STANDARD SUMMARY PROJECT FICHE

1. Basic Information

1.1 Désirée Number: BG 0204.01
1.2 Title: Urbanisation and Social Development of Areas with Disadvantaged Minority Populations
1.3 Sector: Social cohesion
1.4 Location: Republic of Bulgaria (selected areas with high proportion of disadvantaged minority communities)

2. Objectives

2.1 Overall Objectives:

- To improve the living conditions of disadvantaged minority communities in Bulgaria by upgrading the public technical infrastructure in selected areas of the country characterized by a high concentration of disadvantaged minority ethnic populations (target areas);

- To contribute to the social and economic integration of disadvantaged minority communities in Bulgaria by implementing active labour market policies in the target areas;

- To foster good interethnic relations while preserving the identity of ethnic minority communities by building public social infrastructure in the target areas;

- To implement part of the Framework Programme for the Equal Integration of the Roma in Bulgarian society.

2.2 Project Purpose:

- To improve access to public services and reduce unemployment of minority communities in the target areas by: 1) building public technical and social infrastructure, including public utility infrastructure (water supply and sewerage systems, electricity network), street infrastructure, a kindergarten and a community centre; and 2) implementing a vocational training and temporary employment scheme as well as a pilot business support initiative.

2.3 Accession Partnership and NPAA priority

Accession Partnership

A revised Accession Partnership was adopted in December 1999. Its implementation was reviewed in the 2001 Regular Report on Bulgaria’s progress towards accession to the EU. In June 2001, Bulgaria presented a revised National Programme for the Adoption of the acquis (NPAA), in which it outlines its strategy for accession, including how to achieve the priorities of the Accession partnership:

- AP (short term priority): The AP short term priority is to “start implementation of the Roma Framework Programme and strengthen the National Council on Ethnic and Demographic Issues including the provision of the necessary financial support; to
implement measures aimed at fighting discrimination (including within the public administration); foster employment opportunities and increase access to education”. The 2001 Regular Report on Bulgaria’s progress towards accession to the EU noted that “little progress has been made to start implementation of the Roma Framework Programme. Concerning strengthening the National Council on Ethnic and Demographic Issues including provisions of necessary financial support, the administrative capacity of the NCEDI to implement the programme remains low and the lack of financial means allocated for its implementation continue to make effective performance of its task difficult. There are few new developments as concerns progress to implement measures aimed at fighting discrimination (including within the public administration) and foster employment opportunities. This priority continues to be only partially met.

• NPAA (priority objectives are aimed at meeting the Copenhagen criteria): In the introduction on Integration of Roma Population it is stated that efforts will be made “for fulfilling the obligations of the government on improving the Roma situation and encouraging the tolerance and mutual understanding between the Bulgarian citizens from different ethnic and religious groups.”

NPAA 2002

The Government shall support the implementation of projects for improving the disadvantaged minority communities’ living standards, in addition to housing, education, employment and counselling.

2.4 Contribution to National Development Plan

The National Economic Development Plan (NEDP) is a strategic planning document of the Bulgarian Government to formulate key strategic priorities and a core vision for Bulgarian development for the period 2000 to 2006. It sets out objectives and measures for their attainment (Government commitments; the role of international institutions; anticipated corporate capital; foreign investment; non governmental organisations and local government participation). Regional planning is an integral part of the process of national economic development planning. Sectoral development strategies have been given a regional dimension through the preparation of six Regional Development Plans. The regional planning process has been the result of a top-down and bottom up interaction between central, district and municipal authorities.

The main strategic goal of the country is: “To reach development levels comparable with the most developed EU countries”. The attainment of this ultimate goal requires the achievement of certain intermediate development objectives for the planning period 2000-2006. These are:

• economic growth;
• compliance with the acquis;
• a reasonable degree of social cohesion.

The NEDP states that aggressive economic growth will cause considerable social strains in various layers of the Bulgarian population. While on average all are expected to be better off, income disparities are bound to grow both in geographical and social terms. Therefore one of the objectives is to ensure that this process of income and living standards differentiation
remains within acceptable limits and that not too large a part of the population is left behind while the Country is catching up on with the rest of Europe.

The strategy to be followed for the attainment of these three development objectives is broken down into six main development areas –called herein development axes – which work both in supplementary and complementary ways. The six development axes are:

1. Institution Building in harmony with the Acquis Communautaire;
2. Boosting Bulgarian Business Competitiveness;
3. Accelerating Construction and Upgrading Basic Infrastructure and the Environment;
4. Improving the Quality of Life and Adapting Human Resources to Market Requirements;
5. Attaining Balanced and Sustainable Regional Development;
6. Developing Agriculture and Rural Areas.

Minority issues are dealt with under Axes 4 and 5 of the NEDP. Under Axis 4 the NEPD indicates that Roma minorities have become one of the disadvantaged groups on the labour market and that labour market problem with respect to ethnic groups “can be expected in the programming period”. The NEPD therefore sets as an objective “Encouraging the employment of vulnerable populations…(through) programmes for literacy, qualification and employment; (implementation of the) National Framework Programme for social and economic integration of the Roma people”.

This project will directly contribute to the objectives of Axis 4 of the NEDP in the following ways:

- Improve living conditions in the selected disadvantaged minority settlements thus contributing to the improvement of the quality of life of the weakest segments Bulgarian population;
- Provide vocational training to unemployed from minority groups of the targeted areas thus contributing to the adaptation of human resources to market requirements and reducing unemployment among disadvantaged groups;
- Provide temporary employment to long-term unemployed from minority groups of the targeted areas thus supporting their integration in the labour market;
- Provide business support to minority groups in the targeted areas.

Under Axis 5, the NEDP states that “Minority distributions are another variable related to regional development and have a strong impact on other variables and problems”. Later, the NEPD states that “Within almost all regions a typical centre-periphery mismatch can be observed. Especially affected are border areas, rural areas, areas with major restructuring of the industrial sector…as well as areas with higher concentrations of minorities (e.g. Roma). This type of disparities requires to be addressed as they put many areas in critical situation and lead to the formation of pockets of poverty, migration and other negative impacts”. The NEDP therefore sets as the second main objective of regional development policy a cohesion priority consisting of “(reducing disparities) in employment, incomes, quality of life and development opportunities in parts of the country…”.

The project, through the achievement of its objectives, will contribute to a more balanced and sustainable regional development and thus will directly contribute to the cohesion priority stated in Axis 5.
Contribution to the implementation of the Government’s Programme

The Government’s strong commitment to tackle minority issues is reflected in its Programme issued on 2 November 2001. The Programme sets as a priority the integration of minorities in Bulgarian society and the development of the Bulgarian ethnic model. The Programme envisages the following comprehensive set of actions:

**Short-term actions (by the end of 2001)**
1. Analysis of anti-discrimination provisions under Bulgarian legislation
2. Establishment of units on minority issues in central and regional administrations
3. Monitoring and reporting on the implementation of the Framework Programme for Equal Integration of Roma into Bulgaria society
4. Acceleration of the implementation of minority projects financed by the EU and the World Bank

**Medium term actions (by the end of 2002)**
5. Establishment of a State Agency for Minorities
6. Adoption of anti-discrimination law
7. Ratification of the auxiliary protocol No 12 to the European Convention for the Protection of Human rights and Fundamental Freedoms

**Long term actions (by the end of mandate)**
8. Adoption of a development strategy for underdeveloped economic regions with dominating minority populations
9. Adherence to the principles of the Framework Convention for the Protection of National Minorities

Also, the Programme, in the part dealing with “Infrastructure, Regional Development and Public Works”, envisages the implementation of a New Housing Policy in support of the homeless and disadvantaged groups. More specifically, this will be achieved through the development and introduction of a new institutional framework relating housing to financial policies including the introduction of a support system for buying, maintaining and renting housing, as well as an increased role for housing associations and other NGOs.

The Government has made considerable progress in the implementation of the above actions. With respect to Action 1, the analysis of the anti-discrimination provisions under Bulgarian legislation will be made under a Phare 2001 twinning light project. The Terms of Reference have been approved by the Delegation of the EC and have been submitted to the CFCU for tendering. With respect to Actions 5 and 6, a comprehensive anti-discrimination law is currently under preparation by an inter-institutional and non-government working group appointed by the Council of Ministers. It is expected to be adopted by the Council of Ministers in June 2002 and by Parliament in Autumn 2002. The secondary legislation will be adopted by year-end as well. It is envisaged that the NCEDI will be phased out and a State Agency for Minorities will be established instead. It will implement Government policy in favour of minorities. The Agency will become the beneficiary of the project. The Government is committed to continue to build up the administrative capacity of the Agency in terms of managing and implementing donors’ programmes such as those of the EU and the World Bank.

With respect to Action 2, Regional Experts on Ethnic and Demographic Issues were established in 26 municipalities. The NCEDI, with the assistance of the World Bank through its IDF Grant will build the capacity of these experts. Regarding Action 3, an assessment of the implementation of the Framework Programme is envisaged on the basis of which the Programme will be transformed into a Work Plan under the Phare Project Preparation Facility
2001. The tendering procedure is currently being prepared by the CFCU. At the same time, the World Bank through its IDF grant will provide assistance to the same project objective by establishing working groups on each of the implementation fields of the Framework Programme.

It must also be noted that the Ministry of Foreign Affairs, in co-operation with the NCEDI, is finalizing the National Report on the implementation of the provisions under the Framework Convention for the Protection of National Minorities. Finally, with regard to Action 4 and as acknowledged by the donors themselves, significant progress has been made in the timely implementation of all minority projects financed by the EU and the World Bank.

Concerning the Government’s New Housing Policy in support of the homeless and disadvantaged groups, the Ministry of Regional Development and Public Works (MRDPW) is planning the establishment of a National Housing Stock Agency. The objective of the Government is to create favourable legislative and financial conditions for the refurbishment of the existing housing stock and the construction of new houses and particularly social houses. The policy is currently in the process of formulation by the MRDPW and details of it have not been made public yet.

This project is part of the above articulated and coherent effort on the part of the Government to achieve concrete results in the field of minority issues. It will directly support actions No 2, 4, 5, 8 and 9 of the Programme as well as the New Housing Policy of the Government. The project will work in close co-operation with the Regional Experts on Ethnic and Demographic Issues located in the regions to which the target municipalities belong thus contributing to building their capacity and increasing their experience (contribution to Action 2). The Regional Experts will participate, along with a representative of the NCEDI/Sofia in the Local Management Committees, which will be established under the project in each target municipality (see section 6.1).

The project, in the light of the future establishment of a State Agency for the Minorities, will particularly support the capacity building and institutional strengthening of the NCEDI by providing it with “hands on” experience in the formulation, implementation, monitoring and evaluation of a major project in favour of minorities (contribution to Action 5). UNDP will support the implementation of the project in such a way as to maximize the policy making and operational capacity of the NCEDI while at the same time ensuring the achievement of timely and quality results (contribution to Action 4). The project is complementary to the US $ 500,000 IDF grant from the World Bank aimed at: 1) strengthening policy development, monitoring and evaluation capacity of the NCEDI; 2) building the capacity of the NCEDI at the central and local level; 3) promoting public awareness and policy development.

