03 - CONTEXT ANALYSIS

Each outplacement intervention must take into account the socio-economic environment whose direct/indirect target groups belong and where career guidance services and training actions for professional placement will be realized.

This is a template for the context analysis.
TIP: you should have completed this document during the Designing Process.

The main dimensions of analysis to be considered are:

A - Geographical area of interest: to describe the territorial boundaries and the location of the planned actions; to define the spatial limits of the analysis.	Sofia's development as a significant settlement owes much to its central position in the Balkans. It is situated in western Bulgaria, at the northern foot of Vitosha mountain, in the Sofia Valley that is surrounded by mountains on all sides. The valley has an average altitude of 550 metres. Three mountain passes lead to the city, which have been key roads since antiquity, connecting the Adriatic Sea and Central Europe with the Black and Aegean Seas. A number of low rivers cross the city, including the Vladaiska and the Perlovska. The Iskar River in its upper course flows near eastern Sofia. The city is known for its numerous mineral and thermal springs. Artificial and dam lakes were built in the last century. It is 130 kilometres northwest of Plovdiv, Bulgaria's second largest city, 340 kilometres west of Burgas and 380 kilometres west of Varna, Bulgaria's major port-cities on the Bulgarian Black Sea Coast. The city is less than 200 kilometres from the borders with three countries: 55 kilometres from Kalotina on the Serbian border, 113 kilometres from Gyueshevo on the frontier with the Republic of Macedonia and 183 kilometres from the Greek border at Kulata. Sofia has an area of 1344 km^2

B - Economic and productive system:	
B1 - classification of economic activities (sectors): composition of the productive structure of the territory and description of economic specializations	Sofia is the biggest and most dynamic center of the economic life in Bulgaria. Sofia accounts for 29% of the total GDP of the entire country. Half of the foreign investments are also concentrated on the territory of the municipality (49.5% of all investments). Sofia provides one third of the overall tax revenues into the state budget. The structure of the local economy of Sofia Municipality is dominated by three sectors. The sector within the structure of the economy with the largest share in the Gross Value Added is the services sector (60.3%), followed by industry (30.4%) and agriculture (9.3%). The private sector continues to increase its contribution by creating 79.4% of the GVA. The forecast for 2013 is for average annual increase of the GDP by

	1.4%
B2 - number and size of firms: numerical consistency of the enterprises per classes of employees	Micro, small-, and medium - sized enterprises Data in this chapter cover the reported non-financial enterprises with less than 249 persons employed in the period. The 17 activity groupings are aggregated on the basis of the National Classification of Economic Activities. Private firms that do not have statute of enterprises are not included in the activity grouping 'Agriculture, hunting and forestry'. Variation groupings by size of enterprises in terms of employed are in compliance with the particularities of the national legislation, according to which small- and medium-sized enterprises are those with less than 249 employed. In 2010 SMEs decreased by 0.9%. Micro enterprises slightly declined by 0.2%, unlike the previous year when they grew by 15.3%. The drop in small and medium-sized enterprises deepened to 8.4% in both groups. The number of large enterprises decreased as well by 2%. Average firm size followed a downward trend as well. It amounted to 5.7 persons, 4.3 per in SMEs and 677.6 in large scaled enterprises. Decline in the number of occupied persons per enterprise was observed in all groups. In micro enterprises there were 1.9 employees on average, in small - 19.7 and in medium - 96.9. Current developments indicated an ongoing adjustment process. In the SME sector, it was carried out through employment reduction and it holds true also for micro enterprises. In small, medium and large enterprises both the number of enterprises and employment decreased. Structure of enterprises by economic activity Development of enterprises by economic activity indicated that in 2010 industry was the most affected by the crisis, while the number of enterprises in services remained unchanged on a year ago. Within the SMEs the enterprises in industrial sector reported a decline of 6.4% and in services they increased by 0.2%. On the other hand, large-sized enterprises evidenced signs of recovery. LSEs in industry continued to decline, however at a slower rate of 7.4% compared to 2009. Those in services reported a significant growth of 10%. In 2010 the share of enterprises in industry declined, while those in services increased. Within the SMEs industrial sector comprises 15.7% and services - 84.3%. In large-sized enterprises the share of industry is higher than those of services - 58.5% vs. 41.5%. Development by economic activity

