Project Number: SL9907.03.01

Title: Support for Strengthening of Labour Market Organisations.

Sub-programme: Support to Economic and Social Cohesion.

Geographical Location: Slovenia

Objectives: The main objective of the project is to support preparation for Slovenia’s participation in the European Union co-ordination through strengthening of the labour market organisations by:

1) Strengthening the capacity of the Employment Service of Slovenia (ESS).
2) Identification of non-distortive ways of supporting employment, and increased involvement of non-public bodies in provision of labour market services.
4) Preparation for participation in the Social Fund.

The Accession Partnership identifies development of appropriate labour market structures, preparation for participation in European Union co-ordination\(^1\) and alignment of state aid\(^2\) as important medium-terms priorities for which the NPAA details the legislative areas to be enforced. In addition, the project is designed to address the shortcomings identified in the Regular Report from the Commission on Slovenians Progress towards Accession especially strengthening of the institutional and administrative capacity\(^3\) of the public employment service\(^4\).

Description:
The project is part of MOLFSA’s efforts to comply with the acquis in the labour market fields for which the Ministry/ESS has allocated budget amounting to 12,5 MEURO.

The project is designed to be implemented as one comprehensive twinning package consisting of one long-term, full time, Pre-Accession Advisor (PAA) and a number of short-term experts. The PAA will be responsible for the entire implementation of the project including professional input for component 1 (Strengthening the operational capacity of the Employment Service of Slovenia) transferring experiences from EU member states and for co-ordinating the short implementation of all the project’s components.

1. Strengthening the operational capacity of the Employment Service of Slovenia
The project will provide change-management know-how, assist in changing ESS’s service mix, support enhancement of the role and capacity of local offices and the central office in Ljubljana, taking into account their new functions and tasks under the new legislation.

2. Transposition of practice, laws and regulations on state aid in respect to employment and increased involvement of non-public bodies in provision of labour market services:

\(^1\) Official Journal of the European Communities C202/95, 29.6.98.
\(^2\) Official Journal of the European Communities C202/95, 29.6.98.
\(^3\) Regular Report on Slovenia’s Progress towards Accession, p. 33.
\(^4\) Regular Report on Slovenia’s Progress towards Accession, p. 33.
Assistance is foreseen to MoLFSA for the elaboration of criteria which will enable identification of non-distortive ways for supporting employment and clearly differentiate these from distortive state aid. Advice will be provided in order to propose legal changes needed to bring the laws and regulations, being under the auspices of the MoLFSA, in line with the practice in EU member states.

Assistance will also be provided to MoLFSA’s staff for identifying ways of improving participation of private firms, NGO’s and other non-public bodies’ provision of labour market services and to define the fields where non-public provision will be more efficient and cost-effective than public one.

3. Preparation for participation in the European Social Fund:
Through practical hands-on assistance, ESS will be supported in the development of structures and administrative routines needed for playing a catalyst role for the preparation for participation in the ESF. Based on the National Employment Action Plan (NAP) the project will: transpose the active measures of the NAP into implementable initiatives in line with the European Employment Guidelines and according to the ESF procedures; assist identifying needs for adoption of new legislation required for effective implementation of the NAP and ESF procedures and identify the necessary administrative improvements (statistical procedures, etc.) needed to implement the EU Guidelines and the ESF.

The outcome of the project will be:
- Strengthened operational capacity of ESS and improve its ability to change along side the development in the labour market - change strategy.
- Improved efficiency of unemployment insurance and improved incentives to seek paid work - improved job-broking and improved monitoring.
- Improved ability to match labour market demand and supply - improved job-broking.
- Improved involvement of private organisation in providing labour market services - increase in the service delivery.
- Transposition of laws and regulations on state aid in respect to employment - new regulations and clear guidelines for non-distortive ways for supporting employment.
- More effective implementation of the active employment policy, also as part of the ESF - enhanced knowledge concerning ESF administration within ESS.

The input for the project will be:
- One Pre-Accession Advisers (PAA) for app. 14 months;
- short term advisors amounting to app. 7 man months\(^5\);
- training, seminars, workshops, etc.;
- software (similar to systems operating in the Member States and necessary for the implementation of the acquis).

Institutional framework:
Ministry of Labour, Family and Social Affairs (MOLFSA), Employment Service of the Republic of Slovenia (ESS) and private employment service providers.

\(^5\) If the expertise as requested cannot be provided by active civil servants or members of professional bodies responsible for the implementation of Community legislation it could be possible to contract technical assistance experts under e.g. the Framework Contractor.
MOLFSA is, as main responsible for the implementation of the project, a relatively small ministry (app. 100 employees). However, MOLFSA and ESS have, in respect to previous Phare programmes, proven their high absorption capacity. Both institutions are fully committed to take on the obligation deriving from the Twinning Agreement.

