SUMMARY PROJECT FICHE

1. Basic Information

1.1 Désirée Number: BG 0102.07
    Twinning code: BG/IB/2001-SPP-01
1.2 Title: Preparing for future ESF-type programmes
1.3 Sector: ESC
1.4 Location: Bulgaria, national level with certain regional extent

2. Objectives

2.1 Overall Objective(s):
• Preparing the Ministry of Labour and Social Policy (MLSP) to function as an Implementing Agency (IA) from 2003 (according to the National IB Strategy) for European Social Fund (ESF) programmes.
• Increased effectiveness in organizing, implementing and controlling the project cycle management (PCM) in the MLSP, National Employment Service (NES) and the Ministry of Education and Science (MES).

2.2 Project purpose:
Providing the MLSP, NES and MES the organisational capacity and skills necessary to manage the PCM.

2.3 Accession Partnership and NPAA priority
The project is an AP mid-term priority related to Economic and Social Cohesion,
"…develop national policy for economic and social cohesion; prepare for the implementation of regional development programmes as well as Community initiatives; improve administrative procedures and establish a budgetary system allowing for multi-annual commitments and manage it according to structural funds standards, including appraisal and evaluation”.

The project also corresponds to the "Programming” chapter of the AP related to the institutional building under Phare, which is defined to help the candidate countries to develop the structures, strategies, human resources, and management skills needed to strengthen their economic, social, regulatory and administrative capacity.

The project is in conformity with the NPAA in its part related to the anticipated results in the sphere of "Employment and European Social Fund" stating:
• To develop and increase the capacity of the MLSP and NES as well as to establish favorable conditions for project management with external assistance…”
• To improve decision-making process and to increase the effectiveness of the labour market programs and measures applied.
2.4 Contribution to the National Development Plan

The project directly corresponds to the objectives, goals, short term tasks and measures of the Institutional Building Strategy for Social and Economic Cohesion, which should be incorporated in the actualized NDP (Annex 4).

2.5 Cross Border Impact Not Applicable

3 Description

3.1 Background and justification

The main stakeholders and beneficiaries of this project are the MLSP and NES and to a limited extent regional structures such as the Regional Employment Offices (RECs) and Labour Offices (LOs). Because of its responsibilities for vocation education and training the Ministry of Education and Science will also benefit from this programme by seconding member of staff to participate in the activities.

In order to carry out its responsibilities as an Implementing Agency it is essential that each of six stages in the project management cycle (PCM) programming, identification, formulation, financing, implementation, and evaluation will be managed effectively and efficiently.

The past and current practice of the MLSP and NES in the field of labour market (LM) policy development and implementation has demonstrated that some PCM stages have not been sufficiently supported by accurate information and working methodologies. This problem was identified during the drafting of the National Development Plan 2000-2006 when it proved impossible to predict medium term vocational training needs for Bulgaria because line ministries were unable to calculate the labour force requirements to implement their strategies and priorities.

Structural Changes

A project for the amendment and complement of Regulation # 213 of the Council of Ministers (29/11/99) is currently being prepared for acceptance of a Code of Practice of the MLSP, stipulating the establishment of a new Directorate of “Pre-Accession Funding International Projects and Programs” within its structure. From the year 2003 this department is expected to act as an Implementing Agency for the pre-accession funds of the European Union. The following basic functions of the department have been provided for in the project:

- Planning, organization, coordination and management of activities in relation to the implementation of programmes and projects in the sphere of labour, employment, vocational training and qualification, social insurance, equal opportunities etc., finance with resources from the pre-accession funds of the EU.

- Coordination and supervision of the management of the resources granted to the country from pre-accession funds of the EU and other sources of co-financing for projects;

- Coordination with all relevant institutions during preparation, implementation and supervisions of projects.

In order to assume these responsibilities it will be necessary for the MSLP to under go structural reorganization. It is proposed to establish a Directorate within the MSLP for Pre-Accession Funding and International Programmes and Projects that will have two departments, Department of Research and Project Development and the Co-ordination and Implementation Department.

1 Working title
The Department of Research and Project Development will have the responsibility of labour market analysis, programme and project development whilst the Co-ordination and Implementation Department will have responsibility for Monitoring and evaluation of projects and the tendering and reimbursement control systems.

It has been estimated that there will be a need to appoint 20 persons to these departments prior to the commencement of the twinning covenant (June 2002). This will be accomplished in part by internal redeployment and restructuring within the Ministry with additional staff recruited as necessary.

In addition to the structural changes it will be necessary to invest in computer hardware and information systems. Work is already underway in developing the necessary terms of reference for the implementation of an information system that will form the foundation upon which the required labour market and monitoring and evaluation systems will be based. The technical specifications will be completed by the end of 2001 with acquisition of necessary of hardware scheduled for Spring 2002.