	showed that SMEs followed a downward trend in construction (9.2%), manufacturing (5.7%), mining and quarrying (1.8%), hotels and restaurants (1.9%) and trade (1.1%). On the positive side were electricity and water supply, and almost the entire service sector.
B3 - Presence of clusters, productive specialization and local labour systems: if so, describe them	N.A.
B4 – Produced added value, GDP per capita	**GROSS DOMESTIC PRODUCT FOR THE FIRST QUARTER OF 2013** In the first quarter of 2013 GDP at current prices amounts to 16 577 Million Levs. In Euro terms GDP is 8 476 Million Euro or 1 164 Euro per person. According to the seasonally adjusted data, the GDP growth rate in the first quarter of 2013 is 0.4% compared with the same quarter of the previous year and 0.1% compared with the fourth quarter of 2012. **GDP, current prices** **First quarter of 2013** According to the preliminary data, the Gross Domestic Product (GDP)1 at current prices in the first quarter of 2013 amounted to 16 577 Million Levs (Annex, Table 1). The GDP per person amounted to 2 277 Levs. In USD terms at average quarterly exchange rate of 1.482119 Levs per USD, the GDP amounted to 11 185 Million USD or 1 536 USD per person. In Euro terms, the GDP amounted to 8 476 Million Euro or 1 164 Euro per person. Gross value added (GVA)2 at current prices in the first quarter of 2013 amounted to 14 104 Million Levs. As compared with the first quarter of 2012 the agricultural sector increased its share in the gross value added in the economy by 0.9 percentage points to 4.5% in the first quarter of 2013. The share of industrial sector reaches 32.0 %, down by 0.4 percentage points. The share of services reaches 63.5% which is a decrease of 0.5 percentage points compared to the same period of the previous year. In the first quarter of 2013 the final consumption expenditure1 formed 87.4% of GDP in the economy. Investments (gross fixed capital formation2) accounted for 18.2% of GDP. The external balance (exports-imports) was negative. **Growth rates on annual basis** During the first quarter of 2013 GDP increased by 0.4% compared to the same quarter of the previous year. Gross value added increased by 0.4% compared to same quarter of previous year. The indicator's movement is determined mainly by the increase recorded in the agricultural sector

	3.6%, industry 1.9%, trade, transport, hotels and restaurants 1.6%, Information and communication 1.2% and Professional, scientific and technical activities; administrative and support service activities 0.3%. As regards the expenditure component of GDP, contributor to registered positive economic growth is a collective consumption with 3.2%. The individual final consumption has a decline of 1.0% compared with the same quarter of previous year. Gross fixed capital formation increased by 5.0%. Imports and exports of goods and services increased by 5.6% and 10.8% respectively when compared with the corresponding quarter of the previous year.
B5 – Presence of path-dependence effects related to the economical history of the area: elements of economic and industrial history of the area	Between the two world wars sectors of primary sector (extraction of natural resources, agriculture and forestry) sharply reduced its stake and influence in the metropolitan economy. Some activation is characteristic of mining in relation to the acquisition of deposits of uranium ores and Seslavtsi end spirits, especially the extraction of iron ore in Kremikovci. Industries which process the extracted natural materials such as steel (black and color), chemical industry, construction materials and others. Gradually occupy structural positions in the system of the metropolitan economy. In recent years, the metropolitan area to form the three main locations for mining. These are careers for crushed stone (granite, syenite) for construction and finishes, sand and gravel from the old lake sediments near Kazichene Dolni Bogrov Chelopechene Chepintsi and him and the extraction of iron ore by open pit near Kremikovci. Structural changes carried out in the metropolitan economy are aimed at reducing the share of extractive industries mainly for economic and environmental reasons. Steady trend is steadily reducing the useful content and quality of extracted natural resources and increasing production costs. Extractive industries and greatly worsen the environmental situation in the Sofia area. Built in the northeastern part of the valley tailings dumps and heaps cause serious pollution of air, water and soil. Suspension of uranium mining and closure of mines in Buhovo and Seslavtsi after 1992 will slowly improve the environmental situation in the Sofia Valley. The optimization of the environmental situation requires significant financial resources and, above all, a completely new approach in the management of regional development in Sofia. Development of suburban agriculture is conditioned by the ever increasing number of the metropolitan population. Increasing demand for agricultural products in urban markets

