Standard Summary Project Fiche

1. Basic Information

1.1 CRIS Number: BG2003/004-937.05.02

1.2 Title: National Database for Labor Market and European Social Fund

1.3 Sector: Employment, Social Policy and Education

1.4 Location: National

2. Objectives

2.1 Overall Objective(s): Improvement of the effectiveness of the labor market policies and ESF interventions

2.2 Project purpose: Establishment of a national database for the labor market and the ESF as well as concerning the future inclusion into the EURES network

2.3 Accession partnership and NPAA priority

Accession partnership priority
The project is in conformity with the Employment and Social Policy chapter of the AP:
- Continue alignment of social acquis in particular on equal treatment of men and women
- Prepare a national strategy, including data collection, with a view to future participation in the European strategy on social inclusion

NPAA priority
The project is in conformity with the “Employment and European Social Fund” chapter of NPAA:
- Development and elaboration of the information about the labor market processes
- Establishment of a system for supervision of the labor force

2.4 Contribution to the National Development Plan – N.A. for IB projects

2.5 Cross Border Impact – N.A.

3. Description

3.1 Background and justification:

The National Employment Agency (NEA) in the PHARE 2003 programming process coordinated by the Ministry of Labor and Social Policy (MLSP) proposes the current project. The PHARE 2003 programming process was distinguished with wide-base coordination and partnership both on national and regional level. The project corresponds to the PHARE 2003 Programming Framework worked out and approved with the joint efforts of MLSP and its national and regional partners.

The project interventions are directed to the establishment of a National database serving the purposes of the labor market policies and European Social Fund (ESF) interventions.
The NEA started building its information system since 1992. It has been developed without overall strategy and initially prepared project. The establishing process was characterized by ongoing improvements and introduction of additional functions, modules, etc., corresponding to different information requirements and users.

Currently NEA’s information system (IS) is served by software product called “Labor exchange” which is applied within 80% of the computerized units in the NEA organizational structure. The software is being used for labor market data entering, maintaining, and processing. The IS doesn’t dispose of database for jobseekers and vacancies on a national level. These data are available on a local level. Only summarized information concerning the labor market is sent to the Regional and Head offices.

The offices are each connected in a LAN but are not networked to each other – i.e. there is no network between the agencies or ministry and no network with central and regional offices. Information is typically transferred between offices by email in text format. Files monitoring the labor market are undertaken through series of performance indicators that are divided into reporting categories. The categories are: Employment; Labour Demand, Unemployment, Labour Market Dynamics, Duration of Registration, Market Structure by sex, age, occupation and education, Implementation of unemployment protection and employment encouragement policy - passive measures and active measures. The information focuses on the numbers and types of unemployed people and the effectiveness of NEA programmes and strategies in reducing unemployment.

The current NEA’s information system and its serving software impose some significant restrictions and admit some weaknesses:

- The information system doesn’t provide sufficient information about the national labor market policy design and management. For example data concerning jobseekers, employers, and job places are entering and maintaining only at local level (the territory covered by single Labor office). The latter means that the initial data are not available in the NEA Central office. The information about vacancies is not available at central (national) level and there are many examples for not occupied vacancies in neighboring municipalities although they could be occupied by jobseekers from the neighboring villages, towns, municipalities;
- The database doesn’t correspond to the monitoring and evaluation requirements of the ESF set out in Working Paper 2 and Working Paper 3;
- NEA Central office and Regional Employment Services (9 RESs cover the whole territory of the country) receive only summarized information about the labor market;
- The processing of the labor market data in the LOs takes often longer time than the required period by the data users;
- The current information system can’t be used effectively for the purposes of control on the different type of services provided from the systems for active and passive measures. The beneficiaries who misuse the assistance of the different systems of active and passive measures can’t be completely detected.
- The process of information flows within the NEA organizational structure as well as with other interested institutions such as MLSP, National Insurance Institute, Municipality Centers for Social Assistance and others is difficult by reason of different development level of information systems.