**Budget (in EUR million):**

<table>
<thead>
<tr>
<th></th>
<th>Investment</th>
<th>Institutional Building</th>
<th>Total Phare (=I+IB)</th>
<th>Recipient</th>
<th>IFI</th>
<th>Total M€</th>
</tr>
</thead>
<tbody>
<tr>
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<td>HQ</td>
<td>DIS</td>
<td></td>
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<td>0.05</td>
<td>0.05</td>
</tr>
<tr>
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<td>0.30</td>
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<td></td>
<td></td>
<td>12.8</td>
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<tr>
<td>Component 2</td>
<td>0.05</td>
<td>0.05</td>
<td></td>
<td>-</td>
<td></td>
<td>0.02</td>
</tr>
<tr>
<td>Component 3</td>
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<td></td>
<td>12.5</td>
<td></td>
<td>0.05</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>0.40</strong></td>
<td><strong>0.40</strong></td>
<td><strong>12.5</strong></td>
<td><strong>0</strong></td>
<td></td>
<td><strong>12.9</strong></td>
</tr>
</tbody>
</table>

*The national budget contribution is specified only for the entire project.

**Implementation arrangements:**
The MOLFSA will carry the implementation responsibility for the project which will be implemented as one complex twinning package.

**Implementation schedule:**
Start of tendering: after approval of FM (Q4 99)
Start of project activity: Q2 2000
Completion: Q2 2002

**Equal opportunity:**
Participation in this programme, both by government employees or other types of personnel, contracted by the Government, will be open to both females and males involved in the sector. Records of staff participating in training and other project related activities would reflect this. The Institutional Building through twinning actions will be open to both female and male candidates.

The project is expected, at the beneficiary side, to involve 50% women and on the consultant side a balance of 50% women will be the end-goal.

**Environment:**
Not applicable.

**Rates of return:**
Not applicable.

**Investment criteria**
Not applicable.

**Conditionality and sequencing:**
As the NAP constitutes the background for the active labour market policy in Slovenia, timely approval of the NAP is a precondition for the implementation of the project.
**Annex 1 to Project Fiche for the Programme: Support to the Economic and Social Cohesion**

**LOGFRAME PLANNING MATRIX FOR SUPPORT FOR STRENGTHENING OF LABOUR MARKET ORGANISATIONS**

<table>
<thead>
<tr>
<th>Project Number: SL9907.03.01</th>
<th>Number: SL9907.03.01</th>
<th>Date of drafting: March 1999</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Wider Objective</strong></td>
<td><strong>Contracting period expires: 30 Sept. 2001</strong></td>
<td><strong>Disbursement period expires: 30 Sept. 2002</strong></td>
</tr>
<tr>
<td>To improve the preparedness for Slovenia's participation in the European Union co-ordination by strengthening the labour market institutions.</td>
<td><strong>Total Budget:</strong> 12.9 MEURO</td>
<td><strong>Phare contribution:</strong> 0.4 MEURO</td>
</tr>
</tbody>
</table>

**Indicators of Achievement**

- Successful and timely accession in the labour market field and in the sphere of State aid.
- Improved capacity at all levels to implement the active labour market policy and to influence the functioning of the labour market through the NAP in compliance with the European Employment Guidelines.
- Increased preparation for participation in the ESF.

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

- Official Gazette.
- Policy formation papers.
- EU reports on the accession process.
- Reports on timely screening and negotiation process.

**Assumptions and Risks**

- Timely adoption of the NAP by the Parliament.
- Adoption of new regulations concerning State Aid and ESF.
- Sufficient national budget to cover the accompanied cost.

**Immediate Objectives**

- Strengthening the capacity of the Employment Service of Slovenia (ESS).

**Indicators of Achievement**

- Improved operational capacity of ESS and ability to change along side the

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

- Experts’ reports.
- Ad hoc material and yearly reports.

