

# BEAUTIFUL BULGARIA II PROJECT

## EVALUATION MISSION REPORT



*4 -15 December 2000*

*Sofia, Bulgaria*

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## **I. INTRODUCTION**

### **A. BACKGROUND**

In July 1997 the Municipality of Sofia and UNDP commenced implementation of a pilot project - Beautiful Sofia -designed to address the city's unemployment problem by funding works dedicated to improving its dilapidated urban buildings. The project generated temporary jobs and refurbished historic facades, monuments and parks, and trained long time unemployed men and women in basic construction and "Start Your Own Business" skills. The pilot project proved to be a helpful contribution towards alleviating the unemployment problem of the capital and a successful solution to reconditioning a run-down urban landscape. Its achievements inspired the conception of Beautiful Bulgaria I.

Beautiful Bulgaria I (BBI) started in 1998, and targeted five of Bulgaria's largest cities, Sofia, Plovdiv, Varna, Russe and Veliko Turnovo, which registered some of the country's highest absolute unemployment levels. The project was financed by a European Union contribution of USD 3,300,000, through the Emergency Social Assistance Programme - ESAP2, from UNDP (US \$ 414,710) and from the participating Municipalities (US \$ 590, 827). National execution responsibilities fell on the Ministry of Labour and Social Policy. BBI was subject to an external evaluation in late 1998 which concluded that the project was "an acknowledged success and an exceptional example of effective and fruitful partnership to overcome acute development problems".

BBI's success paved the way for a larger and still more ambitious second phase which included 6 additional cities: Vidin, Stara Zagora, Silistra, Vratza, Yambol and Razgrad. The Beautiful Bulgaria II (BBII) project commenced in September 1999 and is expected to be completed in February 2001. The European Union continued to be the major donor of phase II providing over 75% of the budget (EURO 4,500,000). The project is also supported by the United Nations Development Programme (EURO 635,000) and by the 11 beneficiary Municipalities (EURO 725,000). The project is executed by the Ministry of Labour and Social Policy (MLSP) with the support of UNDP and the EU, and is implemented by the 11 target Municipalities.

In the meantime, five municipalities initiated their own "Beautiful Projects" with their own resources and/or with additional donor support. Out of these municipalities, two were new municipalities and three were BB I municipalities.

The municipality of Sofia initially extended the Beautiful Sofia project with its own funding and in 2000 the project received also support from the Spanish Government. The total project budget was increased to over US \$ 1 million with US \$ 520,000 from the municipality, US \$267,000 from UNDP and US \$ 267,000 from the Spanish Government.

Beautiful Russe started in early 1999 with US \$ 600,000 of municipal funding and US \$ 150,000 of UNDP funding. Since then the project has attracted the following additional donor funding: US \$25,000 (British Know How Fund), US \$290,000 (Dutch Matra Programme), US \$ 50,000 (Canadian Government), US \$ 65,000 (Headley Trust - British NGO) and US \$ 50,000 (Bulgarian private sector).

Beautiful Veliko Turnovo also started in early 1999 with US \$ 343,000 of municipal

funding and US \$ 95,000 of UNDP funds. Since then, the project has attracted US \$ 500,000 of Swiss Government funding.

Beautiful Lovech started in June 1999 with US \$ 100,000 of municipal funds and US \$ 500,000 from a Spanish Government contribution.

Beautiful Targovishte started in January 2000 with US \$ 100,000 of municipal funds and US \$ 600,000 from a Swiss Government contribution.

In October 2000, the Government made available US \$ 6million from the State Budget for the initiation of a BB III project with UNDP support (and some US \$ 120,000 of UNDP funding). The project targets 21 small municipalities located in areas with tourism potential.

Altogether, the BB programme, from the initiation of the Beautiful Sofia pilot in 1997, to the end of BB III (expected in October 2001), will have attracted some US \$ 21.5 million of funding to the benefit of 34 municipalities. The funding originates from 11 different national and international sources.

## B. PURPOSE AND SCOPE OF THE EVALUATION MISSION

The purpose of the evaluation was to assess the extent to which the Beautiful Bulgaria II project had achieved its objectives as described in its project document. The evaluation also had "to assess the extent to which UNDP had succeeded in attaining the objective of creating enabling conditions for sustainable livelihoods through demonstrating effective approaches to conduct labour market policies, thus promoting good governance".

The mission was composed of two international consultants, Gonzalo Perez del Castillo (Team leader) and Arpad Konye (Architect and ILO expert), and Georgi Shopov (MLSP, Economist), supported by Mr. Borislav Tafradjiiski (Club Economika 2000). It took place from the 26<sup>th</sup> of November to the 1 December 2000. The first part of the mission consisted of field visits by Mr. Konye and Mr. Shopov. Mr. Tafradjiiski accompanied the team during the first week. On 3 December Mr. Perez del Castillo joined the evaluation team and completed the field visits. The mission reviewed the project documentation including the very comprehensive evaluation report on BB I project carried out in December 1998.

In all, the evaluation team visited Razgrad, Silistra, Varna, Veliko Turnovo after the Minister of Labour and project, a representative

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BB II National Project municipal authorities, municipal representatives of region (and, occasionally, the Municipal Project Offices Turnovo.

The statistical data was from NPO. The mission was briefed by a Representative whenever required. The mission visited the following cities: Sofia, Vidin, Vratsa, Russe, in the first trip, and Plovdiv, Stara Zagora, Yambol and arrival of the team leader. The mission interviewed the Social Policy, the EU Adviser responsible for the BB II

the National Institute for Monuments of Culture and the office (NPO) in Sofia. In the

cities, the mission met with or or deputy mayor (and sometimes both) in all cases; I employment services; representatives of the contractors orkers) and had in-depth meetings with the staff of the (MPOs) and the regional BB II advisor stationed in Veliko

mpiled at the request of the mission by the MPOs and the very well organized in all respects. The Resident debriefed the mission and was available for consultations

In as much as possible the mission tried to follow the outline of the previous evaluation report on BBI in order to facilitate comparisons and trends.

## **II. EXECUTIVE SUMMARY**

### **A. PROJECT PERFORMANCE 1.**

#### **General impact**

Bulgaria is determined to achieve macroeconomic stabilization and to conduct the necessary structural reforms that will pave the way to EU integration. Economic reactivation and social development are proving difficult to achieve. In addition to its own internal transition problems Bulgaria has also had to face an adverse external environment including depressed world markets for its traditional export products ( mining, metallurgical and chemical) and economic stagnation in Russia which traditionally imported Bulgaria's food products. It was also adversely affected by the political situation in the Balkans.

Economic reactivation required a profound restructuring of the country's productive sector. As in other Eastern European countries. Bulgaria's old industries and services were oversized, poorly managed and technologically obsolete. They could not survive in a competitive non-protected market economy and they either had to be sold or closed down. In any case, the net result was termination of labour contracts and massive unemployment. The Government of Bulgaria was compelled to provide a social safety net during the initial years of structural adjustment.

Beautiful Bulgaria started as a temporary job creation mechanism to provide employment during a transition period while the economy got back on its feet and new sustainable jobs were created by a private sector led market oriented economy. It was a very modest undertaking whereby a small portion (15%) of a second tranche of a EURO 20 million from 1 European Union Emergency Social Assistance Programme (ESAP 2) was to be used in employment generation instead of being paid as a direct cash subsidy, as was done with the first EURO 20 million tranche (ESAP 1). The new approach was intended to have beneficial side effects like re-activating a long dormant part of the unskilled and unemployed labour force; training and motivating young people, women and minority groups and renewing monuments and old buildings which had been suffering from years

of lack of maintenance and neglect. The beneficiary cities would look better and the psychological impact on the population would be positive.

But as the successive stages of Beautiful Bulgaria unfolded they proved to be an extremely powerful development impulse that touched the imagination of the Bulgarian population, their sense of identity and their national pride.

Beautiful Bulgaria became a common cause which citizens all over the country easily grasped and immediately identified with. Around the wave of consensus that Beautiful Bulgaria inspired, municipal governments, national offices involved in the project (the Ministry of Labour and Social Policy, regional and local offices, National Employment Service, National Institute for Monuments of Culture) private sector contractors, civil society organizations and citizens at large enthusiastically enlisted to cooperate.

UNDP helped to set up a trustworthy non-partisan, efficient and transparent organization that provided the technical, managerial and participatory framework for this budding development initiative to grow strong and develop to its full potential.

When evaluating Beautiful Bulgaria therefore, it would not do justice to the project's real worth to focus exclusively on the impact that it has had on the employment situation or urban refurbishment in Bulgaria. This can be adequately quantified and analyzed, as will be done later, but it would be quite misleading to give the impression that Beautiful Bulgaria is only that.

When interviewing government authorities at the national, regional and local level it was almost invariably found that the project's impact on employment was the third item that they would address. Before doing so, they would express their satisfaction with the project in the following order:

- (i) People's support to the idea of Beautiful Bulgaria
- (ii) Cultural impact of the project's management
- (iii) Impact on employment

- (i) People's support

The idea that a project would restore the beauty of Bulgaria's historical monuments, and bring back to life its most emblematic village dwellings and parks while providing a job opportunity to the unemployed, without distinction, touched a sensitive cord in the Bulgarian population. The project has become a symbol that brings together both the Bulgarian's pride in their history and traditions, their conviction that they can put the country back in shape with their own human resources and their sense of solidarity with those who have been most directly affected by the economic transition.

Three years after the first "beautiful" project started, the Government of Bulgaria

decided to contribute US\$ 6 million from its own constrained budgetary resources. This reflects the Government's own perception of the project's multi-dimensional significance. One city mayor succinctly put it as follows: "My town has a totally new look. I never realized how much citizens could contribute. We thought this was our responsibility but we have now understood that it is everybody's. This project has completely changed our relations with other institutions and the community."

The activities sponsored by Beautiful Bulgaria and its participatory management and decision making structure have produced a cultural change. Cooperation between the national authorities, principally the Ministry of Labour and Social Policy, and the municipal structures has improved considerably and has acquired renewed dynamism. The private sector has taken a keen interest in the project. Private constructors in the beneficiary cities were eager to meet the evaluation team. Most claimed that working for Beautiful Bulgaria had changed the way they operated. Preparing bids, competing for contracts, meeting deadlines, observing safety measures for their workers, attaining quality standards had all had a beneficial impact on their company. One contractor summarized it as: "We now work according to European norms and quality standards". The project's concern for the unskilled unemployed and for minorities was also understood and supported. Most contractors had favorable comments on their experience with the work of women and minority groups. They admitted they

were very skeptical when the project started but they had managed to get the job done and meet all contract requirements. They were satisfied with the procedures of contracting and monitoring. This had improved their understanding of what a market economy requested of them. Having successfully completed a Beautiful Bulgaria project site undoubtedly was a mark of prestige for their firm. When pressed to come out with criticisms of the project some made interesting practical suggestions but the majority said "We have no negative comments on BB, we like it as it is. We wish there would be more."

A December 2000 Gallup survey representing the whole population of the BBII cities yielded that 86% of all interviewees were aware of Beautiful Bulgaria, its concepts and results. The positive effects of the project were seen as improvement of urban environment (71 %); conservation of cultural heritage (61%); temporary jobs for unemployed (58%) and revival of civic pride of the population (47%).

Of the people who were aware of the project 87% approved its concept and achievements, 11 % were neutral and 2% had a negative opinion.

When asked who finances Beautiful Bulgaria citizens replied that it is the European Union (55%); the municipality (19%); UNDP (12%) or the Government (8%).

- (ii) The cultural impact of project management.

Beautiful Bulgaria has a very complex participatory management mechanism where representatives of the EU, representatives of the Ministry of Labour and Social Policy (MLSP), of UNDP and of the National Employment Service meet regularly in a National Steering Committee. This Committee has worked well and has provided an efficient decision making mechanism involving the principal stakeholders. The National Steering Committee takes strategic decisions and monitors the work of the

Town people soon reached sites to be refurbished. The non originally foreseen sit press also reacted to Beau 2000 the number of article 2000.

ut and claimed their right to have a say in the selection of management of BB responded favorably and a variety of s were included in the programme. The media and the iful Bulgaria. The mission took note that by December written about this project (both BBI and BBII) exceeded

NPO that manages the pr Committee has been Municipality, the Regio Council (attached to the Monuments of Culture monitors the work of the

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This network of instituti provided a mechanism fig all levels. For Bulgaria, seeking a closer econo provided the means fo central administration an

ject. In each beneficiary municipality a Local Management established. It is composed of representatives of the al Employment Service, UNDP, the District Employment ffice of the District Governor) and the National Institute for server). This Committee takes strategic local decisions and

PO, which is responsible for local project implementation.

ns that support the project has worked efficiently and has r a continuous dialogue among all parties concerned and at which together with other Eastern European countries is is integration with EU, this is not a small feat. The project interactive management between the municipalities, the the project's donors.

It was highly appreciated, evaluation mission of BB I t level, were taken into accou the project was changed acc

or example, that recommendations made by the 1998 at revealed a number of operational concerns at the local t by EU, UNDP and central government authorities and rdingly.

