

## SUMMARY PROJECT FICHE

### 1 Basic Information

1.1 Désirée Number: BG 0202.01

1.2 Title **Clearing the path to employment for youths**

1.3 Sector ESC

1.4 Location Targeted regions within Bulgaria.

### 2 Objectives

#### 2.1 Overall Objectives:

- Reduced level of unemployment and increased employment amongst unemployed youths (18-29);
- Increased local communities' involvement into absorption of the EU funding.

#### 2.2 Project Purpose:

Increased level of employability, adaptability and entrepreneurship of youths, 18-29 years old.

#### 2.3. Accession Partnership and NPAA priority

##### 2.3.1 Accession Partnership

The project supports the following objectives stated in the Employment and Social policy chapter of the AP:

- Continue to support social partners' capacity – building efforts, in particular with a view to their future role in the elaboration and implementation of EU employment and social policy, including the European Social Fund and foster structured involvement of social partners, notably through autonomous bipartite social dialogue;
- Continue alignment of the social acquis in particular on equal treatment for women and men

The project also contributes to the following statement in the section concerning the economic criteria for accession:

- Develop a favourable business environment for SMEs through addressing the remaining obstacles to SME development including lack of business expertise among SMEs managers;

In the chapter “Ability to assume the obligations of membership” of the AP it is also required to introduce administrative structures, education and training programs that will ease the process of free movement of people.

In addition the project is in accordance to the European employment directives, that state that: “Every unemployed young person will be given a new start, not later than six months from the moment he/she became unemployed, in the form of vocational training, job practice, work or other measures aiming to reduce the level of youth unemployment”.

### 2.3.2 NPAA

The project is in conformity with the NPAA in its part related to anticipated results in the sphere of “Employment and European Social Fund” stating:

- Development of programs for professional orientation, vocational training and job placement of unemployed youngsters under the age of 29;
- Encouragement of employers to hire youths;
- To develop and increase the capacity at the local level as well as to establish favourable conditions for project management with external assistance;
- To improve the decision-making process and to increase the effectiveness of the labour market measures applied;

## 2.4 Contribution to the National Economic Development Plan (NEDP)

The high unemployment rate among youths is recognized as one of the main problems on the labour market in Bulgaria. As a preventive measure in the NEDP it is foreseen the MLSP and its regional structures to undertake actions aimed at reducing the rate of youth unemployment by introducing measures, which will encourage employers to hire young people.

The project addresses directly the following priorities laid down in the NEDP 2000-2006:

- Increasing employment through measures for motivating employers to hire young people below 29 years of age, vocational orientation (job coaching), training for vocational qualification and employing people under 29; professional realization and social integration of people coming from orphanages;
- Employability promotion for youth and long term unemployed;
- Encouragement of entrepreneurship and employment activities;
- Development of programs for professional orientation, vocational training and job placement of unemployed youngsters under the age of 29.

In addition, the project is consistent with the key objectives defined in the National Employment Plan:

- Implementation of an active policy for increase of the employment, especially support to the disadvantaged groups on the labor market: young people, long-term unemployed, disabled, ethnic minorities;

## 2.5 Contribution to the Government program in the sphere of employment and social policy (2001-2005)

The project is in accordance with the priorities set in the Government program in the sphere of employment and social policy covering the period 2001-2005, especially the one concerning the measures aiming to increase the employment through the implementation of active labour market measures.

The proposed activities dealing with youth unemployment in this project are contributing strongly to the achievement of the goals under Chapter 1 “Employment policy” of the Government program e.g.:

- Increasing the overall employment;
- Development of the labour force capacity;
- Development of effective active labour market measures aiming to reduce the unemployment rates;
- Increasing the adaptability of the labour force in accordance to the real labour market needs;

### **3. Description**

#### **3.1 Background and Justification**

The activities to be developed under this project aim to ensure greater opportunities for employment and career progress among unemployed youths from 18-29 years old, as they are recognized to be one of the most vulnerable groups on the labor market.

The restructuring of the Bulgarian economy has a negative effect on the rate of youth unemployment. The unemployed youths form a substantial part of the disadvantaged groups on the labor market. At the end of September 2001 about 171,000 unemployed youths are registered in the Labor offices. That is 27% of the registered unemployed.

The difficulties experienced by youngsters when trying to find a proper job are linked with the lack of professional experience, lack of financial resources to invest in education, unwillingness of the employers to offer them a good career opportunities, adequate salaries and social insurance contributions. The overall stagnation of the economic activity in the country also leads to the formation of a pool of unemployed young people, who are very sensitive to the labor market trends.

Nationally, the registered unemployed at the end of September 2001 are 629 866 as an absolute sum. From them, those under the age of 19 are 3.6%, the group from 20 to 24 - 10.7%, and the youths from 25 to 29 years old – 12.7%. These figures may be used to make some controversial conclusions in terms of educational attainment and duration of unemployment. The relative low percent of unemployed under the age of 19 may be viewed as an indicator for the propensity toward higher educational attainment among youngsters in times of economic stagnation and low rate of job creation. In the same time the highest percentage of young unemployed is in the age group 25-29. That is to show that after graduation it is still hard for youths to find a proper job. From other point of view, the high rate of unemployment in the age group 25-29 may show that in this group are concentrated long-term unemployed youths with no concern to their educational attainment. For a more insight analysis one should look at the figures of educational attainment and duration of unemployment in every age segment.

In the group of unemployed under 19 years old, 63% are with primary and lower education, 14% are with common secondary schooling and 23% with vocational secondary schooling. In the age group 20-24 years old 60% are with primary and lower education, 10% are with common secondary schooling, 25% are with vocational secondary schooling and 5% with higher education. Among unemployed youths between 25 and 29 years old, 59% are with primary and lower education, 8% are with common secondary schooling, 24% are with vocational secondary schooling and 9% with higher education. It is obvious that in all age groups the most numerous are those with no appropriate qualifications. This problem requires adequate actions to integrate the above mentioned youth groups into the labor market on time and to avoid their further exclusion from society. The comparatively low share of unemployed youths with higher education is not an indicator revealing favorable employment opportunities for them. In fact large pools of graduates avoid registration in the Labor offices or are employed in spheres where their real qualifications are not applicable. In this sense measures should be taken to facilitate the process of matching young professionals' qualifications with the needs of employers. The high percentage of unemployed with primary and lower education in the group 25-29 years old (though lower than the other groups) justifies the fact that the lower the educational attainment, the more difficult the integration in the labor market. A considerable part of this low educated unemployed belongs to the long-term unemployed group, as well. The long-term unemployment rate (above 1 year)

among youths is as follows: in the group under 19 years old – 1,8% of all long-term unemployed, in the group 20-24 years old - 9,4% of all long-term unemployed, in the group 25-29 years old – 12,5%.

In summary we can conclude the following characteristics of youth unemployment on the labour market:

- The age groups discussed above differ significantly in terms of causes for unemployment and that requires diverse measures to be taken in order to overcome their high rate of unemployment;
- There should be distinctive interventions in concern with the educational attainment of youths;
- Measures should be designed in a way that will take into account the duration of unemployment;
- Graduates form a specific labor market segment that is not characterized with such a high unemployment rate compared to other age groups, but the connection between qualifications and jobs are fairly, weak;

Within the project proposal an emphasis has been given to the involvement of the Labour offices especially in the promotional campaigns, information dissemination, contract implementation and the monitoring and evaluation process. This is in accordance with the new Employment promotion act (that came into force on 1<sup>st</sup> of January 2002), where the regional structures of the MLSP are given new responsibilities. As a whole in the new normative base the Agency for employment and its regional divisions will not implement passive labour market measures and they will focus on the active labour market policy. It is envisaged that the Agency for employment (subsequently its divisions) will be particularly responsible for:

1. Provision of intermediary services
2. Planning of programs and measures for employment promotion
3. Programs and measures for youths employment promotion
4. Programs and measures for transition from passive to active labour market measures
5. Life-long learning measures and programs
6. Entrepreneurship promotion
7. Recruitment subsidies
8. Programs and measures for equal opportunities through socio-economic integration of the vulnerable groups on the labour market
9. Vocational training initiatives

The activities under this project are to be developed and implemented on a regional base. In this sense they will diversify and complement the activities of the regional structures and in the same time will be part of the “learning by doing” process that will contribute to further strengthening of the capacity of the Agency for employment and the LOs. Thus the project is in accordance with the AP, where it is stated that “Bulgaria needs to ensure that the appropriate administrative structures for control and evaluation of EC pre accession funds are in place”.

During the implementation of the project activities closer cooperation and coordination will be needed with the Ministry of Education and Science as well.