	is the cause of the spatial expansion of the industry. Southern slopes of the Balkan Mountains and the foothills of the mountains surrounding the south of Sofia field, is being used for agricultural production. In areas of lower altitude (Curvature, Kazichene Busmantsi) growing vegetable growing and late maturing fruit develops production of grain and feed. Next to the capital build farms closed rearing animals for milk and meat (in Podgumer, of Kostinbrod, Kazichene etc.). Cultivation of forage crops is typical of land with altitude in the valley. Along with this, using the hilly and mountain pastures, which determines specialization in sheep, goats and cattle. Capital city with great market demands stimulated the development of greenhouse production and growing flowers. Everyday needs of Sofia from fresh farm produce "embraced" to the urban space surrounding villages and some cities. This regional pattern in the 80s evolved to such an extent that practically food Sofia zone participated throughout the country, and agricultural specialization of Western Bulgaria is premised on the needs and requirements of the Sofia market. After 1947 industrial relations in the country, including Sofia, abruptly changed. Made to total nationalization of property in industry and mining. Priority developments were basic industries - energy, metals, machinery, electrical and electronic industry, chemical industry. Built and big construction companies in Sofia and the surrounding villages. They specialize in the manufacture and installation of prefabricated elements for industrial and residential construction. For an extended period of time (until 1991) the spatial concentration was assumed to be one of the main and most important criteria for the development of the industry. In 1989, over 15% of companies in the electrical and electronic industries and over 14% of the enterprises of the chemical industry were concentrated in Sofia. As a result, it was sharply increased the number of employees in industry and construction, the share of which amounted to over 25% of the total for the country. Unreasonable territorial concentration of industry in the capital raises serious imbalances and many problems. There were difficulties with the supply of Sofia and the surrounding villages with food, increased pollution, increased the number of occupational diseases imposes constraints in power consumption. Significant changes in the industrial development of the metropolitan economy took place after 1990, transition to a market organization and management of the capital holding is

	accompanied by qualitative changes in the structure of industry and construction. Gradually the share of processing industries declined. Along with this, the number of industry employees Sofia dropped by more than 50%. In 1998, Sofia produces about 13% of the industrial output of the country. Moreover, 25% of these products are formed by the private sector - a sustainable trend that will change not only the capital structure of the economy, but the structure of the branches of the processing industry in the national economy. These are objective processes imposed by the market organization and management of the industry. Despite the negative trends and restrictive policy in the industry capital industry retains its national importance. In 1998, the industrial potential of the city provides 70% of ferrous metals in the country, 17% of the production of electrical and electronic engineering, 13% of the production of mechanical engineering, 10% of the production of pulp and paper industry, 20% of the flour 9 % of the industrial production of building materials and more. Formed branch of industry Sofia became one of the most important centers of economic development as crucial to the national economy.
B6 - other elements useful to understand the economic and productive structure of the area	Since 1990 there have been significant changes in the ownership and organization of business and network caterers. Performed restitution existed for more than half a century stores, processes of privatization and devolution of commercial creation of new private shops, private hotels, restaurants and other eating places. Reconstructed part of the department stores and some of them have been privatized, while others are in the process of privatization. Almost 90% of stores and over 80% of caterers are private. The number of stores is about three times larger than in 1989 Most of them are located in the new residential complexes in more remote from the city center districts, which will help improve the supply population with different goods. Positive effect in this regard have the reconstructed by Sofia Municipality urban markets. The majority (55.4%) of the private companies registered have a commercial activity, which create jobs. The trend of increasing importance of the private sector in trade and catering will be characterized in the following years.