At the local level, strict UNDP and EU bidding and contracting procedures were followed, European standards for workers' safety were imposed in all sites, work progress and quality standards were rigorously monitored, compliance with the terms of contract regarding employment of unskilled laborers were surveyed. Most of this work

was carried out by a carefully selected group of young Bulgarian technicians who were properly trained and supported to carry out their job. The majority of the team, including the team leaders are female, as is the National Project Director. Many mayors informed the evaluation mission that the professionalism, effectiveness and dedication of these BB technical teams had set an example for municipal employees and had wiped out any vestiges of prejudices against the reliability and capacity of young professionals. Getting the job done in time, even if it meant working through the night, being strict on quality and deadlines, applying fair and transparent procedures, providing all information immediately on request, constituted an incentive for local government institutions and line staff to keep up the pace and maintain similar levels of performance.

The instant response and trust that was obtained from citizens and the private sector also had a positive demonstration effect on local government officials involved in project operations.

Having been the "dynam" around which such institutional and societal consensus has been built is an important asset of BB.

(iii) Impact on employment

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In quantitative terms the Bulgaria has not been over the time of the evaluation population was unemployment higher. The mission was figures between January 2000 unemployment in *Information on Unemployment* greater without the contra

impact of BB on the overall employment situation is important. In Sofia the Bureau of Labour revealed that at mission (December 2000) 5.1 % of the economically active population, but without BB this figure would have been much not able to detect a positive trend in national employment 000 and October 2000. Data for 11 cities reveal that during increased in 8 cities and diminished in 3 (See Table I *ment*). Clearly unemployment figures would have been reduction of the BBII project.

The importance of BB is national level. What matters the mission interviewed, 'The labour offices appreciate unemployment and place for many years as well getting employment (young people) clearly not in its impact on unemployment figures at the moment about the BB approach, according to most labour offices is the approach to the problem and the groups it has targeted. I note the fact that BB has a systematic approach to combating unemployment with emphasis on groups of people that have been unemployed such as categories of population that have more difficulties in finding work, minorities, disabled, etc.). 'Targeting the more employment opportunities' strengthened the labour

difficult cases, providing adequate training and viable solutions through BB has had a

demonstrative effect and has offices capacity to deal with this problem. Parallel training

activities aimed at small own business has also been methodologies and practices acquire new experiences a beneficial effects well beyond front line of the struggle against

struction firms and at people who are trying to start their regarded as a positive and practical [contribution. BB](#) have been used by the labour offices as an opportunity to upgrade the quality of their services. This has had the effect of BB as these same labour offices are the first unemployment all over Bulgaria.

Admittedly, BB was not meant to provide a safety net for the policy demonstration to the permanent employment opportunities are still have to be put in place to hold that while many other what BB has already achieved.

ant to be more than a temporary employment mechanism for the unemployed while Bulgaria's economy recovered and a net effect. It was never expected that BB would provide opportunities for its target groups. Regrettably, permanent and abundant and additional job creation mechanisms will provide for the unemployed in the next years. The mission venues should be explored, it would be wise to build on

BB cannot be maintained form of grants. The general their purpose and the project locally. In this connection third phase of BB (BBIII) Bulgaria has provided US completed in October 20 Economic Development P has therefore achieved sustainability will be ensured government in the future

in the strength of international donor contributions in the future donations provided by the EU and UNDP have served must now continue on resources that can be mobilized

the mission took note with satisfaction of the fact that a as initiated in October 2000 for which the Government of

6 million from its own budgetary resources. BBIII will be 01. BB is included in the country's 2000-2006 National Plan (NEPD) as an active labour market policy instrument. Its policy impact and there are reasons to believe that its funded as budgetary support will continue to be provided by the the frame of the NEPD implementation.

Nevertheless some municipalities where project activities are ending are facing the possibility of having to dismantle the BB managerial teams. This question is addressed in section II B of the report.

## **2. Achievements by Components**

### **(i) Employment generation**

The Beautiful Bulgaria II project was to create altogether 21,400 man/months of remunerated occupation. The bulk of employment would be created through the launching of small urban refurbishing schemes by applying simple labour-intensive techniques with a labour input content of at least 50% of total costs. The relatively high

labour ratio created controversies at the beginning of project implementation since contractors complained that superfluous labour was artificially imposed on them. Having nonetheless respected this requirement, by the end of November 2000, the project had already created 17,143 man months of temporary jobs for skilled and unskilled workers (see Table No. 3 *Total Project Cost and Employment Generation*) and 765 man months of employment for staff employed by the project employment offices. In addition to this, 584 man months of consultancy works (see Table No. 4 *National Staff and Consultants*) were contracted out to local consultants and 5,090 man months of remunerated (training allowance) temporary occupation were also created to the benefit of unemployed provided with vocational training. The total temporary occupation created at the time of the evaluation mission (first half of December 2000) thus reached 23,582 person/months. The original target of 21,400 person/months had thus already been exceeded. One can also estimate that about 1,950 man months of indirect employment was also generated by building materials production and transport services used by the contractors.

Although there are no statistical data on the number of resulting permanent jobs, the evaluation mission holds, on the basis of interviews and discussions with workers and contractors, that around 20-23% of the labour force temporarily employed by the project found stable employment. They were either retained by contractors for longterm or more frequent jobs (15% of the workers - see Table No 5 *Estimation of Workers Retained by Contractors*) or they found new employment elsewhere on account of the skills learnt and experience gained under the project (5 to 8%)

A strict application of high labour content in all project works was maintained but local demands were nevertheless taken into account. At the recommendation of the BBI evaluation mission, the labour-materials ratio was lowered from 72 % (used under the BBI) to 50%, which allowed for the procurement and use of appropriate building materials required to improve the quality of facade refurbishing works. Admittedly this ratio is still higher than average in Bulgaria (which is around 40%), for implementation of facade refurbishing works. But this ratio proved very effective in meeting the project's established targets.

Beyond its employment creation objectives, the project has produced the following additional benefits,

- an important number of unskilled and skilled workers were hired from long term unemployed or never employed minority groups. The project succeeded in employing unskilled workers from this vulnerable segment of the population who towards project's end accounted for approximately 23

of the total labour employed (see Table No 19 *Information on Unemployed, Women, Ethnic Minorities*);

- mutual confidence and trust was built up between minority unskilled workers and private contractors;

- the regional and local employment offices were revitalized by the increased demand for jobs and proved to be a solid professional partner in this major employment programme;
- the project also targeted job opportunities for women and young people. Construction jobs are not considered suitable for female workers in Bulgaria, nevertheless the project successfully employed women in landscaping projects where they represented the majority of workers. The unemployed young turned out to be less interested in construction project jobs so they sought, and sometimes found, work in other areas.
- the positions offered by the local project management offices were filled in mostly by young highly educated women who usually occupied the managerial positions. Most of the managers of MPOs are young women. Their dynamic and dedicated work performance largely contributed to the build-up of a social partnership for the implementation of works schemes at the municipal level.

(ii) Vocational Training

The training of unskilled workers has been a major component of the project. It aimed at making workers more competitive on the labour market by providing skills and experience to unskilled workers through specially designed training courses. The training programme also contained an appropriate OSH courses delivered to about 2,500 unemployed in order to improve work safety on construction sites. (See *Table No.6 Training of National Staff and Contractors*). The evaluation mission observed that employment, training and urban work targets have been, in general, achieved. In Chapter V project results, project targets and achievements are compared in detail.

The vocational training courses were successful and popular in all the target cities. So far 2,545 unemployed participated in basic construction skills development courses with a total duration of 5,090 person/months. Minority groups, and not yet employed people represented about 40% of the trainees.

Trainees received a training allowance of 70 BL/month in average during the courses. Upon completion of their training they were introduced to the contractors engaged by the project for possible employment.

OSH training was also provided for workers on construction sites and for contractors and technical personnel through special workshops. (See *Table No. 9. OSH Training*).

Additional training courses were organized in "Start Your Business", and "Improve Your Construction Skills" for selected candidates (see *Table No.9. SYB*

*Training*), special workshops were organized in historical façade refurbishing works for interested contractors.

### (iii) Urban refurbishment

The launching of employment generating urban refurbishing schemes included historical facade repair works, paving of squares and streets, playground and stairs repairing and parks landscaping. The scope of the schemes was considerably enlarged when mechanisms were put in place for the local population and NGO's to have a say in site selection. As a result ramp construction schemes for handicapped people, archeological sites preservation, school repairs, churches, mosques, libraries, and private properties became regular and popular programme sites.

The impact of high visibility urban refurbishment activities on the population, local and national authorities, and donors exceeded expectations. By making full use of the experience gained under the previous [projects](#), it was possible to implement 221 schemes in the 11 cities (see Table No. 10. *Subcontract Implementation*) within the short duration of the project. This relatively large number of schemes were mostly located in city centres where citizens could witness the project's daily progress. The cities' "change of face" had an unquestionably beneficial psychological impact on the whole community.

The project also undertook the renovation of private buildings facades where costs were partly financed by the owners themselves. Private contributions ranged from 15% to 50% of total costs. Considering that the Municipalities already contributed financially to the project, the incorporation of private owners as new contributors was an important and positive development.

The evaluation mission visited several buildings which had been refurbished under the Beautiful Bulgaria Project I. The mission observed that facades were in acceptable condition compared to the cost of the repairs. Unfortunately, some buildings repaired by inexperienced contractors and unqualified labour using sub-standard materials, were in poor condition and revealed bad workmanship. Their urgent repair is necessary. The quality of works under BB II has, however, considerably improved.

OSH measures were introduced in all sites and no serious accident occurred during construction works. Contractors and technical supervisors were trained, workers were instructed regularly about safety regulations including the compulsory use of helmets, safety nets and other protection materials required by the project. Construction sites were regularly checked by local labour safety inspectors. The improved safety measures proved adequate and local technicians, contractors and officials regard them as a model to be followed in future contract works.

The successful involvement of the National Institute for Monuments of Culture (NIMC) in the approval of architectural designs and the supervision of facade refurbishing schemes had very beneficial effects on the project. NIMC involvement is a matter of

national interest and proved particularly useful since, with some exceptions neither the contractors, nor the workers had much experience in restoration works. The quality of workmanship considerably improved since NIMC intervened in the design and colors and provided advice on materials, paints and construction techniques.

#### **(iv) Capacity Building**

The project produced beneficial effects in terms of intellectual and human resources development and in the creation of an evolving environment for economic growth particularly in those who participated directly in project activities: MLSP, the municipal administrations, NPO, MPOs, Local Labour Offices, Regional Employment Services; contractors; unemployed, and owners, who have partly shared the costs for the refurbishment of their buildings. To a lesser degree the project has impacted the capacity of the NIMC and the local labour inspection offices.

The more significant overall capacity building achievements can be described as follows: institutional strengthening; increased capacity for cooperation and mutual trust; the project established new concrete standards for inter-institutional cooperation; synergy resulting from improved interaction; enhanced prestige and image; improved professional quality of managers and staff and of the NPO and MPO teams as a whole; and improved capacity for participation in similar programs, including the EU structural funds; respect and observance of the national legislation and donor rules and procedures; increased citizen's participation and creation of social capital.

### **3. Project Design**

The Beautiful Sofia project which initiated the sequence of "Beautiful Projects" arose at a time when the government of Bulgaria was trying to get the country's hyperinflated economy back on track and human development indicators had taken a dive. Open unemployment stood at 14% and growing, average wage was below subsistence level and rural urban migration was also on the increase. Urban concentration led to the appearance of social unrest and a rise in crime and insecurity. Municipal governments were in no position to provide basic services to their communities, urban social infrastructure was run down and a widespread feeling of frustration and helplessness weighed down on the population.

The government had, however, passed a national employment promotion policy with required financial support and enhanced managerial capacity to be implemented. The Beautiful Bulgaria II project aimed at directly targeting the problem of the urban unemployed and particularly that of the long-term unemployed (or never employed), ethnic minorities, the unskilled, and to assist women and youth seeking employment. It also aimed at strengthening the existing private SME construction sector by engaging them in the project and promoting a new entrepreneurial spirit by favouring the creation of new SMEs. The project also aimed at building sustainable capacities at central and local levels in order to help the government to effectively implement its labour policies.

Finally, it attempted to reverse public scepticism about a better future by creating visible signs that things were changing for the better in Bulgaria.

The project document was jointly formulated by the MLSP and UNDP. Its formulation was very clear and implementation arrangements were very carefully studied and designed. The participation of all stakeholders in the project (EU, UNDP and the government at central and local levels) was very clearly spelled out. Management units were created at central and local levels. Steering Committees were established to control project progress and monitor its activities. The functions and responsibilities of each participant were set out in the project document.

Beautiful Bulgaria II started off with a very adequate project design which presumably made a substantive contribution to the managerial success of the project during the execution phases.

#### **4. Project execution**

The activities of the project started in September 1999, after the signature of the project document. From September 1999 until July 2000 the project relied exclusively on UNDP and municipal funds since the EU funds arrived only in August 2000 while they were expected to be available in February 2000. The arrival of the funds when over half of the project's intended life span had already expired seriously impaired project execution. As in BBI, instead of implementing the works in several waves and spreading the workload over a reasonable period of time, works implementation in BBII had to be compressed in a five months period (August to December) instead of a nine months period (April to December). This put a serious strain on project management both at the MPO and NPO levels.

In spite of this, the project managed to implement over 221 project sites in 11 cities and met all its quantitative targets (see section on results) while maintaining all the projects' prerequisites, construction quality standards and workers safety measures as well as complying with donors rules and procedures. Training targets were also met and there was general satisfaction with the courses although there was also a general consensus that course duration was insufficient in most cases.