### 3.2 Linked Activities

The following activities financed by the EU Phare Program have been implemented:

The management of Grant schemes is introduced for the first time with the project “Integrated development in the Pernik Region” and is further developed in the “SMAEP” project. Thus a

significant knowledge on local level is accumulated and it could be used for the successful implementation of the current project.

Under Phare 2000 the following linked activities are envisaged:

- Assistance in the form of vocational training to the workforce, especially the disadvantaged groups;
- Retraining activities to adjust the labor force to the new economic conditions;

The project “Investment in Labor Market Development and Vocational Training” will be implemented in the South central and Northwest regions, while the current project will give access to EU funding for vocational training initiatives to broader regions.

Under Phare 2001 program there are also activities closely linked to the current project.

The following pilot activities of the projects “Labor market initiatives” and “Social inclusion” are to be further developed in the Phare 2002 program:

- Grant schemes for provision of apprenticeship programs and vocational and educational training programs;
- Strengthening the links between employers and labor offices;
- Provision of consultancy services to stimulate entrepreneurship;

The project “Preparing for future ESF – type programs” comprises of measures that aim to strengthen the capacity of MLSP, Agency for employment, and MES in project cycle management, monitoring and evaluation of projects. In this sense the current project is a continuation of these activities, as it will broaden the implementation of the measures in the local communities and will expand the training schedules with courses about ESF type of interventions..

The following activities financed by other external donors have been implemented:

The pilot “Regional initiatives fund” that has to be further incorporated into the Social Investment Fund is financed by a loan from the World Bank and a grant by USAID. It aims at alleviation the social consequences of economic restructuring mostly through community based initiatives. With the current project it is also envisaged to encourage the community based organisations to participate actively in the management and implementation of grant schemes on a competitive base.

Under the program MATRA financed by the Netherlands government, measures toward strengthening the linkages and the collaboration between Labor offices and Social Assistance Services, as well as development of active labor market measures are foreseen. The MATRA program is in conformity with the activities aiming social partners’ and local citizens’ involvement in the implementation of projects, proposed in the current project.

Projects financed by UNDP such as “Sustainable promotion of SMEs through the creation of Business support centers in Razlog Region”, “Business promotion and Support program”, “Economic Empowerment of Women in Devin Region”, “Job Opportunities Through Business Support”, have been successfully implemented. They give substantial in-depth understanding about management, local communities’ capacity and implementation of projects on local level.

### **3.3 Results**

#### **Component I - *Enhanced capacity and collaboration on local level***

##### **A) Seminars, workshops and training for local communities**

- Two 3-day seminars and workshops in 28 regions concerning issues about ESF type of interventions;
- 5 day training courses in 28 regions for the technical aspects of applying procedures, eligibility criteria, implementation and monitoring of grant activities;
- 1000 participants of the civil society fully aware of grants applying and implementation, and ESF type of interventions;
- 4 developed curricula;
- developed database of trained people and local community based organizations;

##### **B) Grant scheme for local communities stimulating their active involvement in seminars and workshops**

- 56 grants, up to 10 000 Euro, awarded in 28 regions;
- 1-day seminars in 28 regions to nominate the winners;
- successful grants implementation by awarded applicants;
- minimum 80 project proposals elaborated after completion of the seminars and the training activities

##### **C) Grant scheme for local employment initiatives**

- 45 grants, up to 60 000 Euro awarded within targeted regions
- successful grant implementation by awarded applicants
- minimum 55 project proposals elaborated
- 6 600 man/months involvement in the local employment initiatives for unemployed youngsters aged 18-29
- 330 youngsters aged 18-29 employed on a permanent base

#### **Component II - Initiatives for youth employment**

##### **A) Apprenticeship**

- 970 youngsters, 18-24 years old, with secondary education, but without professional qualification and experience involved in 6 months period apprenticeship programs;
- 5790 man/months employment during apprenticeship period;
- minimum 5790 man/woman months additional employment;
- 30% out of the apprentices employed on a sustainable base;
- 670 employed involved in additional qualification programs as a part of job rotation;

## **B) Vocational training**

- 1 400 youths, 18-24 years old with primary education involved in vocational training courses;
- development of 30 training curricula focused on the target group and labor market needs;
- 15 training providers expanded their business;

## **C) Recruitment subsidies**

- 1 000 youths, 19-24 years old, with professional qualification but without experience involved in 6 months subsidies employment (6 000 man/woman months employment);
- minimum 6 000 additional man/woman months employment;

## **D) Boosting entrepreneurship amongst youngsters**

- 850 youths, 24-29 years old, trained in entrepreneurship;
- 300 long-term work places created by self employment;
- 150 additional work places created;
- 1 000 businesses, owned by youngsters, up to 29 years old provided with business consulting services;
- minimum 3 newly established Business Incubators operational within targeted regions;

## **E) Job placement activities**

- 100 graduates without experience – one month practice in foreign companies and organizations;
- 300 graduates without experience – two months practice in companies and organizations in Bulgaria;
- 60% of the trainees employed on a sustainable base in Bulgaria;

## **3.4 Activities**

### **Component I - Enhanced capacity and collaboration on local level**

Component 1 comprises of three activities: organization of seminars and training for local communities and then subsequent implementation of grant schemes. The overall objective here is not only to ease the access of the communities for funding through ESF type of mechanisms, but also to strengthen their capacity for self - identification of their needs, applying and implementation of projects on their own. So far most of the implemented projects have not been enough bounded to the real needs on community level. By the proposed approach it will be achieved demand – driven service delivery.

#### **A) Seminars, workshops and training for local communities**

As all societies are built from social groups rather than individuals it is clear that these groups determine different attitudes, beliefs, values, access to resources and power. In this project proposal the aim is to address the communities who share common values, but lack the capacity to defend their own interests, have not the power to access financial resources and lack enough capacity to implement

projects on their own. This sub-component is designed in a way that will guarantee the establishment of an organizational capacity and will support the associational activity of the above mentioned groups.

The main beneficiaries under this component are representatives of the local communities – youths, youth groups and associations, ethnic minority groups and associations, groups of disabled people or any other group of individuals living in a close proximity to each other, NGOs, private business, ordinary people, etc. who are able to identify a common need, but whose capacity to award and implement funds have to be improved. The local community involvement will guarantee that the projects respond to the local needs. The strategic goal of this activity is the increased level of social capital as a fundamental factor of a sustainable growth.

The municipal authorities, the district authorities and the social partners are regarded as fully capable to apply and implement projects, as they are the main beneficiaries under previously Phare funded projects in the social sector. In this sense they will not be eligible for the activities under this component, though they may have an important role in fostering the cross-cutting ties among communities.

To guarantee the efficient start of the seminars and the training, promotional and educational campaign will be held in all the 28 districts. The campaign will raise the awareness, the public interest for partnership building and the participatory approaches on local level. The educational part of the campaign will bring to the dissemination of clear and useful information to potential eligible groups. The overall aim will be to reach all the above specified informal or formal groups that have the potential to come together and access project funds. The promotion will be organized by the PIU and implemented by the LOs.

For the development of curricula, the identification of lecturers, the provision of the seminars and the training a tender will be organized. The selected organization will be responsible for the preliminary needs assessment of the communities on local level. Then to build capacity on community level appropriate curricula should be developed and they will be focused on the specific responsibilities to be taken by these community organizations. As a result four curricula will be in place – one for the seminars and three for the training. They will cover the following topics:

1. Basic knowledge about ESF, its type of interventions and mechanisms;
2. Technical aspects of application procedures, eligibility criteria, scope of ESF activities to be funded, etc.;
3. Technical aspects of the process of implementation of grant schemes and specific terms concerning communities;
4. Technical aspects of the monitoring and evaluation process on the implementation;

Basic knowledge about ESF and its type of interventions and mechanisms will be provided through 3-day seminars in 28 administrative districts. In order to reach a large number of interested parties the seminars in question will be repeated. The lecturers will be external and national experts.

After receiving the initial knowledge about ESF, the interested communities will be offered a more profound training on the technical issues concerning their applying for access to funds, identification of their needs, the implementation process and the subsequent monitoring and evaluation activities, as specified in curricula 2, 3 and 4. This activity envisages the 5 day trainings again to be held in the 28 administrative districts. The lecturers will be selected on the base of their knowledge and particularly



their practical experience in the matter concerned in the curricula. They could be national as well as external experts and practitioners.

This activity also includes an establishment of a database for trained representatives of the communities not only as institutions and organizations but also as personalities. The database will be a useful tool that will ease the following extension of grant implementation amongst these groups.

## **B) Grant scheme for local communities stimulating their active involvement in seminars and workshops**

As a continuation of the previous activity (B), mini-grant schemes (up to 10 000 euro) will be established for the participants in the training seminars amongst the communities. The latter aims fully involvement of the participants in the process of training and their further practical utilization of the acquired skills. At the end of the seminars the participants will be offered to compete for two grants up to 10 000 EURO in each district.