**Labour Market Conditions**

Historical weakness in the collection of labour market information still hampers the development of programmes and projects. Reliance on indirect measurement approaches contains inherent weaknesses with the potential to distort development priorities. Work on the National Development Plan 2000-2006 was also handicapped by the absence of vital information related to the projection of vocational training needs.

The labour market is changing rapidly becoming more complex as it does so. Information collection systems are rigid in design and fail to provide an accurate and comprehensive view of the national position. Between this position and the required position of the MLSP there is currently a large gap.

In order to access Structural Funds, Bulgaria will need to develop effective ex-ante evaluation of the labour market and its trends. These trends will need to be placed into a situational context at the strategic development stage of programme development. Working Paper 2 ‘Ex ante Evaluation of Structural Fund Interventions’ provides the necessary frameworks for data collection. Additionally, labour market analysis will need to inform the impact assessment stage of programme development when measures need to be considered in the context of indirect programme effects including their identification within the European Employment Strategy pillars (employment, adaptability, entrepreneurship and equal opportunities).

This programme is designed to address these weaknesses and strengthen the MLSP capacity to support Structural Fund programmes. Assistance of the twinning partner will be required in up-grading information requirements and development of collection systems, train MLSP core staff in labour market evaluation techniques and train locally based staff involved in data collection.

As a result of work in these areas there will be greater confidence in the MLSP to develop programmes based upon accurate figures translated into full labour market need assessments targeted to meet specific objective.

**Project Cycle Management**

Although the MLSP has been actively involved in project management it has not fully developed the associated management competences required to ensure their successful conclusion. The NES and the MES with more limited experience of project management also have similar problems. Current weaknesses can be attributed to two distinct areas; information and information management, and technical competences.
The issue of information and information management will be addressed in part by the activities linked to the development of more effective and accurate labour market analysis. This type of information however partially assist in the development of ESF projects where softer measures may be required to extract qualitative benefits and targets. Information usage represents of the general areas of weakness linked to PCM at national and regional levels. Other weaknesses have been identified, including, development of financial management experience (costing, financial phasing, evaluation of project sustainability and contract management), project management techniques (PERT, GANT etc.), and managing projects across Ministerial boundaries (or with NGOs). These issues need to be addressed through the provision of technical and people skill management.

Whilst the initial target for action will be at national level the greatest weaknesses and therefore problems are to be found at regional levels. As regional levels will be actively involved in the development of ESF programmes and projects from 2003 there is a need to ensure that competence exists in project cycle management.

**Monitoring and Evaluation**

The monitoring and evaluation (M&E) of the phase of the PCM cycle needs to be developed if projects are to be effectively assessed. To date, the MLSP has been restricted to the measurement of outputs of internationally sponsored programmes and projects (including Phare). This has meant that the overall sustainability of projects has not been monitored, in particular their medium and long-term impact. The objective of this component is to enable the adoption of the methodology identified in Working Paper 3 ‘Indicators for Monitoring and Evaluation – An indicative methodology’. In particular management of ESF programmes require the adoption of the indicators associated with employment, human resource development and equal opportunities modified to address the issues related to ethnic and other minority groups.

Currently the MLSP is only partially equipped to develop programme indicators in relation to resource/input indicators, outputs, results and impact indicators but it is not capable of integrating effectiveness and efficiency performance indicators. This underlying weakness is also present in the mid term and ex post evaluations. This situation will be addressed as part of this programme.

Limitations in the current availability is also recognized as a problem in achieving this objective; this will require the development of data collection systems capable on interrogation and analysis of hard indicators (employment figures) with softer indicators such as gender impacts.

It is recognized that the introduction of new monitoring and evaluation techniques will need to be introduced gradually in order to avoid information overload by allowing staff and associated project monitoring and evaluation committees to receive the necessary training in information assessment.

The primary target for this action is at national level although some training will be required at regional level in order that proposed ESF actions can be structured to ensure that they are designed to support overall programme objectives, contain sufficient levels of detail, relative to the level of available information to enable effective monitoring and evaluation to be carried out.

**Summary**

In order to address the above problems it is proposed to enter into a Twinning Covenant with a Member State to provide the necessary expertise assisting in the development of both system requirements and staff needs in relation to training. Whilst more of these activities will be targeted at the national institutions it will be necessary to provide some training regional institutions which will provide the feeder mechanisms for programmes and projects.
Through this programme it will be possible to ensure that the MLSP will have strengthened its administrative capacity for the management of Structural Funds (ESF). The result will also produce the mechanisms and systems that will provide an integrated approach to Human Resource Development at the MLSP.

