population.

The funding of measures and projects for the period 2016-2018 will be provided from the state budget, EU operational programmes, municipal budgets and the private sector based on public-private partnerships. The first stage in the development of the Targeted Investment Programme (TIP) includes as a priority Northwestern Bulgaria, the Rhodopes region and the Strandzha-Sakar region. The second stage of developing the programme will cover the mountainous, semi-mountainous and underdeveloped border regions. The municipalities from these regions will be included based on specific economic criteria: relative share of own revenue as compared to total tax revenue (based on data of 2014), average annual salary for three consecutive years (for the period 2011, 2012, 2013), net sales per resident for three consecutive years (for the period 2010, 2011, 2012), average annual unemployment rate for three consecutive years (for the period 2011, 2012, 2013).

The strategy for the revitalization of the economy provides for attracting new investments, creating an attractive economic environment (a set of preferences), support for the agrarian sector and tourism. The goals related to building human resources include: a housing programme for young and qualified employees, scholarships for those enrolled in vocational secondary education, etc. The implementation of the programme will be launched in 2016.

The National Programme on Energy Efficiency of Residential Buildings provides for the renovation in 2016 of residential buildings built by an industrial method and massive buildings designed before April 1999, situated in municipalities which are not eligible beneficiaries under Operational Programme "Regions in Growth" 2014-2020.

Sustainable tourism development has been highlighted as a major priority in the preparation of the programmes for cross-border cooperation, which Bulgaria will join during the programme period 2014-2020, based on the analyses and the specifics of the programme territories (respectively Priority Axis (PA) 1: Sustainable tourism under the Programme on Cross-Border Cooperation (CBC) Bulgaria-Serbia; PA2: Tourism under CBC Programme Bulgaria-Macedonia and PA2: Sustainable tourism under CBC Programme Bulgaria-Turkey).

The implementation of the projects under the priority axes referred to hereinabove will open opportunities that encourage partnership between the participant countries in order to enhance the tourist appeal of cross-border regions and enhance the tourist sector by a better use of the natural, cultural and historical heritage and the infrastructure related to it. Indirectly, project results

under cross-border cooperation programmes may help encourage the economic growth favourable to employment and new jobs.

Improving labour market functioning

Improving the services aiming to activate the unemployed, help their quick transition to a new job and reduce the duration of unemployment; activation of the inactive persons, including of discouraged persons.

Further to the vision of the future development of the services provided by the Employment Agency, the process of improving the quality of service and the access to the services will continue by way of:

- Early intervention aimed to help job-seekers join the labour market faster and to this end it is necessary to pursue the use of a tailored individual approach in order to provide adequate employment services to job-seekers. Employment agencies will help the unemployed by encouraging their pro-active behavior on the labour market and independent job search during the first three months after the preparation of a personalized action plan. Job seekers will be able to develop their job interview skills by joining the Job-seeker Workshops and discuss a number of subjects, which will be further expanded.
- Better guidance for the vulnerable groups for good realization on the labour market. A “package” of services and activities targeted at disadvantaged groups will be developed in 2016. To this end, the services provided by the Employment Agency to the vulnerable groups on the labour market will be analyzed within the frames of the Project “Improving the quality and efficiency of public services for vulnerable groups in the labour market and the employers” under OP HRD 2014-2020, including a survey of customer needs. Roma mediators, psychologists and case managers will also continue their work.
- Expanding the scope of employers and the information they have about the opportunities provided by the Employment Agency aiming to ensure incentives for the employment of workers. The recruitment of appropriate staff will be further improved by seeking a match for the job vacancies not only in terms of education and/or profession, but also in terms of acquired skills. Employers will further be encouraged in 2016 to continue opening new jobs for high-quality employment for job-seekers. At least one hundred labour offices will be opened and organized by the Employment Service Directorates and funded under Component 2 of the National Programme “Activation of Inactive Persons.”
- Development of e-services both for the job-seekers and the employers. A Virtual Employment Service is expected to be built over the next few years, integrated with the information system of the Employment Agency “National Database of the Labour Market and the European Social Fund”. It will help job-seekers use the on-line services of employment agencies, as well as electronic instruments for career management. The time of communication with employers and training organizations will be reduced and facilitated by way of on-line application and reporting of contracts and agreements signed under projects, programmes and measures for training and employment, as well as other services. Given the significance of the feedback about the services provided by the Employment agency, a system will be introduced in 2016 for assessing and measuring customer satisfaction by holding on-line surveys. A module generating electronic web services will be set up at the official website of the Employment Agency.

In order to pursue development of integrated services in 2016, the Centers for Employment and Social Assistance under a project funded by OP HRD 2014-2020 will be applying a new model of complex services to meet the needs of vulnerable groups. In order to improve the standard of living and reduce the period of dependence on social assistance, the centers will be providing information services and guidance to facilitate the access of the unemployed and people on the welfare to employment and opportunities for social inclusion. The provision of complex services in support of vulnerable groups and the coordinated interaction between the teams of the Employment Agency (EA) and the Agency for Social Assistance (ASA) aims to ensure prevention of social exclusion and a smooth transition from passive receipt of social benefits to active inclusion in long-term employment. The implementation of the project will be supporting both clients and the territorial divisions of EA and ASA across the country.

- Building a network of mobile service centers to provide all types of services to job-seekers and employers in remote areas, which will help develop further the process of provision of accessible services.
- More agreements for cooperation and improved exchange of information between the Employment Agency and the employers, private employment agents and enterprises providing temporary jobs will be signed in 2016 in order to curb unemployment and ensure higher employment rates.

The specialized services provided by psychologists, case managers, Roma and youth mediators under NP “Activation of Inactive Persons” have proved to be a good practice for motivation of the unemployed to seek active behavior on the labour market. The meetings and consultations held, some of which in informal context, help address and solve complex problems that keep the youth, long-term unemployed, persons above 50 years of age, the Roma and other unemployed groups excluded from the labour market. They complement the services provided by employment agencies that have proved their efficiency, such as provision of information, advice, professional guidance, motivation, acquisition of skills at Job-seeker Workshops, guidance to subsidized jobs or to the primary labour market.