The project constitutes an integrated intervention in a variety of fields including, urbanization, vocational training, temporary employment, business support and cultural development. The experience of the project and the lessons learned will constitute precious inputs in the formulation by the Government of a Development Strategy for Underdeveloped Economic Regions with Dominating Minority Populations (contribution to Action 8). The project in itself constitutes an illustration of the political will to ensure adherence to the principles of the Framework Convention for the Protection of National Minorities (contribution to Action 9).
Contribution to the implementation of the Framework Programme for Equal Integration of Roma in Bulgarian Society

The project will also implement part of the recommendations of the Framework Programme for Equal Integration of Roma in Bulgarian Society adopted in 1999 which, as already indicated above, is a short and medium term priority in the Accession Partnership. In particular, the project will implement training and employment programmes in line with the needs of the labour market and the particularities of some traditional and working and vocational attitudes in the respective Roma groups (section 2.1. “Employment” of the Framework Programme). The project will also establish a mechanism to provide business advice and support to those Roma wishing to start a business activity (section 2.1. “Employment” of the Framework Programme) and will improve the housing conditions of the Roma (section 3. “Territorial structure of the Roma neighbourhoods” of the Framework Programme). The project, by building a Community Centre in Stara Zagora, will contribute to the development of Roma culture (section 5. “Protection of the ethnic specificity and the culture of the Roma in Bulgaria” of the Framework Programme). Finally, the construction of a kindergarten in the Roma dominated village of Poroino will contribute to Roma children learning the Bulgarian language at an early age which will facilitate their integration in Bulgarian society.

The project’s integrated interventions are expected to strengthen links and improve inter-ethnic relations between the Roma and the Bulgarian ethnic population in the following way:

- The urbanization of Roma quarters will contribute to reduce the existing gap between the living conditions of ethnic Bulgarians and Roma thus mitigating a major source of prejudice and discrimination;
- Limited education and lack of professional skills are also major sources of social exclusion. The provision of vocational training and skills to Roma unemployed will increase their chances to find work and integrate themselves in Bulgarian society;
- The experience of the Phare funded Beautiful Bulgaria Phase I and Phase II temporary employment projects has demonstrated that temporary employment schemes in which a large number of Roma are involved contribute to a change of perceptions and attitude vis-à-vis the working capacity of the Roma minority;
- The Roma are often perceived as not being proactive enough and relying on State social benefits for their subsistence. The project will provide assistance and opportunities to the Roma to start a business. The success of this component of the project will contribute to demonstrate that the Roma can seize business opportunities and also contribute to employment generation and prosperity in Bulgaria;
- The establishment of a Community Centre in Stara Zagora will contribute to the preservation and development of the Roma culture as valuable component of the Bulgarian national cultural heritage;
- The construction of a kindergarten in the Roma dominated village of Poroino will contribute to Roma children learning the Bulgarian language at an early age which will facilitate their integration in Bulgarian society.

The issue of discrimination is a complicated one and requires a very careful step by step approach with the ultimate aim to change perceptions and attitudes. This project with its limited scope can only make a small contribution to change and perhaps most of all constitute an experience from which to draw lessons when designing a work programme for the implementation of the Roma Framework Programme. With respect to changes in attitudes and perceptions, the project addresses issues related to: 1) the dignity of the Roma community and
its perception by ethnic Bulgarians (living conditions); 2) the perception of ethnic Bulgarian as to the capacities and work capabilities of the minorities (vocational training and temporary employment); 3) proactiveness in a market economy context (support to business start up); 4) cultural identity and pride (construction of a community centre); and 5) ability to speak Bulgarian and be perceived as being part of the Bulgarian nation (construction of a kindergarten). All these factors taken together are expected to have an impact on discrimination and work in the direction of the efforts of the Government, including those related to the anti-discrimination law which is under preparation.

2.5 Cross Border Impact: no direct cross-border impact is foreseen.

3. Description

3.1 Background and justification:

The Bulgarian society is multi-ethnic. As per the 2001 census out of 7,973,673 of the total Bulgarian population, some 4.6% (358,815) identified themselves as Roma and 9.5% (757,499) as of Turkish ethnic origin on a 2% representation basis. It must be noted that according to an experts estimation the number of Roma is between 700,000 to 800,000.

The political and economic reforms initiated in 1990 were accompanied by sharp falls in economic activity and a sharp increase in unemployment and poverty. The social impact of reforms in Bulgaria was particularly high compared to other Central and Eastern European countries due to frequent political changes and a lack of decisiveness in policies related to the restructuring of the economy coupled with incoherent macro-economic policies.

Unemployment and poverty particularly hit the Roma and Turkish ethnic minorities. The concentration of those ethnic minorities in certain areas and in declining economic activities resulted in the emergence of pockets of unemployment and poverty in several parts of the country and in many Bulgarian towns. Over the last ten years, the rates of unemployment among Roma and Turks have been systematically higher that those for ethnic Bulgarians (for instance, as much as 60 to 75% of working age Roma are estimated as being unemployed) and those groups constitute a large share of the long-term unemployed.

The Roma neighborhoods (mahali) of many Bulgarian towns, where at least 600,000 Roma live (according to expert estimations), have gradually transformed themselves into genuine shanty-towns. The mahali have become extremely overpopulated over the past 40 years. This situation drastically deteriorated since 1990 when many Roma sold their flats in blocks where they lived with non-Roma to return to their relatives in the mahali, as did many Roma migrants from the rural areas. Most of the migrants left their homes because they were unemployed and not able to cover the expenses for electricity and central heating. In addition, they were not comfortable in an often unfriendly and prejudiced surrounding.

The newcomers in the mahali live in illegally built housing and shacks with no water supply and electricity (it is estimated that 70% of the houses in Roma neighbourhoods were built illegally). The technical infrastructure, if any, is in a disastrous condition while the social infrastructure (schools, nursery schools, health facilities, shops, social offices and etc.) is inadequate or absent. A survey conducted in 1994 showed that 52% of Roma living in the mahali had no running cold water, 74% had no toilets and 86% had no running hot water. Due to the fact that many migrants are not registered locally, they do not enjoy social benefits, their children do not attend schools and their families do not have access to health services.
Several studies also indicate that the regions characterized by concentrations of Turkish and Pomak populations are among the least developed and poorest in the country. If no decisive action is taken to create the conditions for sustainable development in these regions, they run the risk of lagging behind in the future development of the country, thus further exacerbating regional unbalances and further marginalizing those segments of the population. An illustration of the risks involved is given by a recent World Bank poverty study which reveals that 68% of the Bulgarian Turks live in regions where the economic infrastructure is less developed compared to the average level of the country.

Minority problems have always been a concern of the Bulgarian authorities due to evident humane and moral considerations. However, since the country’s invitation to joint the EU in 1999, the matter has taken an additional dimension related to Bulgaria’s need to meet the Copenhagen criteria for accession. While since 1999 the Bulgarian authorities have taken some positive steps towards improving the situation of the Roma, the EC Regular Reports for Bulgaria consistently highlight the need for further efforts to protect minority rights in order to meet the political criteria for membership.

The latest EC Regular Report for Bulgaria (2001) states that the Accession Partnership priorities are only partially met and that the Roma continue to suffer from social discrimination due to the accumulation over time of factors that have worsened their living conditions. The Report also notes that further efforts are needed for the socio-economic integration of those ethnic Turks who live in economically underdeveloped regions.

Three years after the adoption of the Framework Programme, which called for immediate measures to legalise Romani homes, very few municipalities have initiated plans to regularise the status of their Roma neighbourhouds, integrating them into the municipality and supplying them with municipal services. ¹

This project directly addresses the social and political issues mentioned above. By developing the technical and some social infrastructure (kindergarten, community centre) in selected areas of the country with a high proportion of disadvantaged minority populations, the project will create the conditions for the socio-economic integration of the targeted groups.

The project is particularly delicate in its component related to the Roma community given that its implementation will have to avoid fostering further segregation of this group. The project will thus follow the “Guiding Principles” established by the EU, OSCE and the Council of Europe stating that “all steps in the process of solving the Roma housing situation should be conceived so their ethnic and cultural identity is preserved”.

3.2 Linked activities:

MATRA/Government of the Netherlands 1998 (US $ 1,315,000/ongoing) – Integrated project for Roma community change aiming at promoting sustainable development of Roma low income communities through stimulating their involvement in local decision making.

Phare 1999 – BG 9907 (EURO 500,000/ongoing) – Promoting the integration of the Roma. The project has three components: 1) an education component in favour of the Roma to support their social and economic integration; 2) a component aiming at increasing Roma

¹ Open Society Institute: Country Report on Bulgaria 2001 (Monitoring the EU Accession Process: Minority Protection), pg. 94
participation in the State Administration; 3) A component aiming at improving living conditions in Roma quarters. The latter includes an amendment of the general town-planning scheme as well as architectural design, structural engineering, electrical power, sewage system and water in two pilot areas: Stara Zagora and Pazardjik. This project builds on the results of component 3 of the Phare BG 9907.02 project and details of its links with this project are given in section 3.4.

Phare 1999/UNDP – BG 9914 (EURO 6,000,000/completed) – Beautiful Bulgaria II: Temporary Employment and Vocational Training Scheme. The project, implemented with the support of UNDP, provided temporary employment to long term unemployed. On average, some 30% of those provided with temporary employment were of ethnic minority origin. In areas with concentrations of minorities, this figure reached over 40%. The vocational training and temporary employment component of this project builds on the findings and lessons learned from the Beautiful Bulgaria II project.

World Bank IDF Grant 2000 (US $ 500,000/ongoing) – Integration of Ethnic Minorities. The components of project are the following: 1) Minority policy development, monitoring and evaluation; 2) NCEDI capacity building; 3) Public awareness and partnership development. This project and the World Bank project are complementary and mutually supporting each other in their objective to raise the institutional capacity of the NCEDI and thus that of the future Agency for Minorities (see section 3.4 for more details).

UNDP/Bulgarian Government 2000 (EURO 10,000,000/ongoing) – Beautiful Bulgaria III: Temporary Employment and Vocational Training Scheme. The project is an extension of Beautiful Bulgaria II. It is essentially Government funded and implemented with the support of UNDP. Same activities as Beautiful Bulgaria II (see above) with similar results in terms of minority employment generation.

