



**Expert evaluation network
delivering policy analysis on the
performance of Cohesion policy 2007-2013
Year 3 – 2013**

**Task 1: Job creation as an indicator of
outcomes in ERDF programmes**

Bulgaria

Version: Final

**Ruslan Stefanov, Daniela Mineva, Plamen Shalafov
Center for the Study of Democracy (Project One EOOD)**

**A report to the European Commission
Directorate-General Regional and Urban Policy**

Contents

Executive summary	3
1. The use of the indicator to assess outcomes by policy area.....	4
2. Definition, methodology, data reporting and wider use of the indicator	5
Content of data.....	5
Wider use of indicator.....	6
3. Cost per job created.....	6
4. The indicator of job creation in evaluations and AIRs	8
5. Looking forward to the 2014-2020 programming period.....	8
6. Further remarks.....	8
References	10
Interviews.....	11
Annex	12

List of abbreviations

- AIR Annual Implementation Report
- MA Managing Authority
- FTE Full-time Equivalent
- OP Operational Programme

Executive summary

Two Operational Programmes (OPs) in Bulgaria, that for Competitiveness and the one for Regional Development, use jobs created as an indicator of ERDF outcomes. The Managing Authority (MA) for the Competitiveness OP compiles information on jobs created in a relatively systematic way, though only at overall programme level. For purposes of this report, however, more detailed data were provided.

There is scope for more checks being carried out on the data reported by beneficiaries to ensure their reliability and to avoid double-counting. The system employed by the Competitiveness OP can be used as an example of good practice for the other OPs in this respect. The highly unfavourable economic conditions mean that the targets set for job creation at the onset of the programming period have not been achieved so far. This has demonstrated one of the limitations of the use of the indicator, namely that it is very difficult to disentangle the direct effects of the measures implemented from external influences and changes in the economic environment. Its use implies careful evaluation to make sure ERDF outcomes are properly interpreted and the right lessons drawn for further policy planning.

The indicator is defined consistently across ERDF-funded programmes in terms of Full-time Equivalents (FTEs) and relates to the number of permanent jobs created directly as a result of interventions. A clear distinction is made between new jobs created and those which are expected to be created. The data reported relate to gross jobs directly resulting from interventions and no attempt is made to estimate the jobs indirectly created. As noted above, data are compiled at the programme level for the Competitiveness OP and for specific parts of the Regional Development OP, Environment OP and the OP for Transport. The Competitiveness OP is, however, the only one consistently to report jobs created – 1,399 jobs so far out of an initially planned 2,420 for the 2007-2013 period according to the 2011 Annual Implementation Report (AIR).

In practice, despite the higher than the EU-27 average level of unemployment in Bulgaria currently, other objectives are the main priorities of programmes rather than job creation as such, though these to some extent still reflect the economic situation in Bulgaria which existed before the crisis.

1. The use of the indicator to assess outcomes by policy area

Jobs created as an indicator of outcome is used in only two of the Bulgarian OPs co-financed by the ERDF – the Competitiveness OP and that for Regional Development. The MA for the latter monitors the employment effects of interventions only for some measures which are intended to generate employment over the long-term.

The OP for Transport also collects information on the expected effects on employment both during the implementation of projects and after they are completed. However, the number of jobs created is not aggregated across projects and is considered to be of secondary importance given the focus of the OP on developing the national transport network. Beneficiaries applying for grants under the Environment OP also have to submit estimates of the expected number of new jobs generated both during the project and permanently as a result of the support provided, though this is the case only for investment in waste treatment facilities. As in respect of the Transport OP, jobs created are not considered a priority objective of the programme.

Support for RTDI is the only policy area in which the employment effects of the ERDF can be measured on the basis of published data. (Annex Tables A and B provide an overview of both planned and actual ERDF expenditure for the policy areas in which job creation is used as an indicator.)

The priority areas of RTDI and enterprise support within the Competitiveness OP have an end-target of 2,120 new jobs in industry and 300 research-related jobs. These targets were set at the beginning of the programming period on the basis of assumptions built on the experience during the implementation and evaluation of investment projects funded by PHARE. Monitoring of the indicator was foreseen to be carried out only twice during the 2007-2013 period, at the mid-point and at the end¹. In the AIR for 2011, a total of 1,399 new jobs (598 filled by women and 801 by men) were reported. Although there was a target of 80 research-related jobs to be created by the middle of the programming period, the MA reported no new jobs at all up to the end of 2011².