The National Project Office (NPO) and the Municipal Project Offices (MPOs) established with the support of UNDP must be commended on a job well done in every respect. Their dedication and commitment is praiseworthy and had beneficial effects on all project partners well beyond the scope of **BB** itself.

UNDP's support in the design of the operational mechanisms of the project as well as continuous management support and monitoring contributed to the smooth operation of the project. There were no reported difficulties with the CFCU and the National Fund as the roles and responsibilities of each party were clearly set out in the Memorandum of

Understanding signed between UNDP and the CFCU (endorsed by the EU Commission and the MLSP). On the contrary, a spirit of partnership and cooperation continuously prevailed. The location of the NPO in the MLSP ensured a continuous interaction between MLSP officials and NPO staff, which enabled all day to day management decisions to be taken after being thoroughly discussed and on the basis of a consensus.

A complex institutional framework at both national and local level was designed with the support of UNDP. This complexity stemmed from the large number of actors involved in the project and the need to ensure adequate levels of participation on the part of all the stakeholders. The institutional framework was put in place and proved to be very functional. The merit on this account has to go to all participants but a special mention must be made of the manner in which the Minister of Labour and Social Policy, the EU representative and the UNDP representative personally assumed their responsibilities in the National Steering Committee. Their constant policy guidance and their personal involvement in decision making infused confidence and dynamism to project management at all levels.

Recommendations that came from the grass roots level would be taken up by the system and a decision could be made that reoriented and improved the project or opened new opportunities and possibilities for combating unemployment at the local level. This positive interaction between authorities and project participants and

beneficiaries provided a lively decision making mechanism which was highly appreciated by all concerned and built a sense of participation, credibility and ownership. Relations with the citizens and the media were also very aptly handled and the results are self-evident.

## **5. Beautiful Bulgaria II in figures**

### **Project sources of funding and total budget as per EU Project Fiche (EUR)**

EU	Municipal	UNDP	TOTAL	Private*	TOTAL
4,500,000	724,000	633,500	5,857,500	206,000	6,063,500

\* Private funding was not included in the EU Project Fiche

### **Expected breakdown of expenditures at the end of the project (EUR)**

International Experts/Consultants	222,800	3.61%
National Project Staff/Consultants	489,049	7.88%
Operating Expenditures	390,612	6.34%
Subcontracts for works	4,500,048	72.98%
Public awareness	76,595	1.24%
Training	411,584	6.68%
Equipment	78,203	2.47%
TOTAL	6,165,891 *	100

\* The total figure for project expenditure is higher than in the project fiche plus private funding due to exchange rate fluctuations (depreciation of the EURO which increased the EURO value of the UNDP contribution as

well as that of the municipalities both of which are recorded in US S in UNDP's books).

Number of cities	1 1 cities
Number of project management offices	12 offices, including I NPO
Number of sites refurbished	221
Number of contractors	128

#### **Temporary remunerated occupation generation in man/month as at 05.12.2000**

- unskilled	14,045 m/m
- skilled	3,098 m/m
- remunerated vocational training	5,090 m/m
- national project staff	765 m/m - national consultants 584 m/m
<b>TOTAL</b>	<b>23,582 m/m</b>

Average wage of unskilled workers Average cost of employment generation Training allowance paid  
Number of unemployed hired by project Number of retained unskilled workers

#### **Training**

- a) vocational training
  - average cost of vocational training
  - training allowance paid
- b) Start Yours Business c) OSH
- d) Improve Your Construction Business e) NIMC training
- f) Operations Manual

BLG 110-120/month US\$ 256/month  
BLG 70/month/trainee 4,880 unskilled workers 735 unskilled workers

2,545 workers/2 months  
US\$ 70/course of 2 months  
BLG 140/trainee/2 months course 540 unemployed 199 contractor+29 national  
staff 149 contractor staff 147 contractor staff 122 national+107 contractor staff

*Projet Beutitji I Bulgaria II, Etuketation Report, 4 - 15 Deambx 2000, Sofia, Bulgaria*

## **B. PROJECT SUSTAINABILITY**

The continuation of the BB project as originally designed depended on the economic recovery of the Bulgarian economy which would absorb the labour force trained by the project and tested on BB construction, refurbishment and landscaping sites throughout the country. Evidently, private sector construction services in Bulgaria have not developed to a point where they can easily absorb the trained labour force provided by the project. But BB accomplishments are an important development asset for the country and should not be lost.

Sustaining BB is not about providing short term temporary jobs to construction workers

for another few years. It is about designing a programme that will keep BB structures and its managerial and technical skills operational so that cities and municipalities can build on their achievements to date. It is also about promoting local governance, developing national and municipal institutions' capacities, strengthening people's participation and engaging the private sector as the engine of local economic development.

In cities where BB has been active for some time the main historical monuments, municipal and state buildings and main parks have already been cleaned or repaired. What remains to be seen is the capacity of the municipal budget to cover the future costs of maintenance. Some additional municipal buildings and city parks could be included in a future BB programme. Three of the BB municipalities (Sofia, Russe, Veliko Turnovo) have managed to earmark some of their own investment funds to continue with BB activities under separate projects. This is a very positive "sustainability" sign in present day Bulgaria where municipalities invariably suffer severe budgetary constraints, and it should not be underestimated.

As already indicated, BB has become a policy instrument of the 2000-2006 NEDP and the MLSP has made available US \$ 6 million of state budget resources for the funding, together with 21 beneficiary municipalities, of a third phase of the project (BBIII) which is oriented towards strengthening tourism potential. The visibility and success of BB is such that it must not be discarded that additional international donors may, in years to come, choose to address the unemployment programme in Bulgaria through the expansion of BB activities to other cities and municipalities.

There are therefore many signs that the strategic importance of BB achievements and its popularity have been duly noted by donors and government authorities and that means and ways to guarantee continuation in the short and medium term will be found.

In the longer term the idea of linking future BB projects to tourism promotion is good since the revival of tourism will contribute to sustainable employment generation. Also, the generation of economic activity in tourism will be reflected in higher municipal revenues either through taxes or charges.

The evaluation mission took note that more private citizens have approached the project to have their house, or façade, refurbished under BB surveillance than the project can cope with. Seemingly, having one's house included in the BB programme

*1st Successful Bulgaria II, Evaluation Report 4 - 15 Daenler 2000, Sofia, Bulgaria*

is also a prestige mark for ordinary citizens and, most probably, it also increases its market or rent value.

Private house owners have approached MPOs in all cities to have their house included in the project. In some cases (example, Plovdiv) the owners contributed up to 35% of the cost

of refurbishment and the BB project made up the difference. In other cases (Sofia) private owners contributed 50% of total costs. In all cases, the MPO would not open the bid for tenders until the private owner had deposited his full contribution at the municipality (which then transfers the money to a UNDP account).

All mayors visited by the mission confirmed that, at present, they had more requests for participation in BB by private owners than they could cope with. This result is being achieved under present conditions where the owners have to pay the totality of their contribution up front.

The mission feels that the demand for participation will increase dramatically if an appropriate credit scheme is implemented that would permit private citizens to participate in BB with no substantial cash down payment in advance and the possibility to repay the loan in 10 years. Loans would be given by an authorized bank against a mortgage on the house that would be subject to [refurbishing](#). BB could also constitute a guarantee fund that would back up the lending institution in case of default. Central government and/or municipal subsidies, either to pay for management, to motivate the use of unemployed or to reduce interest rates should be considered at the time of formulation of the credit scheme. The average cost of refurbishment for a private building that can have up to 8 or 10 apartment owners is in the vicinity of USD 8 000 (or USD 800 per owner) which means that the guarantee fund would be of a magnitude that municipalities should have no difficulty with.

The enlargement of BB activities to cover demands from the private sector would infuse dynamism into BB and would open up the possibility for increasing the number of contracts and employment opportunities. The interest on loans should eventually provide sufficient funds for the BB structure to continue operations. In time, the BB MPOs could decide to leave the project's umbrella and become independent NGOs.

*Project Bean\* Bulgaria If, Evaluation Report, 4 - 15 December 2000, Sofia, Bulgaria*

## C. MAIN CONCLUSIONS

Beautiful Bulgaria has ceased to be only a temporary employment assistance to the MLSP. It has become a national development project and a symbol of the Bulgarian people's capacity to recondition the landmarks of their rich and ancient culture even in the face of extreme adversity.

A network of positive interactions has been waved around the basic idea of BB and the institutions and companies that participate in it have widespread respect and credibility. The project is synonymous of transparency and effectiveness and is regarded as a demonstration that, given the opportunity, all Bulgarians, - even the most humble - can rise up to demanding challenges. The project has had a very important development impact. It has managed to get institutions and people to take a new look at themselves and to realize how much can be achieved by working together towards common goals. It

has promoted awareness and self-confidence. It has, in short, promoted a cultural change. This achievement cannot be lost by abrupt and simultaneous dismantling of all of BB's support institutions. On the other hand, BB has sufficient strength to stand on its own and, wherever necessary, must be assisted in the transition period to becoming a self-financed development institution.

The evaluation mission has taken note that the future of the BB concept is practically guaranteed in the short and medium term since new contributions particularly from government sources have been pledged to build on BB's achievements. What is more important, is that the MLSP and several municipalities have also procured the necessary financing to maintain the managerial and technical structures of BB operational and to retain the professional teams and staff that were instrumental to the project's success.

In some particular cities, no international, national or local support has been secured and this may lead to precocious closure of this initiative. The mission concludes that some alternative ways to maintain BB and its beneficial effect on urban employment alive would be to tap the resources of private citizens and a recommendation is made in that respect.

In spite of the complexity of its institutional and management structure the BB project was exceptionally well managed through all the phases of the project cycle (design, formulation, execution, monitoring, evaluation and reporting). The fact that high level management was receptive to the recommendations made by evaluators, operational personnel in charge of project monitoring, local authorities and promptly acted on them, provided a strong support to all project staff. On the other hand, the burden of continuous reporting to several sources with different requisites and formats on substantive administrative and financial matters made day to day operations very cumbersome for project staff.

Project performance and impact in the field has been improved by reconsideration of labour ratio prerequisites on project sites, wage liberalization and the introduction of occupational safety and health measures (OSH). The greater involvement of the NIMC in façade refurbishing of historical monuments was a very appropriate decision and which was welcomed by architects, contractors and technical staff. The maintenance on high labour ratios in project sites (50%) was a means to achieving

*Projet Becu t d Bulgaria II, Ezaáration Repos 4 - 15 DEren1tr 2000, Sofia, Bulgaria*

employment targets. From interviews with workers and contractors the mission ascertained that this measure also generated some undesirable consequences such as reduction of labour wages, hiring of unnecessary labour force and under utilization of some first time employed unskilled labour. The mission agrees that employment targets must be maintained and has put forward some recommendations to improve unskilled labour utilization.

The project's training programme was carried out effectively but course content and duration should, wherever possible, be improved. The whole training programme does not appear to have strong operational links with other ongoing national training programmes which could have synergies with BB.

The capacity building impact has been considerable at many levels and in more ways than originally planned for or expected. Particularly, the project was instrumental in improving managerial capacity and implementation efficiency, due regard to quality standards, timelines and maintenance of safety measures. The evaluation mission made a detailed analysis of the project's impact on capacity strengthening from which many lessons can be drawn. (See section V.B. Capacity building)

Apart from a strong institutional impact the project had an effect on enhancing citizen participation and contributed to the creation of social capital. The project was responsible for a cultural change leading to greater compliance with social legislation particularly in the case of occupational safety. It also played a role in consolidating good relations between different ethnic groups and removing prejudices about the responsibility and work ethic of youth and minorities.

Finally, the evaluation team wishes to place on record that, in the short time made available to the mission, a voluminous amount of documentation and statistical data were critically reviewed. The 11 cities which are involved in the BBII initiative were visited and authorities, contractors and technical teams were interviewed in some detail. The mission found that the project had shortcomings, as any human endeavor has, but these were far outweighed by the positive aspects in every single case. Indeed, the quality of some refurbishing the mission observed may not meet the workmanship standards achieved in the cities of Western Europe but the cost was much lower and the social reintegration of thousands of long-term unemployed was achieved. It is also true that by accepting labour market wage rates BBII workers were often paid less than BBI (two minimum wages). However, the level of remuneration was in line with the market and the mission was not called to pass judgement on the adequacy of the present day general levels of income of the Bulgarian population.

The mission is, on the other hand, very favorably impressed with the accomplishments of Beautiful Bulgaria in terms of its impact on the country, on its institutions and on its people. The positive and complimentary nature of the project's evaluation report fully reflects the mission's objective assessment.

*Proj A Beautiful Bulgaria II, Evaluation Report; 4 - 15 December 2000, Sofia, Bulgaria*

#### D. MAIN RECOMMENDATIONS

Beautiful Bulgaria II is coming to a close in two months time (February 2001), so

recommendations are not directed exclusively at improving the project's impact or performance but rather are based on lessons learned and formulated so that they may be taken into account in future undertakings.