UNDP/Governments of Bulgaria, Belgium and Spain 2000 (EURO 7,000,000/ongoing) – Job Opportunities through Business Support (JOBS). The project demonstrates a replicable model for the stimulation and creation of micro and small enterprises. The project has established 24 business centres/incubators located 24 municipalities throughout Bulgaria. The centres provide a wide range of consultancy, training, and financial services, including financial leasing, in favour of existing or to be created businesses. Minorities are among the target groups of the project. Co-operation between this project and the JOBS project is envisaged and further detailed in section 3.4.

Phare 2001 – BG 0104.01 (EURO 2,325,000/ongoing) – Roma Population Integration. The project has three components: 1) Introduction of new educational programmes in order to ensure better integration of Roma children (the Terms of Reference are under preparation by the NCEDI and the Ministry of Education and Science); 2) Formulation of an anti-discrimination law and regulations for its implementation (Twinning light - the NCEDI drafted and submitted the Terms of Reference to the EC Delegation in December 2001. They were approved and submitted to the CFCU for tendering); 3) Bridging activities that aim at increasing opportunities for young Roma to become civil servants, developing public awareness strategy and positive images campaign (the Terms of Reference are under preparation by the NCEDI and the Ministry of Culture).

Phare 2001 – BG 0104.02 (EURO 1,100,000/ongoing) – Ensuring Minority Access to Health Care (the beneficiary is the Ministry of Health). The project involves the creation of a sustainable Roma health promotion scheme, improved access to health care in 15 towns and
health issues awareness campaigns directed to the Roma community. For both components, the NCEDI and Roma NGOs have a leading role in the Steering Committee of the project. A background study is currently ongoing.

Phare 2001 – BG 0102.06 (EURO 4,863,000/ongoing) – Social Inclusion (the beneficiary is the Ministry of Labour and Social Policy). Out of this budget: 1) EURO 966,000 are for the development of Roma information and cultural centres, literacy and numeracy training for Roma minorities; 2) EURO 1,333,000 are for job creation programmes for Roma minorities. For both components, the NCEDI and Roma NGOs have a leading role in the Steering Committee of the project. A background study is currently ongoing.

Bulgarian Government (EURO 10,000,000/ongoing) micro-credit/loan guarantee scheme - The Government established a micro-credit scheme with a loan guarantee fund in late 2001. This scheme provides loans with lower than market interest rate to candidates. The scheme provides interest free loans to disadvantaged groups, under certain conditions. Co-operation between this project and the Government micro-credit/loan guarantee scheme will take place and is thus further detailed in section 3.4.

World Bank (EURO 57,000,000/under negotiation) - The Government is negotiating a loan from the World Bank for the establishment of a Social Investment Fund (SIF) with 3 components: 1) Employment generation through infrastructure development; 2) Active labour market policies; and 3) Micro-credit/loan guarantee scheme. The distribution of the funds between each of the 3 components is not known yet. The target regions will be identified on the basis of a poverty mapping exercise. Co-operation between this project and the SIF micro-credit/loan guarantee scheme component is envisaged. The mechanisms of this co-operation cannot be specified yet since the loan is currently under negotiation.

3.3 Results:

The following objectives are expected to be achieved:

**Works**

- 49,920 m of water supply network constructed
- 52,708 m2 of asphalt coverage of streets + side walks
- 3,867 m of sewerage network constructed
- 305 m of public lighting built + 10 lamps
- One electricity transformer + building constructed
- One community centre built and equipped
- One kindergarten built
- One dam built

**Business Support**

- 100 people from minorities provided with business training and consultancies for business start-up support
- 28 leases granted for minority business start-ups or existing minority businesses
- 20 micro-credits granted for minority business starts-ups or existing minority businesses
Vocational training

- 1,000 long-term unemployed from minority groups provided with vocational training in construction skills

Employment

- 400 long-term unemployed from minority groups provided with temporary employment
- 100 people of those provided with vocational training and/or temporary employment find sustainable employment
- 56 sustainable jobs created through the leasing scheme
- 40 sustainable jobs created through the micro-credit scheme

Beneficiary minority population

- The percentage of the Roma population which will have benefited from the project is approximately 12.40% (46,110 people out of a total of approximately 370,000 Bulgarian Roma as per official data)
- The percentage of the ethnic Turkish population which will have benefited from the project is nearly 1% (5,234 people out of some 750,000 as per official data)
- 2,000 households from disadvantaged minorities provided with improved access to water supply
- 1,000 households from disadvantaged minorities connected to a sewerage network
- 3,000 members of disadvantaged minorities live in quarters with asphalt covered streets and side walks

The process of initiating and implementing plans to regularise the status of their Roma neighbourhoods, integrating them into the municipality and supplying them with municipal services will be strengthened.

3.4 Activities:

Project Preparatory Activities - October to January 2002

In October 2001 the NCEDI established a working group of experts for the preparation of the project. This group had the following composition:

- the Secretary of the NCEDI
- a Phare Expert to the NCEDI
- a sociologist experienced in minority issues
- an urbanization expert in the National Centre for Regional Development
- an expert in urbanization in Roma areas currently working under the Phare 1999 project
- a representative of the Ministry of Regional Development and Public Works
- the Senior Project Officer responsible for the Phare 1999 project, Council of Ministers (of Turkish ethnic origin)
- a civil engineer, Chairman of the Roma Urbanization expert group to the NCEDI (of Roma ethnic origin)
- an Urban expert (member of the association ”Tolerantnost” that unites the municipalities with dominating Turkish, Pomaks and Roma minorities in underdeveloped regions)
The first task of this group of experts was to identify those municipalities with a high percentage of disadvantaged minority populations facing serious social problems, which at the same time offer the best conditions for the successful implementation of the project. The NCEDI together with this group of experts informed all the 262 Bulgarian municipalities about the opportunities offered by the project. The following information was also requested from the municipalities:

- information on the minorities and their density in the municipality
- rate of unemployment of minorities
- traditional trades
- existence of minority integration activities
- mature projects for urbanization

The NCEDI received proposals from more than 110 municipalities geographically spread all over Bulgaria. The NCEDI made a thorough review of the information received and held extensive consultations with Roma and Turkish NGOs which are members and non-members of the Council. This participatory process resulted in the recommendation that the project should address the problems related to the two typical ethnic situations in Bulgaria: 1) **urban ethnic poverty** in average size towns characterized by Roma concentrations in overpopulated shantytowns with inadequate public infrastructure; 2) **rural ethnic poverty** in small settlements characterized by a mixed ethnic situation (ethnic Turks, Roma, Pomaks), inadequate public infrastructure and limited access to education, health services and other social benefits.

In view of the above, the decision was taken that the beneficiary municipalities would be selected from two broad groups:

**Target Group 1:** average size towns with Roma minorities concentrated in overpopulated shantytowns characterized by inadequate public infrastructure.

**Target Group 2:** small settlements in one of the poorest and most underdeveloped area of the country (the North-East NUTS II planning region) characterized by a high percentage of disadvantaged minority populations, a mixed ethnic situation, inadequate technical infrastructure and limited access to education, health services and other social benefits.

A short-list of 30 areas with dominating minorities’ populations with serious problems was prepared. Given the limited size of the project budget and the need to ensure that the project remains manageable, three towns and one area (with a focus on three small settlements) were selected. The focus of interventions in the Roma quarters of the selected three average size towns and the selected three small settlements with a mixed ethnic situation means that the project will benefit to 46,110 people of Roma ethnic origin and 5,234 people of Turkish ethnic origin. The population data used to calculate the above figures is drawn from the recent population survey, which was conducted in Bulgaria. The survey uses self-identification data, which means that the focus on Roma may actually be even be greater given that many Roma identify themselves as Turks.

A focus of activities in three small settlements of the North-East NUTS II planning region was decided taking into account the conclusions of the Background Survey for the preparation of Phare 2001 ESC – Labour Market and Social Inclusion Projects. These indicate that the North East NUTS II planning region has poverty and labour market conditions, which are worse than the country average. One of the factors explaining this situation has to do with the fact that this region has the highest ratio of minorities (compared with Bulgaria) and therefore
the largest size of disadvantaged groups. The selection criteria for the individual municipalities were the following:

1. A social situation of minorities characterized by poverty, unemployment and inadequate living conditions;
2. Ongoing desegregation process or policy of the municipality to sustain a desegregation process;
3. Project maturity and readiness (availability of ready project design documentation).

**JUSTIFICATION FOR THE CHOICE OF THE 6 TARGET MUNICIPALITIES**

**Lom**
Criterion 1: Concentration of Roma in 3 shanty-towns and extremely high level of Roma unemployment (95%);

   Poverty hot-spot with a track record of street protest, riots and social unrest.
Criterion 2: Municipal programme for the integration of minorities approved by the Municipal Council and EURO 800,000 of municipal funds already invested for its implementation.
Criterion 3: The technical documentation for the proposed activities is ready.

**Stara Zagora**
Criterion 1: High concentration of Roma in 1 shanty-town (Lozenetz - 20,000 people) and extremely high level of Roma unemployment (80%) and poverty.
Criterion 2: Municipal programme for the construction of a sewerage system in the Lozenetz quarters initiated but not completed due to lack of resources;

   Phare 9907 – Integration of Roma minorities project ongoing. Urbanization plan under preparation in order to legitimize constructions.
Criterion 3: The technical documentation for the completion of the sewerage proposed project is ready but requires updating. No technical documentation for the proposed building of a community centre is available. The municipality will fund the preparation of this technical documentation.

**Pazardjik**
Criterion 1: High concentration of Roma in 1 shanty-town (Iztok - 16,600 people) and extremely high level of Roma unemployment and poverty.
Criterion 2: Phare 9907 – Integration of Roma minorities project ongoing. Construction of 11 social houses for the Roma ready to be initiated but urbanization of the plot is needed.
Criterion 3: The technical documentation for the proposed activities is ready.

**Omurtag (Town of Omurtag)**
Criterion 1: Mixed ethnic population in the town of Omurtag (32% ethnic Roma, 21% ethnic Turks and 47% ethnic Bulgarians). Omurtag is located in one of the poorest regions of the country (North-East) with the highest unemployment rate. Unemployment in the municipality of Omurtag is 45.73%.
Criterion 2: Ongoing minority integration projects funded by the Euro-dialogue Association, the Open Society Foundation and Phare – Lien.
Criterion 3: The technical documentation for the proposed activities is ready but requires updating.
Dulovo (Village of Poroino)

Criterion 1: Mixed ethnic population in the village of Poroino (56% Roma, 36% ethnic Turks, 8% ethnic Bulgarians). Dulovo is located in one of the poorest regions of the country (North-East) with the highest unemployment rate. Unemployment in the municipality of Dulovo is 35.3%.

Criterion 2: Policy of the municipality of Dulovo to sustain an ethnic integration programme.

Criterion 3: The technical documentation for the proposed activities is ready but requires updating.

Venec (Village of Kapitan Petko)

Criterion 1: Mixed ethnic population in the village of Kapitan Petko (21% Roma, 79% Pomaks – Moslem ethnic Bulgarians). Venec is located in one of the poorest regions of the country (North-East) with the highest unemployment rate. Unemployment in the municipality of Venec is 29.4%.