Before the commencement of the application procedures there will be an elaboration of an eligibility menu that will favour the project proposals aiming to reduce the level of youth unemployment on local level. Though small – scale pilot project, proposals that will have a positive overall social impact, as improving the welfare amongst vulnerable groups, reducing the risk of marginalization or contributing strongly to the building of a capacity within major disadvantaged communities, will not be discouraged from applying.

Before the process of application starts there will be an obligation for informal communities that have identified a common need to register as an organization following the Bulgarian legislative base.

The participants will have an appropriate time (one to two months) to draft and submit their project proposals. The planning of the proposal for funding will be done in consultation with the training organization. The proposal will be presented for appraisal in a standard application form that includes information on project's correspondence to the needs of the community, detailed description of the activities, objectives and results broken by time and cost, size of the project, implementation capacity and how sustainability will be achieved. A commission comprising of representatives respectively one from the Employment Committees at the Regional Development Councils, one from the training organization, and one from the PIU will evaluate the proposals. The project proposals should meet certain criteria that will be developed for the purposes of the evaluation process. The staff of the commission will be elected on the base of the practical experience and the knowledge acquired in implementing and managing previously Phare funded projects. Then the winning projects will be presented before the PAO for final approval. In each district no more than 2 projects up to 10 000 euro will be implemented.

A nomination seminar for all applicants will follow and the successful applicants will be awarded. There will be also a discussion on the strengths and weaknesses that have been found in the proposals. The communities that will not be funded under this measure could take advantage of their ideas by providing information on their proposals to the municipal authorities, social partners and district authorities, who then in collaboration could develop a proposal for funding under the measure "Local employment initiatives".

The grants will be implemented by the applicants under the supervision and control of the project administration and under the guidance and counseling of the tendered organization. (PIU and LOs as regional structures of the project).

### **C) Grant Scheme for local employment initiatives**

The aim of this measure is two folded. From one side the trained local communities will have the chance to further utilize their capacity through the collaboration with the local authorities and other local organizations. In such a way the cross-cutting ties between different local organizations will be strengthened and will contribute to the formation of a positive social capital. On the other side the projects that will be implemented under this measure will address one of the most serious problems on the labour market – long-term youth unemployment.

The local employment initiatives will be in most of the cases short – term activities (on average with 3 – 6 months duration). Their focus is on long-term unemployed youths, who need a proper social environment in order to overcome the social exclusion. The acuteness of the problem with the long – term unemployed youths who have been registered in the LOs for more than a year poses a serious challenge to the policy in the social area. At the end of year 2001 there are about 330 000 long-term unemployed people. From them 77 000 are youths or that is 23% of all long-term unemployed. At the same time the unemployed without education within the long-term unemployed group are 224 000 as an absolute sum or that shows that about 70% of all long –term unemployed are without proper educational background. In this sense there should be appropriate interventions that will help to smoothen the pressure on the labour market as those youths that are long-term unemployed in most of the cases lack educational background too. The activities proposed here could help to solve part of the problem by ensuring temporary employment for those long-term unemployed youths without appropriate education. The aim is to make the formation of a society open to all and in this way to prevent the youngsters from society alienation in the long run. The target group of these initiatives will be youths in 18-29 years of age.

Eligibility criteria for the type of the projects and the organizations will be developed prior to the implementation of the activity. The project types will include in most of the cases infrastructural projects, such as health centers, social care homes for disabled or elderly people, orphanages, water supply or sewage systems, urban regeneration, cultural heritage refurbishment, labour-intensive public works. Initiatives related to art (for example motivating the youths on local level to take part in organization of exhibitions, formation of local youths' theaters) or the formation of local cultural groups and youths' clubs will be also eligible for funding. The eligible projects should ensure employment opportunities for long-term unemployed youths.

The average size of the grants under this measure will be at about 60 000 euro. For that reason the organizations that will be eligible for funding should possess the needed capacity to implement the project successfully. It will be important to stimulate initiatives that are recognized as an important local priority by all local participants – communities, municipal authorities, local authorities, and social partners, NGOs, private business. Preference also will be given to projects developed in collaboration between the above mentioned participants.

A call for proposals will be launched at local level at the targeted regions. The invited partners for participation will be representatives from the local communities, municipalities, social partners, private businesses, NGOs, community based organizations. The call for proposals will be organized and launched by the PIU and LOs. The call for proposal will be preceded by the development of selection

criteria and guidelines for applicants, which will be submitted by the PIU and approved by the PAO. A promotion campaign will be carried out, afterwards. The proposals will be assessed by the Regional Evaluation Committees and approved by the PAO. The successful applicants will be awarded with grants to finance the relevant initiatives. It is assumed that about 45 grants will be implemented. The latter will be monitored by the LOs and the PIU.

The awarded applicants will be required to contribute at least 10% to the cost of the relevant initiative.

## **Component II - Youth employment initiatives**

The project will be implemented on national-wide base but the different components and activities will be targeted at regional level. In order to identify the specific needs and possibilities of the youngsters on the labor market and the geographic allocation of the activities under Component II, a national survey for youngsters on the labor market will be carried out. The survey will start in September 2002 and will be completed by February-March 2003. Target area allocation of resources and activities will be based on the survey and will be approved by the SC of the project. The targeting of the regions will be based on the following criteria:

1. Trends in the demand and supply of youths' labour on municipal or district level;
2. Educational attainment of the unemployed youths on municipal or district level;
3. Average duration of the unemployment period amongst youths on municipal or district level;
4. Causes for unemployment on a municipal or district level;
5. Percentage of unemployed youths on municipal or district level compared to the average national youth unemployment rate for a specified period of time.

After in-depth analysis of these issues a summary and findings on the characteristics of the youth unemployment on municipal or district level will be available and one could be able to allocate the activities under Component II in different regions by taking into account the target group which is to be reached in each sub-component. As a whole the activities under Component II will try to address the short - term unemployed youths at the age of 18-29.

By defining the target regions in such a manner, it is envisaged to achieve more streamlined and more objectively – oriented results.

The survey and selection of the regions will be made exactly before commencement of the project activities in order to take into consideration the current picture of the labor market. The survey will be asked by the MLSP and will be financed under the "Project Preparation Facility", Phare 2000, managed by the Bulgarian Ministry of Foreign Affairs.

In order to ensure the specific objectives of the project all activities will be monitored by PIU and the LOs as regional structures of the project.

## **A) Apprenticeship**

The following measure will be a continuation of the pilot apprenticeship program proposed in the Phare 2001 project “Labour market initiatives” but here the scheme will focus only on youths between 18-24 years of age, thus creating for a more streamlined approach. While in Phare 2001 the target group is more broadly defined, in the current proposal we want to reach a certain group of youngsters that has more common characteristics in terms of educational attainment. As a whole the short-term unemployed youths will benefit from the component.

The measure comprises of the following elements: apprenticeship for unemployed youths and training for the staff of the company. The activity is a combination of a job rotation program and an apprenticeship program. While the unemployed youths are engaged as apprentices, the employees of the company will be involved in a retraining in order to raise their qualifications.

This measure is designed to provide the unemployed youth an opportunity to gain an experience as an apprentice within a company for six months. The activity is focused on the young unemployed between 18 and 24 years of age with secondary education, but without professional qualification and experience. A positive externality will be reached by offering the employers a retraining program for the company staff during the period of apprenticeship on one to one bases. This approach will be consistent with the objectives of the job rotation program and will be an incentive for the employers to take part in the program.

A call for proposals will be issued to organizations in target areas selected upon the results of the above-mentioned survey. Regional Evaluation Committees will evaluate the proposals and the PAO will make the final approval. It is envisioned minimum 10 interested organizations to be contracted. This will be done in line with PRAG rules: Under the PPF (project preparation facility), guidelines for the application as well as details/parameters for the grant scheme, including selection criteria, will be developed. The latter will be approved by PAO. Then the awarded applicants will be required to market the program, provide information on the specific requirements and needs of the employers within a certain region, broker the placement of apprenticeships with employers and monitor the individual placements to ensure contract compliance. An additional monitoring will be occurred by LOs. The job rotation program includes appropriate retraining for the employees and the awarded organizations should be able to prepare curricula or timetables for the successful implementation of this measure.

For participating employers there will be a requirement to guarantee paid employment for a period of at least six months following the apprenticeship.

## **B) Vocational training**

This measure is designed to give unemployed youths with primary education access to vocational training related to the needs of the labour market. As it is discussed in the justification part of the project, large pools of youngsters do not possess the needed qualifications, knowledge and work experience to be employed on a permanent base. The envisaged vocational training is to ensure that these youths will acquire the basic skills that are needed to find a proper job corresponding to the requirements of the labour market.