In 2016, each Employment Service Directorate will be providing consultations under NP “Activation of Inactive Persons” with:

- A psychologist, in view of the increased number of registered unemployed persons from the vulnerable groups and the specifics of the “soft” skills acquired at the workshops;
- A case manager, aiming to multiply the positive results of their work with the persons in such vulnerable groups.
- Two Roma mediators, in order to continue work for activation of inactive persons of Roma origin.

In 2016, the provision of services for development of job-seeking skills and job interview skills will further aid job-seekers find employment.

Employment offices have proved a successful tool that provides access to the labour market and helps the activation of the unemployed. Evidence to this end is the relatively high percent of the unemployed who are not registered at labour offices, who have found a job as a result of the labour exchange initiative.

Half of the labour exchanges planned to take place in 2016 will be specialized, targeted at the youth, persons above 50 years of age, long-term unemployed persons, etc., so as to meet the needs of employers in the respective sectors, where there is greater demand for labour, such as tourism, clothing and footwear production, etc.

Funding under OP HRD will be provided as part of the Scheme “Active” to support young people up to 29 years of age, not in education or employment, who are not registered as unemployed at the Employment Agency. The operation will be aimed at identifying and motivating active behavior on the labour market by inactive youth from the target group with subsequent activities for long-term employment, training or reintegration into the education system. Provisions will be also made for inclusion in trainings, work, as well as acquisition of professional skills and qualification or guidance for the re-integration of the youth into the educational system.

European Youth Guarantee Implementation

One of the most large-scale and important initiatives launched by the EU Member States as a result of a joint decision adopted at EU level (Recommendation on Establishing a Youth Guarantee) is the Youth Guarantee. The initiative requires activities aiming to guarantee a high-quality job proposal, including internships or apprenticeships, education and/or training for every youth not in education or employment. In addition, an important highlight are the two major fields of operation – (1) prevention and activation and (2) inclusion in employment, as well as the use of the opportunities provided by ESF and strengthening of partnership.

The Youth Guarantee Implementation will continue in two directions, which are complementary and supportive of each other. On the one part, we need to take account of the activities undertaken on the level of each individual EU Member State, pursuant to its national specifics and priorities, on the other hand – the activities at EU-28 level. A priority in 2016 will be the efficient and fast implementation of even more visible results. Reviews will continue within the frames of the European semester to attest the progress of the states in the implementation of the National European Youth Guarantee Implementation Plans, including of specific recommendations for the youth. As a result of the thematic reviews and following an analysis of the activities performed, results attained and challenges identified, conclusions will be drawn out as the basis of specific recommendations. The first report on the Youth Guarantee Implementation, which the European Commission is to prepare based on the results of the first regular collection of data from EU Member States about its implementation, is due in 2016.

The actions performed in the context of the Youth Guarantee include, on the one part, work with registered unemployed youth, and on the other – with the youth not in education or employment, who are not registered at labour offices – the inactive ones. Work will continue through 2016 as well in both directions, whereas all activities that have proven their efficiency will be preserved. More specifically, the work in 2016 will include:

- Prevention and activation of youth, who are not in education or employment, yet are not registered at labour offices: the youth, similar to the inactive persons of the other age groups will be included in all activation initiatives – workshops for job-seekers, labour exchanges, psychological assistance and individual support by case managers. In addition, the youth mediators, appointed by the municipalities with the highest number of youth in the NEETs group, will continue the provision of individual and group services for information and consultation of identified inactive young people. More work needs to be done under the local agreements signed with non-governmental organizations and other institutions and organizations in 2015 in regard to the problems of youth unemployment in order to help carry out the National European Youth Guarantee Implementation Plan.
- Inclusion in employment and training: further actions will be taken to reduce youth unemployment and support the transition from education to employment. The appropriate agent services will be provided monthly to the youth by a specialized

employment agency. The employment of youth, registered at labour offices, will be subsidized – the employers will be receiving both free employment agent services (guidance and selection of the appropriate youth), as well as financial incentives (for the payment of part of the salary, as well as the social security payments due by the employer). Under the conditions of restricted finance from the state budget, priority will be given to the activities targeted mainly at the most vulnerable groups of youth. The activities funded by the State Budget will be complemented by operations under OP HRD 2014-2020 aiming to activate and ensure employment to the youth. New initiatives will be launched in 2016, some of which will be introducing “paths” for the young in the form of a set of services and activities during which the young person will be supported by a trained officer.

Investments in the quality of labour force by way of trainings based on the results of short-term and medium-term estimates and studies of the needs of employers

The estimates about the development of labour market in Bulgaria in the medium term (2020) and in the long term (2030) show that in the next years the demand for labour is expected to go up, which will account for an increase in jobs requiring secondary and higher education and a decrease of jobs for persons with primary or lower education, as well as restructuring of employment by reducing the number of jobs in some sectors and increasing them in others. These processes will require re-channeling of labour force and will set new requirements to education and qualification. The chances to find a job will depend mainly on the level of knowledge, skills and competences, whereas the persons with primary or lower education will continue to form a group with the most difficult realization on the labour market facing a high risk of exclusion.

In view of the estimates on labour market development, it is necessary to initiate timely measures to get the labour force ready to meet the outlined trends in demand for labour force. Investments in the quality of labour force will be among the major priorities of active policy on the labour market in 2016 by way of trainings for the acquisition of professional qualification and key competences in compliance with the business needs. The activities will be funded from the state budget and the Operational Programme “Human Resources Development” 2014-2020.

The training of unemployed persons without any secured job, organized and financed by the Employment Agency, will be taking place as per the professions in the List of Professions and Specializations in Vocational Training for the unemployed without a secure job, drafted based on the survey conducted by the Employment Agency in the period May-June 2015 of the needs of employers of adequate labour force. The training will be closely related to the goals and actions set in the individual action plan drawn out for each unemployed person individually. The training for the unemployed for the acquisition of professional qualification and key competences will be taking place also by way of training vouchers within the frames of Operational Programme “Human Resources Development”, where the trainings will be held pursuant to requests collected in advance from employers about specific jobs.