Criterion 2: Policy of the Municipality of Venec to sustain an ethnic integration programme.

Criterion 3: The project technical documentation is available.

Project Preparatory Activities - March 2002 to December 2002

The NCEDI wishes to ensure maximum maturity of the project before the EU funding is made available in 2003. Therefore, the NCEDI and UNDP will work closely together to monitor the preparation of project activities in the selected municipalities.

As soon as the project is approved by the EU, the NCEDI with the support of UNDP will make a thorough independent expert assessment of the project designs which have been submitted. Those project designs which are incomplete/inaccurate/need to be updated will be returned and the municipalities will be requested to correct them at their own cost. Once this is done to the satisfaction of the project, the municipalities will be requested to initiate the procedure to obtain the required Construction Permit(s). The only site for which designs are not ready is the Community Centre in Stara Zagora. The municipality will be requested to prepare the designs at its own cost and initiate the procedure to obtain the Construction Permit.

Matters related to land ownership will have to have been settled by the municipalities in all cases. It is the responsibility of the concerned municipalities to settle issues related to illegal constructions in places where the project will implement works.

All the selected municipalities will be requested to submit to the NCEDI their technical documentation as well as the required Construction Permits, no later than 30 November 2002. A National Steering Committee (see section 6.1) meeting will take place in December 2002 to review the status of preparation of the project. Those municipalities which do not meet either of the above requirements will be eliminated by the National Steering Committee and their funds will be reallocated to the other selected municipalities.

Project Activity 1

PROJECT MANAGEMENT, MONITORING AND EVALUATION

The Government takes stock of the conclusions of the OMAS Country Assessment Review of Phare assistance up to the year 2000. The NCEDI has taken action to enhance its
administrative capacity: a) a new secretary of the NCEDI with extended experience in minorities issues and working with foreign donors organizations and human rights organizations was appointed; b) a Phare procedures expert was recruited; c) 4 experts in minorities issues under the World Bank Grant were recruited, as well as a Roma expert; d) the NCEDI benefits from the Council of Ministers professional staff and resources whenever needed.

However, the implementation of such a delicate and sizable project will require further strengthening of the NCEDI in order to ensure its success. A strong and experienced project team will be established in co-operation with UNDP to support the NCEDI. It is expected that the daily interaction of the project team with the NCEDI staff will constitute a solid “on the job training” which will give “hand on” experience and build the capacity of the NCEDI staff to implement similar types of project in the future without further support.

The project will be implemented under the co-ordination of the Secretary of the NCEDI. The latter, as well as the NCEDI staff, will therefore be involved in all day-to-day management and monitoring of the project, including all formal and informal monitoring processes (field visits, National Steering Committee meetings, Local Management Committee meetings, Evaluation Committees, substantive and financial reporting). The NCEDI will be involved in the preparation of Terms of Reference for various activities, including project evaluation (ongoing and terminal). The staff of the NCEDI in Sofia as well as the NCEDI Regional Experts, will also be actively involved in the resolution of bottlenecks as and when they arise in the course of project implementation. The capacity building/institutional strengthening which will be provided by this project will be “hands on” and will thus nicely complement that of the World Bank IDF grant which is more theoretical. The capacities built under this project, including in the field of co-ordination of donor assistance, will be transferred to the Agency for Minorities which is planned to be established by the Government.

A National Project Office (NPO) will be established at the NCEDI. The staff of the NPO will be selected jointly by the NCEDI and UNDP and they will be contracted by UNDP. They will preferably be drawn from the pool of staff who have already worked under similar EU funded projects. The NPO will be located in the premises of the NCEDI to ensure day to day interaction and capacity building of NCEDI staff. The NPO staff will be responsible to UNDP and the NCEDI for the achievement of results. The NPO will consist of the following staff:

- A National Project Director
- A Chief Works Supervisor
- Two Works Supervisors
- A Sociologist to act as mediator - Expert in Community Development
- A Chief Administrator
- An Administrator
- A Chief Accountant
- An Accountant
- A Secretary
- Three drivers
The NPO will have the following main responsibilities, which will be implemented in full cooperation with the staff of the NCEDI:

- Overall co-ordination of daily project activities
- Preparation of tender documentation
- Review of offers and participation in evaluation committees
- Preparation of contract documentation (staff, consultants, contractors, equipment)
- Monitoring of project activities at the local level
- Bottleneck resolution
- Effecting all project payments
- Maintaining all project accounts
- Preparing substantive and financial reports to the CFCU and the National Steering Committee (see section 6.1)
- Organizing public awareness activities and events

As soon as the funding from the EU is approved, the project will launch a major public awareness campaign to publicize the project nationally and locally. In particular, a presentation of the project will be made to the concerned disadvantaged communities and a debate will be initiated. It is important that the communities feel informed and consulted to stimulate ownership and co-operation at the implementation stage. The public awareness activities of the project will aim in general at raising public awareness on minority issues and problems and publicize the efforts of the Government to deal with them. They will be complementary to those funded under the World Bank IDF grant.

The project will be subject to ongoing monitoring by an external expert. The NCEDI and UNDP will jointly select one or several independent experts to monitor the project on an ongoing basis. The expert(s) will be hired for a maximum duration of 2 weeks to conduct a monitoring mission every 6 months (the experts hired for each monitoring exercise need not be the same). The Terms of Reference for the ongoing monitoring will have to have been approved by all parties. The expert(s) will be requested to review the status of project activities, project progress in relation to the approved work-plan, identify areas for improvement and propose recommendations for the optimization of project activities (if required) in order to ensure timely, quality and efficient results. The expert’s findings and recommendations will be contained in a monitoring report, which will be presented to the NCEDI and UNDP as well as the CFCU and the EC Delegation. The ongoing monitoring of the project will be funded by UNDP.

The project will also be subject to an external evaluation exercise towards its end. A team of external evaluators will be established jointly by the NCEDI and UNDP. The team will be composed of three members. One member will represent the NCEDI, the other will represent UNDP and a third member will represent an appropriate UN agency. The Terms of Reference for the external evaluation will have to have been approved by all parties. They will include an assessment of: 1) Performance (effectiveness, efficiency, timeliness); 2) Overall success (impact, sustainability, contribution to capacity development); 3) Strengths and weaknesses; 4) Lessons learned; and 5) Recommendations. The external evaluators will prepare a report, which will be presented to the NCEDI and UNDP as well as the CFCU and the EC Delegation. The external evaluation of the project will be funded by UNDP.
Project management costs                                                                                      0.64 MEUR
Total                                                                                                           0.64 MEUR

Means: 0.45 MEUR – MoU between CFCU and UNDP under Phare financing.
0.19 MEUR – UNDP financing/Project Document signed between the NECDI and UNDP

Project Activity 2

SUSTAINABLE EMPLOYMENT GENERATION THROUGH BUSINESS SUPPORT

There is general consensus that one of the key problems related to the problem of minority integration in Bulgarian society has to do with unemployment. Low education, lack of skills and prejudice are at the roots of the unemployment problems of minorities. The National Economic Development Plan envisages specific actions to promote the employment of disadvantaged groups, including ethnic minorities particularly through vocational training and temporary employment generation. The plan also envisages the development of entrepreneurship as a key component of active labour market policies. It is a policy of the Government which took office in July 2001 to increase the focus on active labour market policies which support the creation of sustainable jobs. The objective is to help the more proactive members of society to help themselves (and rely less on the State) through self-employment, micro or small businesses.

The core instrument established in 2001 by the Ministry of Labour and Social Policy (MLSP) to achieve this objective is a micro-credit scheme coupled with a Government loan guarantee fund. This scheme facilitates access to credit by poorer members of the community thanks to the loan guarantee fund. The latter enables the provision of loans at lower than market rates. For disadvantages groups and under certain conditions the loans are interest free. The MLSP has also initiated with the support of UNDP a project called “Job Opportunities through Business Support” (JOBS). The project has established 24 business centres/incubators located in 24 municipalities throughout Bulgaria. The centres provide a wide range of consultancy, training, and financial services, including financial leasing, in favour of existing or to be created businesses. Minorities are among the target groups of the JOBS project.

The project will link up and benefit from these mechanisms and structures in order to establish a replicable model of business support to minorities. The initiative will be particularly innovative with respect to Roma quarters where no such approach has been tested to date.

Co-operation between the JOBS project and this project will be established for the provision of business support services and leasing to the targeted communities by the Business Centres (BCs) located near the beneficiary municipalities. The BC Vidin will support the communities targeted by the project in Lom (Vidin is located 50 Km away from Lom). The BC Velingrad will support the communities targeted by the project in Pazardjik (Velingrad is located 50 Km away from Pazardjik). The BC Nova Zagora will support the communities targeted by the project in Stara Zagora (Nova Zagora is located 30 Km away from Stara Zagora). The BC Targovishte will support the communities targeted by the project in Omurtag (Targovishte is located 20 Km away from Omurtag). The BC Shumen will support activities in Venec (Shumen is located 23 Km away from Venec). Dulovo has a BC.

The cooperation between the two projects will be formalized by a Memorandum of Understanding (MoU) between the NCEDI and the MLSP implemented and UNDP-supported
JOBS project. The MoU will outline the roles and responsibilities of each party. In particular, the six JOBS business centres will make a special total allocation of EURO 100,000 out of their leasing funds (JOBS project funds) which will be destined exclusively to the communities targeted by this project. This project will on its side allocate a total of EURO 120,000 of Phare funds for the provision of technical assistance and capacity building through the JOBS project and its business centres to the six targeted communities. The services which the business centres will provide to each targeted municipality will be detailed in the MoU and will include:

- Support for the identification of market niches and formulation of business ideas
- Business training
- Support for the preparation of business plans
- Support in negotiations with the bank
- Provision of leasing funds
- Support to the management of the business in the first few months (pricing and marketing policy, identification of markets, premises, business partners etc.)
- Monitoring of the use of loans/leases

The services will be targeted at those members of the communities who wish to obtain: 1) a loan from the Government micro-credit/loan guarantee scheme which is operated through the banking system; 2) a leasing which is operated by the business centres. The leasing approach is particularly appropriate for very poor communities which cannot provide any collateral i.e. the collateral is actually the equipment procured. The Government micro-credit scheme, although backed by a loan guarantee still requires some form of collateral. It is expected that the latter will mostly be used by existing minority businesses (for an expansion of their activities and the creation of additional jobs) while the former will be used for business start-ups.