1. The experience gained in the course of the project's implementation is very useful and should be applied to similar employment projects throughout the country.
2. Steps should be taken to preserve the installed managerial and technical capacity of BB. It is recommended that the forthcoming BB III management structure retains and makes full use of the most capable staff in the NPO and MPO units including the provision of an incentive for staff relocation, if necessary..
3. The government, municipal authorities, UNDP and other donors should consider the possibility of financing a bridge operation in cities where BB operations are ceasing so that the BB teams can be maintained until such time as the credit scheme recommended under 4 and 5 (below) becomes operational.
4. A credit scheme for house or façade refurbishment should be designed and made available to private owners who wish to participate in the BB programme. A pilot credit scheme should be tested in the 13 cities targeted under BBII and Beautiful Cities programmes.
5. The credit scheme should be self sustainable and pay for the management costs of BB operations. A grant element should be applied particularly in cases where BB standards such as labour ratios are accepted by the owners.
6. With regard to future work schemes it is recommended to couple tenders for highly labour intensive contracts (landscaping, street maintenance) together with some of the more sophisticated refurbishment contracts that have scarce nonskilled labour requirements. This will provide for a better use of non-skilled labour while maintaining quality work in the facades.
7. BB should strengthen its operational links with other national and municipal employment promotion programmes.

*Pmjar Beautifid B4arta II, Etaluatien Repovi, 4 - 15 De ardxr 2000, Sofia, Bulgaria*

### **III. PROJECT CONCEPT AND DESIGN**

#### **A. CONTEXT OF THE PROJECT**

##### **1. Macroeconomic framework and national plans**

It is relevant to briefly review understand the situation that the government and the people of Bulgaria were facing when the original Beautiful Sofia Project came into existence.

In 1997 Bulgaria faced one of the most difficult years of its transition. The Gross Domestic Product (GDP) fell by 7%, and the inflation rate reached 579%. In this context of economic chaos unemployment exceeded 14%.

During the following two years the government painstakingly managed to redress the situation and succeeded in obtaining the following macroeconomic achievements (See

Table A):

- reversing the declining trend in GDP;
- mastering inflation;
- increasing the population's nominal and real incomes. **Table**

#### A. Major macroeconomic indicators (1997 - 1999)

Indicators	1997	1998	1999
GDP by current prices for the respective year - BGN million	17 103 433	21 697 000	22 776 000
GDP - growth indices compared with the previous year	93,10%	103,70%	102,40%
Inflation - indices on a previous year base	678.6	101.0	106.15
Population			
Population by the end of the year	8 283 200	8 230 371	8 190 876
Population in working age	4 749 476	4 750 328	4 752 806
Minimum wage	45500 BGL	53500 BGL	67 BGN
Real change on a previous year base	21.92%	16.46%	17.98%
Average wage	168720 BGL	185985 BGL	206 BGN
Real change on a previous year base	27.90%	9.18%	4.45%
Average pension	51 111 BGL	59 287 BGL	59 287 BGN
Real change on a previous year base	25.23%	12.91%	12.71%
Employed (average number per year)	3 157 437	3 152 554	3 071 913
Unemployed (average number per year)	536 704	458 170	527 058
Unemployment level	14,04%	12,17%	15,97%

*Source: National Statistical Institute, Ministry of Labor and Social Policy.*

This positive outcome however was largely insufficient to reverse other negative tendencies in the social indicators such as:

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- a decreasing basic food consumption - for example bread and paste products decreased from 35.9 kg per household member in the first quarter of 1998 to 35.5 kg in the first quarter of 1999, but other food consumption (meat, milk, cheese) remained stable or increased slightly. In 2000 however that better tendency was reverted and lower food consumption indexes were registered for practically all staple foods.
- restructuring of the household expenses - as the share of household expenses for energy, health care and transport tended to increase while expenses for food,

clothing, footwear, etc. tended to decrease.

- decrease in employment and rising unemployment during the whole of 1999 and most of 2000. The insignificant increase in private sector employment could not compensate the massive employment decrease in the public sector.

These parallel processes suggested that the benefits of macroeconomic stabilization had still not managed to achieve lasting results in the social sphere.

In late 1999 the Government finalized a National Economic Development Plan (NEDP) for the period 2000 to 2006, which was ratified by Parliament. Strategic objectives in the NEDP for the labour market and employment were: increasing employment; strengthening equal opportunity policy in regard to gender, long-term unemployed, young, disabled, poorly educated and unskilled people; improving workforce capabilities. and promoting small business and self-employment.

The Accession Partnership and National Program for the Adoption of the *Acquis* (NPAA) include priorities in the field of vocational training and temporary job creation for the disadvantaged groups, and provision of the best EU practice in the sphere of Occupational Safety and Health.

## **2. Employment sector**

At the time the BB II project was designed in 1999, unemployment was constantly in the increase throughout the country including the municipalities involved in "Beautiful Bulgaria II" (See Table 2).

The risk of unemployment was much higher in 1999 compared with 1998 due to significant labor force oversupply. Pessimism insecurity and frustration were widespread. People were prepared to accept lower-qualified and lower-remunerated jobs. But there was little or no interest on this part of the employers in hiring young people and long-term unemployed. The reasons were the low incentives and the existing possibility to hire persons on the informal labor market. Motivation and support programmes for the unemployed to start their own business was also limited

On the other hand, the labor market policy improved. For the period December 1998 - December 1999 the share of the unemployed covered by active measures or receiving cash compensations or unemployment benefits increased by 0.5 percentage points. The number of the persons covered by active and passive measures in 1999 increased by 50 000 in absolute figures.

The special measures for neutralizing the negative impacts of enterprise restructuring on the labor market were insufficient and incomplete. Over 60% of all unemployed were not covered by protective measures or employment programs.

*Proiat Beau ti W' Bulgaria II, Ezakration Report, 4 - 15 Dermàr 2000, Sofia, Bulgaria*

Perspectives for the labor market for 2000 were unfavorable. The financial instability of Professional Qualification and Unemployment Fund would limit the possibilities for conducting active employment policies at first place. In view of the unfavorable

perspectives for the development of national and regional labor markets (except for the biggest towns and municipalities) the alleviation of the hardest unemployment forms were identified as top governmental priority. This hard core of unemployment included the young people and the long-term unemployed, among Roma and other vulnerable groups.

*Project Buurç 4 Bulgaria II, Evaluation Rpt 4 - 15 Dturnez 2000, Soçra, Bulgaria*

**Table 2. Unemployment data**

	Unemployment level			31.12.1999		
	1997	1998	1999	Economically active persons (number)	Unemployed (number)	Recruited (number)
Veliko Turnovo	12,50	9, 9	14,89	43402	6463	73
Varna		6,..4	05	148246	16383	355
Vidin	14	13,86	19 9	42485	8236	299
Vratza	15,84	14, 0	18,08	45162	8164	418
Plovdiv	6, 6	5, 7	8,93	165929	14818	249
Razgrad	13,25	10,74	15,07	30937	4661	164
Rousse	10,63	0	13,07	88753	11597	123
Silistra	16,69	1 68	16 0	34228	5750	137
Sofia	4 7		4, 0	532887	22390	682
Stara Zagora	9 7	8,..i6	9	84363	11631	268
Yambol	16,60	12,07	18,73	44496	8335	124
<b>Average for the country</b>	14,04%	12,17%	15,97	<b>3822969</b>	<b>610551</b>	<b>21227</b>

Source: Ministry of Labor and Social Policy.

Registered unemployed up to 29 years of age

Longer term unemployed (number)

Vacant working places - VWP

(number at

Numb. of unemployed for 1 VWP

		the end of the month)	
1754	1254	145	45
5146	1499	319	51
2687	2817	118	70

2340	2784	122	67
4235	2581	650	23
1525	1318	67	70
3079	3335	33	351
1528	<b>2108</b>	221	26
5052	2313	1449	15
3790	3469	295	39
2615	2823	84	99
<b>187792</b>	<b>190910</b>	<b>13146</b>	<b>46</b>

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### 3. Urban environment

The nineties marked a pronounced tendency towards urbanization in Bulgaria. The share of the urban population increased: from 67,1% in 1990, to 67,8% in 1995, in 1998 - to 68,0%, and to 68,1% in 1999. By the end of the 90-ies over 5.5 million Bulgarians lived in towns. This is a normal phenomenon in terms of economic crisis as people seek a better future and new opportunities in urban cities and especially in large cities. In 1998 the population in Sofia was approximately 1.2 million citizens, in Plovdiv - over 340 thousand, in Varna - over 300 thousand, in Rousse - over 184 thousand, in Stara Zagora - over 173 [thousand. in](#) Vratza - 91.4 thousand, Veliko Turnovo - almost 91 thousand, in Vidin - 82 [thousand. in](#) Yambol - 88 thousand, in Silistra - almost 68 thousand and in Razgrad - 63 thousand. This means that by 1998 1/3 of the Bulgarian population was concentrated in these municipalities.

These towns, however, were in no position to provide adequate living conditions to their citizens and the newcomers. The urban environment (streets, transport, environment, and cleanliness) became more and more hostile. Valuable buildings - cultural sites - were ruining. Larger towns could not provide their citizens with attractive and safe public places for social contacts. Settlements were losing their humane appearance. The alienation among the citizens in the big towns was increasing and their sense of belonging - to town or neighborhood - was quickly fading away. The limited financial possibilities of the local authorities did not allow them to undertake adequate measures for maintaining and improving the urban life environment. As a rule, they relied on external support.

There was a conspicuous need for a serious efforts enabling the refurbishment of the buildings, town centers, pedestrian areas and other public places. The "Beautiful Bulgaria" project and the expansion of its territorial coverage directly attacked these problems.

### 4. Local government

In the late fall of 1999 local elections were held and the population directly elected the

municipal authorities - mayors and municipal councils. But the newly elected authorities had very little possibility to address their community, most pressing problems.

First, they had to deal with the contradiction of being responsible for the provision of public services at the local level (for example, health care, education, social assistance, transport, etc.) and the shortage of financial resources for this purpose. The municipalities guarantee the quality of services. The concise formulation "Decentralization of responsibilities - centralization of resources" summarizes the essence of the problem rather well.

Secondly, the chronic financial deficit of the municipal budgets. Despite a Government additional grant subsidy in 1998 (amounting to BGN 179.2 million over the originally projected levels) the municipalities ended the year with a BGN 74.4 million deficit. In order to receive additional subsidies at the end of 1999 the municipalities had to elaborate their own stabilization programs. Despite a part of BGN 191.8 million, the unpaid bills (the deficit) by the end of 1999 were BGN 166.4 million.

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Thirdly, the need for contracting the share of investments and increasing the share of current expenditures. This ratio was 12,7:87,3 in 1998 being one of the best in the 90-ies. Due to the shortage of financial resources the municipal authorities are forced to limit the expenditures to payment of wages and other current expenditures. The overwhelming part of the investments in the municipalities is formed by target subsidies from the state budget. Municipalities have limited possibilities to allocate their own funds for local infrastructure and maintenance rehabilitation.

The local budget performance in the last years indicates that many of the Bulgarian municipalities suffer serious economic difficulties. They are due mostly to (a) the changes in the economic structure of the country; (b) weaknesses in the legislative framework setting the interrelations "central-local budget" (c) inefficient financial management in the municipalities. The fiscal decentralization turned out to be one of the serious problems of the Bulgarian transition.

## B. PROJECT DOCUMENT

The Beautiful Bulgaria II Project document is clear, complete and well formulated. The document shows that there was clarity of objectives and that the project was designed to achieve the impact it finally had. The very complex institutional framework of the project was carefully laid out and every stakeholder's role and responsibilities in the project was clearly established and spelled out in detail. The logical framework was well-structured and quantifiable targets and success criteria were defined with an impressive degree of precision. (See section V.A. Employment, training and urban works)

The project document was very useful for the evaluation mission to perform its duties. The project document is a management tool. Just as it was useful for evaluation purposes it must have proved useful for other phases of the project cycle. As such it probably had much to do with the project's success.

The mission carried out a critical review of the project documents part of the project's evaluation.

## **1. Description of the Problem**

This chapter is divided into 4 parts:

### **(i) Description of the Sub-sector**

The project document defines the problem to be addressed in the context of a country undergoing a profound economic, social and institutional reform process.

The economic section is well documented and clearly written. The social section provides relevant data on the employment situation, but is less consistent. It is stated, for example, that unemployment fell from 13.7% (Dec. 97) to 10.7% (Sept. 98) due to "strong private sector job creation" but this trend was reversed one month later and reached 11.1% (Oct. 98) and 16% (Nov. 98). Evidently some other factors than private sector job creation were at play but these are not mentioned thus leaving the impression that the understanding of the problem is not thorough. By contrast, the chapter of the urban context and the reason for targeting urban areas (that have lower unemployment rate than rural areas) is clearly explained. The same applies to the selection criteria of BBII project cities and the different expectations that the MLSP had from each city.

The section concerning Occupational Safety and Health (OSH) is informative but perhaps excessively detailed when compared to the rest of the employment sub-sector description. All the information provided is, nevertheless, relevant.

### **(ii) Host Country Strategy**

The document mentions the existence of a US 6 billion Investment Policy Programme basically aimed at rehabilitating infrastructure and creating an enabling

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environment for private sector investment. It would have been useful to relate the efforts made in Beautiful Sofia (BS) and BBI to this National Investment Policy. It is not clear whether the EU contribution that co-financed BBII was part of this investment

programme or whether complementarities between BBII and this Investment Programme were foreseen. Furthermore, The National Social Protection strategy describes the country's approach to combating unemployment (SME's, Regional Initiatives Fund, Social Fund, employment for infrastructural development) but omits a mention of the Beautiful projects. In short, the role that the host country strategy assigns to Beautiful Bulgaria projects at the national level does not come out of this section. By contrast, the transition from BS to BBI and to BBII is the central theme of the Social Protection Strategy at the municipal level. The BB projects are identified as the "first municipal vocational training and temporary employment scheme through urban regeneration".