C - Social system and demography: statistical and stratified data to describe the reference population	DEMOGRAPHIC PROFILE OF SOFIA Main demographic indicators for Sofia: • **Population** - 1,249,798, which is 1/6 of the population of Bulgaria. Of these, 594,449 men and 655,349 women. • **Birth rate** - 12.3 ‰ to 10.7 ‰ for the country. • **Total mortality rate** - 12.1 ‰, 14.2 ‰ for the country. Mortality is still higher among men (13.0 ‰), than females (11.2 per thousand). • **Natural population growth in Sofia** - ‰ 0.2 In 2012, 936 people live on 1 sq. km of its territory, population density 922 people per 1 sq.km. for 2010. • **The age structure of the population in Sofia:** In 2012 the population is an average of 40.5 years (41.8 years on average for Bulgaria). Men in Sofia (38.6 years) are younger than women (42.2 years). In the recent years, there has been a reduction of the share of younger generations (the group of 10-14 year olds), and this is a result of the lower birth rate in the mid-90s. Over the past few years there is an increasing rate in the number of elderly people (over 65).

D - Labor market and institutions:	
D1 – Stratified statistical data on employment and unemployment: static data and dynamic data (pre/post crisis)	**Main labour market results for the first quarter of 2013** **The activity rate of population aged 15 - 64** was 67.0%, by 1.6 percentage points higher in comparison with the first quarter of 2012. **The employment rate of population aged 15 - 64** was 57.7%, by 0.8 percentage points above its value for the corresponding quarter of the previous year. **The unemployment rate** was 13.8%, by 0.9 percentage points higher compared to the same quarter of 2012. **Discouraged persons aged 15 - 64** were 233.0 thousand, representing 14.5% of the total number of inactive persons in the same age group. In the first quarter of 2013 **unemployed** were 456.4 thousand persons, of whom 267.5 thousand (58.6%) were men and 188.8 thousand (41.4%) were women. In comparison with the first quarter of 2012 the number of unemployed rose by 8.3%. For the same period the **unemployment rate** increased by 0.9 percentage points and in the first quarter of 2013 was 13.8%. The rate went up by 0.6 percentage points for men and by 1.2 percentage points for women and reached 15.1 and 12.2%

	respectively. **The number of long-term unemployed** was 250.8 thousand, 55.0% of all unemployed, and compared to the first quarter of previous year their number rose by 10.6%. The long-term unemployment rate in the first quarter of the current year went up by 0.7 percentage points and reached 7.6%, respectively 8.7% for men and 6.3% for women. In the first quarter of 2013 previous employment experience had 384.2 thousand (84.2%) of all unemployed persons, as their number went up by 9.6% compared to the same quarter of 2012. Unemployed, who were looking for their first job rose by 1.9% and during the first quarter of 2013 reached 72.1 thousand. **The unemployment rate for the population aged 15 - 29** was 23.6% (24.4% for men and 22.6% for women) and in comparison with the first quarter of 2012 grew up by 0.6 percentage points as the increase was higher for women (by 0.9 percentage points) than for men (by 0.4 percentage points).
D2 - Main rules of the labour market (national and other levels of government): types of labour contracts available and allowed permitted by the national or regional laws	• Permanent labour contracts • Temporary labour contracts
D3 – Laws or incentives/subsidies for the employment: presence of recruitment incentives and description	**Labour legislation** The Labour Code is the principal legislative source regulating the legal relationship between the employer and the employee. Pursuant the labour legislation is applicable to all labour relationships between Bulgarian citizens, citizens of the EU and the states that are part of the Agreement of the European Economic Area7, and employers in the Republic of Bulgaria, as well as Bulgarian employers abroad, insofar as it is not provided for otherwise in a law or a treaty to which Bulgaria is a party. According to the fundamental principle of the Labour Code, the state has to consult with employees, employers and their representative organisations before implementing labour legislation. This concept is referred to as the "social dialogue" or the tripartite partnership which is described in more detail in the next section. The General Labour Inspectorate, a special executive agency to the Minister of Labour and Social Policy, executes control over the implementation of labour legislation. Incentives in the field of labour law are outlined in the Employment Promotion Law. Some of the incentives refer to payments of funds from the Employment Agency, a governmental institution responsible implementing active labour market policy. Some areas of employment law (e.g.