Further opportunities will be provided for on-the-job training, such as internship for persons with education and qualification and without any professional experience for the acquisition of practical skills, as well as apprenticeship under the guidance of a supervisor for persons without education and qualification for the acquisition of professional knowledge and skills. A practical training through work (dual training) will take place in 2016 through the implementation of a number of pilot projects. Dual training for 10 professions will be introduced under the Project “Swiss support for the introduction of dual-track principles in the Bulgarian vocational education system”

2015-2019. A cluster of companies will be set up under the project of the German-Bulgarian Chamber of Commerce and Industry aiming to organize the first pilot trainings of this type. Pilot training for two professions in two vocational high schools will be introduced during the 2015-2016 school year under the Austrian pilot project “Dual training in Bulgaria.”

The changes in the Employment Promotion Act of 2015 gives new incentives to employers to open new jobs and hire unemployed persons for practical training (dual training). The funds from the state budget allocated for active policy on the labour market will be used to finance the costs of employers during the period of the training, but no more than 36 months, by covering the remunerations of the employed, the social security and health insurance that are for the expense of the employer. The costs of the training institution, which is a partner in the on-the-job training (dual training), will also be financed to ensure theoretical training as well. In order to provide for high-quality training for the trainees, who are under the guidance of a supervisor, new opportunities will be created for the training of persons as supervisors of unemployed trainees for on-the-job training (dual training) also under incentive measures under Art. 41a and 55d of EPA.

Training will be provided for the unemployed from vulnerable groups in the labour market also as part of projects of the social partners. They will pursue a complex approach to provide for trainings, internships and employment. Many of those who have completed successfully the professional training will be hired for a period no less than 3 months on the primary labour market or at subsidized workplaces, while the funding will be shared between the state and the employers.

The activities of State Enterprise “Bulgarian-German Center for Vocational Training” in compliance with the public tasks set by EPA will ensure the provision of trainings of unemployed persons for the acquisition of vocational qualification by professions, including ones that are sporadically or rarely sought for at the labour market, trainings for the acquisition of key competences for which there is no large-scale demand, development and testing of training methodologies by training institutions, testing of innovative practices for vocational education and key competences, etc.

In order to improve the connection between vocational education and training and the business, the funding under Operational Programme “Science and Education for Smart Growth” 2014–2020 will be allocated for the establishment of public-private partnerships for ensuring internships and apprenticeships for specific jobs for pupils and students. This will aim to encourage the education in the field of engineering, technical and natural sciences and in vocational fields of priority significance for the economy. Opportunities will be provided to early school leavers to continue their education or join trainings for the acquisition of vocational qualification. A functional model will be developed and implemented to ensure career guidance as early as the school, along as “school - labour market” models aimed to help career and professional realization of secondary school graduates, early career guidance will be provided to the students who face the risk of dropping out from school and students with special educational needs, career guidance centers will be developing their activities within the system of secondary education.

The implementation of the new Pre-school Education and Training Act will be launched in 2016 to ensure the legal framework for reforms and modernization of school education. The act provides for the development of new school programmes, guaranteeing the acquisition of knowledge, skills and competences necessary for a successful personal and professional realization. A new educational structure will be introduced. The implementation of a new system for work with children with learning disabilities will be regulated so as to restrict the number of drop-outs from school and create unified schools in smaller towns and villages. United schools will be providing for education till 10th grade, including the acquisition of vocational qualification. It is planned to establish schools of national significance to train students for professional career in priority sectors

of the economy. Following the introduction of career guidance, students from an early age will be introduced to different professions which will help them choose adequate vocational education and training. The further development and adoption of secondary legal acts will continue in 2016 so as to establish the state educational standards applicable to the school curriculum, comprehensive school training, cognitive books, textbooks and teaching aids.

Changes to the Vocational Education and Training Act are currently developed in order to bring the act in compliance with the provisions of the Pres-School and School Education Act.

Career guidance and counseling for career growth will be provided to the unemployed, the employed and students within the system of the Employment. The professions for which employment agents will provide information and counseling will cover all areas of the economic and social field, by providing information about: work tasks and activities performed; physical, psychological and personal qualities necessary to perform the professions; training and career growth opportunities, which will help the independent and conscious choice of job-seekers and youth in education. The personalized professional guidance will highlight the essence of professions, the conditions and requirements for mastering them, the situation and trends in the application and development of professions of regional importance; the professional realization on the labour market.

Provision of employment for the disadvantaged groups in the labour market by way of programmes, projects and measures under the Employment Promotion Act

Promotion of work mobility will continue in 2016 as well with the measures set in EPA in two major fields: 1) support for daily labour mobility of the unemployed, who have been directed by the divisions of the Employment Agency to an employer and have started work there – both for the skills of personal presentation before the employer in order to get the job, as well as for the daily transport on the way to the workplace; 2) provision of funds to employers for organizing daily transport to the work place and back (for distances up to 100 km).

Registered unemployed single parents (adopters) and mothers (adopters) continue to be part of the target groups under EPA, where the opportunities for employment and professional development will be unified for everyone in the target group of persons having children up to 5 years of age. The employment subsidized can be for part-time or full-time work, while the employer, where they can land a job, may include them in trainings for vocational qualification at their own discretion.

A new approach for activation will be implemented by the service for “motivation of the active behavior in the labour market”, which will aim to support the acquisition of practical skills for job-seekers.

Ensuring active work life for the persons above 55 years of age is of special importance in the context of population ageing and decline of work force, while at the same time there is an increase in life expectancy.