NEA considers the lack of a national database warehouse with complete information on customers as a major weakness. Such database would enable the Agency to meet its major goals:

- Establish one national labour market database. This database would make all job vacancies available at the national level thus enhancing the opportunity for each labor office to cater its region. At present each labor office maintains its own
database with the exception of the 9 labor offices in Sofia, which use one database, communicating with each other mostly by email.

- Improve control on social benefits payments to ensure adequate adherence to the legal framework and to reduce fraud of payments.
- Centralize the business process management system. The National Employment Agency does not have easy access to the information it requires.
- Achieve the same level of quality of information systems as EU member states.

In order to avoid the afore-mentioned weaknesses the current project targets some important improvements:

- Extension of the scope and type of data collected, maintained and processed in order to provide additional information for the labor market as well as to meet the monitoring and evaluation requirements of the ESF. In this respect new indicators and mechanisms for data collection and processing should be developed or adapted;
- Establishment of a national database for the national and regional labor market, reflecting monitoring and evaluation information needs of the ESF;
- Specially developed application software should be used for national database processing

The main beneficiary of this project is the National Employment Agency and its structures. Other institutions that will directly benefit from the project are MLSP, National Social Security Institute (NSSI), National Statistical Institute (NSI), Executive Agency “Social Assistance” (EA”SA”), Executive Agency “General Labor Inspection” (EA”GLI”) and others.

Generally the project focuses on the development of a modern information database in NEA, which will meet the standards of similar information systems in the EU member-states. The project will also stress on the effective introduction of the system through significant staff training of the NEA and other users, where the complex of services provided by NEA should be unified on a local and central level. The above-mentioned will support the institutional building of the National Employment Agency.

The introduction of such a modern database will be an important step towards future integration with EURES when Bulgaria has such an access.

3.2 Linked activities:

- The Bulgarian Government is preparing an e-government programme, which has to be completed by the end of 2004. This will be supported by the Government's plans for modern, high quality communication and information services. In this respect “the job search services” and “the benefits for unemployment” are between foreseen services provided under Public Services for Citizens in e-Europe Action Plan.

- **BG 0102.07 Preparing for future ESF-type of programmes** – the main objective of the project is to prepare MLSP as PHARE IA from 2003 onwards as well as to increase the staff capacity of NEA and MLSP, Ministry of Education and the social partners at national and regional level for implementing ESF type of projects.

3.3 Results:

- Developed project for National database for Labor Market and European Social Fund including indicators for monitoring and evaluation of projects and programs implemented in the social sphere, in particular the active labor market measures;
• Developed software serving the National database;
• Trained administrators in working with the database in NEA;
• Trained data users for using the newly developed database in NEA;
• The National database and the relevant software applied.

3.4 Activities:

The project activities will be based on the draft strategy for development of a new unified Information System in the National Employment Agency. The essence of this strategy comes down to the analysis of the current Information system of the NEA and the provision of alternatives for systematic solution of the new Information System establishment. The strategy elaboration will be financed through PPF 2000 or PPF 2001.

Activity 1

Development of a project for National database for Labor Market and European Social Fund and development of ToR for the supporting software

The project of the National database will describe:
/1/ The set of data to be used as a source of information for monitoring the performance of active labor market measures to improve the employability and labor market integration of unemployed persons.
The scope of the database is including also people who are unemployed and people who are occupied but in risk of job-loss.
/2/ The Labour market policy classifications agreed to be the standard references for the common indicators on active labor market policies in EU.
/3/ The applications that facilitate the job-search process;
  - Registration (as a jobseeker);
  - Diagnosis of individual needs, preferences and market perspectives; providing information, guidance and counseling
  - Selection for and reference to job vacancies and to places in LMP measures
  - Monitoring of the market behavior and activation.
/4/ The methodology for setting up of qualitative and quantitative indicators for programmes which aim to improve the employability of the unemployed through training, and which are financed by public institution.
/5/ The processes and the interrelations within the organizational structure of NEA in order to serve the newly created database;
/6/ The structure of the communication network (depending on the possibilities of the communication infrastructure). The project is aimed at establishing links between NEA and the Directorate “Pre-accession Funds and International Programmes and Projects” (DPFIPP), NSSI, NSI, EA”SA”, EA”GLI” for exchange of information;
/7/ The procedures, tools and organizational structures for collecting, maintaining and processing of data;
/8/ The ways of interaction with the national database, depending on the reliability and the traffic capacity of the communications with the local offices within the NEA;
/9/ Technical specifications on key parameters of the future Information System such as servers, web-services, security policy, working régime, DBMS, etc.