The host country strategy as described in the project document conveys the impression that Beautiful projects are important at the municipal level but its potential for economic and social development had not been duly appreciated by policy decision makers at the national level.

This is in sharp contrast with the impression that the evaluation team obtained from the MLSP in December 2000 but it may have been the state of affairs at the time the BBII project was formulated.

#### (iii) Prior and On-going Assistance

This section reports on the achievements of Beautiful Bulgaria I, summarizes the main findings contained in the external evaluation reports and provides adequate information on prior UNDP assistance.

It also briefly refers to what other donors are doing in this field (EU/ Phare, USAID, World Bank) and describes the role that UNDP is playing in the development of related employment generation activities such as the parallel "Beautiful cities" projects. It is also stated here that "UNDP initiated the idea of establishing a Social Investment Fund" and concludes that such Fund is "expected to constitute the cornerstone of the Government's employment promotion policies". If this was the case, then this chapter should have dedicated a few paragraphs to explaining how BBII intended to link up to this Social Fund so that its temporary effects on employment could acquire more permanent nature and better contribute to the governments employment promotion policy.

#### (iv) Institutional Framework for the Sub-sector

This section describes the government's institutional framework for the sub-sector. It does not mention the National Institute for Monuments of Culture, which plays a more active role in this particular project than other institutions mentioned in this chapter.

The project's institutional framework is not dealt with in this section but later on in the project document under "Coordination agreements".

This brief section is well written and provides a clear and concise account of the role that each government institution plays with regards to employment and labour policies.

## **2. Project Justification**

The project document makes a case for the need to address the long term unemployed minorities and women as a matter of priority. It then draws attention to the newly created private SME construction sector in Bulgaria, which is characterized by "weak management and poor compliance with construction norms and OSH standards". It highlights the need to strengthen their capacity to sustain jobs on a more permanent basis and to reinforce their job creation potential. Hence, the need for training courses called "IYCB" (Improve Your Construction Business) in addition to the SYB (Start Your Business) courses already implemented under BBI.

The project justifies its emphasis on building central and local government capacities to implement labour policies in a participatory manner and to involve citizens and their organizations in the process. It makes a convincing case for the execution of the project in a manner that will address local governance issues and adequately justifies project expenditures aimed at the development of mechanisms for broad public participation so the people can express their views and preferences on programmes affecting their cities development.

Subsequently the project identifies public skepticism about a better future for Bulgaria as a problem to be directly addressed. The paragraph reads "A feeling of disillusionment has installed itself amidst the population (...) This is appreciated by the neglected state of the country's economic and social infrastructure which is particularly visible in the Bulgarian urban centers. In this status quo of stabilized poverty the Bulgarian population needs signs that things are changing for the better".

Although the justification for the project does not end on this note (other minor problems are addressed thereafter) it is clear that the need to send a message - a visible sign - that things were changing for the better was, as it is clearly stated in this section, an important justification for the project.

It is noteworthy that the project was very successful in addressing this problem. The project document reveals that this was no coincidence, but rather a deliberately planned outcome.

The expected end of project situation is divided into four categories:

- Alleviating urban employment
- Strengthening private sector SMEs and promoting entrepreneurial spirit
- Building sustainable capacities to implement active labour market policies

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- Generating hope for a better future

This categorization of the problems to be addressed and the "end of project" situation is a good road map to understand the impact of Beautiful Bulgaria and the contribution that this project can continue to make in future.

### **3. Implementation Arrangements**

Implementation arrangements were very carefully studied and designed. The project organigram is logical and complete, the functions of each participant, at each level, are clearly spelled out and differentiated. This section of the prodoc reveals that meticulous planning was done to ensure that all the players knew what was expected of them for effective project execution.

The section is concisely and clearly written and succeeds in describing a complex management arrangement in simple terms.

In the composition of the Local Management Committee (LMC) the NIMC is not mentioned (it has an observer role).

Coordinating arrangements and counterpart support capacity are also spelled out in detail.

### **4. Logical Framework**

The project's logical framework, described in section C and D of the prodoc is well structured and permits a clear evaluation of results obtained as compared to expectations. Success criteria are clearly defined and quantified.

The development objective is not well focussed. This comment was made by the previous evaluation mission and is basically correct. Beautiful Bulgaria has achieved a significant development impact but this is not captured in the project's development objective.

The immediate objectives are better defined and they follow quite reasonably, but not strictly, the expected "end of project situation" under the "Project Justification" section of the prodoc.

The immediate objectives aim at:

1. Creating employment (or alleviating unemployment)
2. Enhancing the economic viability of the SME construction sector
3. Increasing Public ownership and awareness through greater citizen's interest and participation

Expected outcomes and outputs have been carefully defined and quantified which has really facilitated the process of evaluation (see Section on results).

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The remaining project components (activities) follow logically from the above thus providing a very useful tool for project management.

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## **IV. PROJECT IMPLEMENTATION**

### **I. ACTIVITIES**

#### **1. Employment and training components**

Although the project was a direct continuation of BB I it was considerably improved as a result of the adoption of recommendations made by the evaluation mission of 1998. Such recommendations affected labour ratios, market wages, introduction of OSH, better synchronization of vocational training and works and involvement of [NIMC](#). BB II also differs from its predecessor in that it includes additional cities in the programme and financial contributions from municipalities and private owners. The changes resulted in improved activities and procedures.

The eleven cities came up with an ambitious programme, more than 300 works schemes were presented for inclusion in the project. Emphasis remained on employment creation, but the Local Management Committees (LMCs) gave preference to urban facade and infrastructure repair schemes, which required more skilled than unskilled workers. The challenge for the Regional Employment Services and Local Labour Offices (LLOs) was to identify and supply the required skills to the programme. The LLOs responded to the challenge by building up a real partnership between the unemployed, contractors and the MPO's. They took also an active role in the project's LMCs. They contacted and presented hundreds of candidates to the contractors and offered office space and services for interviews and negotiations. Consequently, the LLOs regained importance and respect, as they enhanced their capacity to assist workers to get trained and employed, and to provide regularly assistance to contractors and job seekers. The LLOs are now in a position to play a significant role in the emergence of an active labour market.

The LLOs were also the main organizers of vocational training courses through which more than 2500 workers were trained in basic construction skills. The training activities were contracted out to local training institutions or technical schools. It is important to note that the project hired consultants to raise the quality and standardize the vocational training curricula which was subsequently submitted to and approved by the MLSP.

Training programmes were scheduled before the start of the construction works, in spring and early summer of 2000. Most of the training took place on schedule with UNDP and municipal funding, but due to the late arrival of EU funds for the start of works, contractors were compelled to select workers other than the graduates who had to look for employment elsewhere. Vocational training courses were very successful and cost effective, since they helped unqualified workers to be more competitive on the labour market. Acquired skills, whether used in the project or later under the employment of an outside contractor, are a lasting investment for the workers and the society.

The LLOs introduced minority groups workers to contractors, and about 23% of employed people thus have minority ethnic origin. Women traditionally are not considered for construction jobs, but due to inclusion of landscaping projects, it is

estimated that women represented about 9% of the labour force. It was an interesting observation that more women than men participated in landscaping and painting skills training courses. Certainly, the training allowance paid during the two months acted as an important stimulus for participation.

The LLOs offered the services of more than 7,000 unemployed. This represents around 1 % of total unemployed in the country and 6% of the participating cities. Labour contracts were signed with contractors which resulted in 17,143 man months of employment. Wages followed market rates, which were very low in certain cities with large unemployment rate and hardly exceeded minimum wage. The low market wages however resulted in the project being able to be beneficial to a larger number of unemployed than initially envisaged. One important project result was that it developed mutual appreciation between contractors and workers of ethnic origin. It was also a positive experience for the population to see unskilled people working on important construction sites and performing well.

There were works schemes where contractors grew impatient with unskilled long-time unemployed people and this resulted in early dismissals. It is also a fact that some workers lacked work discipline, but this does not outweigh the positive contribution to employment creation among target groups. In the future it would be useful to organize

workshops for contractors to better familiarize them with employment issues and to discuss measures to be taken on construction sites with long-term unemployed or to assist those who never undertook regular work before.

The project organized Start Your Business (SYB) training courses which proved very popular. It was a difficult task to select candidates for the available 540 places. One week duration courses were organized in groups of 10-15 candidates. Such a short time is clearly insufficient to become an entrepreneur but selection of candidates favoured those who strongly expressed the desire to start a business. There are some indications that several candidates entered the course as a step to further training or connecting with a financial source or credit scheme. Since SYB courses are organized by several projects funded by different donors, it would be interesting to develop greater links between these initiatives and learn from their collective experiences in Bulgaria.

Experienced project management staff from BB I target cities project continued to work in their posts. In the 6 new cities, additional staff had to be employed and trained. It is worth mentioning that highly educated young professionals were selected, mostly women who filled-in most of the managerial positions. Their interest and dedication was a key element to project success. Their performance was acknowledged and appreciated by the mayors, project partners and the population at large. Staff had to be trained in operational matters and OSH. The best on the job training and assistance was provided by experienced BB management staff from other cities which helped new teams to get started. This is the case, e.g. in Razgrad where staff from Russe provided regular assistance, or in Veliko Turnovo where the team helped nearby management offices. The practice should certainly continue as it is the most effective technical assistance and is readily available.

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One of the main issues of any Beautiful Bulgaria project is the application of a standard labour ratio in construction works schemes. This question was the subject of a long debate during the evaluation mission of 1998. At that time the ratio was 72% which was reduced for BB II to 50% but later raised to 64%, according to information received from the NPO, in order to meet the project's man/months target.

The contradiction of using unqualified workers to refurbish delicate facades of monuments of culture is well known since the launching of the Beautiful Sofia Project. The imposition of a labour ratio for such type of works was incorrect from a strictly technical point of view. It was nevertheless accepted since the international funding support was intended for job creation purposes.

Repair works are simple with some exceptions. Technical problems on sites were in most cases solved by employing qualified workers, as needed. This practice was confirmed

when site supervision by MPO staff and the NIMC became more frequent and effective, and the contractors felt obliged to produce higher quality.

Similar problems arise when a contractor is obliged to employ a larger number of unqualified labour to meet contract requirements. The project intends to provide as much employment opportunities as possible and therefore sets labour quotas according to the value of the contract. Facade refurbishing requires plasterers, bricklayers and painters and only a few unqualified workers. The real problem is that the superfluous workers, often undergoing their first work experience are sometimes underutilized in construction sites.

Several contractors expressed that in general, most workers performed well and higher wages could be offered if they did not have to employ excess labour. In some cities, like in Plovdiv, wages are not higher than the minimum wage plus unemployment benefits (around BGL 110-120/month). Certainly, some contractors only use this anomaly as an excuse to pay a lower salary. Labour costs were simply divided among the number of workers on the sites and therefore unrelated to performance. Evidently a smaller number of workers could have obtained higher wages. The mission feels that entering the workforce, but having little to do, is a very negative experience especially for first time employed and the long time unemployed. On the other hand, for many of those workers this is the first experience in a work environment. Their very presence on site contributes to capacity building and the fact that they have one labour contract increases their chances to find employment after the project's completion. The advantages should be carefully weighted against this undesired result.

One solution would be to couple a tender for façade refurbishment with unskilled labourintensive works scheme (excavation, road cleaning and repair, plantation, landscaping) where the contractor could temporarily transfer the unskilled labour from the refurbishing scheme as appropriate.

The solution would not require important additional funds since the labour-intensive schemes would hardly require materials, only tools and supervision. In this way,

unskilled labour could get higher wages according to real performance. The municipalities would benefit from the additional schemes. Financial and bidding procedures should be adapted to such practices.

An alternative solution would be if contractors were obliged to hire skilled labour to be selected from the long-term unemployed workers who are registered with the labour office. In some cities, there are many skilled and semi skilled unemployed persons, former soldiers who regularly worked in construction works schemes. Most of the

contractors, however prefer to use their own trusted and already seasonally employed regular workers even for unskilled jobs. This is clearly a field where contractors interests and BB II project objectives differ.

It is recommended that the NPO requests an international, or national consultant specialized in labour intensive urban works to elaborate a few potential highly employment intensive works schemes to be implemented with an appropriate mix of facade refurbishing works.

## 2. Urban **refurbishment**

As stated before while the principal objective of the BB II project is employment generation, it is the high visibility of its urban refurbishment component that identifies the project all over Bulgaria.

BB II continued to target similar physical outputs as its predecessor projects, like renovation and painting of facades of important buildings, pavement repairs and park maintenance. The strong participation of the Municipalities brought several new positive elements into the works programme. The population and NGOs were encouraged to participate in scheme selection which resulted in a variety of new schemes from restoring historical bridges, mosques, churches, building access ramps for handicapped people, private buildings and children play grounds. The schemes were relatively simple in the first BB projects, in the present phase of the project the MPOs and contractors had to be prepared for the implementation of a wider scale programme which requires special knowledge and expertise.

Lessons learned from preceding phases included the need of improvements with regard to project preparation, bidding and contracting, works safety and construction techniques. By visiting buildings refurbished under BB I project the previous evaluation mission had already observed in some places the bad workmanship and inappropriate paintings. Measures introduced by the project concerning quality and safety measures, were needed and appropriate.