The implementation of the National Programme “Help for Retirement” will be targeted at the unemployed persons above 58 years of age who actively seek work and are registered at Labour Offices Divisions. The implementation of measures for the unemployed above 55 years of age will also continue (Art. 55a of EPA), so as every employer who has created a vacant work place and has provided employment to a person of the target group will be receiving funds from the state budget to cover part of the salary and due insurances. The unemployed above 54-year of age will be able to join the schemes under OP HRD. The operation “Trainings and Employment” is aimed to ensure the employment of unemployed who will receive a chance to work, acquire new or upskill their

professional knowledge and skills acquired on the job, as well as acquire professional qualification and/or digital competence (if required by the employer). The accumulation of valuable professional experience and the opportunities for long-term employment for all the unemployed encompassed thereby will help their successful realization on the labour market in the long run. The “New Work Place 2015” Operation consists of a combination of measures ensuring adequate trainings, including on-the-job trainings, as well as provision of diverse incentives for the employers to open new jobs.

The active labour life of the persons of higher age groups depends on the reform in the retirement sector, which in 2016 envisages to:

- Keep the amounts and ratios of insurance contributions for public state insurance;
- The amount of the social security contribution to the “Retirement” Fund will be kept at the level of 2015 - 17,8 % for those born before 1 January 1960, where the ratio will be kept of 9,9 at the employer’s expense and 7,9 at the worker’s expense, and 12,8 % of the persons born after 31 December 1959, respectively with a ratio 7,1/5,7, as well as the amount of the contribution for the workers in the social institutions retiring under Art. 69 of Social Insurance Code;
- No change is planned in the ratios between employer and worker for the other insurance risks, so they will be kept at 60 to 40 %, respectively. Their amounts in 2015 and 2016 will be, as follows:
 - “General sickness and maternity” Fund – 3,5 %;
 - “Unemployment” Fund – 1%;
 - “Labour Accident and Occupation Disease” Fund – differentiated from 0,4 to 1,1 for the employer’s expense.
- The period for the calculation of short-term indemnities for temporary disability will also be kept – 18 calendar months and for pregnancy and birth and unemployment – 24 months for the entire period up till 2017 included;
- No contributions will be paid to “Guaranteed Receivables of Worker and Employees” Fund in 2016. The maximum amount of guaranteed receivables will be BGN 1200;
- Retirement age and pensionable years of service will be increased for retirement in all labour categories and a minimum age will be introduced for retirement under Art. 69 of SIC (§§ 20, 22, 23 and 24 of ASA of SIC, SG, is. 61 of 11 August 2015);
 - The conditions for retirement in the third category of labour in 2016 will be 60 years and 10 months of age and 35 years and 2 months of pensionable years of service for the women and 38 years and 2 months of pensionable years of service for the men;
 - Apart from the 27 years of total pensionable years of service, a minimal retirement age of 52 years and 10 months will be introduced as of 1 January 2016 for those employed in the “Defence and Security” Sector, which is to increase gradually to 55 years.
- There will be an option introduced as of 1 January 2016 for granting retirement at a smaller amount for pensionable years of service and age to persons, who are short of 12 months of the required age, yet have the necessary pensionable years of service, whereas the amount of their pension will be reduced for life by 0,4 % for each month ahead of their retirement age.

Pensions will be updated on 1 July 2016 by a percent equal to 50% of the consumer price index and 50% of the increase of the average insurable earnings for 2015, which is by 2,5% of the Swiss rule. The estimated expenditure on welfare and benefits for 2016 stand BGN 1 223,5 million and are 101,9% as compared to the estimates for 2015. Unemployment benefits stand at the

amount of BGN 324,8 million, which is 95,2% as compared to the estimates for 2015. Benefits have been planned for 91 619 eligible persons with an average monthly benefits amount of BGN 295,38.

In compliance with the National Strategy on Roma Integration of the Republic of Bulgaria (2012-2020) the main fields of action in support of the active participation of the Roma on the labour market involve: activation of long-term unemployed and economically inactive persons in view of using integrated services supporting the social and economic integration of the Roma; provision of access to various types of trainings (for the acquisition of key competences and professional qualification); employment promotion, including of “green” workplaces through subsidies for jobs in environmentally-friendly activities aimed to ensure quality employment and environmental protection; access to instruments and initiatives for interdependent employment start-ups; application of mechanisms to ensure sustainable employment among the Roma in an active working age along with representatives of the employers, trade unions, municipalities and organizations within the Roma community; introduction of legal and economic mechanisms to encourage employers to hire people of Roma origin, including through the mechanisms promoting corporate social responsibility, etc.

The Roma target group is subject of specialized services provided by the Roma mediators. Funding will be provided in 2016 for the employment mediators and other specialists within the frames of Project “Improving the quality and efficiency of public services for vulnerable groups in the labour market and for employers” under OP HRD 2014-2020. The Roma will be also the main group of participants in the Regional Training and Employment Programmes, the Programme for Training and Employment of Long-term Unemployed, etc.

The Employment Agency has planned to organize in 2016 specialized labour exchanges targeted at the Roma community. The aim of the exchanges is to help the employment of unemployed Roma by facilitating their access to information about vacant workplaces and ensure direct contact and agreement with the employers.

MLSP will continue its support for cultural institutes in the country throughout 2016 as well with the instruments of the active policy on the labour market. Further implementation of the National Programme “Melpomene” will continue to provide employment for the unemployed, in partnership with the Ministry of Culture and the Union of Actors in Bulgaria.

The implementation of programmes and measures funded by the state budget will continue through 2016 to ensure employment for the people with disabilities. National Strategy for Long-term Care has been adopted to support the establishment of environment necessary for independent and decent life of the people with disabilities. The Strategy envisages the establishment of a network of accessible and high-quality services within the community and at home which is to prevent the accommodation at specialized institutions and enable social inclusion and personalized support for the people in need of it, on the one hand, and to facilitate the process of deinstitutionalization of the care for the elderly and people with disabilities and ensure support for their families, on the other hand. A plan is due to be developed for its implementation in 2016. It is to include specific measures, projects and activities, as well as the institutions accountable for their implementation, the terms and amounts and sources of funding, including through the Structural Funds of the European Union.