3.2 Linked activities

- **BG99.19 - PHARE Project Preparation Support** - The facilitation and successful launch and implementation of Phare support to ESC in 2000, designed to ensure the speedy and efficient tendering of Phare investment support projects in 2000/2001. The project achieved this through the provision of TA in several areas including; feasibility studies, cost-benefit analyses, ex-ante and ex-post social and environmental impact assessments.

- **SMAEP (Steel and Mining Areas Employment Programme)** This EU programme sought to create employment in the Regions (Sofia/Pernik, Rodopi and Bourgas) experiencing high levels of unemployment due to mass redundancy.

Institutional Building Projects have also been financed by different IFI’s and bilateral donors, including the British Know-how Fund.

3.3 Results

3.3.1 General results

- Implementing Agency operational

3.3.2 Specific twinning results

- Operational labor market system that describes, analyses and projects labor market conditions and trends will be in place by 1st January 2003

- Staff in the MLSP, NES and MES together with staff at regional and local levels will have received training in PCM in order to manage Phare and other national and international programmes, to be completed during the covenant period.

- An operational monitoring and evaluation system suitable for projects and programmes, especially ESF programmes, managed by the MLSP, NES and MES will be in place by the 1st January 2003

- Adoption of EU standards in the development and administration of social policies and measures

3.4 Activities

Three measures have been identified to support this Institutional Building programme.

- Strengthening MLSP and NES in labour market activities
- Strengthening MLSP, NES, MES and regional stakeholders in Project Cycle Management
- Strengthening MLSP, NES and MES in Monitoring and Evaluation

The detailed timescale for implementation of each measure will be determined between the twinning partner and beneficiaries during the course of negotiating the covenant agreement.
**Measure 1 - Strengthening the MLSP and NES capacity for analyzing and evaluation of labour market trends in order to meet the requirements for Structural Fund Programmes**

The twinning partner will work with the MLSP, NES and MES in developing a methodology for developing a range of data sets designed to meet the requirements contained in Working Paper 2 (Structural Funds) and indicators contained in the Working Paper 3 in respect of Monitoring and Evaluation. This will form the foundation for developing a comprehensive and integrated labour market information system that is capable of describing the current situation and future trends across the broad indicator headings of; employment, unemployment, quantitative and qualitative skill requirements, training and educational supply and demand and employment services.

Within these indicators suitable data sets will need to be developed in consultation with regional stakeholders to ensure that information on minority groups i.e. Roma, and other disadvantaged groups, such as the disabled, can be extrapolated and used to target initiatives and resources.

Agreements will need to be reached with regional and local offices related to the input and reporting requirements that will need to reflect national and local needs.

Assistance will also be required in developing the agreed methodologies into an IT software specification. The requirements will need to be translated in practical guides and procedures for operational staff prior to implementation.

Key staff employed at the MLSP and NES will require training in the technical aspects of labour market analysis techniques in order to support ex ante evaluations of projects.

The training will also need to have a practical application and therefore it will need to link to project development for the Phare 2003 programme.

In addition assistance will also be required in developing and delivering training programme for regional and local staff involved in collecting and collating labour market data.
**Measure 2 - Strengthening the MLSP, NES and MES and its territorial structures capacity to manage ESF-programmes and projects (Project Management Cycle).**

Assistance is required in developing skills in managing the project cycle. This assistance will principally involve the training of staff in the necessary competencies although some assistance in developing new operational procedures and manuals will also be required.

The initial focus of this measure will be targeted at the national levels within the identified Ministries. Subsequent training will need to be provided for staff at Regional and local levels including Regional Employment Offices, Labour offices, Regional Education Inspectorates and social partners.

It is envisaged that from 2003 Regional Employment Offices, and Labour offices will be closely involved in developing and managing programmes and projects. Training is required to ensure that there is sufficient competence at these levels in order to carry out the required tasks.

The detail of the training programmes will be agreed once a detailed training needs assessment has been completed at each operational level. The overall thrust of the training will be designed to address the deficiencies identified in Section 3.1.

**Measure 3- Strengthening the capacity of staff in the MLSP, NES, MES in effective Monitoring and Evaluation of programmes and projects.**

Assistance will be required in reviewing the effectiveness of existing M&E systems and the development of standards and procedures capable of handling ESF programmes and meeting the requirement identified in Working Paper 3 ‘Indicators for Monitoring and Evaluation – An indicative methodology’.

This activity will require assistance in the computerization process and development of guidelines and procedures for all staff actively involved in M&E. This work will need to be supported by training programmes that focus on the three key stages, ex ante, mid term evaluation and ex post. In order to ensure that the training has direct relevance it should be constructed to support ex post evaluation of the Phare 2000 programme, the mid term evaluation of Phare 2001 and ex ante activities associated with the developing Phare 2003 programme. Procedure manuals will also need to be developed to support this training.