The development of the project for National database will be implemented by a contract awarded to external organization with proven professional record in this field and in close collaboration with NEA staff as well as MLSP, National Statistical Institute, National Social Security Institute, Executive Agency “Social Assistance” and other interested parties.
The contracted organization under this activity will be also responsible for the development of Terms of Reference for the software serving the National database.

**Activity 2**

**Development of the software serving the National database, training of system administrators, end-users and start-up.**

A software development company will be contracted. The contract will include the development of the software, pilot introduction, training of trainers, system administrators, end-users, overall introduction and maintenance of the system.

In particular the training will comprise of: training of the 120 system administrator(s), training of 300 users on local level as far as their work is connected with the registration, database update and data processing.

On the other hand, the introduction of the National database will require some internal regulations within the structures of the NEA to be developed and put into force. They will be directed to the use of the National database, procedures and mechanisms for data collecting, maintaining, processing, data control, system safety, etc. They will be developed together by the staff of the NEA and the contractors for the National database and the software.

**Activity 3**

The proper introduction of the system (including the software) will be supported by additional hardware purchase for the needs of some regions countrywide. The hardware will be supplied through one supply contract.

The Technical specifications for the hardware will be developed by the PIU with the support of the IT department of the NEA.

3.5 Lessons learned:

A similar National database System with larger scale has been introduced in National Insurance Institute in the period of 1998-2000 through a project financed by the World Bank. During the implementation of this project the advantages and disadvantages of this NIS system will be taken into consideration in order to avoid similar problems and justification of processes.

4. **Institutional Framework**

Key partners in the project management and implementation will be the MLSP and the National Employment Agency.

The *Ministry of Labour and Social Policy* is the Implementing Agency of the project as it is mandated to be IA under PHARE Program in social and human resources development sector.

The MLSP will manage and administrate the project through *the Program Authorizing Officer (PAO) and the Directorate ‘Preaccession Funds, International Programs and Projects’ (DPFIPP)*. The Directorate “PFIPP” will act as administration of the IA / PAO.
Project Steering Committee (PSC)

The membership of the PSC will include representatives of stakeholder organizations (data-users of the new Information System). The proposed membership is representatives from: Ministry of Labor, Employment Agency, National Statistical Institute, National Social, Security Institute, Executive Agency “Social Assistance”.

The main responsibilities of the PSC are to: /1/ approve the project for the National database /2/ approve the ToR for the software; /3/ approve the developed software and /4/ control the project implementation.

The PSC will take its decisions with simple majority.

The PSC will hold its regular meetings at least four times a year. When important matters are to be concerned the chairman or 2/3 of the PSC members could convene the PSC for a meeting.

PAO

The PAO has ultimate responsibility for ensuring that the programme is implemented fully in line with the Financing Memorandum and government policy in terms of sound administrative and financial management of the project, including tendering, contracting, disbursement, accounting, payment and reporting procedures and monitoring of the project.

MLSP -IA

The overall administrative and financial management is responsibility of the MLSP through the DPFIPP. The latter includes:

- Overall coordination of the project implementation;
- Preparing and/or submission of procurement documentation based on inputs from the PIU, contracting and contracting procedures of works, supplies, goods and grants;
- Accounting, payments, and financial control for the contracts and grants;
- Overall monitoring and evaluation of the project activities;
- Preparation of quarterly and ad hoc reports on project status and fund management.