As a first step, the Project elaborated an Operations Manual which was strictly applied by all MPOs during the second phase with very beneficial results. The manual reinforced professional management of financial and administrative matters and made each operation straightforward and transparent. Both staff members and contractors acknowledged its beneficial use. All project activities are subject to public bidding. The

project received and evaluated over one thousand bids and awarded 221 contracts worth BLG 8,794,676 (see Table No.3 *Total Project Costs and Employment Generated*). Without the application of the manual the project would have entered into serious legal

and financial disputes. The manual is complex and all the staff and contractors were duly trained in its proper use and applications.

Even the strict application of manual bidding procedures occasionally met with dissatisfaction from contractors who were not awarded contracts. The project reacted by systematically introducing pre-bid sessions to explain to the construction firms which purchased bidding documentation how to present their offers.

Local consultants, architects and civil engineers were brought in to prepare appropriate designs and cost estimates. The designs, in case of historical monuments of culture were presented to the NIMC for approval and technical instructions in all matters relating to facades repair and painting techniques. The NPO signed a Memorandum of Understanding with NIMC which specified the procedures.

The greater involvement of NIMC than in BBI was very appropriate to manage important facade refurbishing works schemes. UNDP funded the mission of an ILO consultant who worked with a national consultant to elaborate technical specifications and recommend materials to be used in facade restorations. The manual was approved by the NIMC and was made available to all technical personnel involved in such works. Facade restoration designs, colours and materials are approved by NIMC and contractors have to follow the manual. The procedure is certainly an example to be followed elsewhere in Bulgaria.

The consultants and architects hired to prepare designs for NIMC approval were also satisfied with the arrangement which met their professional and financial expectations and brought them back to their professional field in the city. Over 100 national staff participated in project organized workshops where operation and supervision modalities were explained concerning works on monuments of culture. NIMC has only modest resources to visit project sites, therefore the project co-financed such trips to ensure adequate NIMC involvement and control.

The other important changes which the project introduced was the stricter application of Occupational Safety and Health (OSH) measures in construction sites. The previous evaluation noted that accidents (fortunately not fatal ones) happened in some sites where untrained people worked on badly erected scaffolding. The project made arrangement with the General Labour Inspectorate to carry out regular inspections on sites. The project encouraged improved OSH by financing some OSH equipment (helmets, boots, safety nets and traffic barriers) under the project. The costs amount to 4 to 5 % of the total costs of the works scheme. Although it was observed that workers are hesitant to use helmets when working, contractors and the public were satisfied with the measures. Most of the works sites were in busy city centres where traffic was unprotected against falling construction materials. The safety measures had demonstration effect and many

contractors adopted them in other non BB undertakings.

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In order to reinforce application of safety measures, the project prepared information booklets which were distributed to workers, requested contractors to give safety instructions regularly to construction gangs and arranged that site supervisors and selected MPOs' staff were trained on OSH in 12 workshops as organized by the project.

Another significant development was that the project demanded quality work from the contractors. It was noted that quality materials and paints have been introduced. It was rewarding to see that in some cities, like Plovdiv, contractors initiated the local fabrication of silicate paints which are very appropriate for most of the facade works. The silicate paint was produced by a local private manufacturer who had stopped production several years ago due to lack of orders. Selection of schemes which required costly but locally made materials, like large quantity of paving blocks used in Plovdiv and Razgrad, are an additional interesting development of this programme since manufacturing creates complementary indirect employment.

The refurbishment contracts strengthened in great extent local SME's who learnt how to bid in accordance with donor procedures and how to handle a larger labour force. The mission took note that although they complained about low profit margins and heavy administrative and paper works demanded by MPOs, they expressed strong hopes in the continuation of the BB project which, for many of them, was their first experience in organized contract works. The project made it possible for several contractors and the technical supervisors to participate in the "Improve Your Construction Business" (IYCB) training courses designed by the project which were held in Sofia. The courses were implemented by the Technical University of Architecture, Civil Engineering and Geodesy. The total length of courses was 32 hours. Contractors expressed satisfaction about the courses. The project received and translated an international IYCB curricula which was found later inappropriate for Bulgarian needs and was not used.

While the contractors improved the quality in their contracted works, some of the contractors' attitude with regard to unskilled labour and that of ethnic origin as well as the very low wages paid to workers is unacceptable and has to be changed. It was the impression that some contractors, like in Vidin, regarded the unskilled workers' presence on construction sites only as the social element of the programme without feeling obliged to train and integrate them into their own construction gangs. In future programmes, it would be necessary to test the attitude of contractors and award contracts only to those who are open to collaborate with unskilled workers. Organization of workshops are recommended to discuss such social issues with selected contractors and social partners of the project.

### 3. Capacity Building

The experience gained under the predecessor projects permitted a considerable impact on national capacity building. In this section the project's contribution is analyzed according to the impact it had during

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- (i) The institutional framework setup
- (ii) Preparatory phase for project implementation
- (iii) Implementation phase

For each of these three phases of project implementation the best and worst practices have been identified.

- (i) Setting the institutional framework

In this phase the main activities, which result in capacity building, are focused on: creation of the National Project Office (NPO) and the Municipal Project Offices (MPOs); selection of international Regional Advisors (RAs, located in Sofia, Veliko Turnovo and Russe); creation of the national and local project management structures according to plan (National Steering Committee, Local Evaluation Committees, Local Management Committees); drafting rules and procedures and mechanisms of interaction; recruitment of staff, designation of the members of the management bodies of the counterparts, participating in the project in the 11 towns.

#### Best practices:

- Retaining the BBI pool of specialists and involving them in BBII, to either work in the local MPOs in the five BBI towns, or in the NPO.
- Appointing three experienced international RAs. They were based in Sofia, Veliko Turnovo, and Russe and assisted and monitored the work of the MPOs located in their region.
- Providing direct technical guidance through the NPO to ensure faster and better institutionalization of the new MPOs. This assistance was initially provided on a daily basis.
- Using of open competition procedures to staff the MPOs staff and offer them incentive training.
- The support, which the municipal administrations provide to the MPOs (allocation of office premises and equipment, payment of electricity and heating bills etc.)
- Strong resistance to some municipal administrations' attempts to exert pressure on the MPOs in the award of contracts and selection of sites. This has now been discontinued.

(il) *Preparatory phase for project implementation*

The main activities here included: preparation of an Operations Manual; training of the project and government staff, elaboration of the Public Awareness Strategy; sub-projects identification and preliminary budgeting; approval of the sub-projects by the National Steering Committee, following the approval of the Local Management Committee; design and planning, preparation of the Consultation Bid Documents; offers evaluation and awarding of works by the Local Management Committee; contracting; public awareness. All these fully met the preliminary action plans and contribute to capacity building the capacities of all parties involved.

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Best practices:

- An Operations Manual was issued, systematizing and summarizing the experience of BBI and explaining the procedures applied by BBII.
- A series of training workshops were held: (a) 3 for the project staff (60 persons); (b) one for more than 70 project counterparts.
- The local community and local associations had say in the selection of sites in the municipalities.
- The buildings were selected for their outstanding cultural, historical and public significance, and are either owned by the municipality or by private citizens.
- Tender participation was open and transparent.

Limitations and bad practices:

- MPOs handle the main bulk of the local work. As in BBI municipal staff are not sufficiently involved and it is mainly top officials that take an active part and participatory role (deputy-mayors, chief architects, and chief engineers).
- In certain towns the opinion of the community was not solicited when drawing up the list of sites (Plovdiv, Vidin, Vratsa).
- The results of the BBI evaluation report were not made known to project staff thereby disabling them from giving an opinion about the mission's findings, conclusions and recommendations.

(iii) *The implementation plaise*

Basic activities here include: provision of contact services by the LLOs (soliciting orders from employers for their labour requirements, recruiting unemployed registered in local labour offices, directing them to possible employers, obtaining feedback, etc.), recruiting unemployed persons registered in local labour offices for participation in training courses; organizing vocational training courses; training unemployed individuals; hiring

workers, concluding co-financing contracts with owners of buildings; contract implementation; supervision of sites; co-operation with NIMC and the labour inspection offices. Ensuring public awareness about the project aims, scope and results by means of an active media policy.

Best practices:

- Regional employment services, LLOs and MPOs show flexibility and, in order to secure the necessary number of jobless persons and man-months laid down in the Project, they recruit workers also from neighboring settlements (e.g. in Plovdiv and Veliko Turnovo). This widens the physical coverage of the project.
- Refusal to take up jobs on the project is used by LLOs to reduce the number of fictitiously registered unemployed persons.
- The LLOs maintain a regular connection with the municipal social assistance services and keep them informed about the socially disadvantaged unemployed individuals, who have found employment in the project. This practice ensures coordination in the operation of two key components of the social safety net, namely, the social assistance to the poor and the social insurance in the event of unemployment.

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- Special training for employers and workers in occupational safety and health.
- The MPO in Veliko Turnovo run inquiries among the contractors and the trained workers to obtain feedback on how the project is progressing.
- Salary negotiations among employers and workers is considered a part of the development of industrial relationships at the micro-level. This, and the contents of the next two bullets, constitutes an important demonstration effect of BBII.
- Drawing up of co-financing agreements with the private owners, is a powerful tool to enhance citizen participation in the project. The heightened interest among other owners of buildings, willing to take part in the project once they have witnessed the successful completion of the works done on other buildings, is an illustration of this point. Private sector interest in the project is a good starting point ensuring sustainability after external financing has ceased.
- Participation of citizens in the work on individual sites (e.g. in the cleanup of the Ayazmo in Stara Zagora) and in the conservation of the sites on which work has been completed. More often than not, owners of adjacent buildings (as in Plovdiv and Vratsa), renovate their facades with their own money.
- The conclusion of a memorandum of understanding with the National Institute of Monuments of Culture, which regulates the relationships with this institute and clarifies its role in the project's implementation.
- The labour inspection offices oversee regularly for the observation of the occupational safety and security requirements.
- An active public awareness campaign on the national and local level has been conducted and a strong media presence has been ensured for BBII (more than 1000

articles on BBII alone have been published in the central and local press, numerous interviews have been broadcast, a film has been shot recounting the story of the project, 3000 calendars, 300 organizers, 200 mouse pads were prepared).

Limitations and bad practices:

The lower-level municipal staff does not participate actively enough.

The efforts to attain the quantitative parameters of the Project (number of workers and man-months) sometimes result in an undesirable concentration of workers at one and the same work site, in poor efficiency of their work, and in an adverse public reaction to this fact. In this case what we have at hand is a conflict between the project's social nature and goals, and the logic of economic efficiency, a conflict inherent to subsidized employment programs. Employers and the general public have difficulty reconciling with this issue.

The contractors and the MPOs complain that the oversight of the labour inspection offices over them is often a lot more stringent than over sites and companies outside the project. Cases have been registered (Razgrad) where this has led to deeper conflicts between the concerned parties.

The LMCs of certain municipalities had difficulty getting together in the beginning and the NIMC was late in producing some of its expert opinions during the summer

- The local project counterparts (chiefly the labour bureaus) identify the lack of a schedule of the activities, made known to them in advance, as an obstruction, affecting the quality of work and level of interaction.

#### **4. Project Management**

As stated above, the management structure of Beautiful Bulgaria actively engages many different players at the international, regional, municipal, national and project level and is, of necessity, complex and difficult to grasp.

The functions performed by the different institutions and entities that have a role in the project is summarized in table C.

Beautiful Bulgaria has an excellent management team and the evaluation mission can only compliment all participants on a job well done - the records show that policy level representatives in the NSC personally attended the meetings and took the key policy and management decisions that dramatically improved project delivery and impact.

Staff in the National Project Office (NPO) works with commitment and dedication. The evaluation mission was very favorably impressed by the project management at central level. The same can be said of the local level where the MPOs, as has been stated before, have set an example of professionalism and transparency in their every day operations.

The management of BB II was seriously impaired by the delay in the provision of EU funds. The project document was signed in September 1999 and funds from UNDP and the municipality became immediately available but the EU contribution was delayed. Upon the promise that funds would become available in February 2000 the UNDP and the Municipality agreed to commence operations from their own contribution. The NPO was established with reduced manpower and minimum staff was also appointed in the MPOs. Training activities were performed, project designs and bidding documents were prepared with UNDP and municipal resources. The bids went for tender, offers were received and contracts awarded, but not signed, because there were no resources.

The EU contribution finally arrived on 4 August 2000. By that time, many trainees had finished their courses but remained jobless because works did not start. When the money arrived contracts were signed and work commenced on the sites and simultaneously the training courses started again. Thus, the sequencing was inappropriate. Until the funds were received only a few selected contracts in each city were carried out with UNDP and municipal funds in order to maintain credibility.

All this had a very negative impact on the project- several complaints were received in the municipalities and the central level about this unfortunate delay which had placed the project credibility in jeopardy.