In addition to the broad based training programme the twinning partner will also need to address the specific training and development issues associated with senior managers responsible for the implementation of Monitoring and Evaluation.

This measure will be targeted at the national level.
4 Institutional Framework

The beneficiaries

National Level

The main beneficiary of this project is the MLSP. According to the Law for Protection against Unemployment and Promotion of Employment (LPUPE) art. 5, "the MLSP shall develop, coordinate and implement the state policy in the area of insurance toward unemployment, employment incentives for the unemployed, professional training and retraining of the employed and unemployed persons and shall provide protection of the national labour market.” As the main beneficiary of the project the MLSP will act as the lead implementation agency. The project leader will be Mr. Dimitar Matev, Currently Head of the International Programmes Department. (is to be appointed as Director of the newly established Directorate International Programmes and Structural Funds)

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The second beneficiary is the NES. According to the art.11 (1) the NES has been established "for the purpose of governing the Professional Training and Unemployment Fund (PTUF) and the implementation of the policy of employment incentives, organizing professional training and retraining and unemployment security as well as to provide services relevant to notification and recruitment."

The third beneficiary is the MES. The MES implements state policy in the field of vocational and educational training by managing and controlling the activities of all kinds of educational institutions, developing lists for professions for VET, the annual admission plan, VET qualification programmes and the analysis of results (and effectiveness) of Vocational and Educational training.

Regional Level

The Regional Employment Offices (REO) and Labour Offices will also be beneficiaries of this programme. At present there are a total of 9 Regional Employment Offices and 122 Labour Offices in Bulgaria. Regional employment offices and labour offices are territorial units of NES. They implement the state policy of NES and MLSP at regional level. Labour offices provide direct services in the field of employment and professional training and qualification, and fulfil other tasks related to servicing the local labour market. The Labour offices organize training and manage finance from the “Vocational Qualification and Unemployment” Fund. They survey, analyse and project future trends of the local labour market and provide regular information to the regional employment offices. Labour Offices work closely with local and regional authorities, trade unions, employers’ organizations, etc. in the implementation of their tasks. In their roles the REO and LO will be key partners in developing ESF programmes and projects for their areas.

Implementation Framework

The Central Financing and Contracting Unit (CFCU) will be responsible for the implementation of all the institutional building projects or components of projects. The CFCU will ensure the proper management of the project.
In conjunction will the twinning partner an implementation unit will be developed within the MLSP. This unit will comprise the Pre Accession Advisor, the Project Leader (Mr. D Matev) supported by senior staff from the Directorate for Accession Funding and International Programmes and Projects\(^2\). The implementation unit will also serve as secretariat of the CFCU on this project.

The implementation framework and structure is illustrated in Annex 5

### 5 Detailed Budget (in Euros)

<table>
<thead>
<tr>
<th>Phare Support</th>
<th>Institution Building</th>
<th>Total Phare (=I+IB)</th>
<th>Total</th>
</tr>
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<tbody>
<tr>
<td>Twinning Covenant – PAA and short term experts</td>
<td></td>
<td>500,000</td>
<td></td>
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<tr>
<td><strong>Measure 1</strong> – Strengthening MLSP and NES in labour market activities including the training and development of national and regional/local staff (420)</td>
<td></td>
<td>400,000</td>
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<tr>
<td>Purchased equipment</td>
<td>3,000</td>
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<td></td>
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<tr>
<td>Software Development services</td>
<td>10,000</td>
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<tr>
<td><strong>Measure 2</strong> - Strengthening MLSP, NES, MES and Regional stakeholders in Project Cycle Management including the training and development of National and regional/local staff (320)</td>
<td></td>
<td>420,000</td>
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<tr>
<td><strong>Measure 3</strong></td>
<td></td>
<td>80,000</td>
<td></td>
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<tr>
<td>Strengthening MLSP, NES and MES in Monitoring and Evaluation including the training and Development of National level staff (30)</td>
<td></td>
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<tr>
<td><strong>Total</strong></td>
<td>13,000</td>
<td>1,400,000</td>
<td>1,413,000</td>
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</tbody>
</table>

### 6 Implementation Arrangements

6.1 Implementing Agency (IA)

The CFCU will act as the IA and will manage the budget - tendering, contracting, and monitoring the implementation of the project.

The PAO is MR. Plamen Oresharski  
Deputy Minister of Finance  
102 Rakovski Str.  
Sofia 1040 – Bulgaria  
Phone nr: (+359 2) 9859 2771; 9859 2772; 9859 2777

\(^2\) The Directorate name is only a working title
6.2 Twinning

A Twinning covenant will be sought with a Member State. The twinning partner will need to have extensive experience in labour market analysis and ESF preferably in Objective 1 regions. The budget for the project contained in Section 5 has been based on an 18 month twinning partnership.