PIU

The day-to-day administration of the project will be a responsibility of a PIU to be established at the National Employment Agency.

5. Detailed Budget

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<th>PHARE Support</th>
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* In cases of co-financing only

Note: expenditure for equipment should be put under Investment
6. **Implementation Arrangements**

6.1 Implementing Agency

The Implementing Agency will be the MLSP through its directorate for “Pre-accession Funds, International Programs and Projects”.

The PAO will be:
Mr. Radoslav Bozadzhiev
Deputy Minister of Labor and Social Policy
2 “Triaditsa” Str.,
Sofia 1000, Bulgaria
Phone: (+359 2) 933 25 38;
Fax: (+359 2) 986 13 18
E-mail: rbozadzhiev@mlsp.government.bg

6.2 Twinning – Not applicable

6.3 Non-standard aspects - PRAG procedures will be followed in all contracting

6.4 Contracts:

<table>
<thead>
<tr>
<th>TYPE OF CONTRACT</th>
<th>PROJECT ACTIVITY</th>
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<tbody>
<tr>
<td>Service contracts</td>
<td>Development of the project for the National Database – 1 contract</td>
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<tr>
<td></td>
<td>Development and introduction of the software – 1 contract</td>
</tr>
<tr>
<td>Supply contract</td>
<td>Purchasing of hardware – 1 contract</td>
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</tbody>
</table>

7. **Implementation Schedule**

7.1 Start of tendering/call for proposals – March 2004

7.2 Start of project activity - July 2004

7.3 Project completion
Expected date of last payment under project contracts in the second quarter of 2006

8. **Equal Opportunity**

The project will be implemented according to the regulations of Bulgarian and EU Equal Opportunity policies.

9. **Environment** – Not applicable

10. **Rates of return** – Not applicable


11. Investment criteria

11.1 Catalytic effect:

The new National database will increase the effectiveness of the current labor market policies and PHARE interventions. It will be of higher importance for the future ESF interventions. Furthermore the project will catalyze the integration processes of the Bulgarian labor market with EURES network.

11.2 Cofinancing:

In order to meet the technical requirements of the new National database and the relevant software the NEA is supposed to make some replacements and upgrading of the existing information infrastructure in terms of hardware, servers, as well as communication and information channels. The own resources of the NEA will finance the latter.

11.3 Additionality:

It was mentioned in the justification of the project that there is an ongoing updating of the current information system in the NEA. However the introduction of a new National database needs more complex, integrated and concentrated approach to improve the sporadic actions, which have taken place so far. It is meant finally to provide coordination and data exchange with the existing systems of NSSI and the Executive Agency “Social Assistance”. The project will add a significant value to the IA own efforts to implement and maintain a modern, effective and user-friendly national database system.

11.4 Project readiness and Size:

There are initial assessments of the information, software and hardware needs of the new database system. On the other hand the NEA applied for technical assistance under PPF 2000 for development of a strategy for the new National database and its relevant infrastructure. The strategy is expected to be ready in at the end of 2003 and will serve as a base for the future project implementation.

11.5 Sustainability:

The NEA through its structures, staff and operational budget ensures the maintaining and the future updating of the national system and the MLSP will guarantee the proper and adequate implementation and use of it.

The Information System and Database will be developed in a way appropriate for the future inclusion in the EURES and therefore investment will lead to compliance with EU norms and standards and will be in line with EU sector policy acquis.

11.6 Compliance with state aids provisions

The activities within the project will be implemented in accordance with the Article 92(3) (a) of the Treaty of Rome with respect to regional aid in an Objective 1 Member States.

11.7 Contribution to National Development Plan – See item 2.4.
12. **Conditionality and sequencing**

Strategy for development of a new unified Information System of the National Employment Agency to be completed by December 2003 under PPF.