This component will specifically target unemployed youths in 18-24 years of age with primary education or with secondary schooling but without professional experience. The focus of the measure

again is on short-term unemployed youths. The regions will be targeted on the base of the mentioned survey.

Criteria and guidelines for development and selection of training programs will be developed in close collaboration between the MLSP, the Agency for employment, and the Ministry of Education and Sciences.

The promotion campaign of the scheme will be conducted by the PIU and the LOs. Then a call of proposals will be issued to organizations interested in VET programs opportunities. Proposals will be considered by the Regional Evaluation Committees and approved by the PAO. In order to ensure that the training is in conformity with the real needs of the employers within the regions it is expected to contract directly organizations that need to employ young people with certain qualification. The awarded organizations will contract training providers according to their needs. The PIU and the LOs will provide the organizations with information about training providers. The awarded applicants will be required to ensure a certain percentage employment from the requested number of trainees. Training providers will be vocational schools, VT centers or other vocational training institutions licensed or accredited according to the existing legal framework. The VET centers established and upgraded by the Ministry of Education and Sciences under Phare projects from 2000, 2001, and if possible 2002, will be used as training providers where available. Thus the capacity created under these projects will be workable. Subsequent action to contract trainers and trainees will be undertaken by the LOs. The latter will make an on-going monitoring on the training process and contract arrangements of the involved parties.

The awarded applicants will be required to contribute at least 10% to the cost of the provision of training.

### **C) Recruitment subsidies**

The recruitment subsidies under this component include the payment made in favour of the employers who have recruited a youth without professional experience. In this way the employers' wage costs are recovered and he is protected against the risk to appoint inexperienced staff with initial lower productivity.

This measure is designed to stimulate employers to employ short – term unemployed youths in 19-24 years of age, with professional qualification but without experience. The measure will reduce the risk and costs of the employers against initially inexperienced staff.

A call for proposals will be issued to organizations in target areas selected upon the results of the above-mentioned survey. Regional Evaluation Committees will evaluate the proposals and final approval will be made by the PAO. At least 7 organizations will be contracted. This will be done in line with PRAG rules: Under the PPF (project preparation facility), guidelines for the application as well as details/parameters for the grant scheme, including selection criteria, will be developed. The latter will be approved by PAO. Then the awarded applicants will be required to market the program, broker the placement of recruitment subsidies with employers and monitor the individual placements to ensure contract compliance. An additional monitoring will be occurred by LOs.

For participating employers there will be a requirement to guarantee paid employment for a period of at least six months following the recruitment subsidy period.

## **D) Boosting entrepreneurship amongst youngsters**

The activity comprises:

- 1) Entrepreneurship training courses for unemployed youths in 24-29 years of age with professional education and/or professional experience. The measure aims to give young professionals additional knowledge on how to manage and establish a viable enterprise.
- 2) Provision of business consulting services to micro and small sized existing enterprises and newly established firms, owned and managed by youths under the age of 29. To stimulate the entrepreneurship amongst existing firms owned by youths it is envisaged to provide a considerable support to aspiring young entrepreneurs in order to successfully run their own business as well as to minimize the risk of their failure.
- 3) The establishment of minimum 3 business incubators in service of existing and newly established firms owned by youths.

The proposed measures will be implemented on a regional basis in order to encourage local communities to take active part in the implementation of the project. The identification of the regions will be based on the National survey for youngsters on the labour market.

A promotional campaign of the scheme will be conducted by the PIU, the LOs and further by the awarded organizations.

Criteria and guidelines for selection of training programs under measures 1) and 2) will be developed in close collaboration between the MLSP, the Agency for employment, and the Ministry of Education and Sciences.

A call of proposals will be issued to organizations interested in entrepreneurship training programs and in the provision of business consulting services. In the case of entrepreneurship training programs it is expected at about 5 curricula focusing on marketing, finance accounting, negotiation skills and other relevant issues to be in place. In measure 2) the awarded applicants will provide business - consulting services such as: marketing strategies, market surveys, business plans elaboration, export facilitating services, etc.

Proposals will be considered by the Regional Evaluation Committees and approved by the PAO. Training providers will be business training and consulting organizations, licensed or accredited according to the existing legal framework. Subsequent action to contract trainers and trainees will be undertaken by the LOs. On average it is predicted that at least 15 business providers will take part in the activity.

The LOs will make an on-going monitoring on the training process and contract arrangements of the involved parties.

The awarded applicants will be required to contribute at least 10% to the cost of the provision of training.

The business incubators aim to clear the horizon for the development of micro and small enterprises. So far the established business incubators in Bulgaria have proved to be a useful instrument for the provision of support and consultant services for start-ups and existing enterprises. All the more two to three years after the establishment, the incubators become fully sustainable in operational and financial terms. The experience also shows that business incubators contribute for the employment creation, for the usage of innovative types of business support (such as microfinancing mechanisms), and for the

overcoming of the information asymmetry in more remote regions. It was specified in some of the reports concerning the development of the business incubators that what should be done next is to specify further the scope of their activities, to target certain sectors and beneficiaries. Here we try to take these comments into account and what follows is a description of how to develop viable and sustainable business incubators serving young entrepreneurs.

The business incubators envisioned under sub-component three will provide a combination of the services described in the previous sub-components such as business information and consultations and training. Though the establishment of the new Business incubators will take place in regions where there is a high potential for running a viable business (especially among youths), following the results of the National survey. These Business incubators will play a key role in supporting the successful start –up of the newly established firms, owned and managed by youths under the age of 29.

The promotion of the measure will take place within targeted regions and will be performed by the PIU and the LOs.

Criteria and guidelines for eligible organizations will be prepared by the PIU and these will be based on the experience and lessons learned from the already established business incubators throughout the country. It is proposed the newly established business incubators not to be located in regions where there is such already functioning.

For the implementation of the measure a call of proposals for the establishment of Business Incubators will be held in the targeted regions. Proposals will be considered by the Regional Evaluation Committees before the submission to the PAO for approval. Minimum three organizations will be contracted.

The awarded applicants will be required to contribute at least 10% of the cost for the establishment of the incubator.

During implementation the LOs and PIU execute an ongoing monitoring. Particularly under this component, proper coordination with the Ministry of Economy needs to be ensured.

## **E) Job placement activities**

The activity comprises a probation period for unemployed high- qualified graduates with professional knowledge but without experience. The work experience will take place in companies abroad as well as in Bulgaria. The average duration of the probation periods will be as following: in companies abroad –one month, in Bulgaria – two months. The main goal is to ease the labor market entering of the targeted youths. It is predicted that young professionals will have bigger chance of getting a job corresponding directly to their qualifications after completion of the probation periods. This measure will contribute strongly to overcome the existing negative situation on the labor market, which can be described as follows:

1. Employers do not employ graduates without experience for jobs that require more specific qualifications
2. When the employer is convinced to employ a graduate in most of the cases he proposes job that has very weak relation to his/her qualifications

Target groups include youths above 23, who has graduated recently and are unemployed.

## 1) Job placement in Bulgaria

It is proposed a call of proposals to be launched for organizations that will implement the activities under the first measure. For the probation in Bulgaria, about 5 grants will be awarded on local level within targeted regions. The proposals will be considered by the Regional Evaluation Committees and approved by the PAO. The monitoring will be made by LOs.

The first step includes selection procedures aiming to identify potential employers and match their needs to the specific knowledge of the graduates. This will be done in line with PRAG rules: Under the PPF (project preparation facility), guidelines for the application as well as details/parameters for the grant scheme, including selection criteria, will be developed. The criteria will be submitted for final approval by the PAO. Then, a promotional campaign among employers will be conducted and they will be invited to participate in the training of young graduates, as well. On the base of the received proposals first short-list of employers will be drafted by the awarded organizations and approved by the PAO. It is expected about 50 companies to take part into this activity. Then based on the needs of the employers detailed criteria for the graduates will be developed. Graduates will apply in accordance with these criteria and the short listed candidates will be contacted for an interview with an appropriate employer. Then signing of a probation contract follows and it will be monitored by the PIU and the relevant LO within the targeted region to ensure contract compliance.

There will be a requirement for the employers to hire on a permanent base at least 30% of the graduates after completion of the activity. In addition a database of the graduates that took part in the probation will be established in the LOs.

## 2) Job placement abroad

For the successful implementation of this measure at first contacts will be made with foreign embassies in order to raise their interest and to ensure their commitment to take part in the process.

For the probation abroad a national call of proposal will be issued. A National Evaluation Committee appointed by the PAO will consider the proposals. Their approval is a responsibility of the PAO, too.