The realization on the labour market of this vulnerable group is one of the major instruments for integration of the people with disabilities in all areas of public life. The measures for the implementation of the Long-term Strategy for Employment of People with Disabilities 2011-2020 will continue in 2016 as well. The goal of the Strategy is to provide for conditions for efficient exercising of the right to free choice of career realization for the people with disabilities at a working age in order to improve the standard of their living.

The “Personal Assistant” service will be provided throughout 2016 as well under NP “Assistants to People with Disabilities.”

The National Programme “Assistants to People with Disabilities” provides care in a family environment for people with permanent disability or terminally sick people by providing employment to their unemployed relatives as their personal assistants. A special requirement was introduced back in 2015 under which the persons taken care of under the Programme should have income up to the 5-times of the Guarantee Minimal Income, as a way to guarantee that the services would reach only those most in need of them. This requirement is not applicable to children with disabilities.

The implementation of the National Programme on Employment and Training for People with Long-term Disability will continue, along with the reimbursement of the interests for the loans granted to people with disabilities within the frames of the Programme “Interest-free Loans for People with Disabilities.”

The implementation of Project “New Opportunities for Care” under the “New Alternatives” Operation has been launched so as to ensure continuity of the provision of the “Personal Assistant” service to vulnerable groups. The Project has a national scope of operation and will be implemented in all 28 regions of the country, whereas the Beneficiary is the Agency for Social Assistance in partnership with 265 municipalities and 23 districts of the Sofia Municipality. The operation is expected to encompass about 12 000 persons with disabilities and people above 65 years of age with inability to self-service. About 12 000 personal assistants and 500 medical specialists will be employed to provide services to these persons.

The Municipalities in partnership with non-governmental organizations have applied under the “Independent Living” grant scheme of Operational Programme “Human Resources Development 2014-2020, which is innovative in its essence. The support will be targeted at facilitating the access to health services and development of social services in the community to promote social inclusion of the persons with disabilities, as well as facilitate their access to employment. The projects under the Operation are expected to encompass 16 000 persons with disabilities and people over 65 years of age with inability to self-service. The total amount of the procedure is BGN 150 million. The Scheme “Development of Social Entrepreneurship” is about to be launched. Its implementation will aim to ensure support for the operation of social enterprises, specialized enterprises and cooperative of people with disabilities in order to provide employment. The aim is to improve the social and professional integration of the representatives of the vulnerable groups in the social economy sector by way of trainings and qualifications for the persons employed at social enterprises, specialized enterprises and cooperatives of people with disabilities. The provision of equipment and the adjustment of work places will be admissible.

The “Active Inclusion” Operation has been developed and yet to be launched for the purpose of creating conditions and prerequisites for investments in complex integrated measures aimed to improve the access to social and health care services and increased employment rates for the people with disabilities, as well as to reintegration into the labour market of the members of families taking care of dependable members.

The Action Plan of the Republic of Bulgaria for the Implementation of the Convention on the Rights of the People with Disabilities (2015-2020) will continue to be carried out in 2016 as well. In compliance with the strategic goal 8 of the Plan, a long-term National Strategy for the People with Disabilities will be developed in 2016 in the context of the Convention on the Rights of the People with Disabilities.

In the context of the Recommendation on the Integration of Long-term Unemployed in the Labour Market discussed by the Employment, Social Policy, Health care and Consumer Affairs

Council (EPSCO) the implementation of the Programme on Training and Employment of Long-term Unemployed persons will be continuing in 2016. The primary objective of the Programme is to provide employment to long-term unemployed people registered at the labour offices and increase their employability by including them in trainings. It corresponds to the vision of the Recommendation of the Council for picking up the pace of transition from the state of long-term unemployment to employment. The components of the Programme cover employers from the private and public sector, as well as the employment of unemployed persons for work in emergency groups for immediate response and prevention and/or overcoming of the consequences from accidents and natural disasters.

The latest amendments to the EPA regulating the employment of the unemployed from disadvantaged groups (with constant registration for no less than 6 months; unemployed youth up to 24 years of age, unemployed persons with primary or lower education, unemployed persons over 50 years of age and persons with long-term disability) are further complemented by subsidies under two new schemes (Art. 51, para. 1 and para. 2 of EPA) under the conditions of providing state aid for block exemption. Thus additional conditions will be set to encourage employers to hire unemployed persons from the said groups. More specifically, the employers who have hired unemployed persons from the said disadvantaged groups, will be subsidized with funds for the remunerations and due social insurance payments that are for the expense of the employer for a period of 3 to 12 months. The new measure envisages financial commitment on behalf of the employers (the amounts for the hired employees with long-term disabilities will be funded up to 75% from the State Budget for the subsidy period, and for those employed from the other disadvantaged groups – up to 50% for the subsidy period). Additionally, the ceiling of the total amount of received grants per enterprise per year stands at the amount of EUR 10 million for people with long-term disabilities and EUR 5 million for the other groups.

Improving social security and social inclusion; income policy and passive policy

Further action will be taken in 2016 to optimize social assistance and guarantee social protection for the vulnerable groups by improved expedience of social assistance and preservation of the attained levels. In view of providing employment opportunities to socially disadvantaged Bulgarian citizens, the coordinated interaction between the system for social assistance and the employment system needs to be further improved.

The amendments to the Child Benefits Act, adopted by the National Assembly in July 2015, aim to increase the efficiency and expediency of family support by encouraging responsible parenting. The amendments aim to step up control in order to prevent cases in which the benefits go to parents who abandon their children. More guarantees have been introduced for the proper channeling of benefits for the persons and families they are intended for. The changes help enhance the connection between family support, the right to education and the access to health care for the children. They aim to guarantee equality of the children in the family, as well as all forms of raising up children – by spouses who are in legal marriage, to cohabiting couples or single parents. The changes contribute to binding family benefits for underage mothers to the application of measures for child protection in family environment and enhance the importance of assistance in kind, based on an assessment of the individual needs of the child and the family.