Key milestones will be:

- Draft of project for Information System and National database;
- Draft of the ToR for the relevant software;
- Development of the software;
- Introduction of the software.
## PHARE log frame

<table>
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<tr>
<th>LOGFRAME PLANNING MATRIX FOR</th>
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<td>Project</td>
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<td>National database for Labor Market and European Social Fund</td>
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<th>Programme name and number</th>
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<tr>
<td>Contracting period expires Nov 2005</td>
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<tr>
<td>Disbursement period expires in Nov 2006</td>
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### Total budget
- 1,915 MEURO
- PHARE budget: 1,8 MEURO

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<th>Overall objective</th>
<th>Objectively verifiable indicators</th>
<th>Sources of Verification</th>
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<td>Improvement of the effectiveness of the labour market policies and ESF interventions</td>
<td>Effectiveness of the labor market policies and ESF interventions</td>
<td>NEA’s Monthly Statistical Report Annual Labour Market Review of the National Employment Agency Surveys of Labour market and ESF intervention effectiveness</td>
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<table>
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<th>Sources of Verification</th>
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<tr>
<td>Establishment of a National database for the labor market and the ESF as well as concerning the future inclusion into the EURES network</td>
<td>National database operational</td>
<td>PIU Report</td>
<td>Difficulties with the coordination of the interested parties</td>
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<table>
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<th>Results</th>
<th>Objectively verifiable indicators</th>
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<tr>
<td>- Developed project for National Database for Labor Market and European Social Fund including indicators for monitoring and evaluation of the projects and programs implemented in social sphere, particularly active labor market measures; - Developed software serving the National database; - Set up system of monitoring</td>
<td>Project for information system (IS); Software tool serving the IS; 330 trained administrators on national and regional level; Number of trained data users; Applied and operational software;</td>
<td>PIU Report Monitoring by the Delegation</td>
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indicators as part of the software in order to supervise the project implementation;
- Trained administrators and data users in working with the database in the NEA;
- The National database and the relevant software applied.

<table>
<thead>
<tr>
<th>Activities</th>
<th>Means</th>
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</table>
| **Activity 1**
  - Procedure for selection of a contractor to develop a project for National database for Labor Market and European Social Fund and development of ToR for the supporting software;
  - Contracting with the successful candidate;
  - Execution of service contract | Service contract | PIU reports |
| **Activity 2**
  - Procedure for selection of a contractor to develop the software serving the National database, training of system administrators and end-users, pilot testing of the system and overall introduction
  - Contracting with the successful candidate;
  - Execution of the service contract | Service contract | |
| **Activity 3**
  - Development of Technical specifications for the hardware;
  - Procedure for selection of a hardware supplier;
  - Contracting with the successful candidate;
  - Supply of the hardware;
  - Utilization of the hardware in the process of National database system software introduction | Supply contract | Phare funding |

| Number of stations, provided with relevant software countrywide (tbc) |
| Number of database users requests; |
### Implementation Chart – National Database for Labour Market and European Social Fund

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Appendix 3

CONTRACTING AND DISBURSEMENTS SCHEDULES - National Database for Labor Market and European Social Fund

Figures in MEURO

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Annex 4

Institutional capacity

The Ministry of Labor and Social Policy (MLSP) is mandated to act as PHARE Human Resources Development Implementing Agency as of January 2003. This is stipulated for the first time in the Council of Regional Development Decision, adopted on 12/11/2000 and most recently confirmed in the Council of Ministers Decision ?607 adopted on 05/09/2002 concerning a “Conception for Extended Decentralized Implementing System for PHARE and ISPA Programs”.

In April 2001, the Council of Ministers amended the MLSP Code of Practice and created formally the Directorate “Pre-accession Funds and International Programs and Projects” (DPFIPP). As determined by the MLSP’s Code of Practice, the DPFIPP main functions include: organization, coordination and management of programs and projects financed by EU pre-accession funds.

The DPFIPP will act as PHARE IA based on the capacity built under SMAEP’99 PHARE project as well as on the experience of PHARE projects from 2000 to 2002. In the period concerned the DPFIPP has grown in experience, knowledge and skills for implementing EU pre-accession funds assistance.