It must be noted that this activity is fully in line with the recommendations of the Framework Programme which advocates the support to Roma business development.

| Leasing fund                  | 0.10 MEUR |
| Technical assistance          | 0.12 MEUR |
| **Total**                     | **0.22 MEUR** |

**Means:** 0.10 MEUR – MoU between the NECDI and the UNDP-supported JOBS project
0.12 MEUR - MoU between the CFCU and UNDP under Phare financing

**Project Activity 3**

**VOCATIONAL TRAINING OF UNEMPLOYED FROM DISADVANTAGED GROUPS**

The project, in co-operation with the Local Labour Offices, will make an assessment of the unemployment situation among the targeted areas’ minorities. On the basis of the expected works to be implemented in the target area and on the basis of the above assessment, the project, in co-operation with the Local Labour Offices, will determine the kind of vocational training courses in construction skills to be implemented and the number of beneficiaries. The vocational training courses will be targeted at members of the minority communities.

The training institutions will be selected through a tender in accordance with the applicable EU procedures. The selection of candidates for the training will be performed by the Local
Labour Offices. The vocational training manuals developed by the EU funded Beautiful Bulgaria project and approved by the Ministry of Labour and Social Policy will be used to deliver the training.

Sub-contracts for vocational training

<table>
<thead>
<tr>
<th>Means:</th>
<th>0.20 MEUR – MoU between the CFCU and UNDP under Phare financing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>0.20 MEUR</td>
</tr>
</tbody>
</table>

**CONSTRUCTION WORKS AND TEMPORARY EMPLOYMENT GENERATION**

The construction works will be performed in the settlements by firms selected following a tender process as per the applicable EU rules and procedures. The selection of the firms will be done by a Project Selection Committee composed of experts appointed by the National Steering Committee (representatives of the EC Delegation and UNDP will participate in the committee as observers).

The contractors will be required as per the terms of their contract to hire a given number of unemployed from the target area, including unemployed who have benefited from vocational training under the project (this approach has already been tested by the Beautiful Bulgaria programme and has given satisfactory results). The project will seek to maximize the proportion of unemployed working on site. However, this proportion will have to be determined on a case by case basis depending on the technical complexity of the works. This approach is justified by the need to ensure a satisfactory quality of works.

Monitoring of the construction works will be performed by an independent supervision firm (s) as per Bulgarian law requirements. The firm (s) will be selected through a tender as per the applicable EU procedures. Additional monitoring will be performed by the work supervisors of the NPO.

**Municipality of Lom (Town of Lom)**

The Municipality of Lom is located in North West Bulgaria. The population of the municipality is 35,246 of which 27,800 lives in the town of Lom. Some 50% of this population is of Roma origin. Before the initiation of reforms a number of economic activities were taking place in Lom. Most of these activities have been either closed down or reduced their activities laying-off a large number of workers. Currently, the level of unemployment in Lom stands at 68%. Of the unemployed, 64% have only basic or general education. Approximately 90% of these low qualified unemployed are of Roma origin. The bulk of the Roma population relies on social assistance. The level of poverty is extremely high and Lom is one of the poverty hotspots in Bulgaria. It has regularly witnessed social unrest on the part of the Roma population.

The Roma population is essentially concentrated in four quarters. 4,500 Roma live in the Stadiona quarter, 5,000 in the Mladenovo quarter, 700 in Momin Brod quarter and 3,500 in the Houmata quarter. These quarters are typical shantytowns characterized by: poor infrastructure, poor hygiene, epidemics, illiteracy, unemployment and reliance on social assistance.
Their infrastructure is as follows:

- No sewerage system leading to epidemics and chronic diseases;
- Old water supply system leading to water supply cuts;
- No asphalt coverage of streets;
- No side walks.

The municipality has already invested EURO 800,000 in 12 projects for the establishment of a sewerage system in Roma quarters. Additional funds are required for a water supply system, sewerage, asphalt coverage of streets and construction of sidewalks. The project will cover with asphalt roads and build sidewalks in the Stadiona quarter where the housing is already legitimized. The project will also build a water supply network and a sewerage system in the Stadiona quarter. The technical documentation for the projects is ready.

<table>
<thead>
<tr>
<th>Project Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water supply network in Stadiona Quarter (6,220m)</td>
<td>220,000</td>
</tr>
<tr>
<td>Asphalt coverage of streets + side walks in Stadiona quarter (50,148 m2)</td>
<td>1,500,000</td>
</tr>
<tr>
<td>Sewerage network in Stadiona quarter (350 m)</td>
<td>35,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,755,000</strong></td>
</tr>
</tbody>
</table>

**Municipality of Stara Zagora (City of Stara Zagora)**

Stara Zagora is an average size Bulgarian city with a population of 140,000. The level of unemployment stand at some 16%. A large share of the unemployed are of Roma origin. Part of the Roma population, some 20,000 people, is concentrated in the Lozenets quarter. The roads in these quarters are not bitumen covered. When it rains, the roads become rapidly flooded carrying all sorts of mud and debris. The existing sewerage system is overwhelmed and the water spills-over the streets of the Lozenets quarter. The accumulation and stagnation of water in the quarters, besides damaging the streets, leads to the spread of epidemics.

The Phare 1999-supported project BG 9907 “Urban Development of Roma Areas” is active in Stara Zagora. Its Stara Zagora component aims at completing the procedure for the urbanization of the neighbouring area of the Lozenets quarter. The tender for the urbanisation of these quarter has taken place. The scope of work is to elaborate a detailed Urbanisation Plan for the territory where the Roma built their houses in order to legitimize their constructions.

This project will build on the activities and results achieved by the Phare 1999-supported project. Its objective will be to build the sewerage stem of the Lozenets quarter, which will directly impact on the health and quality of life of the population as well as prevent the risk of infecting underground waters. Project documentation for the sewerage network is available but needs to be updated.

The project will also build and equip a community centre building located between the Lozenets quarter and an ethnic Bulgarian quarter. Lozenets has a number of active Roma NGOs which are in serious need of such a centre in order to implement a variety of cultural and community activities, including a singing and dancing school, language courses, and a computer club. The ultimate objective is to foster mutual understanding among different ethnic groups and to support the preservation and development of the Roma cultural heritage and eventually attract the ethnic Bulgarian of the neighbouring quarter to attend the cultural, educational and social events which will be organized. The municipality will make available
municipal land for the construction of the centre and has made the commitment to fund the operations of the centre.

<table>
<thead>
<tr>
<th>Construction and equipment of a community centre building</th>
<th>230,000 EURO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sewerage network (3,100 m)</td>
<td>785,000 EURO</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,015,000 EURO</strong></td>
</tr>
</tbody>
</table>

**Municipality of Pazardjik (City of Pazardjik)**

The Municipality of Pazardjik has a population of 79,800 of which 16 600 are of Roma ethnic origin. The Roma population is concentrated in the Iztok quarter. Under the BG 9907 Phare project, the design of 4 new quarters located on free municipal land in Iztok was implemented. The quarters are located between ethnic Bulgarian quarters (northwest) and Roma quarters (south). The Roma quarters are characterized by illegal housing many of which are not connected to the water, sewerage and electricity systems.

The BG 9907 Phare project performed the following tasks with regard to the above mentioned quarters: 1) Amendment of the General Town-planning scheme; 2) Architectural design, structural engineering, electrical power, sewerage system and water supply; 3) complete and detailed financial documentation for the project; 4) complete Tender Dossier for the construction of social houses and site development in Plot 1, Quarter 539, in District Iztok. The Tender Dossier was approved by the EC Delegation.

The sub-contractor of the project is ready to go ahead with Phare funding with the construction of 11 houses for the Roma on Plot 1, quarter 539. The required building permit has been issued. The sub-contractor also prepared the design of the whole technical infrastructure. What is required before the construction can start is the building of the street network, electricity supply network, water distribution and sewerage system, sidewalks and public lighting. All the technical documentation is ready.

| Street network (2,000 m2)     | 200,000 EURO |
| Water supply network (700 m) | 150,000 EURO |
| Side walks (560m2)           | 50,000 EURO  |
| One Electricity Transformer and building | 100,000 EURO |
| Public lighting (305m plus 10 lamps) | 50,000 EURO |
| Sewerage network (417m)      | 50,000 EURO  |
| **Total**                    | **160,000 EURO** |

**Municipality of Omurtag (Town of Omurtag)**

The population of the town of Omurtag is 11,499. The population is ethnically mixed with 47% of ethnic Bulgarians, 32% of Roma and 21% of ethnic Turks. The unemployment rate in the municipality is one of the highest in Bulgaria standing at 42.06%.

Omurtag has been a subject to water supply restrictions for several years. The summer and spring regime ensures 5 hours of water every 3 days. On the higher floors of buildings the supply of water is reduced to 2-3 hours every 3 days. This situation is a serious source of social tension and has been at the origin of serious epidemics in Omurtag.
The objective of the project is to build 34 Km of water distribution network linking Omurtag to the Goliamo Sokolovo water spring in order to achieve a normal water supply of 80Liters/Second. The project documentation is available but needs to be updated.

<table>
<thead>
<tr>
<th>Water supply network (34 km)</th>
<th>1,430,000 EURO</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,430,000 EURO</strong></td>
</tr>
</tbody>
</table>

**Municipality of Dulovo (Village of Poroino)**

The municipality of Dulovo is located in the Silistra District, in North Eastern Bulgaria. The village of Poroino has a population of 1,250 of which 56% are Roma, 36% are ethnic Turks and 8% are ethnic Bulgarians. The level of unemployment in the municipality is 35.3%.

The project consists of the construction of a new kindergarten in the village of Poroino. In the village there is an elementary school where 114 pupils are taught in 5 classes. There is a trend of demographic boost and an increase in the number of children in pre-school age. In order to adapt the Roma children to the national educational standards there should be pre-school education where they can learn Bulgarian language and socialize with children from other ethnic origin. This approach has proven to be successful in overcoming problems related to segregation in the educational system. The recent analysis of the municipality Dulovo shows the following demographic situation, which will have an impact in the near future:

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of children</th>
<th>Roma origin</th>
<th>Turkish origin</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995</td>
<td>25</td>
<td>16</td>
<td>7</td>
<td>1</td>
</tr>
<tr>
<td>1996</td>
<td>25</td>
<td>15</td>
<td>10</td>
<td>0</td>
</tr>
<tr>
<td>1997</td>
<td>21</td>
<td>13</td>
<td>7</td>
<td>1</td>
</tr>
<tr>
<td>1998</td>
<td>23</td>
<td>15</td>
<td>7</td>
<td>1</td>
</tr>
</tbody>
</table>

The project documentation is available.

<table>
<thead>
<tr>
<th>Construction of a kindergarten</th>
<th>150,000 EURO</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td><strong>150,000 EURO</strong></td>
</tr>
</tbody>
</table>

**Municipality of Venec (Village of Kapitan Petko)**

The municipality of Venec is located in the Shumen District, in East Central Bulgaria. The village of Kapitan Petko has a population of 2,999 of which 21% are Roma identifying themselves as Turks and 79% are Pomaks, that is Moslem ethnic Bulgarians. The level of unemployment in the municipality is 29.4%.