. In the case of job placement abroad the promotion campaign will be run in close collaboration of the relevant foreign embassies. As in the previous activity selection procedures to spot the interested employers will take place. These procedures will be based on selection criteria developed by the awarded organization. Then a short list of the interested companies will be in place. It is envisioned at about 20 companies from abroad to take part into this activity.

A promotional campaign will take place in order to raise the awareness and motivation among the target graduates. After receiving all applications from interested youths a short-list of the appropriate candidates will be made.

The next step will be matching beneficiaries with identified employers.

The choice of trainees will be made in two steps: First a documentary check for meeting the selection criteria and then interviews between the successful candidates and employers or the relevant embassy. Graduates and employers will sign probation contracts. It is foreseen a monitoring on the probation, in order to guarantee the rights and responsibilities of the parties involved.

In this case monitoring will be conducted by the PIU.



### 3.5 Lessons learned

The following lessons have been taken into consideration while drafting the current project fiche:

- The previous Phare projects have targeted the disadvantaged groups as a whole. In this regard the concentration and respectively the cumulative effect has been blurred. In order to achieve more concentration and efficiency, the current project proposal is targeted only on the group of the unemployed youths;
- The previous Phare projects particularly SMAEP '99 and Vocational Training'2000 started their implementation period without completion of specially conducted surveys for the project purposes. Thus, precious time from the implementation period has been wasted waiting for the survey results. In the current project it is foreseen to start the survey a few months before the commencement of the project according to the relevant Financial Memorandum and to have survey results in time;
- The Phare projects 2000-01 are implemented with the Ministry of Regional Development and Public Works, which is the IA. Though there is a fruitful collaboration with the MRDPW, it is clear that the social and human resources development sectors are specific spheres of competencies and it will be more effective the MLSP to take over the implementation of the projects concerned. The main arguments are: /1/ The National Institutional Building Strategy adopted by the Council of Ministers appointed the MLSP as an IA for HRD projects from 2003 onwards; /2/ The MLSP have already been an IA under SMAEP '99 and has proved a capacity to manage grant schemes under EU programs; /3/ The MLSP is a beneficiary under "ESF Preparation" twinning project whose main objective is to prepare MLSP as an IA for ESF type of projects; /4/ the EU practices demonstrate that the ministries of labor are very often IA for ESF interventions;
- Some of the projects in the social sector have been regarded as unsatisfactory in terms of local communities' involvement. For this reason in the current proposal it is envisaged to fully harness the potential of the local communities. The latter will be achieved through a synthesis between training initiatives and provision of further practical experience.
- It is proposed during the implementation of the current project to use existing management and implementation structures that were established for the implementation of previous projects. Their main purpose is to help for the decentralization of the implementation and decision making. The structures of the MLSP as well structures established under SMAEP implementing agency will be used.

### 4. Institutional Framework

The **Ministry of Labor and Social Policy** is the Implementing Agency for the human and social sector development within PHARE program economic and social cohesion projects in Bulgaria

The MLSP will implement the project through its **Directorate "Pre-accession Funds and International Programs and Projects (PFIPP)** and the **Program Authorizing Officer (PAO)** will be responsible for the sound administrative and financial management of the project, including tendering, contracting, administration, accounting, payment and reporting procedures and monitoring of the project implementation.

The PAO will be:

**Mr. Radoslav Bozadjiev**

**Deputy Minister of labor and social policy**

**2 "Triaditsa" St.,**

**Sofia 1000, Bulgaria**

**Phone: (+359 2) 933 25 38; Fax: ((+359 2) 986 138 E-mail: rbozadzhiev@mlsp.government.bg**

The PAO will be nominated by the NAO upon consultations with the NAC.

The Director of the Implementing Agency and SPO is:

Mr. Dimitar Matev

Director of Directorate “Pre-accession Funds and International Programs and Projects”

2 “Triaditsa” St.,

Sofia 1000, Bulgaria

Phone: (+359 2) 933 24 62; 933 25 33

Fax: (+359 2) 981 69 78

E-mail: dmatev@mlsp.government.bg

In order to implement the project the MLSP will establish a Project Steering Committee (PSC) and a Project Implementation Unit (PIU).

#### The Project Steering Committee

The PSC will provide strategic direction and guidance to the PIU. It will also provide technical advice and guidance to the PIU on issues referred to it by the PIU. It will approve the targeting of the regions, the Survey results and their further application in the project implementation, as well as to give recommendations to institutions carrying out work and services. Bearing in mind the decentralization of the project implementation the PSC will approve the membership of the Employment Committees at the Regional Development Councils.

The main functions of the PSC concern the following:

- Approval of the criteria for selecting the target regions;
- Approval of the target regions;
- Approval of the draft contracts with the selected regional partners;
- Approval of the members of Regional Evaluation Committees;
- Approval of the progress reports that concern the overall implementation on a quarterly basis
- Recommendations for the improvement of the project implementation
- Counseling concerning problem issues

The PSC will be chaired by a senior representative of the MLSP. The membership of the PSC will include representatives of stakeholder organizations as well as state organizations. The proposed membership is:

MLSP – 2 +1 chair person

MRDPW – 1

MES – 1

Agency for employment – 1

EU Delegation – Sofia – 1

Employers’ associations representatives –2

Trade unions’ representatives – 2

Ministry of Economy – 1 (for entrepreneurship/incubator activities)

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.

### The Project Implementation Unit

The PIU will be responsible for the day-to-day technical implementation of the project. The PIU will comprise staff required by MLSP on the civil contracts base. It is envisaged to keep the human resource capacity developed under the SMAEP project especially the general coordinator, the financial and the monitoring specialist etc. Other specialists, including external advisers will be included in the PIU structure as required. On the other hand the PIU will be responsible for the establishment of the regional structures of the project.

The PIU will monitor the work of the regional structures and will participate in the evaluation sessions of the Regional Evaluation Committees as an observer.

### Regional Involvement in the Project and Project Publicity

Regional structures will be established in order to assure the effective decentralization of the project implementation. The regional co-ordinators will be main players within the regional structures. They will be selected and appointed by the MLSP and the PIU, and will operate from the Labour Offices (LOs) in the relevant district towns. When the SMAEP project under Phare 1999, where MLSP is the Implementing Agency is completed, the regional offices, capacity and accumulated experience under this project will be used, as well. The Regional Co-ordinators will need to build up effective linkages with a wider range of local individuals and organizations. The fully involvement of the local communities will be one of their most important tasks. Individuals appointed to these positions must have a wide range of management skills and experience in dealing with state institutions, private sector and other social partners.

A major role of the regional co-ordinator with the help of the Labour Offices will be the development of an effective marketing program for the project and its various sub-components. It will be particularly important to attract qualified proposals from suitably experienced institutions or firms to carry out the project components.

The success of this overall process, however, will be influenced by the extent to which local actors have ownership on the measures and in this context the role of the Regional Co-ordinators is crucial to the projects success.

### Regional Evaluation Committees (RECs)

The Project Evaluation Committees will undertake the technical evaluation of all bids. Its membership will comprise individuals with appropriate knowledge and experience. Representatives of social partners as well as project consultants will be included. Members of the RECs will be appointed by the Employment Committees at the Regional Development Councils (which membership include representatives of social partners) and approved by the PSC.

The works to be undertaken, the equipment to be procured, and the services to be provided under this project will be contracted according to the Phare Practical Guide procedures. The contracts will be signed and awarded by the PAO in the MLSP who will act upon requests received from the MLSP. A manual of operational guidelines will be worked out based on the previous Phare projects implemented by MLSP.

### Technical Assistance

The Technical Assistance under the project will be used taking into account the following:

1. The experience and lessons learned under Phare 1999 (SMAEP Project), Phare 2000, and Phare 2001, particularly the know-how and all the supporting managerial documents already developed.
2. The monitoring and evaluation system that will be developed under “Preparing for future ESF type of projects”, IB project.
3. The capacity for Project Management Cycle established at the MLSP, again under “Preparing for future ESF type of projects”, IB project.

Having in mind the above-mentioned the project will need technical assistance to cover costs in relation to areas such as management, monitoring (including data gathering and follow-up surveys), control, operational level information, publicity and mid-term evaluation. The MLSP considers as appropriate to use the local capacity for implementing these activities.