Currently the DPFIPP comprises of 35 people at national level. There are 10 civil servants and 25 people on civil contracts. In this respect the latest amendment of MLSP Code of Practice from 12/11/2002 stipulates that the staff of the DPFIPP increases from 10 civil servants up to 25. Thus the MLSP will take the opportunity to maintain the human capacity from the SMAEP IA and other projects on a sustainable base as it will appoint the core staff as civil servants within the structure of the DPFIPP. The majority of the staff has around 2-3 years of experience and have attended general and specialized training courses on EU pre-accession and structural funds management according to specially developed and implemented Human Resources Development Strategy.

Furthermore DPFIPP have other 24 people working in the regional structures of the two projects – SMAEP’99 and Vocational Training’00. The people from these regional structures and the whole regional experience will be used in the management and implementation of the future projects. It is envisioned those people to be offered by the Employment Agency to be attached to the Labor Offices and Regional Employment Services which are the EA’s local structures and will be used in the technical implementation of the project.

On the other hand DPFIPP has developed and applied different kind of manuals and procedures for programming coordination, transparency and publicity, clients and partners’ complaints, procedures for reporting, rules for work with the TA, procedures for financial management, procedures for procurement, for contracting and contract amendments, Steering Committees convening, system for monitoring, job descriptions, strategy for human resources development within the directorate. All these documents are part of an Internal Procedures Manual.

All above-mentioned is a part of a grown institutional capacity and confidence within the MLSP and DPFIPP, which was confirmed in the KPMG’s final report for “Verifying PHARE IA’s Capacities for Managing Grant Schemes Projects” from September 2002. The reports states that “in view of the IA’s track record of similar programs and its experience in managing grant schemes, the Auditor would recommend to the EC Delegation the undertaking of the necessary steps for ‘accrediting’ the MLSP’s IA and waiving the ‘ex-ante’ control, which should however be postponed until implementation of the actions recommended to comply with the minimum criteria, stipulated in Art 12.2 of the EC Regulation 1266/99”.
As far as MLSP will act as PHARE Human Resources Development Implementing Agency as of January 2003, the technical implementation of the project in the sphere of Labor market active measures will be implemented jointly with the National Employment Agency. As it is pointed into the NEA’s Code of Practice “the NEA is “an administration under the Minister of Labor and social policy’s jurisdiction responsible for the implementation of the state policy for employment promotion, Labor market protection, professional information and consulting, professional and motivating training of unemployed and employed …”

The EA will be involved in the technical implementation of PHARE projects through the Directorate “International Agreements, Programs and European Integration”. According to it the Directorate “International Agreements, Programs and European Integration” of the NEA organizes, coordinates and manages the technical implementation of projects in the sphere of employment, professional education and qualification, social protection and equal opportunities, financed through the pre-accession funds of the European Union. The responsible unit within the mentioned directorate is the “Programs and European Integration division”. The whole staff of Directorate “International Agreements, Programs and European Integration which is assigned for the implementation of these projects has almost two years experience already on implementing programs from pre-accession funds like PHARE and SAPARD and have attended general and specialized training courses on EU pre-accession and structural funds management according to specially designed and adopted Human Resources Development Strategy. The majority of the staff on Regional level will be trained on twinning projects and especially on procurement, financial management, monitoring and evaluation.

The NEA will use its own staff, well experienced because of the implementation of active measures on the Labor market and additional staff on a civil contract base, where special knowledge is required. On a regional level, 24 people working on the last two projects – SMAEP’99 and Vocational Training’00 under the auspices of MLSP will be incorporated in the NEA accordingly. People from these regional structures and the whole regional experience will be used in the implementation of future projects. On a regional level as well, the Agency will establish specialized units within its Regional Employment Services set up in accordance with the administrative structure of Bulgaria.

Each RES includes nowadays more than 20 Labor offices ready to provide technical assistance on projects at local level as well as to promote them. The NEA staff is hired on a Labor contract basis and will be prepared for the future implementation of programs and projects under the structural funds and Implementing Agency management and supervision.