In spite of this, BB II will probably achieve a delivery between 95 and 100% by February 2001. Of the approximately Euro 6,0 million budget, over Euro 4,5 million had already been disbursed by mid December 2000; and another Euro 1,0 million will be disbursed before the end of the year - the remaining Euro 0,5 million is totally committed and will probably be delivered before the expected termination date of the project in February 2001. This is a very impressive achievement particularly in view of the over 6 month

#### At the national level

Table C. **GENERAL MANAGEMENT FUNCTIONS FOR PROJECT EXECUTION**

ns	EU European Union	National Fund CFCCI	MLSP Ministry of Labour and Social Policy	UNDP United Nations Development Programme	NES National Employment Service	NSC National Steering Committee	National Project Office (NPO)
ment function							
ation/control	NSC member	Observers	NSC member	NSC member	NSCmember		-secretariat to NSC
tion of Mot)	Party to MOU through endorsement /signs	CFCU signs	Party to MOU through endorsement/signs	Signs			
n of municipal						Approves	- sets criteria -joint identification of subproject with municipalities clearance submission to NSC

ment of National Office staff			-approves Terms of Reference, candidates and contracts	- elaboration of Terms of Reference -advertising selection of candidates elaboration of contracts			
ment of Municipal Office (MPO) staff			Participates in selection panels	- approves Terms of Reference - participates in selection panels			- elaboration of Terms of Reference - advertising - selection of candidates - elaboration of contracts
ng		Approves monthly financial and quarterly substantive reports	Approves all reports	Approves all reports		Approves NPO reports to the NSC	-consolidation of MPO monthly reports - elaboration and submission of monthly financial reports to CFCU - prepares quarterly financial report to UNDP and quarterly substantive reports to CFCU - prepares reports to NSC
ing of local entation			Monitors NPO, intervenes at MPO level as required	Monitors NPO, intervenes at MPO level as required		Informed	- monitors MPOs - verifies disbursement requests from MPOs and effects payment reports to NSC
opping				- provides guidance and clarifications on procedures to NPO - management support to NPO - problem-solving support to NPO			- ongoing clarifications of procedures and guidelines to MPOs - discussions with UNDP and MPOs over local implementation problems
Document formats				Approves			Proposes improvements to CFCU formats

ns	FU European Union	National Fund CFC:U	MLSP Ministry of Labour and Social Policy	UNDP United Nations Development Programme	NES National Employment Service	NSC National Steering Committee	National Project Office (NPO)
ment functions							
t formats (training +				Approves			Proposes improved formats to UNDP
onal guidelines	Endorses	Approves	Clears	- formulates guidance to NPO on implementation of administrative and financial procedures - monitors compliance by NPO and NMPOs			- trains MPOs on financial and administrative procedures - monitors MPO compliance
financial ment	- provides funds to National Fund	-approves quarterly requests for funds from UNDP - monitors disbursement of funds	Approves	- provides funds from its own resources - finalizes quarterly requests for Elf funds prepared by NPO and sends them to the CFCU - reviews and approves all financial reports - provides technical support for the preparation of financial reports - coordinates with EU/MLSP/Municipalities to ensure the timely receipt of funds - monitors funds disbursement			- plans overall disbursements - sends to UNDP quarterly requests for UNDP/municipal funds - prepares quarterly requests for EU funds - disburses project funds (local disbursements are based on disbursement requests prepared by the MPOs) - prepares financial reports to UNDP and CFCU
budget revisions			Approves	Approves			- preparations and submission
al reports and s for funds		Approves	- endorses	-approves - submits to CFCU			- consolidation of local reports and requests for funds - preparation and submission

**Table C. GENERAL MANAGEMENT FUNCTIONS FOR PROJECT EXECUTION**

**At the local level**

ons	National Project Office (NPO)	Local Management Committee (LMC)	Municipalities	RES Regional Employment Services	REC Regional Employment Council	NIMC National Institute for Monuments of Culture	UNDP	Municipal Project Offices (MPOs)
ement function			LMC member	LMC member	LMC member	L1%IC observer	LMC member	Secretariat to LMC
ination, ement, control level on of municipal s	- sets criteria - joint identification of subprojects with municipalities - checks compliance with project criteria - submits to NSC	Approves	- identification with NPO - submission of subprojects to NPO			Recommendations		Elaboration of final proposal co-ordination with municipalities and NPO
ment of MPO staff	- elaboration of Terms of Reference - advertising - selection of candidates - elaboration of contracts		Participates in selection of candidates				Participates in selection of candidates with MLSI'	
ng	- consolidation of MPO reports - elaboration /submission of monthly and quarterly reports to CFCII and UNDP - submission of reports to NSC	Approves MPO reports to LMC						Submission of monthly reports to NPO
mentation	- verifies disbursement requests from MPOs and effects payments - monitors MPOs	Informed				Monitoring of technical aspects	- monitors through Regional Advisors - intervenes as required	- preparation of cost estimates - preparation of CBDs - preparation of contracts - monitoring of works - monitoring of training - submission of monthly reports and information as requested N I'O
opping	- ongoing response to local implementation inquiries - ongoing clarifications of procedures and guidelines - periodic MPO directors meetings - regular meetings with mayors, municipal counterparts and RES					Technical backstopping	- backstopping through Regional Advisors - intervenes as required	- submits enquiries to N - attends local managers' meeting

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nt function	National Project Office (NPO)	LMC Local Management Committee	Municipalities	RES Regional Employment Services	REC	NIMC National Institute for Monuments of Culture	UNDP United Nations Development Programme	Municipal Project Offices (MPO)
training and	- project objectives and implementation procedures - UNDP and EU financial norms and procedures - tendering procedures - technical supervision of sites							Participates
n of bids n Committee)	Monitors as required	Awards bids	Participates in Evaluation Committee (2 members)				Regional advisors assistance as required	Participates in Evaluation Committee (3 members)

Financial management and reporting	Effects payments on the basis of requests from MPOs	Informed	- provides funds					- reports - requests payments
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delay in the receipt of the major share of funds for a project that had to be fully implemented over a 16 month period.

The mission also received complaints from MPOs and contractors concerning the over centralized system of payments which resulted in continuous delays. UNDP and NPO staff explained that payment delays were due to the late arrival of EU funds which resulted in the need to compress works implementation and payments in a very short period of time. NPO staff emphasized that this compression of works implementation put a serious strain on MPOs which in the rush to get the work done often did not submit the complete and accurate payment documentation. The NPO, despite the compressed workload, continued to perform efficiently its control function and refused to effect payments without the MPOs presenting the full and accurate set of payment documents.

Dissatisfaction was also expressed about the unending request for detailed reports and the diversity of formats. Field project officers, as well as contractors, had to spend an important amount of time supplying this demand for detailed substantive, administrative and financial information. The end result was a wasteful use of time and technical resources at the field level. The same complaints had been voiced at the time of the evaluation of BB 1.

The UNDP and the NPO explained that information requirements varied according to funding sources and was unavoidable due to the need to ensure accountability. The fact the project reports on three currencies (Leva, US dollars and Euro) does not facilitate matters.

The requirements for strict operational and financial control from UNDP and the CFCU represent an additional burden on the people who are in the projects front line. Clear and complete reporting is however essential to the MLSP, the CFCU, the EU and UNDP. Nevertheless, some arrangement should be found to facilitate and simplify procedures so that this pre-requirement can be complied with without excessive interference with field project activities.

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## **V PROJECT RESULTS**

### **A. EMPLOYMENT, TRAINING AND URBAN WORKS**

The project has undertaken so far the implementation of 221 sites in the 11 cities. Project preparatory work started during the winter of 1999 and part of the training in March-April 2000. Due to late arrival of EU fund, actual construction could start only in late July-

early August 2000. Due to excellent team work and careful preparation by the MPOs, the majority of the refurbishing and other repair works schemes had already been completed by the time of the evaluation or will be completed during December 2000. Altogether 3,098 skilled and 14,045 unskilled, in total 17,143 work months had been created under the works schemes. Net labour wages paid to the workers amounted to 2,130,926 BGL.

Workers were paid according to market rates which varied from city to city depending on the local rate of unemployment. Unskilled and untrained workers received between BGL 80-110/month which is just above the minimum salary. Workers showing satisfactory performance got BGL 120-180/month. Transport costs for workers coming from out of town were paid by the contractor. Skilled workers were paid between BGL 120 - 280/month, but high remuneration was not very common. In average, the unskilled represented the low paid workers in the project. In many occasions, contractors profited from the low labour market prices in cities where unemployment was very high.

As part of the employment programme, 2,545 unskilled workers received vocational training for a total duration of 5,090 man months. Training courses duration was 2 month in average. Trainees received a training allowance during the courses which was about BGL 70/month/trainee for a total of US\$ 178,150. The training allowance was higher than the unemployment benefit and therefore was quite attractive for the trainees. The cost of actual training varied between BGL 120-140/course/trainee/2 month. On average, the project spent about US\$ 130 or BGL 299 to train one unskilled person. The cost is very reasonable. It is a cost effective way of employment promotion since graduates can henceforth refer to their newly acquired skills when seeking for employment.

Training courses, consultations and workshops in such subjects such as Operations Manual or Bidding and Contracting procedures were organized for government staff, local labour offices, MPOs as well as for contractors (see Table No 6 *Training of National Staff and Contractors*). Over 100 contractors were trained in workshops, but pre-bid sessions on bidding and contracting procedures were regularly organized in all MPOs for all contractors who took part in bidding.

**Breakdown costs of works schemes**  
(In Bulgarian Leva)

<b>Material costs</b>	<b>Labour + Profit</b>	<b>OSH Costs</b>	<b>Total</b>	<b>man/month</b>
3,951,425	4,443,184	400,067	8,794,676	17,143
44.93%	50.52%	4.5%	100%	

The labour component (including a 10% profit margin for the contractor) is about 50% of the total costs of works, that is BGL 4,443,184 out of BGL 8,794,676 for total costs of works (see Table 3 Total Project Costs for Works). Considering that the project created about 17,143 person/month of employment, the labour cost to create one month of

employment amounted to BGL 260, or about USD 130 man/month. If one relate the total cost of works (including OSH) to the person/months generated, the cost of generating one job amounted to BGL 513, or approximately USD 256. Comparing data with that similar programmes in other countries, and considering that the employment produces valuable assets by refurbishing urban infrastructure, the cost of employment generation under the project is relatively low and the project has thus been cost effective. The contributions received from donors and UNDP as well as from the municipalities and private owners were spent according to project expectations and approved plans.

Works, site selection and approval, architectural design and approval, bidding and contracting, training and hiring workers and actual site implementation took place within less than one year which is a commendable achievement by any standards including those of experienced private companies. Delays in the reception of funds postponed actual site work until July 2000 and most of the works were completed by December 2000. MPO's and local labour offices worked under pressure to complete works within the established deadlines. This achievement can only be explained in terms of the dedicated hard work of the young and dynamic MPOs and the social partnership developed around the project. Due credit should also be given to UNDP's competent management support functions during all phases of the BB project cycle.

The project carried out an impressive number of refurbishment works schemes for a total value of BGL 8,794,676 in 11 cities. The number of sites refurbished exceeds 220. For the design and preparatory work, the MPOs awarded 584 man/months of consultancy to local architects and consultants.

In order to improve work safety on construction sites, 199 contractors staff and 29 MPO staff undertook OSH training in 12 workshops. In all 149 contractors participated in IYCS training courses, which presumably also helped in getting the urban works complemented efficiently and safely.

The management of municipalities, the mayors and all the partners of implementation including the population and local NGO's appreciated the way the works schemes were implemented.

In order to provide a clear idea of the project effectiveness in meeting the established projects logical framework the quantitative results achieved under the Employment and the Urban Works components are presented below following the logical framework of the Project Document.

## **Development Objective**

*The development objective of the project was to contribute to a reduction in the overall level of urban unemployment in the year 2000 and beyond and thus alleviate the hardship of the population in order to preserve the sustainability of reforms and the European accession objectives of Bulgaria*

### **Immediate Objective 1.**

*To create employment in 11 target cities while improving the quality of life of the local population, promoting decentralization and strengthening the capacities of the local administrations and other local actors to formulate jointly active labour market projects, including EU Structural Fund Projects, through urban regeneration activities.*

#### Output 1.1 indicators

- 12 management units established (12)\*
- 57 national project staff jobs created (56)
- 765.5 person/months of employment was created for national staff until end November 2000 (1100)
- 560 man months of national consultancy work was awarded to local consultants (500)

#### Output 1.2 indicators

- 57 project staff trained + 122 national staff trained in implementation procedures (56/80)

#### Output 1.3 indicator

- 27 institutions involved in basic construction skills vocational training (30)

#### Output 1.4 indicator

- 2,545 unemployed were provided with vocational training (2,500)
- 5,090 Man/women months of remunerated training occupation created (4,700)
- US\$ 178,500 worth of minimum wages paid to the trainees (170,000)

#### Output 1.6 indicator

- 179 sub-projects identified and prepared (100)

#### Output 1.7 indicator

- 128 contractors benefiting from the project (70) out of which 97% were private

\* Figures in brackets correspond to the quantitative target as set out in the project document.

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(80%)

#### Output 1.8 indicators

- 221 sites refurbished (245)
- 17,143 person/months of temporary employment created (15,100).
- BGL 4,443,184 which is US\$ 2,220,000 paid in form of market wages to the employed workers (US\$ 2,2 million)

#### **Immediate Objective 2**

*To enhance the economic viability of the existing private SME construction sector so as to reinforce its job creation potential and to promote the entrepreneurial spirit and business initiative among the unemployed benefiting from the project.*

#### Output 2.1 indicators

- 1 training institution, the University of Architecture, Civil Engineering and Geodesy conducted Improve Your Construction Business training in Sofia

#### Output 2.2 indicators

- 147 contractors managers and technical staff trained in IYCB (140)

#### Output 2.3 indicators

- 199 contractors managers and staff trained in Occupation Safety and Health measures (140)
- 29 project management staff trained in OSH (12)

#### Output 2.4 indicators

- 540 temporary employed and unemployed trained to start their own business (500)

In conclusion, the project's quantitative targets were set with precision in the project document and in spite of the delays experimented in the receipt of project funds, they were met or exceeded practically in all cases.