## 5. Detailed Budget<sup>1</sup> (MEURO)

	Measure	Phare support		Total Phare	National Co-financing	Total
		Investment support	Institut. Building			
<b>1</b>	<b>Institutional Building</b>	<b>2,480</b>	<b>0,400</b>	<b>2,880</b>	<b>0,980</b>	<b>3,860</b>
1.1	Seminars, workshops and training for local communities		0,400	0,400	0,140	0,540
1.2	Grant scheme for local communities	0,420		0,420	0,140	0,560
1.3	Grant scheme for local employment initiatives	2,060		2,060	0,700	2,760
<b>2</b>	<b>Youth employment initiatives</b>	<b>2,920</b>	<b>0,200</b>	<b>3,120</b>	<b>1,020</b>	<b>4,140</b>
<b>2.1</b>	<b>Apprenticeship</b>	<b>0,72</b>		<b>0,72</b>	<b>0,25</b>	<b>0,97</b>
2.1.1	Apprenticeship	0,32		0,32	0,10	0,42
2.1.2	Job Rotation	0,41		0,41	0,14	0,55
<b>2.2</b>	<b>Vocational training</b>	<b>0,62</b>		<b>0,62</b>	<b>0,21</b>	<b>0,83</b>
<b>2.3</b>	<b>Recruitment subsidies</b>	<b>0,39</b>		<b>0,39</b>	<b>0,16</b>	<b>0,55</b>
<b>2.5</b>	<b>Boosting entrepreneurship among youngsters</b>	<b>0,74</b>		<b>0,74</b>	<b>0,25</b>	<b>0,99</b>
2.5.1	Youth self-employment	0,34		0,34	0,11	0,45
2.5.2	Boosting entrepreneurship among youngsters	0,17		0,17	0,06	0,23
2.5.3	Establishment of business incubators	0,23		0,23	0,08	0,31
<b>2.6</b>	<b>Job placement activities</b>	<b>0,45</b>		<b>0,45</b>	<b>0,15</b>	<b>0,600</b>
<b>2.7</b>	<b>Technical Assistance</b>		<b>0,200</b>	<b>0,200</b>	<b>0</b>	<b>0,200</b>
	<b>TOTAL</b>	<b>5,4</b>	<b>0,6</b>	<b>6,0</b>	<b>2,0</b>	<b>8,0</b>

## 6 Implementation Arrangements

### 6.1 Implementing Agency

The Implementing Agency (IA) is the Ministry of Labor and Social Policy.

Please indicate who will be the PAO (Deputy Minister) with address, phone and fax

The PAO will be:

Mr. Radoslav Bozadjiev

Deputy Minister of labor and social policy

2 “Triaditsa” St.,

Sofia 1000, Bulgaria

Phone: (+359 2) 933 25 38;

Fax: (+359 2) 986 138

E-mail: [rbozadzhiev@mlsp.government.bg](mailto:rbozadzhiev@mlsp.government.bg) (see also page 18)

The technical implementation of the project is the responsibility of the Ministry of Labour and Social Policy working in close cooperation with the Ministry of Education and Science.

A project Steering Committee (see also page 19) is planned through which policy makers and implementing agents will communicate more consistently. This is chaired by the Ministry of Labor.

6.1 Twinning: Not Applicable

6.2 Non-standard aspects: PRAG procedures will be followed in all contracting.

6.3 Contracts

All of the activities under the project excluding IB component will be implemented through grant schemes. In order to stimulate local communities' involvement and to enhance effective management of the schemes, a call of proposals for the relevant activities will be issued amongst appropriate organizations that will further implement the activities foreseen.

The IB component will be implemented through service contract and small grant fund concerning the objectives of the training.

The table below summarizes the possible breakdown of contracts under the project.

Type of contract	Project component
Service contracts	Component 1, A – Seminars, workshops and training for local communities
	Component 2, C – Recruitment subsidies Component 2, D–Boosting entrepreneurship amongst youngsters
Grant schemes	Component 1, B and C – grant scheme for local communities, municipalities, NGOs.
	Grants for Component 2,A and VET programs
	Grants for establishment of business incubators
	Grants for job placement activities

In order to streamline the number of contracts, the organisations (intermediaries) to be contracted will be the same under component IIA (apprenticeship), II C (recruitment subsidies) and II E (job placements).

The exact number of grant measures cannot be determined before the studies are completed and the regions for action under the various measures contained in this project identified. In order to clarify the number of the expected contracts, in each sub-component of the activities proposed in the project fiche there is an approximate number of the envisioned contracts.

## **7 Implementation Schedule**

The formal implementation schedule will commence in January 2003. Prior to this date, however, there will be a need to establish the PIU and PSC with core members of the team to assess and evaluate the results of the labour market survey to suggest and respectively approve the target regions.

- |     |  |                  |
|-----|--|------------------|
| 7.1 | Commencement of the project (organizational arrangements complete) - | January 2003.    |
| 7.2 | Start of tendering / Calls for Proposals                             | -October, 2003.  |
| 7.3 | Start of the project activities                                      |                  |
|     | • Component 1  | - December, 2003 |
|     | • Component 2  | - February, 2004 |
| 7.4 | Project completion   |                  |
|     | - November 2006.   |                  |

Due to the complexity of the project (involving a grant scheme etc) disbursement period will be extended to 30 November 2006. Previous experience (BG 0004.03 – Vocational Training – and BG0102.05 Labour Market Initiatives) with comparable projects justifies such an approach. Grant schemes are still relatively new in B

## **8 Equal Opportunities**

Equal opportunity is a fundamental principle of the project. Ensuring equal opportunity will be embodied in every sub-project and at every level of implementation.

## **9 Environment**

No impact

## **10 Rates of return**

Rates of return can only be calculated for individual components approved under the scheme.

## **11 Investment Criteria**

### **11.1 Catalytic Effect**

While most of the activities will be implemented as grant schemes, minimum 10% co-financing will be required by the awarded applicants. The latter means that additional 1 MEURO will be catalyzed as investments in the communities.

Moreover, the active involvement of different stakeholders in a number of the measures will result in a strengthening of links within the communities. Overall the project will seek to involve a wide range of social partners and NGOs in the development and management of projects. This will provide valuable experience that could be used in undertaking projects in the future.

## 11.2 Co-financing

All aspects of the program are based upon co-financing between Phare and the National Government on a 75:25 basis. As it was mentioned an additional co-financing is expected in terms of local contribution over 10% of the grants awarded.

## 11.3 Additionality

EC finance will be additional to that allocated to the national scheme through the Bulgarian national budget, Fund for Vocational Training and Employment, Bulgarian Social Investment Fund and private contribution.

## 11.4 Project readiness and Size

The project budget will exceed the 2 MEURO for investment projects. For the majority of elements in this program the final decision on targeting the funds will be made following the completion of the survey during 2002. Furthermore, the MLSP has projected and requested from the ministry of Finance a budget for 2002 including anticipated expenditures for the start-up of the PIU and regional structures. A labour market study (to be financed under the Project Preparation Facility) will be conducted prior to the start of the project. Project ToR will be ready by mid 2002.

Under the PPF (project preparation facility), the design of the grant schemes, the guidelines for the application as well as details/parameters for the grant scheme (including the components on apprenticeship, recruitment subsidies and job placements) will be developed prior to the start of the project. This will be done in line with PRAG rules. Proper emphasis will be laid on the development of selection criteria for the organisations/intermediaries particularly with a view to their sufficient capacity.

## 11.5 Sustainability

Overall the proposed activities are part of the Active labor market measures implemented by the MLSP. The Agency for employment will guarantee future sustainability of similar activities.

## 11.6 Compliance with state aids provisions

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

## 11.7 Contributions to the National Development Plan and Regional Development Plans

These are in accordance with those elements identified in item 2.4.

## 12. Conditionality and sequencing

The MLSP will have to demonstrate to the Commission that adequate staffing and other resources have been made available to the relevant IA and PIU for the project start. The MLSP will also have to demonstrate that the lessons from the SMAEP project Phare 1999 have been learnt and the experience applied. 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

Labour survey work needs to be completed by the February-March of 2003 and the targeting assessment completed prior to the formal commencement of the project.