The text of the Regional Development OP does not contain a target for jobs created because this was not considered to be an appropriate measure of performance for most parts of the programme. The AIR for the OP provides information on the expected number of jobs to be created under the measures taken in two sub-priority axes: Social infrastructure and Sustainable development of Tourism. Calculations for the period 2007-2011 show that 2,277 jobs were expected to be created as a direct result of the support provided (for more details see Annex Table C).

Since the number of jobs created from ERDF support is not monitored in other policy areas, it is not possible to estimate the numbers concerned, though given the objectives of the programmes in these areas, the jobs directly created are likely to be small and/or temporary.

¹ <http://www.opcompetitiveness.bg/images/module3/163 OPC amendment 2011.pdf>

² <http://www.eufunds.bg/bg/page/829>

2. Definition, methodology, data reporting and wider use of the indicator

The definition of the indicator for jobs created is consistent across all four of the OPs where it is used. However, only the Competitiveness OP provides clear documentation, indicative targets and a time-frame for planned evaluations as part of the official text of the programme. In the other three OPs, the features of the indicator are specified in the application documents where beneficiaries are requested to provide data on the number of permanent, full-time jobs expected to be created as a direct result of the intervention but they are not monitored at programme level.

The procedures adopted by most MAs requires the collection of information on employment effects during the implementation of projects but not as pre-defined targets or ex ante conditions for receiving EU support. The OP for Competitiveness is the only one for which actual outcomes in terms of jobs created are recorded. Moreover, it carries out quality controls, on site and by cross-checking with National Social Security Institute data. The other OPs record only the number of jobs expected to be created by beneficiaries. No checks are carried out on the figures but they are considered to be reasonably reliable by the MAs, since applicants do not get extra credit for over-estimating jobs created.

Content of data

A review of the specific features of the data content available for the different OPs indicates consistency of definition. Without exception, the indicator is defined in FTE terms in each case. Although MAs make a distinction between temporary and permanent jobs (mostly applicable for estimates stemming from tourism-related projects financed under the Regional Development OP), when estimates of jobs created are reported in the AIRs no such distinction is made. According to the AIRs, the overall division between temporary and permanent jobs will be assessed at the end of the programming period. Only the MA for the Transport OP collects information on the number of construction jobs created in projects but data are not aggregated and published. The indicator, where used, covers only direct employment effects. No attempts have been made to estimate the jobs created indirectly as a result of ERDF interventions and jobs safeguarded are outside the scope of the indicator.

Only the data reported by the Competitiveness OP relates to actual jobs created as reported by beneficiaries and verified by on-site checks. However, the quality checks may be less rigorous than they could be because of the on-going economic difficulties faced by beneficiaries.

The data reported by the Regional Development OP relate to both reported and expected outcomes but there is no means in place to verify that the jobs reported have actually been created. The mid-term evaluation of the Regional Development OP published in February 2011 came to the conclusion that the core indicator of jobs created does not properly reflect the character of the programme because it is not directly aimed at promoting employment and its effect in stimulating it is negligible³. As a result of the introduction of a new impact indicator in place of jobs created being

³ http://www.bgregio.eu/media/files/Programirane%20i%20ocenca/04_mid-term%20evaluation.En.pdf

recommended in the next programming period, MA monitoring experts have regarded the indicator as not particularly useful as a measure of outcomes and are unable to provide systematic information on it.

No formal evaluations have been carried out to assess the quality of jobs created. While it is likely to be relatively rare for enterprises to receive support from both the ERDF and ESF, and, therefore, the possibility of double-counting the jobs created is probably small, there is no means in place for verifying this and preventing this from happening.

Wider use of indicator

The central government, represented by the Central Coordination Unit under the Council of Ministers, does not aggregate data for jobs created across programmes and there is no requirement for it to do so. In addition, the Unit does not have access to monitoring data collected by the MAs and it has no power to initiate harmonisation of the methods used across different OPs or to check the plausibility of the data published.

The Central Coordination Unit will launch an evaluation of the National Strategic Reference Framework after the end of the current programming period and the results will depend in large measure on the data available being reliable.