The project consists of building a new water dam and a new water supply pipe in the village of Kapitan Petko. The project documentation is available.

<table>
<thead>
<tr>
<th>Water dam built</th>
<th>Water supply network (9,000m)</th>
<th>280,000 EURO</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td><strong>280,000 EURO</strong></td>
<td></td>
</tr>
</tbody>
</table>
GENERAL SUMMARY OF CONSTRUCTION COSTS

<table>
<thead>
<tr>
<th>Works</th>
<th>4,790,000 EURO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent Construction Supervision</td>
<td>180,000 EURO</td>
</tr>
<tr>
<td>Total</td>
<td>4,970,000 EURO</td>
</tr>
</tbody>
</table>

**Means:**

- 3.73 MEUR – MoU between the CFCU and UNDP under Phare financing
- 1.24 MEUR - Project Document to be signed between the Government and UNDP under Government financing

**3.5 Lessons Learned**

Conclusions of the OMAS Country Assessment Review of Phare assistance up to the year 2000 and actions taken:

**Conclusion 1:** Lack of project management experience and low administrative capacity

**Actions taken:**

- Close working with the EC Delegation and the Ministry of Foreign Affairs in the day to day activities has been introduced;
- Administrative capacity has been strengthened: a) a new secretary of the NCEDI with extended experience in minorities issues and working with foreign donors organizations and human rights organizations has been appointed; b) a Phare procedures expert, 4 experts in minorities issues under the World Bank Grant and Roma expert were recruited; c) the NCEDI now has the full benefit from the Council of Ministers professional staff and resources, as and when required; d) collaboration with UNDP for this project fiche preparation and for the implementation of the project has been secured.

**Conclusion 2:** Lack of Government commitment to the implementation of the Framework Programme for Equal Integration of Roma

**Actions taken:**

- The present Government has set minority issues as one of its priorities and its Programme contains a comprehensive and articulated set of actions at different level to deal with minority issues (see section 2.4).

**Conclusion 3:** Delayed implementation of Phare 1999 projects for Roma Integration.

**Actions taken:**

- Due to the strengthened administrative capacity, both projects “Access to the Education” and “Urbanisation of Roma Areas” are now being implemented in line with their Terms of Reference.
4. Institutional Framework

Main recipient institutions:

The National Council on Ethnic and Demographic Issues (NCEDI) is the main recipient institution of this project which directly falls under its mandate. It was established by the Council of Ministers at the end of 1997. The NCEDI is composed of representatives of ministries, non-governmental organisations, ethnic and religious minorities. It is mandated to co-ordinate government policies, programmes and funds related to ethnic issues, and to facilitate the dialogue and interaction between ethnic minorities, government and civil society. A Minister Without Portfolio chairs the Council. A Secretary of the Council is responsible for executive tasks.

The NCEDI will play a central role in the implementation of this project. The Minister Without Portfolio will chair the National Steering Committee of the project while the Secretary of the NCEDI will substantively co-ordinate project activities. The Government plans to transform the NCEDI into an Agency for Minorities. The staff of the NCEDI will be transferred to the Agency.

The Ministry of Regional Development and Public Works (MRDPW) is one of the main recipients of this project which addresses urbanization and regional development issues. Both issues are at the core of the Ministry’s mandate. In addition, the MRDPW has implementation and co-ordination functions in relation to social cohesion projects funded by Phare. The MRDPW implements state policy and develops the objectives and priorities of the state startegy for regional development. At the operational level, the MRDPW structure has recently been substantionally modified in order to assume a leading role in regional policy formulation and coordination. A separate Directorate General for “Regional Policy” has been established with territorial units in the 6 planning regions and branches in the 28 districts.

The MRDPW will be represented in the National Steering Committee of the project and will play an active role in the strategic decision making of the National Steering Committee. The District Governors of the regions in which project activities will take place will be represented in the Local Management Committees of the project.

The Ministry of Labour and Social Policy (MLSP) is responsible for the formulation and implementation of the Government’s social policy, both with regard to social protection and employment promotion. In particular, it is the responsibility of the MLSP to provide social assistance to disadvantaged groups and to implement labour market policies which address unemployment problems in general and particularly those of disadvantaged groups (women, youth, people with disabilities, uneducated and unskilled people, ethnic minorities).

The project will directly impact on the living conditions and level of unemployment of the poorest segments of Bulgarian society and therefore directly falls under the mandate of the MLSP. The project will also actively co-operate with the MLSP implemented and UNDP-supported JOBS project. The MLSP will therefore be represented in the National Steering Committee of the project and is expected to express its views and recommendations particularly on project activities related to employment promotion. Also, since the project will closely co-operate with the Government’s micro-credit/loan guarantee scheme which is managed by the MLSP, a close day to day co-operation and co-ordination will take place between this project and the relevant MLSP management unit.
The National Employment Service (NES) has been transformed as of 1st January 2002 into an Agency for Employment Promotion (AEP). The NES was responsible for the implementation of the passive and active labour market policies of the Government. With the current reform the responsibility for the implementation of passive labour market policies has been shifted to the National Social Security Institute. The AEP will be exclusively responsible for active labour market policies. The Agency will benefit from State Budget resources for the funding of its activities and will inherit the structures of the NES, which are currently in a process of reorganization. The AEP falls under the authority of the MLSP and has 9 Regional Administrations as well as 129 local Labour Offices. As per the new institutional set up, the Labour Offices will implement the MLSP’s active labour market policies at the local level.

The project has an active labour market policy component and will directly co-operate with the Labour Offices in the implementation of its activities. A representative of the Labour Office of each of the targeted municipalities will participate in the Local Management Committees.

The municipalities in Bulgaria (there are 262 of them) constitute the basic administrative and organisational centres of economic and political processes. Municipalities are headed by Mayors who are elected every 4 years. Mayors are pivotal persons whose office links the executive as well as the legislative branches of local government. They are directly elected and are expected to carry out their executive functions outside party politics. They exercise full executive functions and are responsible for the functioning of the municipality, including municipal social and economic development. The directives of their executive functions emanate from the Municipal Council, which is an elected body.

The project’s main partners and beneficiaries at the local level will be the municipalities. The project will contribute to resolving local social problems and to reducing sources of social tension. The active co-operation of the municipalities will be sought in all aspects of project activities, and particularly in relation to the various permits, which have to be obtained at the local level for construction activities. The Mayors of the targeted municipalities will chair the project’s Local Management Committees and the municipality’s Chief Architect will be a member of the Committees.

Final beneficiaries:

The final beneficiaries of the project will be the target municipalities and particularly the targeted minority populations. The municipalities will become the owners of the built infrastructure.

Administrative and Territorial Division:

The country is administratively divided into 28 districts as of 1st January 1999. Each district is headed by a District Governor appointed by the Council of Ministers. The district administration is entrusted with the conduct of regional policy and the implementation of Government policy at the district level. The Regional Development Act regulates the planning, management and provision of regional development resources. It has the following goals:

- to establish prerequisites for sustainable balanced development of different regions in the country;
- to reduce inter-regional differences in employment and income;
- to carry out regional and trans-border co-operation and Euro-integration.
District Development Councils (DDCs) have been established under the Regional Development Act. The Chairperson of the District Development Councils is the District Governor, its members being the Mayors of all the municipalities in the district and one representative of their municipal councils. The DDCs have the responsibility to develop district development plans which serve as the basis for the preparation of NUTS II Regional Development Plans which are the basis of the National Plan for Regional Development which is part of the National Economic Development Plan. The District Governor’s office will be represented in the project’s Local Management Committees, which will be established in each of the target municipalities (the political and administrative organisation of the Bulgarian municipalities has been detailed above).

Council of Ministers Decree No 145 (July 2000) also established 6 planning regions corresponding to the EUROSTAT NUTS II level. Commissions for Economic and Social Cohesion (CESCs) have been set up in each of the 6 planning regions. The main functions of the CESC s include the co-ordination of activities in the elaboration of NUT II Regional Development Plans, co-ordination of activities between central district and municipal level, and maintenance of a socio-economic development data bases.

5. Detailed Budget (in MEUR)

<table>
<thead>
<tr>
<th>Activity</th>
<th>Phare Support</th>
<th>Total Phare (=I+IB)</th>
<th>National Co-financing</th>
<th>UNDP Co-financing</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Investment</td>
<td>IB</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Activity 1*</td>
<td>0.45</td>
<td>0.45</td>
<td>0.19</td>
<td>0.64</td>
<td></td>
</tr>
<tr>
<td>Activity 2</td>
<td>0.12</td>
<td>0.12</td>
<td>0.10</td>
<td>0.22</td>
<td></td>
</tr>
<tr>
<td>Activity 3</td>
<td>0.20</td>
<td>0.20</td>
<td></td>
<td>0.20</td>
<td></td>
</tr>
<tr>
<td>Activity 4</td>
<td>3.73</td>
<td>3.73</td>
<td>1.24</td>
<td>4.97</td>
<td></td>
</tr>
<tr>
<td><strong>Total Activities 1 to 4</strong></td>
<td><strong>3.73</strong></td>
<td><strong>0.77</strong></td>
<td><strong>4.5</strong></td>
<td><strong>1.24</strong></td>
<td><strong>6.03</strong></td>
</tr>
</tbody>
</table>

* Including project staff, management support and monitoring costs, internal travel, operations and maintenance, reporting costs, audit, ongoing monitoring, evaluation and sundries. Equipment of the National Project Office is also included. 3 cars will be procured with UNDP funding.

The national co-financing will be provided by the Government. The NCEDI will apply for Ministry of Finance funding as soon as the project is approved by the EU.

6. Implementation Arrangements

6.1 Implementing Agency

The implementing agency of the project will be the CFCU. The Project Authorizing Officer will be Mr. Krassimir Katev, Deputy Minister of Finance; Rakovski Blv 102, 1040 Sofia (tel: ++ 359 2 9859 2772; fax: ++359 2 9859 2773; e-mail: cfcu@inet.bg).
The substantive co-ordination of the project will be the responsibility of the **Project Leader** who will be Mr. Michail Ivanov, PhD, Secretary to the NCEDI in the Council of Ministers; Dondukov Blv 1, 1194 Sofia (tel: ++359 2 940 20 15; e-mail: m.ivanov@government.bg).

As per the recommendations of the OMAS Country Assessment Review of Phare Assistance up to the year 2000, the selection of contractors should take into account previous performance and the achievement of satisfactory outputs. UNDP has successfully supported the implementation of the EU funded Beautiful Bulgaria Phases I & II and is considered by the Government as best positioned to support the implementation of this project.

UNDP will support the CFCU in its implementing agency responsibilities and monitor the programme. A Memorandum of Understanding (MoU), to which will be annexed a Project Document signed by the NCEDI and UNDP (see section 6.4 below), will be drawn up between the CFCU and UNDP setting out the detailed modalities for fund transfers to UNDP, utilization and reporting. This MoU will be endorsed by the NCEDI and the EC Delegation.