Key milestones will be:

- Consultation with social partners on the program;
- Completion of Labour Market Surveys – February-March 2003;
- Identification of target regions and areas – by May 2003;
- Establishment of PSC and PIU – by December 2002;
- Establishment of Regional structures – Labour Offices, Employment Committees at the Regional development Councils, social partners and the rest of the communities.
- Promotion of the program on the national and local community's level;
- Finalisation of operational arrangements;
- Calls for proposals and entry into the contracting phase;
- Implementation of activities;
- Mid term evaluation report;
- Final Evaluation Report;



## Appendix 1

### Phare Log Frame

LOGFRAME PLANNING MATRIX FOR Project:		
<b><u>Clearing the path to employment for youths</u></b>	Contracting period expires <b>30 November 2004</b>  Total budget: 8. 000 MEURO	Disbursements period expires <b>30 November 2006</b> <hr/> Phare Budget: 6.000 MEURO

Overall Objective	Objectively verifiable indicators (all data will be broken down by gender, ethnic minorities, and by regions)	Sources of Verification
<ul style="list-style-type: none"> <li>Reduced level of the unemployment and increased employment amongst unemployed youths (18-29);</li> <li>Increased local communities' involvement into absorption of the EU funding.</li> </ul>	<ul style="list-style-type: none"> <li>Changes in number and % in the unemployment of youths, one year after project completion;</li> <li>Changes in number and % of employed youths, one year after project completion;</li> <li>Higher ex-post assessments of the projects implemented by local communities, NGOs, social partners, municipalities ;</li> <li>Number and type of local community entities involved in EU funds absorption;</li> </ul> <p>Number and total amount of projects developed and implemented by the communities and other local organizations and municipal authorities</p> <ul style="list-style-type: none"> <li>Number of projects implemented in collaboration with the local communities and the local NGOs, local authorities, local business, social partners</li> </ul>	<ul style="list-style-type: none"> <li>National Statistics Institute Reports;</li> <li>The Reports of the Agency for employment;</li> <li>Ex-post evaluation surveys;</li> </ul>

Project Purpose	Objectively verifiable indicators (all data will be broken down by gender, ethnic minorities, and by regions)	Sources of Verification	Assumptions
Increased level of employability, adaptability and entrepreneurship of youths, 18-29 years old.	<ul style="list-style-type: none"> <li>• Proportion of youths, participated in apprenticeship program, employed in 6/12 months after competing activities;</li> <li>• Proportion of workers with increased productivity due to job rotation activities</li> <li>• Proportion of youths, participated in VT activities, employed or in further training in 6/12 months after competing activities;</li> <li>• Proportion of youths, participated in recruitment subsidies activities, employed in 6/12 months after competing activities: <ul style="list-style-type: none"> <li>- At the same employer</li> <li>- Other employer</li> </ul> </li> <li>• Number of local employment initiatives repeated after completion of the project activities;</li> <li>• Number of youngsters involved in similar local employment initiatives after completion of the project activities;</li> <li>• Number of new firms established by trained youths 6 months after completion of training;</li> <li>• Number of workplaces created in firms established by trained youths 6/12 months after completion of the training;</li> <li>• Number of youngsters who have received consultation and support from the Business incubators one year after completion of the project activities;</li> <li>• Degree of operational and financial independence of the business incubators one year after completion of project activities</li> <li>• Number of safeguarded and newly created workplaces in firms provided with business consulting services;</li> <li>• Proportion of youths, participated in the job placement activity, employed in 6/12 months after competing activities</li> </ul>	<ul style="list-style-type: none"> <li>• Ex-post evaluation surveys, organized by MLSP as an IA and performed by external auditors;</li> </ul>	<ul style="list-style-type: none"> <li>• Stable macroeconomic conditions;</li> <li>• Sustainable economic growth;</li> <li>• Community support and openness;</li> </ul>

Results	Objectively verifiable indicators (all data will be broken down by gender and disadvantaged groups)	Sources of Verification	Assumptions
<p><b>Enhanced capacity and collaboration on local level</b></p> <p><b>A) Seminars, workshops and training for local communities</b></p> <ul style="list-style-type: none"> <li>• Two 3-day seminars and workshops in 28 regions concerning issues about ESF type of interventions;</li> <li>• 5 day training courses in 28 regions for the technical aspects of applying procedures, eligibility criteria, implementation and monitoring of grant activities;</li> <li>• 1 000 participants of the civil society fully aware of grants applying and implementation, and ESF type of interventions;</li> <li>• 4 developed curricula;</li> <li>• developed database of trained people and local community based organizations;</li> </ul> <p><b>A) Grant scheme for local communities stimulating their active involvement in seminars and workshops</b></p> <ul style="list-style-type: none"> <li>• 56 grants, up to 10 000 Euros, awarded in 28 regions;</li> <li>• 1-day seminars in 28 regions to nominate the winners;</li> <li>• successful grants implementation by awarded applicants;</li> <li>• minimum 80 project proposals elaborated after completion of the seminars and the training activities</li> </ul>	<p><b>Enhanced capacity and collaboration on local level</b></p> <p><b>(A) Seminars, workshops and training for local communities</b></p> <ul style="list-style-type: none"> <li>• Number of seminars conducted;</li> <li>• Number of trainings conducted</li> <li>• Number of participants of the civil society fully aware of grants applying and implementation, and ESF and SIF type of interventions;</li> <li>• Number and type of curricula;</li> <li>• Availability of operational database of trained people and organizations of the local communities.</li> </ul> <p><b>(B) Grant scheme for local communities stimulating their active involvement in seminars and workshops</b></p> <ul style="list-style-type: none"> <li>• Number of project proposals received by participants in the seminars;</li> <li>• Number of high-quality projects proposed</li> <li>• Number of high-quality implemented grants;</li> <li>• Number of nomination seminars.</li> </ul>	<ul style="list-style-type: none"> <li>• PIU reports on regular basis;</li> <li>• Records of training providers;</li> <li>• Records of employers;</li> <li>• Records of awarded grant applicants;</li> <li>• Ex-post appraisal by external auditors.</li> </ul>	<ul style="list-style-type: none"> <li>• Personal involvement, commitment and awareness from experts in the local structures as well as the whole community about the importance and opportunities of the EU, projects;</li> <li>• Personal motivation and enthusiasm of youths to participate in the proposed activities;</li> </ul>

<p><b>B) Grant scheme for local employment initiatives</b></p> <ul style="list-style-type: none"> <li>• 45 grants, up to 60 000 Euros awarded within targeted regions</li> <li>• successful grant implementation by awarded applicants</li> <li>• minimum 55 project proposals elaborated</li> <li>• 6 600 man/months involvement in the local employment initiatives for unemployed youngsters aged 18-29</li> <li>• 330 youngsters aged 18-29 employed on a permanent base after completion of the local employment initiatives</li> </ul> <p><b>Initiatives for youth employment</b></p> <p><b>A) Apprenticeship</b></p> <ul style="list-style-type: none"> <li>• 970 youngsters, 18-24 years old, with secondary education, but without professional qualification and experience involved in 6 months period apprenticeship programs;</li> <li>• 5 790 man/months employment during apprenticeship period;</li> <li>• minimum 5 790 man/woman months additional employment;</li> <li>• 30% out of the apprentices employed on a sustainable bases;</li> <li>• 670 employed involved in additional qualification programs as a part of job rotation one.</li> </ul>	<p><b>(C) Grant scheme for local employment initiatives</b></p> <ul style="list-style-type: none"> <li>• Number of project proposals received</li> <li>• Number of high-quality projects proposed</li> <li>• Number of high-quality implemented grants;</li> <li>• Number of youths employed during the local employment initiatives implementation</li> <li>• Number of youths employed in a permanent base after completion of project activities</li> </ul> <p><b>Initiatives for youth employment</b></p> <p><b>(A) Apprenticeship</b></p> <ul style="list-style-type: none"> <li>• Number of youngsters, 19-24 years old, with secondary education, but without professional qualification and experience involved in 6 months period apprenticeship programs;</li> <li>• Number of man/months employment during apprenticeship period;</li> <li>• Number man/woman months additional employment;</li> <li>• 30% out of the apprentices employed on a sustainable bases;</li> </ul>		<ul style="list-style-type: none"> <li>• Personal motivation and enthusiasm of youths to participate in the proposed activities;</li> <li>• Availability of training providers ready to participate in the activities;</li> <li>• Motivation and inclination of employers to participate in the proposed activities;</li> <li>• Community involvement and support for youth initiatives;</li> </ul>
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<p><b>B) Vocational training</b></p> <ul style="list-style-type: none"> <li>• 1 400 youths, 18-24 years old with primary education involved in vocational training courses;</li> <li>• development 30 training curricula focused on the target group and labor market needs;</li> <li>• 15 training providers expanded their business;</li> </ul> <p><b>C) Recruitment subsidies</b></p> <ul style="list-style-type: none"> <li>• 1 000 youths, 19-24 years old, with professional qualification but without experience involved in 6 months subsidies employment (6 000 man/woman months employment);</li> <li>• minimum 6 000 additional man/woman months employment;</li> </ul> <p><b>D) Boosting entrepreneurship amongst youngsters</b></p> <ul style="list-style-type: none"> <li>• 850 youths, 24-29 years old, trained in entrepreneurship;</li> <li>• 300 long-term work places created by self employment;</li> <li>• 150 additional work places created;</li> <li>• 1 000 business, owned by youngsters, up to 29 years old provided with business consulting services;</li> <li>• minimum 3 new business incubators providing services to business owned by youngsters operational</li> </ul>	<p><b>(B) Vocational training</b></p> <ul style="list-style-type: none"> <li>• Number youths, 18-24 years old with primary education involved in vocational training courses;</li> <li>• Number of training curricula focused on the target group and labor market needs;</li> </ul> <p><b>(C) Recruitment subsidies</b></p> <ul style="list-style-type: none"> <li>• Number of youths, 19-24 years old, with professional qualification but without experience involved in 6 months subsidies employment;</li> <li>• Number of additional man/woman months employment;</li> </ul> <p><b>(D) Boosting entrepreneurship amongst youngsters</b></p> <ul style="list-style-type: none"> <li>• Number of youths, 24-29 years old, trained in entrepreneurship;</li> <li>• Number of long-term work places created by self employment;</li> <li>• Number of additional work places created;</li> <li>• Number of business, owned by youngsters, up to 29 years old provided with business consulting services;</li> <li>• Number of newly established businesses, owned by youngsters up to 29 old provided with services by the business incubators;</li> </ul>		<ul style="list-style-type: none"> <li>• Motivation and possibility of the youth to develop their own business and offer new employment opportunities;</li> <li>• Youth needs on the labor market have been accurately identified in the survey.</li> </ul>
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<b>E) Job placement activities</b> <ul style="list-style-type: none"> <li>• 100 graduates without experience – one month practice in foreign companies and organizations;</li> <li>• 300 graduates without experience – two months practice in companies and organizations in Bulgaria;</li> <li>• 60% of the trainees employed on a sustainable base in Bulgaria;</li> </ul>	<b>(E) Job placement activities</b> <ul style="list-style-type: none"> <li>• Number of graduates without experience – one month practice in foreign companies and organizations;</li> <li>• Number of graduates without experience – two months practice in companies and organizations in Bulgaria;</li> <li>• % of the trainees employed on a sustainable base in Bulgaria;</li> </ul>		
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Activities	Means	Assumptions
<b><u>Enhanced capacity and collaboration on local level</u></b> <p><b>A) Seminars, workshops and training for local communities</b></p> <ul style="list-style-type: none"> <li>• Organizing tenders for services concerning curricula development;</li> <li>• Organizing and conducting training seminars</li> <li>• Development database of trained people and organizations of the local communities;</li> </ul> <p><b>B) Grant scheme for local communities stimulating their active involvement in seminars and workshops</b></p> <ul style="list-style-type: none"> <li>• Development of criteria and procedure for grants awarding;</li> <li>• Organizing, awarding and implementing of grants;</li> <li>• Organizing and conducting of the seminar for winners nomination;</li> <li>• Monitoring of grants implementation;</li> </ul>	<p><b>(A) Seminars, workshops and training for local communities</b></p> <ul style="list-style-type: none"> <li>• Provision of services through tendering;</li> <li>• Contract for curricular development;</li> <li>• Training</li> </ul> <p><b>(B) Grant scheme for local communities stimulating their active involvement in seminars and workshops</b></p> <ul style="list-style-type: none"> <li>• Grants for local community initiatives;</li> <li>• Provision of survey through tendering;</li> </ul>	<ul style="list-style-type: none"> <li>• Availability of specialists, structures and mechanisms for managing and implementing EU programs;</li> <li>• Appropriate monitoring system;</li> <li>• Availability of training providers, employers, NGOs etc., interested in the project activities;</li> <li>• Appropriate specialists and information environment for the objectives of the survey.</li> </ul>