The policy in the field of social inclusion targets the adoption of well-focused and expedient actions to achieve long-term priorities and goals encouraging social inclusion and poverty reduction. The main strategic approach is related to the formation and implementation of a policy of poverty prevention and social exclusion through the provision of a complex and integrated support. Some

of the major highlights are: continuing the process of deinstitutionalization and expanding the access to services by building an adequate network of social service offered within the community and in a home environment; development and presentation of models for preventive social services offering early intervention; increasing the quality of services; creating a working mechanism for financing and sustainable increase of financial funds for services within the community and in a home environment; better interaction and coordination between health and social services, etc.

In order to ensure prevention of poverty and social exclusion of children in 2016, the implementation of the National Strategy “Vision for Deinstitutionalization of Child Care in the Republic of Bulgaria” and the Action Plan thereto will continue, aiming to build a number of new social services and gradually close down the existing specialized institutions. As a result of the successful policy underway in the past few years, aiming for deinstitutionalization, there has been a sustainable increase of services provided within the community as an alternative to the institutional type of care. As of end of August 2015, the number of social services for children and elderly people within the community stood at 926, with a total capacity of 20 133 places. The fast popularization of these services reflects their practical applicability, as well as their important role for the prevention of risk of poverty and the creation of conditions for expedient inclusion of the most vulnerable groups in the society. The action plan for the implementation of the National strategy will be updated so as to ensure the smooth continuation of the process of deinstitutionalization.

Parallel to the process of deinstitutionalization of child care and the provision of high-quality alternative services, the reform in the care for the elderly people and the people with disabilities and the development of accessible and high-quality services in a home environment is also among the priorities of the policy in the field of social inclusion. An Action Plan is due to be developed in compliance with the National Strategy on Long-Term Care adopted in 2011, which is to include specific measures and activities, institutions responsible for their implementation, deadlines and sources of funding, inclusive of European fund. To this end, an analysis of the condition of specialized institutions is due to be finalized by the end of the year so as to support the reform in the field of deinstitutionalization of the care for the people with disabilities and the elderly.

The social services have the potential to create sustainable and high-quality work places. Within the frames of the programme period 2014-2020, the focus will be put on the implementation of schemes, aiming to ensure the increasing needs of provided high-quality care in a home environment, as well as the approbation and application of new approaches to the care for the most vulnerable persons.

Year-long practice has shown that the social services sector has been extremely dynamic and the legal framework shall be brought in compliance with the increasing need of more efficient services targeted at individual needs. In this connection, specific steps have been planned and adopted so as to ensure legislative changes, in order to provide for a greater efficiency of social services and application of an individual approach in their provision. A bill on the amendment and supplement of the Social Assistance Act was developed and adopted by the Council of Ministers in 2015. The proposed changes aim to: regulate all requirements for registration and licensing of providers of social services under the Social Assistance Act and the Child Protection Act and simplify the two procedures; improve the access to social services and complete guarantee of the rights of users and their participation in the process of guidance and provision of social services; improve the collectability of fees for social services funded by the State Budget.

Steps have been taken to develop the Social Services Act aiming to improve the system of funding and provision of social services, planning and quality of services and the development of systems for monitoring and control over the efficiency of services.

One specific result of the implementation of the policy in the field of social inclusion has been the development and adoption by CM in 2015 of the Action Plan for the period 2015-2016 for the implementation of the National Strategy for Reducing Poverty and Encouraging Social Inclusion 2020. It includes specific measures targeted at the active inclusion in the labour market, development of intersectoral services for social inclusion and provision of sustainability and adequacy of social payments. The implementation of the measures and activities set in the Action Plan will play crucial role for the implementation of the National Strategy for Reducing Poverty and Encouraging Social Inclusion 2020, as well as the National goal for reducing the number of the people living in poverty by 260 000 by 2020.

The tax-insurance policy in 2016 will be focusing towards providing support to the economic growth, improve business environment, as well as reduce tax fraud and increase fiscal stability in the long run. Transparent policy will be pursued with regards income and standard of living, which will be built based on objective principles and mechanisms, protection of income and standard of living of low-paid workers and the “working poor”, including through development of the social economy and social entrepreneurship. The policy for the payment of wages based on economic results and personal contribution will continue, along with an increase of the minimal salary aiming to attain a nominal increase of income of the groups with the lowest income on the labour market and formation of a model for the introduction of a flexible minimal hourly wages. The minimal salary in the country in 2016 is estimated to stand at BGN 420, i.e. the income for those hired at a minimum salary will be on the rise by 13,5%.

The increase of the minimal wages aims to attain a nominal growth of income of the groups with lowest income on the labour market. The implementation of any such policy about the income will help attain social cohesion and create equal opportunities for a fully-fledged social and productive life for all social groups of the population, which is in full compliance with the established practices of EU Member States for protection of income and the standard of living of low-paid workers and the “working poor”, as well as for the application of minimal standards of guarantees for an acceptable standard of living

Provisions have been made for a gradual increase in that part of the minimal insurable income which is used to determine the health insurance contributions for the persons, who are insured for the expense of the State Budget, on 55% of the minimal insurance income for self-employed persons as of 1 January 2016.

The minimal daily amount of unemployment benefits has been kept at BGN 7,20 in compliance with Art. 54b para. 2 of the Social Insurance Code.

The amount of health insurance has been kept at the level of 2015 – 8%, and the maximum insurable income for all insured persons has been kept at BGN 2600. The minimal insurable income for farmers and tobacco producers has been kept at the amount of BGN 300, despite the proposed increase (to BGN 330). The minimal insurance income for all 85 economic activities are expected to go up by 7,5% as compared to 2015.

Provisions have been made in the system of secondary education to increase the standards for financing educational activities, which opens up an opportunity to increase salaries for both pedagogical and non-pedagogical staff in the system.