The contact point for twinning is Ms. Alexandra Georgieva, Senior expert at the International Programmes Dept, e-mail: Ageorgieva@mlsp.government.bg, tel./fax 00 359 2 980 44 36

In all twinning projects, success in delivering a guaranteed result will depend on the coherence of a number of successive inputs, the continuity of those inputs, and steady progress. Every twinning project will therefore include a Member State Project Leader, who continues to work in his/her Member State administration but who devotes some of his/her time to conceiving, supervising and coordinating the overall thrust of the project. **S/he will always be complemented by at least one full-time expert, known as a Pre-Accession Advisor (PAA), from a Member State to work on a day-to-day basis with the beneficiary in the candidate country and accompany the implementation of the twinning project.**

The PAA will be a labour market specialist with at least 10 years experience in developing and upgrading information systems. The PAA will also be experienced in change management in the public sectors including dealing with stakeholders and stakeholder interests.

Other specialist staff will be made available by the twinning partner to support the PAA in:

- Developing the specification and selection of IT software for labour market analysis.
- Development of the project cycle management system (programming, implementation and assessment).
- Training of personnel in project cycle management.
- Development of systems and procedures for the monitoring and evaluation of ESF projects at ex-ante, mid term and ex-post stages
- Training of personnel in monitoring and evaluation
- Development of the labour market information system and the training of personnel in labour market analysis and trend analysis.

Individuals selected to support the PAA will be specialist practitioners in their respective areas of competence and/or trainers in the identified field of activity. Ideally they will have had experience of working in/with Objective 1 regions.

The PAA and other specialist staff provided by the twinning partner will be fluent in English and be good communicators

In the event of no suitable twinning proposal is forthcoming, the project will instead be implemented through conventional technical assistance.

6.3. Non-standard aspects

Practical Guide will be followed

6.4. Contracts

Covenant with a Member State
Service Contract for Software Development
Procurement Contract for Computers

7 Implementation Schedule

7.1 Approval of Programme July 2001
7.2 Twinning Partner Search September 2001
7.3 Twinning Covenant Agreed June 2002
7.4 Twinning Covenant Ends December 2003
8 Equal Opportunity

The project will be implemented according to the regulations of Bulgarian law providing equal opportunities for men and women. Twinning authorities will be expected to comply with EU Equal Opportunity policies.

9 Environment: The project has no environmental impact

10 Rates of return - N/A

11 Investment criteria

11.1 Catalytic effect:

At a national level information gathering and analysis will meet the standards identified in working papers 2 and 3 thereby strengthening the Structural Funds planning process.

MLSP will have the capacity to manage ESF as an Implementing Agency from 2003.

Staff at regional and local levels will have the capacity to initiate ESF programmes and projects from 2003.

11.2 Co-financing:

Co-financing is not foreseen

11.3 Additionality:

Phare intervention has not displaced other public or private sector financing for this project.

11.4 Project readiness and size:

Work has commenced on developing the information system requirements. Plans are being developed for the restructuring of the MLSP. Measures will be completed prior to the commencement of the twinning covenant.

11.5 Sustainability:

Data collection and analysis systems will become the basis for all future labour market and HRD planning within the beneficiary Ministries and other Ministries involved in Structural Funds. Skill development in PCM and M&E will be utilized for the management of ESF programmes and projects.

11.6 Compliance with state aids provisions

The activities within the project will be implemented in accord with the Article 92(3) (a) of the Treaty of Rome with respect to regional aid in an Objective 1 Member State.
12 Conditionality and sequencing

The project to amend and complement Regulation #213 in respect of the MLSP will be concluded.

The new Directorate of “Pre-Accession Funding International Projects and Programmes” within the MLSP with 20 employees created before starting of the project.

Projects implemented through twinning require the full commitment and participation of the senior management of the beneficiary institution. In addition to providing the twinning partner with adequate staff and resources (including translation, interpretation) to operate effectively, the senior management must be whole-heartedly involved in the development and implementation of policies and institutional change required to deliver the required results.

Key milestones will be:

- Approval of the Programme
- Successful completion of a partner search
- Establishment of the Directorate of Pre-Accession Funding and International Programmes and Projects together with its two departments
- Negotiation on programme inputs leading to completion of the Twinning covenant
- Introduction of the necessary technology
- Commencement of the twinning partnership
- MLSP becomes the IA for ESF.