<ul style="list-style-type: none"> <li>• Drafting of criteria and guidelines for development and selection of training and programs;</li> <li>• Calls of proposals and selection procedures;</li> <li>• Conduction of the training courses;</li> </ul> <p><b>C) Recruitment subsidies</b></p> <p><u>Grants for provision of Recruitment subsidies for young unemployed</u></p> <ul style="list-style-type: none"> <li>• Promotion of the recruitment subsidies grant scheme in the local communities;</li> <li>• Calls of proposals and selection procedure for awarded applicants;</li> <li>• Promotion of the scheme amongst potential employers and target groups by the awarded applicants;</li> <li>• Development of criteria and procedures for selection of the beneficiaries and employers by the awarded applicants and approved by the SC;</li> <li>• Selection of the beneficiaries and employers, proposed by the awarded applicants and approved by the SC;</li> <li>• Matching beneficiaries with identified workplaces, made by the awarded applicants;</li> <li>• Monitoring of the apprenticeship arrangements by the LOs.</li> </ul> <p><b>D) Boosting entrepreneurship amongst youngsters</b></p> <p><u>Grants for entrepreneurship training</u></p> <p>Promotion of the entrepreneurship training grant scheme in the communities;</p> <p>Development of criteria and guidelines for selection of training and programs;</p> <p>Calls of proposals and selection procedures;</p> <p>Conduction of the entrepreneurship training courses;</p> <p><i>Grants for provision of business consulting services and establishment of business incubators</i></p>	<p>programs;</p> <ul style="list-style-type: none"> <li>• Contracts for apprenticeships between employers, Labor offices and youths.</li> </ul> <p><b>C) Recruitment subsidies</b></p> <ul style="list-style-type: none"> <li>• Contracts concerning promotion campaign;</li> <li>• Provision of services through tendering</li> <li>• Contracts for recruitment subsidies between employers, Labor offices and youths.</li> </ul> <p><b>D) Boosting entrepreneurship amongst youngsters</b></p> <ul style="list-style-type: none"> <li>• Contracts concerning promotion campaign;</li> <li>• Grants for entrepreneurship training;</li> </ul> <ul style="list-style-type: none"> <li>• Contracts concerning promotion campaign;</li> <li>• Grants for delivery of business consulting services;</li> </ul>	
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<ul style="list-style-type: none"> <li>• Promotion of the scheme in the local communities, particularly amongst business consulting organizations and existing businesses;</li> <li>• Calls of proposals and selection procedures;</li> <li>• Conduction of the consulting services amongst youngsters</li> </ul> <p><i>Grants for the establishment of business incubators</i></p> <ul style="list-style-type: none"> <li>• Establishment of new business incubators;</li> <li>• Implementation of first activities initiated by the new business incubators;</li> </ul> <p><b>E) Job placement activities</b></p> <p><u>Grants for provision of job placement</u></p> <ul style="list-style-type: none"> <li>• Promotion campaign amongst organizations that will implement the scheme;</li> <li>• Call of proposals and selection procedures for mentioned organizations;</li> <li>• Development of criteria and procedures for selection of the beneficiaries and employers;</li> <li>• Promotion of the scheme amongst potential employers and target groups;</li> <li>• Selection of the employers and beneficiaries;</li> <li>• Matching beneficiaries with identified employers;</li> <li>• Running of the probation;</li> <li>• Monitoring of the probation arrangements by : <ul style="list-style-type: none"> <li>- PIU for the transnational arrangements;</li> <li>- PIU, Labor offices for the probation arrangements in the companies, located in Bulgaria</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Grants for establishment of business incubators;</li> <li>• Contracts for supplies and services;</li> </ul> <p><b>E) Job placement activities</b></p> <ul style="list-style-type: none"> <li>• Contracts concerning promotion campaign;</li> <li>• Provision of services through tendering</li> <li>• Contracts for job placement training between, MLSP, employers and youths.</li> </ul>	<p><b>Preconditions</b></p> <ul style="list-style-type: none"> <li>• Regional targeting completed before commencement of the activities under the project;</li> <li>• Youths' labor market survey completed before commencement of the activities under the project;</li> <li>• Political support for the proposed project.</li> </ul>
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**Appendix 2**
**Implementation Chart – Clearing the path to employment for youths**

Components	2002	2003												2004												2005				2006			
	Q 4	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	Q1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4
National survey for youngsters on the labour market	X	X	X	X																													
Operational PIU		X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X					
Operational PSC		X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X					
Training needs assessment and regions targeting				X	X	X																											
Preparatory work for tendering and calls for proposals					X	X	X	X	X	X																							
Promotion campaign								X	X	X	X	X	X	X	X																		
Tendering and Calls for Proposals											X	X	X	X	X	X	X																
Component I activities													X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X					
Component II activities (grants)															X	X	X	X	X	X	X	X	X	X	X	X	X	X	X				
Monitoring and Evaluation																X	X	X	X	X	X	X	X	X	X	X	X	X	X				
Mid Term Report																			X							X				X			
Final Evaluation																															X		

**Appendix 3****CONTRACTING AND DISBURSEMENTS SCHEDULES - CLEARING THE PATH TO EMPLOYMENT FOR YOUTHS**

Figures in MEURO

Date	31/03/03	30/06/03	30/09/03	31/12/03	31/03/04	30/06/04	30/09/04	31/12/04
Contracted	0.12	0.27	0.52	1.53	3.03	4.53	6.8	8.0
Disbursed			0.08	0.24	0.94	1.84	3.04	4.54

Date	31/03/05	30/06/05	30/09/05	31/12/05				
Contracted								
Disbursed	6.54	7.54	7.8	8.0				