3. Cost per job created

The calculation of the unit cost of jobs created for particular interventions is difficult due to the limited availability of data. While the MA of the Competitiveness OP collects information on the expected and actual direct effect on employment of each project supported, the data for individual measures or groups of projects are difficult to retrieve automatically with the current system in place. Nevertheless, the data requested for measures under the sub-priority “Upgrade of technologies in enterprises” were extracted manually and provided for analysis. Details of one of the measures, which is targeted at modernising the technological base in SMEs, are presented in Table 1 below. The second measure is another grant scheme supporting the creation and development of innovative start-up companies. With few exceptions, at the end of 2012, projects under both measures had been completed and payments made. The unit cost of a job created is calculated by dividing the sum of ERDF and national funding by the number of jobs created reported by beneficiaries. It is unclear whether or not checks had been carried out on these data or whether the results are representative of the overall effect of ERDF-financed interventions under the OP, which would need to be established before they could influence policy making, in the next programming period 2014-2020.

Table 1 - Unit cost of job created, RTDI support

Grant schemes	Indicative budget (EUR)	Actual payments - ERDF (EUR)	Actual payments - national funding (EUR)	Total actual payments in %	Reported number of jobs created	Unit cost of job created (EUR)
BG161PO003/1.1.01/2007 "Support for the creation and development of innovative start-up companies"	5,908,951	1,379,464	459,822	31%	106	17,352
Procedure BG161PO003-2.1.04 "Upgrade of technologies in small and medium-sized enterprises"	35,000,000	18,802,523	6,267,507	72%	452	55,465

Source: Unified Management Information System for the EU Structural Instruments in Bulgaria, MA unpublished data, own calculations.

Measures under the Regional Development OP for which the number of jobs created is used as an outcome indicator typically take the form of grant schemes for supporting the development of tourist attractions. Eligible beneficiaries are municipalities, associations of municipalities and other public authorities managing cultural heritage sites of national significance and protected areas. Municipalities have received support for restoration, conservation, equipment, interpretation, small-scale technical infrastructure and the training of staff.

Table 2 presents an attempt to calculate unit costs of job created for the only two grant schemes for which the necessary data are available. Because of missing data and the small amount of actual payments that had been made at the end of 2012, estimates are based on the indicative budgets. Sluggish rates of implementation and the frequent cancellation of the funding contracted raises a question-mark over the meaningfulness of the calculation. The use of the expected rather than the actual number of jobs created adds further doubts. Since information on actual outcomes is not at present collected, future similar attempt to calculate unit costs will face the same problem.

Table 2 - Unit cost of jobs created, territorial development

Grant schemes	Indicative budget (EUR)	Actual payments - ERDF (EUR)	Actual payments - national funding (EUR)	Total actual payments in %	Expected number of jobs created	Unit cost of job created (EUR)
BG161PO001/3.1-03/2010 "Support for the development of natural, cultural, and historical attractions"	87,953,933	0	0	0.0	1,608	54,698
BG161PO001/3.1-02/2009 "Support for the development of tourist attractions"	18,717,585	498,274	106,773	3.2	636	29,430

Source: Unified Management Information System for the EU Structural Instruments in Bulgaria, AIRs, own calculations.

4. The indicator of job creation in evaluations and AIRs

No attempts have been made to adjust the figures for gross jobs created in order to estimate the net employment effects of ERDF interventions or to disentangle additionality, displacement and indirect effects. The interviews conducted revealed that there were no plans for undertaking such exercises and no clear idea of how they could be carried out. Given the lack of data, it is not possible to adjust the figures reported to give a more meaningful indication of the overall effects of interventions on employment. To do so would require a more detailed study.

5. Looking forward to the 2014-2020 programming period

The only MA familiar with the modifications of the common indicators system planned by DG Regional Policy and in particular with the new definition of employment indicators is the MA of the Competitiveness OP. Since preparations for the next programming period have not yet commenced, however, and accordingly no detailed examination of the changes has been undertaken, it is not possible to judge whether or not there is full understanding.

The Central Coordination Unit is more familiar with the issue, especially with the EU-wide introduction of a performance framework with clear milestones and targets for the next programming period. In view of the planned performance reserve of 7% of designated national allocations, the expert interviewed anticipated that MAs would attempt to drop jobs created as a performance indicator because of its sensitivity to underlying economic conditions.