Appendix 1  Log Frame
Appendix 2  Implementation Schedule
Appendix 3  Contracting and Disbursements
Appendix 4  Framework and Structure
Appendix 5  Extract from the NDP
## Phare Log Frame Appendix 1

### Project: Strengthening the Institutional Capacity of the Ministry of Labour and Social Policy (MLSP) for Strategies, Programs and Projects Implementation

<table>
<thead>
<tr>
<th>Contracting period expires</th>
<th>Disbursement period expires</th>
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<tbody>
<tr>
<td>30 November 2003</td>
<td>30 November 2004</td>
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<tr>
<td>Total budget: 1,413,000</td>
<td>Phare budget: 1,413,000</td>
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</table>

### Overall Objective

- Preparing the Ministry of Labor and Social Policy (MLSP) to function as an Implementing Agency (IA) from 2003 (according to the National IB Strategy) for European Social Fund (ESF) programmes.
- Increase effectiveness in organizing, implementing and controlling Project cycle management (PCM) in the MLSP and National Employment Service (NES) and Ministry of Education and Science (MES).

### Objectively Verifiable Indicators

| MSLP will operate as an Implementing Agency for all ESF Programmes. |
| All Strategies, Projects and Programmes (SPP) developed in accordance with national or EU framework. Standardised documentation developed and used to support all PCM stages. Effective management of all aspects of the PCM. |

### Sources of Verification

- Reviews of SPP Documentation
- SPP’s results achieve in line with original targets.
- EU progress reports on adoption of acquis
- Use of sampling surveys to check effectiveness of systems.

### Project Purpose

- Providing the MLSP, NES and MES the organizational and technical capacity and skills to manage all aspects of PCM.

### Objectively Verifiable Indicators

| Accurate ex ante labour market research use to support SPP’s |
| Feasibility studies used effectively to test data predictions. |
| SPP’s delivered on time and within budget |
| SPP’s subject to effective M&E in ex ante, mid term and ex post project phases |

### Sources of Verification

- PAA and technical assistance reports.
- Reports by beneficiaries
- Monitoring Reports on all activities.
- Sample surveys to assess the overall effectiveness of measures, mid term and ex post.

### Assumptions

- Twinning Arrangements can be agreed.
<table>
<thead>
<tr>
<th>Results</th>
<th>Objectively verifiable indicators</th>
<th>Sources of Verification</th>
<th>Assumptions</th>
</tr>
</thead>
</table>
| Implementing Agency operational                                        | • Preparation and implementation of ESC projects and multianual programs  
• Computerised system capable of delivering agreed data sets will be operational. (the requirements of Working Papers 2 and 3 will be met)  
• Procedures and practical guides will have been produced.  
• Training programmes will have been developed and run for 20 staff trained in labour market analysis techniques and 400 staff trained implement new data collection systems  
• Training programmes will have been developed in project cycle management and run for 140 staff and national and regional/local levels.  
• Operational procedures and manuals will have been developed.  
• Computerised system for the M&E of programmes and projects will be operational (to meet the requirements of Working Paper 3)  
• Operational procedures and manuals will have been developed.  
• Training programmes for 30 staff at national levels focusing on ex ante, mid term and ex post M&E will have been developed and delivered.  
• Specific management training needs for individual senior managers will have been provided.  
• Increased managerial capacity of the MLSP, NES and MES and better collaboration in the social sphere | • PAA and technical assistance reports  
• Monitoring by the Delegation  
• Published Documentation  
• Individual M&E reports on the implementation of all SPP’s, ex ante, mid term and ex post.  
• Individual ex ante project reports demonstrating use of labour market information system  
• Management reports. | The new computer and data collection systems work effectively in the areas of labour market analysis and monitoring and evaluation.  
Staff skills will be enhanced as the result of the training delivered  
Staff retention problems do not effect the achievement of results. |
| Operational labour market system that describes, analyses and projects labour market conditions and trends will have been introduced. | Staff in beneficiary institutions will be competent in Project Cycle Management.                                                                                                                                                  |                                                                                                                                 |                                                                                                                                |
| Operation monitoring and evaluation systems suitable for projects and programmes, especially ESF programmes, managed by the MLSP, NES an MES will be introduced. | Adoption of EU standards in the development and administration of social policies and measures                                                                                                                                                                                              |                                                                                                                                 |                                                                                                                                |
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<table>
<thead>
<tr>
<th>Activities</th>
<th>Means</th>
<th>Costs</th>
<th>Assumptions</th>
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<tbody>
<tr>
<td>1. Strengthening of MLSP and NES capacity for analyzing and evaluating labour market trends</td>
<td>Single twinning covenant with a PAA and short term experts to cover the fields of labour market, project management and monitoring and evaluation</td>
<td>Purchase of equipment, Purchase of services</td>
<td>Both organisations recruit and retain adequate staff.</td>
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<tr>
<td>1.1 Identification of personnel to be involved in the programme.</td>
<td></td>
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<td>Effective cooperation between the beneficiaries and the twinning partner.</td>
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<tr>
<td>1.2 Development of methodologies, testing of conventions and methods.</td>
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<td>Computer hardware is purchased to support the project.</td>
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<tr>
<td>1.3 Upgrade IT and data collection systems.</td>
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<tr>
<td>1.4. Training of staff</td>
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<tr>
<td>2. Strengthen the capacity of MLSP, NES and MES and their territorial offices in Project Cycle Management</td>
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<tr>
<td>2.1 Training Needs Assessment</td>
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<tr>
<td>2.1. Training of Staff</td>
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</tr>
<tr>
<td>2.2 Development of operational manuals and procedures</td>
<td></td>
<td></td>
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<tr>
<td>3. Strengthening the capacity of MLSP and NES in the monitoring and evaluation of programmes and projects.</td>
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</tr>
<tr>
<td>3.1 Review current effectiveness of existing M&amp;E systems</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>3.2 Development of new standards and procedures</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>3.3 Development of standards and procedures</td>
<td></td>
<td></td>
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<tr>
<td>3.4 Computerisation of the M&amp;E process</td>
<td></td>
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<tr>
<td>3.5 Development of training manuals</td>
<td></td>
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<tr>
<td>3.6 Training focusing on ex ante, mid term and ex post evaluations</td>
<td></td>
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<tr>
<td>3.7 Specialist training for senior management in M&amp;E following a training needs analysis.</td>
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</tr>
<tr>
<td>3.8 Purchase of equipment</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>3.9 Purchase of services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Preconditions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Twinning Partner found Directorate and associated departments created within the MLSP with staff recruited.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technical specifications for computer system completed and hardware purchased by MLSP</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Commitment and support given by senior management in all beneficiary institutions.</td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>
Appendix 2