UNDP will provide the PIU and thereby substantive and management support to the NCEDI through the establishment of a National Project Office (NPO) at the NCEDI (see section 3.4 for the composition of this office). The NPO will be headed by a National Project Director selected jointly by the NCEDI and UNDP. The National Project Director will be in charge of day to day management of the project, in consultation with the Secretary of the NCEDI. The strategic orientation and coordination of the project will be performed by the Secretary of the NCEDI who will report to the Minister Without Portfolio in charge of minority issues.

The implementation of the project shall follow the rules set out in the Decentralised Implementation System (DIS) Manual and other instructions issued by the Commission. The project will have a separate interest bearing account for EU funds. All payments from this account will be effected with the joint signature of the Secretary of the NCEDI or his/her authorized representative and the UNDP Resident Representative or his/her authorized representative.

UNDP shall submit to the CFCU quarterly requests for funds endorsed by the NCEDI according to the needs of the project. Each request shall be supported by the following information:

(i) a description of all the project activities planned for the following three months (n+1);

(ii) a forecast of cash flow requirements based on the planned activities for the following three months (n+1) per categories as referred to in the Project Fiche;

(iii) a financial report demonstrating payments for the last three months (n-1) and all periods preceding the current period (n) and interest accrued; the report shall equally include the latest bank reconciliation and a bank statement;

(iv) a progress report for the last three months (n-1) and all periods preceding the current period (n).

The overall co-ordination of the project will be performed by a National Steering Committee (NSC) which will be the inter-institutional decision making body for the project. The NSC will be chaired by the Minister Without Portfolio or his representative.
It will be composed of representatives of the following institutions:

- Ministry of Regional Development and Public Works
- Ministry of Labour and Social Policy
- Ministry of Foreign Affairs
- National Council for Ethnic and Demographic Issues (the Council includes Roma and ethnic Turkish members)
- CFCU
- “European Integration and Relations with International Financing Institutions” Directorate within the Council of Ministers
- EU Delegation
- UNDP

The NSC will meet at least once a quarter to review the project’s progress, approve the National Project Directors’ quarterly reports and work plans and take strategic decisions related to both substantive and financial aspects of project implementation. Decisions in the NSC will be taken by consensus. In the absence of the Ministry of Regional Development and Public Works, the EU Delegation and UNDP, the NSC will have to be reconvened. The National Project Director will act as the secretary of the NSC and he/she will be responsible for the preparation of all the documentation related to the meetings (progress and financial reports, work plans etc.).

In each of the selected municipalities, a Local Management Committee (LMC) will be established. It will be chaired by the Mayor of the municipality or his designated representative. It will be composed of the following members:

- The municipality’s Chief Architect
- A representative of the District Governor
- The head of the Labour Office
- The head of a representative local minority NGO
- Two representatives of the NCEDI, one of which will be the Regional Expert on Ethnic and Demographic Issues
- A UNDP representative

The LMC will meet at least once every six months (or as often as required) to review the progress of the project at the local level, discuss problems and resolve bottlenecks. The LMC will constitute a framework within which the representatives of the local minorities can participate in local project decisions.

The project will have a two-year contracting period and a two-year disbursement period. This is justified by its complexity i.e. diversity of interventions in several areas of the country characterized by a difficult situation (social, psychological) which may lead to more difficult project implementation conditions.

6.2 Twinning: N.A.

6.3 Non-standard aspects

The support of UNDP will be ensured through the signing of an MoU between the CFCU and UNDP. The MoU will be endorsed by the NCEDI and the EC Delegation. Such a non-standard procedure has already been used in relation to the UNDP involvement in the EU
funded Beautiful Bulgaria II project and has been endorsed by the European Commission/Brussels.

6.4 Contracts

Expected number of contracts:

One MoU between the CFCU and UNDP concerning the EU funds (to be endorsed by the NCEDI and the EC Delegation). The MoU will set out the detailed modalities for funds transfers to UNDP, utilization and reporting.

One Project Document (in the UNDP standard format) between the NCEDI and UNDP concerning the whole project, including all sources of funding (EU, Government and UNDP). The Project Document will provide a detailed description of project activities and the results to be achieved. It will constitute the formal agreement for co-operation between the NCEDI and UNDP in relation to the funding and implementation of the project. The Project Document will be attached as an Annex to the MoU between the CFCU and UNDP.

7. Implementation Schedule

7.1 Start of tendering/call for proposals: 1st quarter 2003

7.2 Start of project activity: 1st quarter 2003

7.3 Project Completion: November 2006. Due to the complexity of the project involving both IB and works contracts, the disbursement period will be extended to 30 November 2006. Previous experience (BG 9907 and BG 0104.01 both on Roma integration) justifies such an approach.

7. Equal Opportunity

The project will ensure that equal opportunities are provided to women both in the management of the project and in its employment promotion activities.

8. Environment

A global environmental impact assessment has not been prepared for the whole project. Environmental appraisals exist in the technical documentation for most of the short listed projects in the municipalities. However, taking into consideration the infrastructure works to be carried out (notably water management related), it can already be anticipated that the project will have a positive environmental impact.

10. Rates of return

Economic analysis has not been prepared. From the economic point of view the benefit/cost ratio should be more than 1 (effects on employment, public health, etc.).

11. Investment criteria

11.1 Catalytic effect:
The Catalytic effect of the project has several dimensions, as follows:

- Support the institutional strengthening of the NCEDI
- Establish a replicable model for dealing with minority issues
- Support the implementation of the Framework Programme for the Equal Integration of Roma in Bulgarian society

11.2 Co-financing:

The Government will co-finance the implementation of this project as indicated in the detailed budget table (MEUR 1,24). UNDP will make a financial contribution to the project amounting to EURO 290,000.

11.3 Additionality:

The project does not displace any other financiers, be it from the IFIs or the private sector.

11.4 Project readiness and Size:

The actions already taken by the NCEDI and the actions planned until the end of 2002 (see section 3.4) will ensure that by the time the Phare 2002 funding becomes available, all the conditions for its rapid disbursement will have been gathered. The overall project size is 6.03 MEUR (including the co-financing), which is over the threshold for a Phare Investment project.

11.5 Sustainability:

The sustainability of the project will be ensured by its replication under the Framework Programme, the Government strategy for underdeveloped regions with dominating minority populations, and the New Housing Policy in favour of homeless and disadvantaged groups.

The infrastructure built in the frame of this project will be in line with relevant legislation, notably with the Water Framework directive.

Maintenance of the established infrastructure will be ensured by the targeted municipalities.

11.6 Compliance with state aids provisions

11.7 Contribution to National Development Plan

This project’s contribution to the National Development Plan has been detailed in section 2.4. The project contributes to axes 4 and 5 of the Plan which are described in more detail in the above section.

12. Conditionality and sequencing

Conditionality

The Delegation needs to approve, before implementation commences, the institutional and implementation arrangements, including the adequacy of staffing and resourcing of the bodies involved
in implementation, robust arrangements for ensuring sound management of EU funds and any operating guidelines, Memoranda of Understanding required.

- The national authorities will make available 1.24 MEUR as a financial contribution to the project following an application to the Ministry of Finance by beneficiary institution, the NCEDI;
- The national authorities’ financial contribution to the project will be paid, through UNDP, in a special project bank account which will be operated with the double signature of the Secretary of the NCEDI (or his/her authorized representative) and that of the UNDP Resident Representative (or his/her authorized representative). This will ensure that all project funds are under a single management thus avoiding implementation delays and bottlenecks;
- The NECDI will make available, free of charge, suitable premises to host the National Project Office.

Important milestones in project implementation:

- Project Document between UNDP and the NECDI signed in 2002
- MoU between the CFCU and UNDP signed in 2002
- First Tenders for works launched in the 1st quarter of 2003

Milestones of the project in terms of impact:

- Completion of activities in November 2006
### LOGFRAME PLANNING MATRIX FOR URBANISATION AND SOCIAL DEVELOPMENT OF AREAS WITH DISADVANTAGED MINORITY POPULATIONS

<table>
<thead>
<tr>
<th>Project Number</th>
<th>Contracting period expires: 30/11/2004</th>
<th>Total Budget: 6.03 MEUR</th>
<th>Phare contribution: 4.5 MEUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Programme name: and number: BG-02 XXX</td>
<td>Date of drafting: March 2002</td>
<td>Disbursement period expires: 30/11/2006</td>
<td></td>
</tr>
</tbody>
</table>

#### Wider Objective(s)

- To improve the living conditions of disadvantaged minority communities in Bulgaria by upgrading the public technical infrastructure in selected areas of the country characterized by a high concentration of disadvantaged minority ethnic populations (target areas)
- To contribute to the social and economic integration of disadvantaged minority communities in Bulgaria by implementing active labour market policies in the target areas
- To foster good interethnic relations while preserving the identity of ethnic minority communities by building public social infrastructure in the target areas
- To implement part of the Framework Programme for Equal Integration of the Roma in Bulgarian Society

#### Indicators of Achievement*

- Public infrastructure for up to 12.4% of the Roma population and 0.01% of the ethnic Turkish population upgraded
- Unemployment among the targeted minority communities in the six target areas reduced in the years 2003 and 2004
- Contribution to the successful implementation of the Framework Programme in general and particularly in relation to the promotion of good interethnic relations and the preservation of the identity of ethnic minority communities (qualitative indicator)