In view of preserving the administrative capacity and standard operation of the three biggest agencies with the Minister of Labour and Social Policy (the Agency for Social Assistance, it has been provided to increase the funds for staff in 2016. Over the past years the operation of these structures has put great workload on the employees given the reduced staff numbers and increased volumes of work. Additional funds have been provided in order to ensure adequate remunerations for the employees in view of the performed work and attained results.

Encouraging free movement of workers within the frames of the EU

As far as free movement of workers in 2016 is concerned, the work for implementing the objectives of the Europe 2020 Strategy will continue in order to create a well-integrated European labour market, where the national needs and employment policies are also taken heed of.

It is expected that the Regulation adopted in the end of 2015 at the initiative of the European commission on the European Network of Employment Services (EURES) will further expand the access of workers to mobility services and further integration into the labour markets, as well as will pursue further implementation of the strategic reform of the network of European employment services and improve the connection between demand and supply of work within the frames of the European labour market. The goal of EURES is to be used as an employment instrument, which is to serve for the purposes of Europe 2020 Strategy by encouraging the mobility of work fore within the frames of EU and contribute to reducing the lack of work force, the long-term job vacancies and the inconsistencies between the qualifications that are provided and sought for. Provisions have been made for launching activities at the national and regional level aiming to ensure a smooth and efficient transition to the new structure. The National Coordination Bureau set by virtue of the Regulation will initiate the organization and management of the reform by developing a concept on the cooperation EURES-Bulgaria (establishment of a system of accreditation of EURES partners at a national level, data collection mechanisms, training of employees for the provision of EURES services, development of specific measures for aiding mediation services for young people, including preparation for participation in the exchange of information about apprenticeships and internships pursuant to Regulation (EU) 492/2011 on Freedom of Movement for Workers within the Union, as well as the provision of intermediation of interns and apprentices, etc.). Mechanisms will be included during the new programme period of OP HRD (2014–2020) for funding the activities aiming to support the reform and build the capacity of the EURES network.

The National Assembly is expected to adopt in 2016 the Labour Migration and Labour Mobility Act , which incorporates not only directives on the access to the labour market for foreigners from third countries, but also transposes the provisions of Directive 2014/54/EU of the European Parliament and of the Council of 16 April 2014 on Measures Facilitating the Exercise of Rights Conferred on Workers in the context of Freedom of Movement for Workers, which thus further develops the legislation in the field of labour mobility in the EU and EEA.

In the sector of the policy of integration of foreigners - citizens of third countries, legal and administrative instruments for their admission will be developed, along with any other legislative and administrative measures related to the integration into society of the foreign citizens and the members of their families legally residing in Bulgaria. Additionally, a set of measures will be applied to combat illegal residence and employment. To this end, the EU “Asylum, Migration and Integration” Fund will be financing partially this policy. In view of the two-sided nature of integration processes (host society and immigrants), it is necessary to pursue a well-balanced policy of management of the reception and integration of citizens from third countries in view of the needs on the national labour market, including through the application of the new provisions about obtaining a “EU Blue Card”, “Single Residence and Work Permit”, “Intra-company Residence and Work Permit”, “Residence Permit for Seasonal Workers”, “Freelancing Permit” and “Work Permit” for foreigners, including for posted workers. The development of the policy of integration for citizens from third countries, including those who have been granted international protection, shall be addressed in the context of the situation of the international labour market in 2016 and by the implementation of the National Strategy on Migration, Asylum and Integration (2015 – 2020)

through its annual National Integration Action Plans. The Refugee Employment and Training Programme will be further implemented.

III.

ENHANCING THE MANAGEMENT OF EMPLOYMENT POLICIES

IN THIS PART:

- Building capacity of the Employment Agency and its cooperation with private employment agencies
- Development of the scope and efficiency of the control exercised by GLI
- Improving social dialogue

Building capacity of the Employment Agency and its cooperation with private employment agencies

Capacity building of the Employment Agency is due to continue throughout 2016:

- Implementation of specific surveys and analyses targeted at the needs of adequate training of the Employment Agency staff.
- Inclusion of experts in specialized trainings for developing and further upskilling their competence by improving work with the vulnerable groups.
- Development of a system for professional and career growth of the employees aiming to guarantee an improvement of their professional skills, as well as encourage innovative thinking and ensure consistency of the work.
- Provision of funding for hiring labour mediators and other specialists within the frames of Project BG05M9OP001-1.004 “Improving the Quality and Efficiency of Public Services for Vulnerable Groups in the Labour Market and for Employers” under OP HRD 2014-2020. The project provides for the introduction of new services, including on-line mediation services and electronic labour exchanges. What is more, provisions have been made to create an electronic library. The financial and technical provision and equipment of working processes will be ensured so as to help the efficient work of the Employment Agency to account for the changes in the work processes. The project further plans training of employees at EA and the territorial divisions for acquiring and improving skills, knowledge and competences, including monitoring of the operation of the EA system.

In 2016, the new incentive measure for outsourcing services under EPA will create prerequisites for implementing supported employment. Companies that are registered to provide employment intermediation services will be able to apply for the provision of funds for every person with long-term disability or other disadvantaged groups in the labour market, under the guidance of a division of the Employment Agency to which they have provided services and have provided employment at an unsubsidized working place for a period no less than 12 months.

The outsourcing of services for subsidized employment will open opportunities for the provision of more expedient and higher-quality services for the people with long-term disability and other disadvantaged groups in the labour market, whereas the ultimate goal will be provision of long-term employment for them in the primary labour market.

In order to improve the quality and efficiency of the services provided to employers and job-seekers, more opportunities will be provide in 2016 for the use of the electronic information and communication system at the webpage of the Employment Agency by the intermediary companies.

The access to the electronic system for fast and easy exchange of information between the Employment Agency and the private agencies will result in an increased number of registered intermediaries, who will have on-line access to their file or profile in the system in order to register requests for vacant jobs announced by them. The requests will be published in the information system of the Employment Agency “National Data Base of the Labour Market and the European Social Fund”, the official webpage of the Employment Agency and the EURES job mobility portal. The system will enable intermediaries to receive profiles of job-seekers, who have registered at the Labour Offices Directorates and meet the requirements regulated in their requests for vacant jobs.