	health and safety, labour protection, collective labour disputes, etc.) are governed by specific legislation. Labour protection is subject to the Social Security Code. The latter deals with social security provisions in the event of sickness, accidents at work, occupational illness, maternity, unemployment, old age and death as well as supplementary social insurance. Bulgarian legislation in the field of health and safety at work is harmonised with EU requirements. A framework of standards, requirements and obligations has been established and aggregated in more than 700 separate legislative acts. The National Programme on Safety and Health at Work has been developed since 2008 in order to implement the objectives of the Strategy on Safety and Health at Work 2008-2012. The measures set in the National Programme 2012 aim at ensuring welfare at work, taking into account changes in the workplace and the emergence of new occupational risks due to the economic and financial crisis. The programme also provides legislative, organisational, technical, health and other preventive measures to ensure health and safety in the workplace, following the strategic priorities for a continuous, sustainable reduction of occupational accidents and diseases. The General Labour Inspectorate Executive Agency (GLIEA) is a state body responsible for the overall monitoring of the labour legislation. Social partnership related to safety and health at work is developed at branch, regional and company level through establishment of the Working Condition Councils.
D4 - Agencies active in the field of outplacement in the area: mapping of major public/private players and their intervention strategies	At the onset of the economic downturn in Bulgaria, a package of new measures was adopted in 2009 by a working group within the National Council for Tripartite Co-operation, aiming at containing the consequences of the global crisis in the labour market. Moreover, with a view to spur recovery from the crisis, the Ministry of Labour and Social Policy adopted measures and priorities for social policy activation and for revival of the Bulgarian economy in 2010. The envisaged measures supporting employment and the activation of the labour market were implemented as part of the 2010 National Employment Plan. Priority programmes and actions for 2010 were defined, taking into consideration the recommendations of the Economic and Social Council, aiming to improve the effectiveness of the active labour market policies for both employers and the unemployed. In 2010, the Bulgarian Government adopted a package of

	measures, negotiated with the country's business sector and trade unions within NCTC, which concerned household incomes, labour market policies and policies in support of the social security system. The policy response to the crisis encompasses measures with both short- and long-term effects on the labour market. The short-term measures aimed at maintaining employment. The measures aimed at influencing the labour market in the long-run covered improving the services for qualification and training as well as the respective infrastructure; improving the formation, training and inclusion in employment, and achievement of flexibility of the systems for protection and remuneration of the unemployed. The measures can be grouped as follows: • **Measures concerning flexible work** such as the introduction of *part-time employment for a longer period* (6 months in both 2009 and 2010), the *introduction of a "specific" leave* due to manufacturing reasons (increased duration of unpaid leave under certain conditions) (2010) and providing employers with the possibility to *temporarily assign the employee to other work* for a longer duration; • **Measures concerning skills enhancement** such as the provision of *training of employees in part-time employment* (2010); • **Measures supporting wages and domestic demand** such as *subsidising the wages of workers* who have gone on part-time employment (2009 and for 2010 with a longer duration), *abolishing the upper limit of the unemployment benefit* for persons who have lost their jobs because of manufacturing reasons, ensuring them 60% of the insurance income; • **Measures supporting direct employment** such as *subsidising employment programmes for the unemployed* and *measures for the most vulnerable groups on the labour market* – youths, disabled, low-skilled, etc.; • *Amendments to the Employment Promotion Law*, leading to a decrease in the sanction period for registration renewal, increasing the quality of the rendered public employment services, increasing the subsidised period for probation of youths, introduction of subsidised employment on "green jobs".
D5 - Sources of funding for the outplacement actions in the area: description of the main sources (private/public) to support outplacement	For the period 2012–2015 a total of EUR 250.5 million from the national budget will be spent on active labour market policy interventions under programmes and measures for promoting employment and reducing unemployment. The

actions	latter will be further co-financed by OP HRD projects. In the area of employment and labour mobility, an updated Employment Strategy of the Republic of Bulgaria for the period 2013–2020 is being prepared for November 2012. The updated Strategy will present the main directions, activities and initiatives which should lead to increasing employment and recovering economic growth, thereby achieving the national targets by 2020. In addition to measures set in NRP (2011−2015) additional measures will be launched in the period 2012-2013 (NRP 2012 Update), including support to young people, training for the unemployed, fighting undeclared employment, establishing careers centres and vacancy terminals, information systems in healthcare, increasing flexibility and security, etc.