#### How, When and By Whom Indicators Will Be Measured

- Ongoing project monitoring conducted every 6 months by an external expert (funded by UNDP)
- Terminal External Evaluation of the Project (March 2005 – funded by UNDP)
- Data from the Local Labour Offices published every month
- Report on the implementation of the Framework Programme, which will be prepared by the Agency for Minorities in 2005 (successor of the NCEDI)
- EC Regular Report for Bulgaria (2005)
<table>
<thead>
<tr>
<th>Immediate Objective (Purpose)</th>
<th>Indicators of Achievement*</th>
<th>How, When and By Whom Indicators Will Be Measured</th>
<th>Assumptions and Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>• To improve access to public services and reduce unemployment of minority communities in the target areas by: 1) building public technical and social infrastructure, including public utility infrastructure (water supply and sewerage systems, electricity network), street infrastructure, a kindergarten and a community centre; 2) implementing a vocational training and temporary employment scheme as well as a pilot business support initiative</td>
<td>• 2,000 households from disadvantaged minorities provided with improved access to water supply</td>
<td>• Ongoing project monitoring conducted every 6 months by an external expert (funded by UNDP)</td>
<td>• Unwillingness of contractors to hire a large number of workers from minorities (risk)</td>
</tr>
<tr>
<td></td>
<td>• 1,000 households from disadvantaged minorities connected to a sewerage network</td>
<td>• Terminal External Evaluation of the Project (March 2005 - funded by UNDP)</td>
<td>• The pilot business support scheme attractive to members of disadvantaged communities (assumption)</td>
</tr>
<tr>
<td></td>
<td>• 3,000 members of disadvantaged minorities live in quarters with asphalt covered streets and side walks</td>
<td>• Data from the Local Labour Offices published every month</td>
<td>• Favourable economic conditions for business start-up/expansion prevail (assumption)</td>
</tr>
<tr>
<td></td>
<td>• 96 people from minority groups provided with sustainable jobs thanks to business start-up support</td>
<td>• EC Regular Report for Bulgaria (2005)</td>
<td>• Favourable economic conditions for those who have been provided with vocational training/temporary jobs to find sustainable jobs prevail (assumption)</td>
</tr>
<tr>
<td></td>
<td>• 400 unemployed from minority groups provided with temporary jobs</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• 100 people from minorities find sustainable jobs due to vocational training and temporary employment</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• 2,000 households from disadvantaged minorities provided with improved access to water supply</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• 1,000 households from disadvantaged minorities connected to a sewerage network</td>
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<td></td>
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<td></td>
<td>• 96 people from minority groups provided with sustainable jobs thanks to business start-up support</td>
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<tr>
<td></td>
<td>• 400 unemployed from minority groups provided with temporary jobs</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• 100 people from minorities find sustainable jobs due to vocational training and temporary employment</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Results</th>
<th>Indicators of Achievement*</th>
<th>How, When and By Whom Indicators Will Be Measured</th>
<th>Assumptions and Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Capacity of the NCEDI (which is to become an Agency for Minorities) in the implementation of minority projects strengthened</td>
<td>• Improved delivery and enhanced success of minority projects under the responsibility of the NCEDI (and the future Agency for Minorities)</td>
<td>• Ongoing project monitoring conducted every 6 months by an external expert (funded by UNDP)</td>
<td>• There is no staff turnover at the NCEDI and the future Agency for Minorities (assumption)</td>
</tr>
<tr>
<td>• Business training and start-up support to minorities in six municipalities provided</td>
<td>• 100 people from the targeted minorities provided with training and business start-up assistance</td>
<td>• Terminal External Evaluation of the Project (March 2005 - funded by UNDP)</td>
<td>• Good co-operation with minority groups and their representatives at the local level prevails (assumption)</td>
</tr>
<tr>
<td>• Vocational training in construction skills for minority populations provided</td>
<td>• 48 members of the targeted minorities assisted to obtain a lease or a micro-credit</td>
<td>• Data from the Local Labour Offices published every month</td>
<td>• Efficient project co-ordination between all parties is ensured (assumption)</td>
</tr>
<tr>
<td>Public infrastructure in six municipalities with disadvantaged minority populations improved/built</td>
<td>• 1,000 unemployed from disadvantaged minority groups provided with professional qualifications in construction skills</td>
<td>• Interim Evaluation of the European Union Phare Programme (2005)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• 49,920 m of water supply network constructed</td>
<td>• EC Regular Report for Bulgaria (2005)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• 52,708 m2 of asphalt coverage + side walks</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• 3,867 m of sewerage network constructed</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• 305 m of public lighting built + 10 lamps</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• One electricity transformer + building constructed</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• One community centre built and equipped</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• One kindergarten constructed</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• One dam built</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Activities</td>
<td>Means</td>
<td>Cost</td>
<td>Assumptions and Risks</td>
</tr>
<tr>
<td>------------</td>
<td>-------</td>
<td>------</td>
<td>-----------------------</td>
</tr>
<tr>
<td><strong>Activity 1 – Project management, monitoring and evaluation (Institution Building)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| 1.1. Establish a National Project Office | ✓ MoU between the CFCU and UNDP  
✓ Project Document between the NCEDI and UNDP  
▪ Select and contract project staff  
▪ Procure equipment for the project office  
▪ Prepare press releases, hold press conferences  
▪ Select and contract an external evaluator(s)  
▪ Select a UN agency to conduct the external evaluation as well as two experts  
✓ MoU between the NCEDI and the MLSP – UNDP supported JOBS project  
✓ MoU between the CFCU and UNDP  
▪ The project conducts a public awareness campaign on the pilot business support component in the targeted areas  
▪ The JOBS Business Centres conduct interviews with candidates  
▪ The JOBS Business Centres organize and conduct training courses  
▪ The JOBS Business Centres support the identification of business ideas/niches and preparation of business plans  
▪ The JOBS Business Centres support negotiations and contract finalization with banks as well as formalities to obtain a lease from the centres  
▪ The JOBS business centres provide experts to make on site visits  
✓ MoU between the CFCU and UNDP  
▪ The Local Labour Offices make an assessment of the local labour market  
▪ The Local Labour Offices interview and select candidates  
▪ Tender conducted to selected training institutions  
▪ Selected training institutions contracted and training provided | 0.45 MEUR (Phare funding)  
0.19 MEUR (UNDP funding) | • The NCEDI and UNDP recruit qualified and experienced staff  
• Government funding for the project is approved and made available on time (assumption) |
| 1.2. Launch a national and local public awareness campaign | | | |
| 1.3. Ensure Ongoing External Project Evaluation | | | |
| 1.4. Ensure Terminal External Project Evaluation | | | |
| **Activity 2 – Sustainable employment generation through business support (Institution Building)** | | | |
| 2.1. Identify and select suitable and motivated candidates from minorities for business training and support | ✓ MoU between the CFCU and UNDP  
✓ Project Document between the NCEDI and UNDP  
▪ Tender conducted to selected training institutions  
▪ Selected training institutions contracted and training provided | 0.10 MEUR (UNDP funding through JOBS project)  
0.12 MEUR (Phare funding) | • The pilot business support scheme is well received by the targeted minorities (assumption)  
• Good business projects are prepared (assumption)  
• The banks do not wish to provide loans to minorities (risk) |
| 2.2. Train the selected candidates in business skill | | | |
| 2.3. Assist thoroughly selected candidates from minorities to obtain a micro-credit/a lease | | | |
2.4. Monitor the use of funds

<table>
<thead>
<tr>
<th>Activity 3 – Vocational training (Institution Building)</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1. Identify vocational training needs</td>
</tr>
<tr>
<td>3.2. Identify suitable candidates and training conducted</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Activity 4 – Construction works and temporary employment (Investment)</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1. Implement works and generate temporary employment</td>
</tr>
<tr>
<td>4.2. Monitor the implementation of works and temporary employment generation</td>
</tr>
</tbody>
</table>

- MoU between the CFCU and UNDP
- Project Document between the NCEDI and UNDP
- Launch tender
- Select and contract construction firms
- Ensure that long-term unemployed from minorities are hired
- Select and contract an independent construction supervision firm
- Ongoing monitoring of works ensured by project staff
- Ongoing temporary employment generation monitoring ensured by the Local Labour Offices

<table>
<thead>
<tr>
<th>0.20 MEUR (Phare funding)</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.73 MEUR (Phare funding)</td>
</tr>
<tr>
<td>1.24 MEUR (Government funding)</td>
</tr>
</tbody>
</table>

- All construction permits are obtained and matters related to illegal housing in places where the project will implement works resolved (assumption)

Preconditions
- Project Document between UNDP and the NECDI signed in 2002
- National co-financing secured

* Must be **quantified** and **measurable**
Annex 2

URBANISATION AND SOCIAL DEVELOPMENT OF AREAS WITH DISADVANTAGED MINORITY POPULATIONS

CUMULATIVE CONTRACTING AND DISBURSEMENT SCHEDULE (MEUR) (including the co-financing)

<table>
<thead>
<tr>
<th>Date</th>
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<th>2.Q.03</th>
<th>3.Q.03</th>
<th>4.Q.03</th>
<th>1.Q.04</th>
<th>2.Q.04</th>
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<th>2.Q.06</th>
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<td>0.08</td>
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</table>

Annex 3

URBANISATION AND SOCIAL DEVELOPMENT OF AREAS WITH DISADVANTAGED MINORITY POPULATIONS

Project implementation chart

<table>
<thead>
<tr>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
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</thead>
<tbody>
<tr>
<td>Project management/monitoring/evaluation</td>
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<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Business support</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Vocational training</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Construction works/temporary employment</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
</tbody>
</table>
OVERALL FINDINGS AND RECOMMENDATIONS

The target municipalities were requested by the NCEDI to provide the technical documentation for the works to be funded by the project on their territory. All the target municipalities presented the required technical documentation for all the envisaged works, with the exception of the technical documentation for the Community Centre in Stara Zagora. The municipality of Stara Zagora indicated that as soon as the Phare project is approved, it will fund the preparation of the project design.

The received technical documentation was reviewed by the Chief Engineer of the UNDP-supported Beautiful Bulgaria project. The Chief Engineer reported mistakes in some cases. For instance, the diameter of pipes included in the bill of quantities and prices provided by one municipality did not correspond to the diameter recommended in the project design. The installation of pipes with a smaller diameter reduces the overall cost of works but may not be compatible with technical requirements and Bulgarian standards.

The expert also reported in two instances the omission of important and necessary elements to enable the works to be considered as completed. One bill of quantities and prices omitted to include a pump, which is an essential element of the water supply system. Clarifications need to be obtained as to who will fund the pump. Another included the cost of procurement and installation of an electricity transformer, but omitted to include the cost of building the construction in which the transformer will be located. It is not clear who will fund the construction of the building.

The third important finding of the expert was that some of the bills and quantities and prices had been prepared some time ago. The cost of both materials and labour has since gone up and thus it is likely that the cost of works is underestimated. In general, the expert recommended a thorough review of project costs.

The expert concluded that in general one can consider the technical documentation as comprehensive and appropriate. He however concluded that it requires detailed review for mistakes, omissions and updating of costs. The expert also recommends that all the sites be visited and that discussions with the Chief Engineers of the concerned municipalities be held in order to obtain clarifications on certain aspects of the works. On the basis of the above, precise recommendations for improving the technical documentation should be made to the municipalities. The municipalities should finalize at their own cost the technical documentation in such a way that it meets the standards of the project.

With regard to the environmental impact of the proposed projects, the expert noted that they are not expected to harm the environment. On the contrary many of the proposed project will contribute to preserve the environment (sewerage systems).
STATUS OF THE TECHNICAL DOCUMENTATION PER MUNICIPALITY

**Municipality of Lom:** Project Design documentation available. Needs to be double-checked and updated.

**Municipality of Stara Zagora:** Project Design documentation for the sewerage network available. Needs to be double-checked.

No technical documentation available for the community centre. It needs to be prepared by the municipality at its own cost.

**Municipality of Pazardjik:** Project Design documentation available. Needs to be double-checked for omissions.

**Municipality of Omurtag:** Project Design documentation available. Needs to be thoroughly reviewed and updated.

**Municipality of Dulovo:** Project Design documentation available. Needs to be double-checked.

**Municipality of Venec:** Project Design documentation available. Needs to be double-checked.