## **B. CAPACITY BUILDING**

All participating institutions derived benefits from Beautiful Bulgaria. Some specific positive effects accrued in particular institutions. In this section the capacity building is divided into two categories:

(i) *General results* which affected most, if not all, of the participants:

- Managerial and technical strengthening of each participating institution;
- Development of the capacity for co-operation and for fostering mutual trust, for example, between employers and LLO; between the local administration and the LLO; between the MPOs, the municipal administration and the employers; between MPOs, local administration and private owners, etc.;
- The synergy effect resulting from a more dynamic national and international institutional interaction;
- Enhancing the prestige and image of each of the parties participating in "Beautiful Bulgaria II";
- Improved professional qualities of managerial and technical staff and developing capacity for team work;
- An improved capacity for individual and collective participation in similar programmes in the future - including in the pre-accession EU funds;
- Respect towards the national legislative frameworks, for example, in such areas as labour protection and safety, the Labour code and the compulsory Social Insurance Code;
- An expanded scope of formal labour/industrial relationships;
- Revitalized civil participation.

(ii) *Specific results* which attained individual participants

Table D summarizes some capacity building successes among the different institutions according to free categories:

- a) institutional development
- b) human resources development
- c) creating an enabling environment

***Table D:* Capacity building - major specific results**

	<b>Institutional Dvlpt</b>	<b>Human Resources Dvlpt</b>	<b>Enabling Environment</b>
<b>MLSP</b>	= <b>dvlpt of capacity to design and implement such programs</b> =dvlpt of partnership with EU and UNDP = <b>dvlpt</b> of partnership with <b>municipalities</b> = image (prestige)	= <b>dvlpt of capacity to manage such programs</b>	= <b>dvlpt of effective active labour market policies</b>
<b>Municipalities</b>	= <b>dvlpt</b> of capacity to <b>implement such programs</b> = dvlpt of the partnership with: - MLSP, NPO - LLOs, MPOs, NIMC - <b>citizens;</b> = mobilization of own financial resources and their combination with other resources = image (prestige)	= dvlpt of capacity to mobilize resources = dvlpt of capacity <b>to manage</b> such programs = insufficient "day-to-day " participation by municipal staff	= dvlpt <b>and strengthening of citizens participation</b> = <b>implementation</b> of transparent tender procedure and contracting according to international standards = dvlpt <b>of the social capital</b>
<b>Contractors</b>	= <b>observation of the labour legislation and of the requirements towards occupational safety and health</b> = <b>enlargement and strengthening of their market position - <u>incl. in</u> other regions</b> = support for SMEs = strengthening of competitive position on the market (tender procedures) = image (prestige) = dvlpt of capacity to participate in similar programmes	= improved skills for recruitment of labour force = improvement of managerial skills = improving of the quality of the local work force = training of unskilled workers and learning by doing = creation of a "pool" of a reserve workforce hired <b>under BB 2</b> = <b>opening of additional jobs in the company management in the course of BB 2</b> = <b>learning to work in strict central and financial limits</b>	= dvlpt of relations with partners: LLOs,MPOs, municipalities, owners = capacity to compete in transparent tender procedure and contracting according to international standards = increased confidence in partnering institutions = increasing <b>credibility</b> of <b>the contractors having participated in BB 2</b> = <b>dvlpt of the social capital</b>
<b>Beneficiaries - Unemployed people</b>		= income vs. labour = <b>observation of the labour legislation and the requirements for occupational safety and health</b> = social cohesion = improving the quality of the local workforce = pride	= dvlpt of the social capital = reduction of the informal labour market

<b>LLOs/RES</b>	= improving agency services; = <b>sharing experience among the LEOs from different regions</b> = image (prestige)	= dvlpt of capacity to participate in such programmes	= <b>dvlpt of effective active labour market policies at local level</b> = improvement of partnership with municipalities, MPOs, contractors = improved application of national laws
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NPO	= institutionalization = creation of motivated and well trained teams and staff	= improvement of the quality of staff = motivation and pride = positive influence on public administration at the local and national level	= dvlpt of effective active labour market policies at the local and national level = creation of conditions for the observation of the labour legislation and the requirements towards the occupational safety and health; = improvement of the partnership among municipalities, LLOs, contractors, NIMC, Local Labour Inspectorates, citizens <del>= social capital development</del>
MPOs	= institutionalization in 6 new cities; = sharing experience among the MPOs from different regions = creation of motivated and well trained teams and staff = image (prestige)	= improvement of the quality of staff; = motivation and pride = positive influence on the municipal staff	= dvlpt of effective active labour market policies at local level = improvement of the partnership with municipalities, LLOs, contractors, NIM, Local Labour Inspectorates, Citizens = implementation of transparent tender procedure and contracting according to international standards = creation of conditions for the observation of the labour legislation and occupational safety and health; = dvlpt of the social capital

Note: The texts in bold reflects new effects **BB 2** has had over Capacity Building in comparison with **BB 1**.

In conclusion, the overall evaluation is that multiple positive results have been achieved as a result of the project's activities in the field of capacity building (for more details see Table 21 of Annex)

## VI. CONCLUSIONS

1. Beautiful Bulgaria started as an emergency relief temporary employment project but it has evolved into a national development project with yet unrealized potential.
2. BB is a successful initiative and an example of how to evolve from passive social assistance policies to active labour market policies
3. The benefits of BB do not fall exclusively in the employment sub-sector. They have had an important impact on the improvement of the urban environment, the development of social capital and the conservation of the country's cultural heritage.
4. As such, the project has had an important psychological impact on the population as well as on government officials, and has definitely succeeded in meeting a clearly identified and spelled out project objective: "to send a signal that things are changing for the better in Bulgaria".
5. The project commenced with a strong dependency on international financial and managerial assistance but national entities have gradually acquired control and assumed increasing levels of responsibility including an increasing share of financial support to project activities.
6. Increased levels of confidence and mutual understanding between the international organizations, the government at national and local level, the private sector and the citizens has succeeded in attracting additional financial contributions to the project from the international community and from the private sector. The Government has allocated from its budgetary resources some US \$ 6 million for a third phase of the project.
7. The participatory management structure that was set up in the 11 cities where BB was operational, and the staff that has been responsible for the management of the project are a valuable asset to Bulgaria. It could be regrettable to lose this important institutional and human capital in future community development undertakings.
8. The project's management was effective and very well supported by the institutional framework under which it operated. Top management was receptive to suggestions from the operational level. On the other hand the project financing was very problematic and negatively affected project performance. Reporting procedures

proved very cumbersome and overburdened staff with respective paper work.

9. From an employment perspective, BB made a contribution to alleviating the unemployment situation in the urban areas in a period when the unemployment rate in Bulgaria was increasing, by providing over 20 000 person/months of temporary jobs.
10. The idea of using mostly unskilled long time unemployed people for all project activities, including some sophisticated façade refurbishment was met with

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skepticism but proved to be feasible and generally yielded satisfactory results. On the other hand, some buildings showed poor workmanship and needed urgent repair.

11. The introduction of OSH training and strict monitoring of OSH compliance constituted a model for better OSH compliance in Bulgaria. The greater involvement of the NIMC proved to be appropriate to ensure the preservation of Bulgaria's cultural heritage in compliance with international norms. The measures met with the satisfaction of professionals, architects and contractors who expressed their intention to apply them in their future works assignments.
12. The cost of employment creation is approximately USD 256 man/months, which is reasonable and cost effective, particularly if one takes into consideration the value of assets created by the labour.
13. The cost of skills development of the project, about BGN 290 worker/2 month/course is a cost effective investment of the project by making unskilled workers more competitive in the labour market.
14. The imposition of labour ratio at level of 50% on facade refurbishing project is inappropriate from a technical point of view and lead to under utilization of unskilled labour on construction sites. This allowed contractors to pay low wages to superfluous labour considerably below expectation of the project and below the wage of BB I project (2 minimum wages).
15. Unskilled labour of ethnic origin proved to perform satisfactorily in works schemes where contractors facilitated their integration into regular construction teams. This in turn contributed to building up the confidence between the two parties and had a positive social and cultural effect. Some problems were detected when constructors were forced to hire superfluous labour in order to meet contract requirements. Excess labour is underutilized and this has undesirable consequences for both the workers and the contractors.
16. As in the first phase of Beautiful Bulgaria significant results were achieved in the field

of capacity building affecting all parties concerned. Results exceed expectations as laid out in the project document.

17. The positive effects identified in the evaluation of BBI were confirmed in towns that had participated in BBI and were also manifest in all six new towns, these were
- Acquiring significant know-how for implementation of international cooperation programmes;
  - Achieving high popularity and a positive attitude among the community towards the project, its results and institutions that finance it and/or implement it - the EU, UNDP, MLSP, municipalities, NES etc.
  - Accumulation of expertise for elaboration and application of effective active labour market policies;

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Social integration and reintegration of long-term unemployed involved in the programme (among whom Roma and ethnic Turks frequently prevail) by ensuring "income for labour";

- Support for the development of the private sector and entrepreneurship in the field of construction.

18. Additional capacity building effects were identified in all participating towns as follows:

- Enhanced citizen participation - by means of direct co-financing, proposals for inclusion of cities for restoration (including requests for participation through co-financing), direct participation of citizens through labour and/or money; citizen control.
- A change in the mindset, leading to observation of the national labour and social legislation, especially in the area of occupational security.
- The development of industrial relationship on the micro level (negotiating labour pay, conclusion of labour contracts, etc.).

19. A regional management network has been created consisting of 11 MPOs and one NPO. These 12 teams provide employment to some 60 well trained and motivated young people who enjoy the trust not only of the local administrations but of all stakeholders and local communities.

20. The municipal administrations in the 11 cities have not made full use of the chance to build up a capacity among their municipal staff by inciting them to take a more active part in the execution of the project.

21. Project implementation feedback has in an isolated case not operated satisfactorily. The BB I External Evaluation Document was not shared with some MPOs.

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## **VII. SPECIFIC RECOMMENDATIONS**

1. The Government of Bulgaria, and the MLSP in particular, are encouraged to continue pursuing active labour market policies and use the BB concept to the fullest.
2. The MLSP and the municipalities are encouraged to strengthen their fruitful cooperation and to continue searching for financial resources (externally and internally) that would permit the expansion of BB at the national level and its further development within the communities.
3. The experience acquired through BB projects should be used in other national temporary employment generation programmes.
4. The project management structure from NSC level to local implementation has proven to be efficient and should be used as a model for possible replication.
5. It is recommended that the government, municipal authorities and donors study the possibility of financing a bridging operations for BB teams in places where the managerial structure runs the risk of being dismantled.
6. The Government and UNDP should study the possibility of creating a credit scheme for house refurbishment for private owners who wish to participate in the BB programme. The pilot credit scheme should be tested in the 11 cities where BB has been operational.
7. In future, it is recommended to couple tenders for highly labour intensive contracts together with some of the more sophisticated refurbishment contracts that have scarce non skilled labour requirements.
8. Market wages should be paid according to qualification (training and experience) of workers to be acknowledged by contractors, and trends and practices monitored by the project.
9. Unskilled workers with little or any experience in employment contracts have to be familiarized with their rights, and obligations and these should preferably be spelled out in employment contracts.
10. The successfully introduced Occupational Safety and Health measures and use of equipment should be applied on all construction sites and regularly controlled by labour inspectors.
11. Successfully introduced OSH measures in future construction sites should be

promoted further by training contractors and workers, and using work safety equipment and materials.

12. Improve Your Construction Skills training programme should be continued.
13. Workshops on employment and wages with participation of contractors, labour offices and MPOs should be carried out in places wherever necessary to improve contractor/ labour relations.
14. In order to strengthen the use of NIMC approval and supervision practices in refurbishing works of facades of historical monuments it is recommended that BB management contributes to the costs of NIMC inspection missions.
15. It would be important to withhold 5% of the last payment of the contractor for six months, or the contractor should provide a guarantee on this amount which would be liberated at the end of the inspection period if no repair works are needed.
16. The project should explore possibilities of collaboration with other on-going, or future projects financed by international donors and agencies in the field of vocational training, SMEs, SYB and labour-intensive infrastructure development.
17. Experienced MPOs should provide technical assistance to new MPOs in future BB programmes.
18. The expertise amassed through the implementation of the project could be evaluated as beneficial and applicable in other similar projects and programmes.
19. It is logical that the existing NPO be preserved as the main managing unit on the national level, which in close cooperation with the MLSP would organize and manage the preparation implementation of BB III.
20. The preservation and use of the capacity and potential of existing MPOs could be accomplished in the following ways (without excluding any other opportunities):
  - making use of the MPO staff as consultants and/or advisors on the activities related to the implementation of BB III in neighbouring municipalities;
  - orienting the teams of the existing MPOs towards consensus on the idea to transform them into non-governmental organizations and have them registered under the Foundations and Associations Law. These NPOs could operate as independent organisation in support of the municipalities, by taking part on a competitive basis in the awarding of projects financed under

different programmes (EU, USAID etc.) aimed at addressing local problems. When necessary, these NGOs could create consortia for the joint elaboration and implementation of projects of regional significance. Initial support for the registration and institutionalization of these NGOs could be provided by UNDP or other donors. The preservation of the MPOs through their registration as NGOs would create another mechanism to enhance citizens participation.