6. Further remarks

It is evident that most MAs do not regard the indicator of jobs created as important and useful for monitoring programme performance in the 2007-2013 period. Indeed, when programmes were planned in 2006-2007, absorption capacity was the predominant preoccupation and not job creation and although unemployment has increased markedly since then, ERDF-financed measures are in general not seen as a means of directly creating jobs, or at least other longer-term objectives have remained priorities.

Many of the MAs interviewed noted that job creation was not relevant as an outcome indicator for a large number of ERDF interventions. Where the indicator has been used, it has largely been in response to European Commission demands rather than a national policy initiative. With a few exceptions, the general impression is that indicators of achievement are perceived more as a formal requirement than for helping to evaluate and guide policy. This might be explained by the fact that this is the first period that the country has received ERDF support and MAs ought to be able to make better use of indicators in formulating priorities and monitoring progress in the next programming period 2014-2020. This can only happen with a further strengthening of internal and external evaluation capacity. In this regard, the authorities might want to consider assessing the quality of monitoring and evaluation in the present programming period and identifying weaknesses in the capacity to do so in order to inform evaluation decisions in the next programming period. This should include an overall appraisal of the indicator-based evaluation and

monitoring system in place. The proper staffing and training of evaluation departments should also be considered. MAs might develop an appropriate forum for sharing knowledge and experience of monitoring and evaluation and seek to institutionalise it both by making better use of the OP Technical Assistance and by seeking EU support and better links with fellow-Member State authorities.

References

Impact assessments carried out by Managing Authorities:

Annual implementation Reports of OP Competitiveness,

<http://www.eufunds.bg/bg/page/829>

Annual implementation Reports of OP Regional Development,

<http://www.bgregio.eu/en/op-regional-development/annual-reports-on-implementation-oprd.aspx>

Annual implementation Reports of OP Transport,

<http://www.optransport.bg/en/page.php?c=141>

Annual implementation Reports of OP Environment,

<http://www.eufunds.bg/bg/page/867>

Other references:

Official text of OP Competitiveness 2007-2013,

<http://www.eufunds.bg/en/page/14>

Mid-term Evaluation of OP Regional Development (for the period 2007-2010), KPMG

Hungary, KPMG Bulgaria, 2011,

http://www.bgregio.eu/media/files/Programirane%20i%20ocenca/04_mid-term%20evaluation.En.pdf

Application manuals and templates for each OP.

Interviews

Managing Authorities

Institution	Expert name	Position	Interview date
Managing Authority, OP Transport	Mr. Lyubomir Sirakov	Senior expert in Monitoring, Information and Communication Department	26.02.2013
Managing Authority, OP Competitiveness	Mr. Ivaylo Boychev Ms. Gergana Opanova	Senior expert in Monitoring and Control Department; Senior expert in Programming, Monitoring and Evaluation Department;	01.03.2013
Managing Authority, OP Regional Development	Mr. Ivan Popov	Head of Planning and Evaluation Department	01.03.2013
Managing Authority, OP Environment	Mr. Spiridon Aleksandrov	Head of Monitoring and Reporting Department	04.03.2013
Central Coordination Unit	Mr. Nikolay Naydenov	Senior expert in EU Funds Monitoring Department	06.03.2013

Beneficiaries

Name of beneficiary of OP Competitiveness	Interview date
Ciela Norma AD	27.02.2013
Chemax Pharma EOOD	04.03.2013

Annex

Tables

Annex Table A - Planned ERDF expenditures for the period 2007-2013 in chosen policy areas of OP Competitiveness, in EUR million

Policy area	Indicative budget	ERDF funds (75%)	National funds (25%)	Indicative budget of OP
Enterprise support	461.2	345.9	115.3	1,162.2
RTDI support	701.1	525.8	175.3	

Source: Unified Management Information System for the EU Structural Instruments in Bulgaria and own calculations.

Annex Table B - Actual ERDF expenditures at end-2011 in chosen policy areas, in EUR million

Policy area	Actual payments	ERDF funds (75%)	National funds (25%)	Total actual payments
Enterprise support	11.6	8.7	2.9	270.8
RTDI support	259.1	194.4	64.8	

Source: Unified Management Information System for the EU Structural Instruments in Bulgaria and own calculations.

Annex Table C - Expected number of jobs created under OP for Regional Development

Year	Expected number of jobs
2007	0
2008	0
2009	10
2010	373
2011	1,894
Total	2,277

Source: AIRs.