Strengthening the Institutional Capacity of the Ministry of Labour and Social Policy (MLSP) for Strategies, Programmes and Projects Implementation

Activities Schedule

<table>
<thead>
<tr>
<th>Components</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Approval</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Twinning Partner Search</td>
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<td>X X X</td>
<td></td>
</tr>
<tr>
<td>Twinning Covenant Negotiated</td>
<td></td>
<td>X X X X X X X X</td>
<td>X X X X</td>
</tr>
<tr>
<td>Restructuring within MLSP</td>
<td></td>
<td>X X X</td>
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</tr>
<tr>
<td>Introduction of new computers and information system</td>
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<td>X X X</td>
<td></td>
</tr>
<tr>
<td>Establishment of PIU within MLSP</td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Capacity Building at National Level</td>
<td></td>
<td>X X X X X X X X</td>
<td>X X X X X X X X</td>
</tr>
<tr>
<td>Capacity Building at Regional Level</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Introduction of new labour market data collection systems</td>
<td></td>
<td>X X</td>
<td></td>
</tr>
<tr>
<td>Mid-term evaluation</td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>MSLP – as an Implementing Agency</td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Final Evaluation</td>
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<td></td>
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</tr>
<tr>
<td>Audit – 1st quarter 2004</td>
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</tr>
</tbody>
</table>

Appendix 3

Strengthening the Institutional Capacity of the Ministry of Labour and Social Policy (MLSP) for Strategies, Programmes and Projects Implementation

Contracting and Disbursements Schedule

<table>
<thead>
<tr>
<th>Date</th>
<th>31/03/02</th>
<th>30/06/02</th>
<th>30/09/02</th>
<th>31/12/02</th>
<th>31/03/03</th>
<th>30/06/03</th>
<th>30/09/03</th>
<th>31/12/03</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contracted</td>
<td>0.67</td>
<td>1.03</td>
<td>1.413</td>
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<tr>
<td>Disbursed</td>
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<td>0.116</td>
<td>0.320</td>
<td>0.626</td>
<td>0.862</td>
<td>1.148</td>
<td>1.413</td>
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</tbody>
</table>
INSTITUTIONAL BUILDING STRATEGY

For Social and Economic Cohesion

(Extract)

1. OBJECTIVE OF THE STRATEGY
To strengthen the institutional and administrative capacity for realization of the overall cycle of planning, programming, implementation, control, monitoring and evaluation of programmes and projects across the country's territory in order to be prepared for utilizing resources from the European Regional Development Fund and the European Social Fund as of the moment of accession.

2. GOAL
To create and strengthen structures, personnel, procedures and techniques, necessary for the efficient management and control at a national and regional level in the field of Economic and Social Cohesion.