The Employment Agency will be maintaining the electronic registers which will be updated daily by the issued certificates for registration of workplace mediation. The system will allow for

the automatic display of the data about the registered mediators in lists published at the official webpage of the Agency.

The electronic system will be providing ex officio access to the database and two-way electronic exchange of data between the Employment Agency and the Executive Agency “General Labour Inspectorate” on account of the functions of control over the work of mediators.

Development of the scope and efficiency of the control exercised by GLI

The efficient control over compliance with labour legislation and the legislation on employment plays a major role in improving the operation of the labour market, better protection for the employees and provision of fair competitive environment for business development by setting restrictions for the informal economy.

In 2016, the Executive Agency “General Labour Inspectorate” (EA GLI), in its capacity as responsible institution for exercising control over the compliance with labour legislation, civil service and labour mobility will be implementing programmes aiming to ensure the inspection of enterprises in all economic sectors in order to guarantee the compliance with the Labour Code, the Safe and Healthy Working Conditions Act, the Employment Promotion Act and the Civil Servant Act.

The main fields of operation of EA GLI in 2016 will be:

- Inspections for the provision of healthy and safe working conditions during building and assembly works, including excavation (earth) works, demolition works, activities under the National Programme for Energy Efficiency of Residential Buildings and rope access works;
- Inspections of high-risk production and activities;
- Inspections at enterprises performing economic activities that have a major impact on the level of occupational injuries and occupational diseases in the country, including inspections about the provision of minimal safe and healthy working conditions at enterprises operating in the processing industry, electricity distribution, heat production and distribution;
- Inspections about the provision of minimal requirements for safe and healthy working conditions and legal compliance for employment by virtue of Art. 114a of the Labour Code in the Crops sector;
- Inspections at small and medium-size enterprises to ensure counteraction and prevention of the shadow economy in all its manifestations;
- Promotion of the social dialogue at the enterprises operating in all economic sectors;
- Inspections at enterprises performing economic activities experiencing labour protection problems at a regional level.

The specialized control of EA GLI ensuring compliance with legislation in the employment sector involves activities aiming to:

- Ensure healthy and safe working conditions for the persons working at enterprises that provide temporary employment in compliance with a SLIC (Senior Labour Inspectors Committee) campaigns in 2016;
- Carry out inspections of the legal compliance of employing foreign citizens, including illegal immigrants, and accepting posted workers and employees from EU Member States and third countries at enterprises on the territory of the Republic of Bulgaria;
- Carry out inspections for the legal implementation of workplace mediation;
- Exercise control over the work of enterprises posting hired workers and employees for the provision of services within the frames of EU Member States.

A number of programmes are due to be implemented in 2016 aiming to enhance control activities related to building administrative capacity and fostering the institutional image of EA GLI (by staff assessment, trainings and professional qualification, career growth, communication with the media, provision of electronic and administrative services to the stakeholders). International

cooperation will be further expanded to include efficient interaction and exchange of experience with other labour inspectorates in the EU and the region, including for preparation, conclusion and implementation of agreements for partnership with related institutions from other countries, participation of representatives of EA GLI in international events and initiatives organized by the International Labour Organization (ILO), the International Association of Labour Inspection (IALI), as well as in the work of the Senior Labour Inspectors Committee and the working groups therewith, exchange of information with other EU Member States through the International Labour Market Information System (IMI).

Enhancing the quality and optimizing the work of EA GLI by improving the process of planning of the inspection activity and introducing innovations in the education and training of the employees are among the major goals of the Project “Optimization and Innovations at EA GLI”, financed under OP HRD 2014-2020. The activities under the project will be implemented throughout the period 2015-2018 and will include the improvement of the methods for planning inspection activities, the introduction of an electronic system for staff training, the development and introduction of new flexible forms of inspection by elements of self-control, activation of the work of the committees and groups in charge of working conditions at enterprises.

Improving social dialogue

Social partners have good knowledge of the labour market, the needs of workers and enterprises and protect their interests. Their inclusion on a national level is a guarantee that the interests of both enterprises and workers will be taken into account as part of initiatives in the field of employment promotion. This is why social dialogue plays crucial role for labour market development. The dialogue among social partners has an impact on work organization and helps to encourage the increase of workplaces and social welfare.

Social dialogue at all levels will be the main instrument for the implementation of NEAP in 2016 as well – for the development, adoption and implementation of new programmes, projects and schemes. The work of the National Employment Promotion Council, the Coordination Council for the Implementation of Monitoring of the National European Youth Guarantee Implementation Plan 2014 – 2020, the National Council for Tripartite Cooperation will be playing a key role in the preparation of policies, the monitoring of their implementation and the very process of their implementation. The cooperation between the territorial divisions of the Employment Agency and the social partners will be further improved, more specifically in their regional and sectoral organizations. The work of the Cooperation Councils established with every Labour Office Directorate and of the Employment Commissions with each Regional Development Council will be focused on discovering the potential of the local economy in increasing the number of jobs and improving the quality of labour force in the regions. The active participation of municipal administrations also is of key importance not only for the development and funding of programmes, but also for reaching a maximum effect in their utilization. Regular meetings with the mayors of municipalities and the mayors of towns and villages will continue more specifically to ensure support for the work with inactive youth. The regional Councils for Tripartite Cooperation will continue their work with the participation of representatives of the Regional Employment Service Directorates and/or Labour Office Directorate. Pro-active initiatives will be launched jointly with the social partners.

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Annexes

- 1. Action fiches for programmes, projects and measures**
- 2. Funding for the active policy in the labour market throughout 2016**
- 3. Allocation of funds among programmes, projects and measures**
- 4. NEAP budget in 2016**
- 5. NEAP Progress report for the period January-September 2015**
- 6. Table for the employment and unemployment in the 28 regions of the country**