**Assumptions and Risks**

Sufficient national budget to cover the accompanied cost and availability of Phare support.
<table>
<thead>
<tr>
<th>Increase the involvement of non-public bodies in provision of labour market services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Identification of non-distortive ways of supporting employment</td>
</tr>
<tr>
<td>Preparation for participation in the Social Fund.</td>
</tr>
<tr>
<td>Development in the labour market.</td>
</tr>
<tr>
<td>Improved efficiency of unemployment insurance and improved incentives to seek paid work.</td>
</tr>
<tr>
<td>Improved ability to match labour market demand and supply.</td>
</tr>
<tr>
<td>Transposition of laws and regulations on state aid in respect to employment.</td>
</tr>
<tr>
<td>Capacity to implement, more effective, the active employment policy, also as part of the ESF.</td>
</tr>
<tr>
<td>Labour market statistic.</td>
</tr>
<tr>
<td>Draft laws/regulations.</td>
</tr>
<tr>
<td>Outputs</td>
</tr>
<tr>
<td>------------------------------------------------------------------------</td>
</tr>
<tr>
<td>- ESS - change strategy.</td>
</tr>
<tr>
<td>- Improved external and internal control and monitoring procedures.</td>
</tr>
<tr>
<td>- Improved job-brokering through description of the services, training of the councillors and use of modern technology for provision of vacancy information.</td>
</tr>
<tr>
<td>- Establishment of the pilot job centre.</td>
</tr>
<tr>
<td>- Quality standards for service provision to clients.</td>
</tr>
<tr>
<td>- Establishment of the centralised system for payment of unemployment benefits.</td>
</tr>
<tr>
<td>- Curriculum for training of the ESS staff.</td>
</tr>
<tr>
<td>- Proposal for change of law and regulation in respect to state aid.</td>
</tr>
<tr>
<td>- Report on guidelines and principles for non-distortive employment support.</td>
</tr>
<tr>
<td>- Guidelines on services to be provided by non-public providers.</td>
</tr>
<tr>
<td>- Methods for measuring the results of non-public service provision</td>
</tr>
</tbody>
</table>
and elaboration of quality standard.
- Description and implementation of administrative and technical procedures within ESS in respect to ESF.
- Identified needs for adjusting the existing legislation and regulation in order to implement the NAP and ESF procedures.
<table>
<thead>
<tr>
<th>Inputs</th>
</tr>
</thead>
<tbody>
<tr>
<td>• One PAA for app. 14 months.</td>
</tr>
<tr>
<td>• Short term advisors amounting to app. 7 man months.</td>
</tr>
<tr>
<td>• Training, seminars, workshops, etc.</td>
</tr>
<tr>
<td>• Software (similar to systems operating in the Member States and necessary for the implementation of the acquis).</td>
</tr>
<tr>
<td>• National budget.</td>
</tr>
</tbody>
</table>
NB See also sheet 2 for disbursement schedule

Name and Number of programme

CUMULATIVE CONTRACTING SCHEDULE
(EUR million)

<table>
<thead>
<tr>
<th>Component 1</th>
<th>QU 1/00</th>
<th>QU 2/00</th>
<th>QU 3/00</th>
<th>QU 4/00</th>
<th>QU 1/01</th>
<th>QU 2/01</th>
<th>QU 3/01</th>
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<th>QU 1/2002</th>
<th>QU 2/02</th>
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<tr>
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NB: all contracting should normally be completed within 6-12 months and must be completed within 24 months of signature of FM
Name and Number of programme

CUMULATIVE DISBURSEMENT SCHEDULE
(EUR million)

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<th></th>
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<th>QU 3/00</th>
<th>QU 4/00</th>
<th>QU 1/01</th>
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<th>QU 1/2002</th>
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<th>QU 3/02</th>
</tr>
</thead>
<tbody>
<tr>
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<td>0.250</td>
<td>0.270</td>
<td>0.290</td>
<td>0.300</td>
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<td>Component 2</td>
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<td>0.050</td>
<td>0.050</td>
<td>0.050</td>
<td>0.050</td>
<td>0.050</td>
<td>0.050</td>
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<td>0.050</td>
</tr>
<tr>
<td>Component 3</td>
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<td>0</td>
<td>0.050</td>
<td>0.050</td>
<td>0.050</td>
<td>0.050</td>
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<td>0.050</td>
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<tr>
<td>TOTAL</td>
<td>0</td>
<td>0.05</td>
<td>0.150</td>
<td>0.170</td>
<td>0.240</td>
<td>0.310</td>
<td>0.330</td>
<td>0.350</td>
<td>0.370</td>
<td>0.390</td>
<td>0.400</td>
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</tbody>
</table>

NB all disbursements must be completed within 36 months of signature of the FM
Name of programme

SL9907.03.01
SUPPORT FOR STRENGTHENING OF LABOUR MARKET ORGANISATIONS

CUMULATIVE CONTRACTING and DISBURSEMENT SCHEDULE
(EUR million)

<table>
<thead>
<tr>
<th>Date</th>
<th>QU 1/00</th>
<th>QU 2/00</th>
<th>QU 3/00</th>
<th>QU 4/00</th>
<th>QU 1/01</th>
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<tr>
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<td>0.240</td>
<td>0.310</td>
<td>0.330</td>
<td>0.350</td>
<td>0.370</td>
<td>0.390</td>
<td>0.400</td>
</tr>
</tbody>
</table>