3. TASKS


3.1.1 To define responsibilities of institutions in regard to the preparation for utilizing resources from the European Regional Development Fund and the European Social Fund;
3.1.2 To strengthen the capacity of the relevant institutions in planning, programming, implementation and control of economic and social cohesion programmes and in particular of the Ministry of Regional Development and Public Works, the Ministry of Economy, the Ministry of Labour and Social Policy, the Ministry of Education and Science, and the Ministry of Finance;
3.1.3 To develop the potential of regional structures to set priorities for development and project preparation;
3.1.4 To establish a system for information dissemination and public relations for the purposes of programming and evaluation of the Economic and Social Cohesion activities;
3.1.5 To further develop capacity for statistical data collection and processing at planning region, district and municipality level;
3.1.6 To improve the administrative capacity for ex-ante, ongoing and post-ante financial control of Economic and Social Cohesion Programmes;
3.1.7 To refine budgetary procedures for multi-annual financing and co-financing;
3.1.8 To develop a system within the implementing authorities for ongoing monitoring, control and evaluation in the process of programming and implementation;
3.1.9 To build and strengthen the capacity of the committees for monitoring the overall programming process.

MID-TERM TASKS (2004-2006)

4.2.1. To develop and strengthen the capacity of regional structures and social partners for project management, monitoring and evaluation;
4.2.2. To strengthen capacities of the decentralized structures at the planning region and district levels in project management in the field of Economic and Social Cohesion;
4.2.3. To further develop statistical data collection and processing for the purposes of programming and external audit of the activities in the area of regional development and Economic and Social Cohesion.
5.1. SHORT TERM MEASURES

5.1.1. To prepare and agree on a decision regarding the structure and membership of the sub-committee for monitoring the Social and Economic Cohesion Programmes;
5.1.2. To prepare and coordinate a sustainable mechanism for managing Pre-accession Funds and for preparing a single programming document;
5.1.3. To prepare and agree on a decision for division of responsibilities of the institutions in regards to the Structural Funds, and in particular the European Regional Development Fund and the European Social Fund, in compliance with EU legislative framework;
5.1.4. To define, build and strengthen the capacity of implementing agencies and units working on the Economic and Social Cohesion Programme;
5.1.5. To prepare and endorse co-ordination procedures, selection mechanisms and prioritization tools for the Economic and Social Cohesion projects;
5.1.6. To equip implementing agencies and units for the Economic and Social Cohesion Programme;
5.1.7. To further develop and establish a database for the Economic and Social Cohesion Programme;
5.1.8. To prepare a publicity campaign for the objectives, principles and tasks of the EU Structural Funds at national and regional level and in particular for the Economic and Social Cohesion;
5.1.9. To harmonize and elaborate planning region statistical data according to EUROSTAT standards;
5.1.10. To elaborate the enforcement of the State Financial Control Act in compliance with EU requirements for internal financial control;
5.1.11. To refine mechanisms for enforcing the Audit Office Act in compliance with the EU requirements;
5.1.12. To provide training for the personnel of the competent planning and programming institutions;
5.1.13. To train the personnel in exercising control throughout the overall programming cycle;
5.1.14. To train the personnel of the decentralized regional structures in project selection and preparation;
5.1.15. To elaborate and endorse procedures for financial and technical management of the Economic and Social Cohesion Programme;
5.1.16. To elaborate and endorse procedures for ongoing monitoring, control and evaluation in the units of the implementing institutions, by adapting and applying the PHARE Programme monitoring procedures;
5.1.17. To develop and apply monitoring and evaluation indicators at a national level;
5.1.18. To establish and train the members of sub-committees in monitoring the programme components;
5.1.19. To establish and develop monitoring procedures within the implementing institutions and at a national level;
5.1.20. To elaborate, consider and distribute an ex-ante evaluation system.

5.2. MID-TERM MEASURES

5.2.1. To create and equip the management units for Economic and Social Cohesion Programmes at district and planning region level;
5.2.2. To train regional representatives and social partners on project management, monitoring and evaluation procedures and skills;
5.2.3. To train and equip regional structures for financial control;
5.2.4. To improve the capacity of decentralized structures at planning region and district level for independent project management in the field of Economic and Social Cohesion;
5.2.5. To elaborate and implement the system for independent external audit.
Appendix 5
Organisational Framework and Structure

European Commission

Managing Authority
National Aid Coordinator
MFA

Ministry of Finance

CFCU
Implementing Agency

Twinning Partner

MLSP

Directorate of Pre Accession Funding and International Programmes and Projects

Pre-Accession Advisor (PAA)

Project Leader (SPO)

Department of Research and Project Development

Labour Market Analysis Programme and Project Development

Coordination and Implementation Department

Monitoring and Evaluation of programmes and projects.
Tendering and Reimbursement Control