NB: 1. all contracting should normally be completed within 6-12 months and must be completed within 24 months of signature of FM
2. all disbursements must be completed within 36 months of signature of the FM
Annex 2b of Project Fiche SL 9907.03.01: Implementation time chart

<table>
<thead>
<tr>
<th>COMPONENTS</th>
<th>Implementation Time Schedule (Quarters)</th>
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<tbody>
<tr>
<td></td>
<td>PLANNED</td>
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<tr>
<td>Component 1</td>
<td>D</td>
</tr>
<tr>
<td>Component 2</td>
<td>D</td>
</tr>
<tr>
<td>Component 3</td>
<td>D</td>
</tr>
</tbody>
</table>

Legend:
D = design
C = contracting
I = implementation

Annex 3 to Project Fiche SL 9907.03.01: Detailed costs breakdown

A. Expertise

<table>
<thead>
<tr>
<th>Expenditure in EUR</th>
<th>Component 1</th>
<th>Component 2</th>
<th>Component 3</th>
<th>Component 4</th>
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<tr>
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<tr>
<td>Short-term experts</td>
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<td>30.000</td>
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<td>120.000</td>
</tr>
<tr>
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<td>30.000</td>
<td>50.000</td>
<td>400.000</td>
</tr>
</tbody>
</table>

Legend:
Component 1: Strengthening of the operational capacity of the employment service of Slovenia Occupational Health and Safety

Component 2: Transposition of practice, law and regulation on state aid in respect to employment.

Component 3: Increased involvement of non-public bodies in provision of labour market services.

Component 4: Preparation for participation in the European Social Fund.
Annex 4 to Project Fiche SL9907.03.01: Relation of project with previous PHARE activities

The European Commission has through the Phare Programmes for 1995 and 1996 supported crucial aspects of the labour market restructuring.

The project SL9502.03.01 has successfully supported establishment of the Pilot Vocational Information and Counselling Centre in Ljubljana. Establishing of centres in other regions, is currently underway (Supported by Phare through SL9605.01.01).

The Phare projects SL9502.03.04, SL9502.03.01 and SL9605.01.01 have supported the development of the information system architecture for (amongst others) ESS. The establishing of the pilot Human Resources Development Fund (in Maribor) is supported by the project SL9502.03.04.

Through support from the Phare project SL 9605.01.03 (Activating Local Potentials in Depressed Areas) three area based Information and Research Centres for Employment Promotion have been established and the four-step approach for exploiting local employability has been very successful (six major local part project have been identified and supported)

“Hot spot” support for the Ministry to dedicated labour market fields has successfully been provided by the project: Labour Legislation and Implementation - SL9605.01.03. However, until now no support has been provided to the Ministry or the labour market institutions in respect to conceptual issues or institutional strengthening.

Annex (*): Reference to feasibility/pre-feasibility studies
Not applicable.

Annex 6 (*): Relevant Laws and Regulations

Acquis Communautaire:

**Employment**

- Council Regulation (EEC) No 1888/84 of 26 June 1984 introduction special measures of Community interest in the field of employment
  - OJ No L 177, 4.7.84, p1
  - OJ No L 45, 26.08.92, p1
  - OJ No L 273, 17.12.70
- Commission Decision 84/521/EEC of 19 October 1984 granting financial assistance within the framework of special measures of Community interest in the field of employment.
  - OJ No L 290, 7.11.84 p.17
  - OJ No L 274, 6.11.93 p.17
  - OJ No L 6, 10.1.97
- Council Decision 98/171/EC of 23 February 1998 on community activities concerning analysis, research and co-operation in the field of employment and the labour market setting up an Employment and Labour Market Committee.
- Council Resolution of 18 December 1979 on linked work and training of young people.
- Council Resolution of 7 July 1984 on the contribution of local employment initiatives to combating unemployment.
- Council Resolution of 29 May 1990 on action to assist the long-term unemployed.
  *Disabled Persons*
  *
  *European Social Fund*
- All relevant Council Regulations

The following national laws and regulations are focal:
- Law on employment and labour relation.
- Law on employment and unemployment insurance.
- Law on change and amendments on the Law on employment and unemployment insurance.
- Law on vocational and professional education.
- Law on Regional Development (draft).
- Law on National Budget (draft).
- Law on territorial areas/provinces.

Annex 7 (*):.....

Annex 8 (*): Relevant Government Strategic plans and studies
- Labour Market Review (draft).
- Labour Market Studies.
- Annual report from the National Employment Service.
- Feasibility study on Establishing Resource Centre in Maribor.
• Draft strategy for organisational change of ESS.

(*) Annexes to Project Fiche SL 9907.03.01